



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for 1HFY2018

November 14, 2018

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Definitions of terms in this document

Sumitomo Mitsui Trust Holdings (Consolidated): “Consolidated “ or “SuMi TRUST Holdings”

Sumitomo Mitsui Trust Bank (Non-consolidated): “Non-consolidated “ or “SuMi TRUST Bank”

Figures before FY2011 in Non-consolidated : CMTB (Non-consolidated) + CMAB (Non-consolidated) + STB (Non-consolidated)

Net business profit : “Net business profit before credit costs”

Net income (on consolidated basis) : “Net income attributable to owners of the parent”

NPL (Non performing loans): “Problem assets based on the Financial Reconstruction Act”

Accounting for Business combination related to Management Integration

Purchase accounting method : Accounting method for business combination related to management integration

Results of applying purchase accounting method : Amount of effect from purchase accounting method

Financial indices per share

Indices regarding financial information per share such as “Net asset per 1 share,” “Dividends per 1 share,” are presented assuming that the consolidation of shares (one (1) share for every ten (10) shares) enacted on October 1, 2016, took place at the beginning of fiscal year ended March 31, 2016, for consistency purposes.

# Summary of financial results for 1HFY2018

- ▶ Both Net business profit and Net income increased YoY, and exceeded progress envisaged in initial plan (Progress rate of 52% and 55%)
- ▶ Though there are slight deviations amongst business segments, Net business profit increased as revenue both from loan/investment and fee businesses increased. In addition, due to reversal of losses resulting from improvement of borrower credit-classification, Net income increased even after execution of certain measures to mitigate financial risk.
- ▶ As for full year forecast, Net business profit to be maintained as per initial plan, but Net income to be increased by ¥10bn to ¥175bn, taking current business environment into consideration. In line with our shareholder return policy, ordinary share dividend to be increased by 10 yen per share to 140 yen.

<Major KPIs>		1HFY17 Actual	Initial plan	1HFY18 Actual	Change from 1HFY17	Change from initial plan	FY18 Plan	Change from FY17	Change from initial plan	FY19 Medium term plan
1	Net business profit	126.6	130.0	146.9	+20.2	+16.9	280.0	+9.4	-	300.0
2	Substantial gross business profit	341.2	345.0	367.1	+25.9	+22.1	720.0	+14.2	+5.0	730.0
3	Substantial G&A expenses	(214.5)	(215.0)	(220.2)	(5.6)	(5.2)	(440.0)	(4.8)	(5.0)	(430.0)
4	Net income	75.4	80.0	91.5	+16.0	+11.5	175.0	+21.0	+10.0	180.0
5	Fee income ratio	57.2%		55.7%	(1.5%)					55-60%
6	Overhead ratio	62.9%	62.3%	60.0%	(2.9%)	(2.3%)	61.1%	(0.6%)	+0.3%	55-60%
7	Return on shareholders' equity	7.32%		8.46%	+1.14%		Approx. 8%			Approx. 8%
8	Common Equity Tier 1 capital ratio	11.47% (*)		11.78%	+0.31%					Approx. 10%

(\*) Pro-forma figures based on regulatory definition to be applied as of Mar.2019

<Per share information>		1HFY17	1HFY18	
		Actual	Actual	Change
9	Earnings per share (EPS)	197	241	+43
10	Dividend per share (DPS)	65	65	-

<Shareholders' return>		FY17	FY18
		Actual	Plan
12	Dividend payout ratio	32.1%	30.3%
13	Total payout ratio	37.4%	

		Sep. 17	Sep. 18	Change
11	Net assets per share (BPS)	6,645	7,014	+369

(Reference: Shareholder Return Policy)

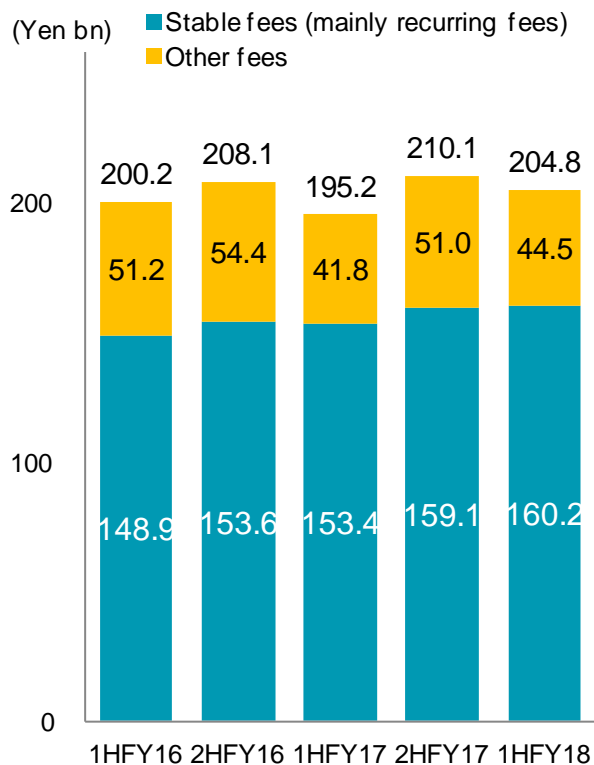
While maintaining a consolidated dividend payout ratio of around 30%, we shall aim to gradually raise the total payout ratio to around 40% to enhance shareholder returns over the medium term.

# Overall summary for 1HFY2018 (Progress on Midterm Management Plan)

- ▶ Midterm Management Plan envisaged strengthening of fee businesses, enhancement of loan/investment business profitability and improvement of overhead expenses ratio to achieve sustainable and stable growth.
- ▶ During 1HFY18, we have made tangible progress in areas such as stabilization of fee income stream and improvement of profitability in loan/investment business mainly due to funding cost management, but we have also recognized issues that need to be tackled to make further progress in these areas from 2HFY18 onward.

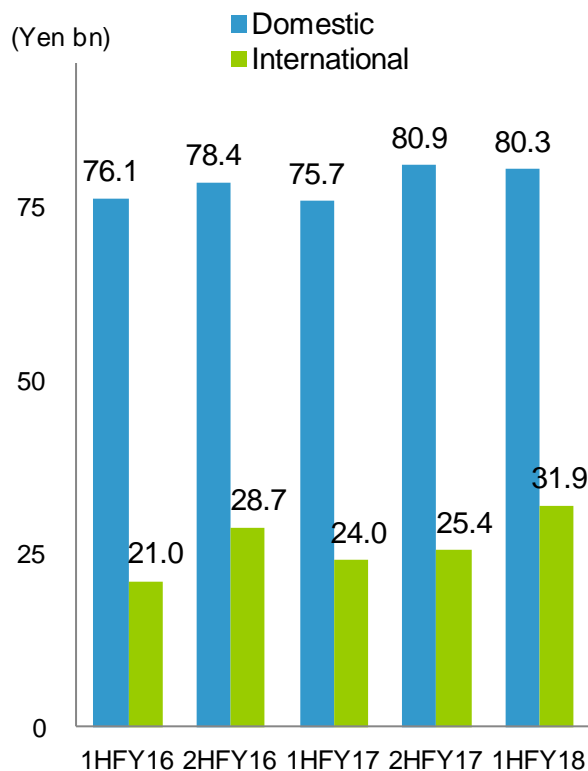
## Fee business

Stable income has increased but requires further growth in overall volume



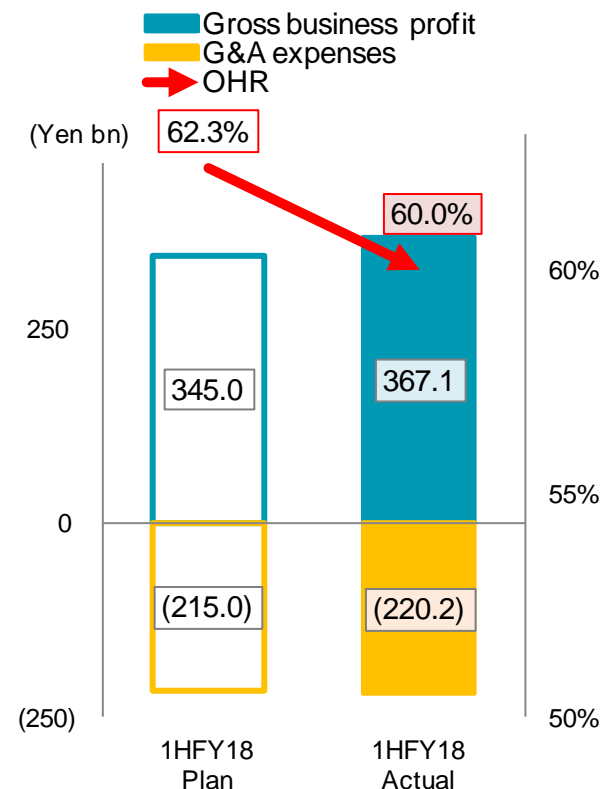
## Loan/investment business

Effective interest related earnings (\*) have been increasing in both domestic and international businesses



## Expenses

Expenses have increased, but due to higher growth of gross business profit, OHR has improved



(\*) Includes adjustments to Net interest income and related profit in SuMi TRUST Bank, such as adding profit attributable to deployment of surplus foreign currency funds.

# Overview of profits

	(Yen bn)	1HFY17	1HFY18	Change
1	Net business profit (*1)	126.6	146.9	20.2
2	Substantial gross business profit (*1)	341.2	367.1	25.9
3	Net interest income and related profit	102.7	93.2	(9.4)
4	Net fees and commissions and related profit	195.2	204.8	9.5
5	Other profit	43.2	69.0	25.8
6	Substantial G&A expenses (*1)	(214.5)	(220.2)	(5.6)
7	Total credit costs	4.6	13.3	8.7
8	Net gains on stocks	9.1	(3.7)	(12.8)
9	Other net non-recurring profit	(22.7)	(16.2)	6.5
10	Ordinary profit	117.7	140.3	22.6
11	Extraordinary profit	2.4	(3.0)	(5.4)
12	Income before income taxes	120.1	137.2	17.1
13	Total income taxes	(37.9)	(40.2)	(2.2)
14	Income attributable to non-controlling interests	(6.7)	(5.4)	1.2
15	Net income	75.4	91.5	16.0
16	Return on shareholders' equity	7.32%	8.46%	1.14%
17	Dividend per share (DPS) (Yen)	65	65	-
18	Earnings per share (EPS) (Yen)	197	241	43
19	Number of shares issued (mn shares) (*2)	381.9	379.2	(2.6)

(\*1) "Net business profit", "Substantial gross business profit" and "Substantial G&A expenses" are based on managerial accounting, taking gross income and expenses from affiliates into consideration

(\*2) Average number of common shares outstanding (excluding treasury stocks) during the period

## Net business profit

- Domestic loan-deposit spread improvement continued, and effective interest related earnings including profit attributable to deployment of surplus foreign currency funds also increased (+approx. ¥15bn YoY (\*3))
- Net fees and commissions and related profit increased due to robust results from asset management (investment management/ administration) businesses. However, profit from investment management consulting (consultation marketing) business stayed at the same level YoY due to decrease in sales of new investment trusts, though AUM is steadily increasing
- Progress rate of 52% against full year plan is in line with initial plan

## Total credit costs

- Limited occurrence of new problem loans
- Net reversal of ¥13.3bn, due to factors such as the reversal of losses resulting from improvement of credit-classification of certain borrowers

## Net gains on stocks

- Strategic shareholdings reduced further (reduction of approx. ¥17bn, gains of approx. ¥14bn on disposal), while loss recorded on close out of hedge positions utilizing investment trusts (\*4) (approx. ¥(17)bn)

## Net income

- Increase of ¥16.0bn YoY
- Steady progress rate of 55% against full year plan of ¥165.0bn

(\*3) Please refer to P7 for results of SuMi TRUST Bank, which constitutes majority of Net interest income and related profit

(\*4) Temporary hedging position built up to improve average holding price in FY17

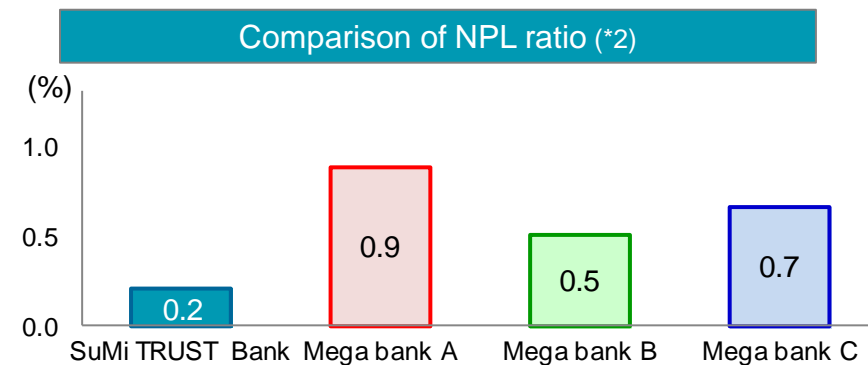
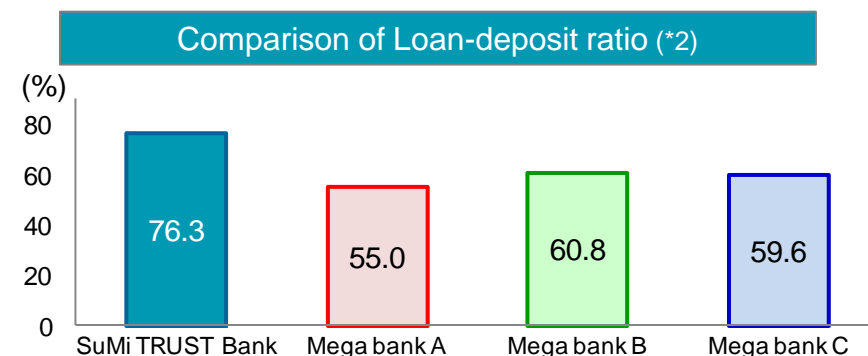
# Overview of balance sheet

		(Yen bn)		
		Mar. 2018	Sep. 2018	Change
1	Assets	68,356.7	70,001.2	1,644.4
2	Cash and due from banks	28,841.3	29,161.8	320.5
3	Securities	5,537.6	6,183.0	645.4
4	Loans and bills discounted	28,190.5	28,866.5	676.0
5	Other assets	5,787.2	5,789.6	2.4
6	Liabilities	65,484.4	67,248.7	1,764.2
7	Deposits and NCD	43,915.1	44,748.9	833.7
8	Borrowed money from trust account	11,070.7	11,102.9	32.2
9	Other liabilities	10,498.5	11,396.8	898.2
10	Total net assets	2,872.3	2,752.4	(119.8)
11	Total shareholders' equity	2,127.8	2,185.1	57.3
12	Total accumulated OCI	496.8	470.6	(26.2)
13	Minority interests, etc.	247.6	96.6	(151.0)
14	Net assets per share (BPS) (Yen)	6,897	7,014	117
15	Number of shares issued (mn shares) (*1)	380.5	378.5	(1.9)

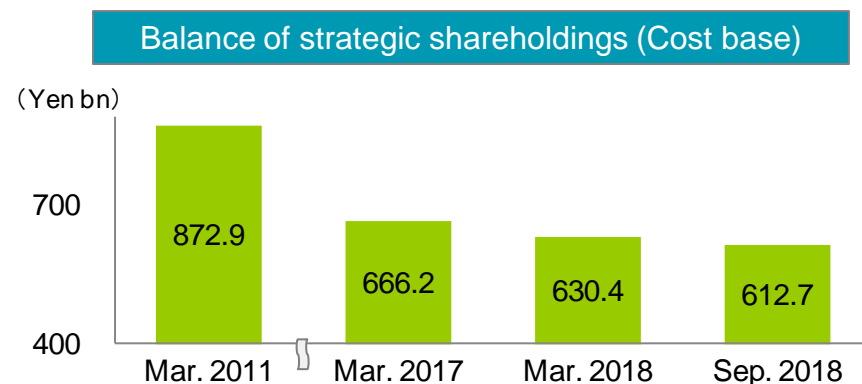
(Reference)

16	Loan-deposit ratio (SuMi TRUST Bank)	78.2%	76.3%	(1.9%)
17	NPL ratio (SuMi TRUST Bank)	0.2%	0.2%	0.0%

(\*1) Number of common shares issued (excluding treasury stocks) as of the date above



(\*2) SuMi TRUST Bank: as of Sep. 2018 Other Mega banks: as of Mar. 2018



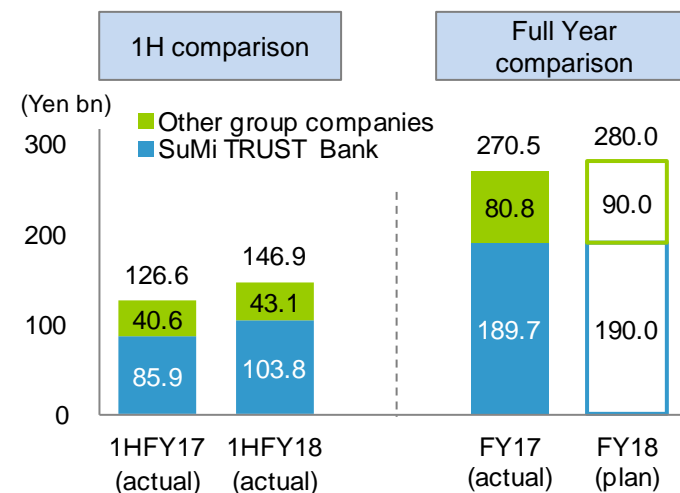
# Profit by group company

		(Yen bn)		
		FY17 1H	FY18 1H	Change
1	Net business profit (*1)	126.6	146.9	20.2
2	o/w SuMi TRUST Bank	85.9	103.8	17.8
3	SuMi TRUST AM	2.8	2.4	(0.4)
4	Nikko AM (*2)	5.2	8.5	3.3
5	SuMi TRUST Realty	2.6	3.2	0.5
6	SuMi TRUST Panasonic Finance (*2)	6.8	5.2	(1.5)
7	SuMi TRUST Loan & Finance	5.0	5.8	0.7
8	SBI Sumishin Net Bank (*2)	3.6	4.0	0.3
9	SuMi TRUST Guarantee (*2)	5.9	5.8	(0.0)
10	SuMi TRUST Club	2.7	1.7	(1.0)
11	Effect of purchase accounting method	(1.3)	(1.3)	(0.0)
12	Net income (*1)	75.4	91.5	16.0
13	o/w SuMi TRUST Bank	59.2	76.0	16.7
14	SuMi TRUST AM	1.9	1.6	(0.3)
15	Nikko AM (*2)	2.9	5.7	2.7
16	SuMi TRUST Realty	1.8	2.2	0.3
17	SuMi TRUST Panasonic Finance (*2)	2.6	1.6	(0.9)
18	SuMi TRUST Loan & Finance	3.4	3.8	0.4
19	SBI Sumishin Net Bank (*2)	2.3	2.6	0.3
20	SuMi TRUST Guarantee (*2)	4.1	4.4	0.2
21	SuMi TRUST Club	0.9	0.3	(0.6)
22	Effect of purchase accounting method	1.0	1.9	0.8

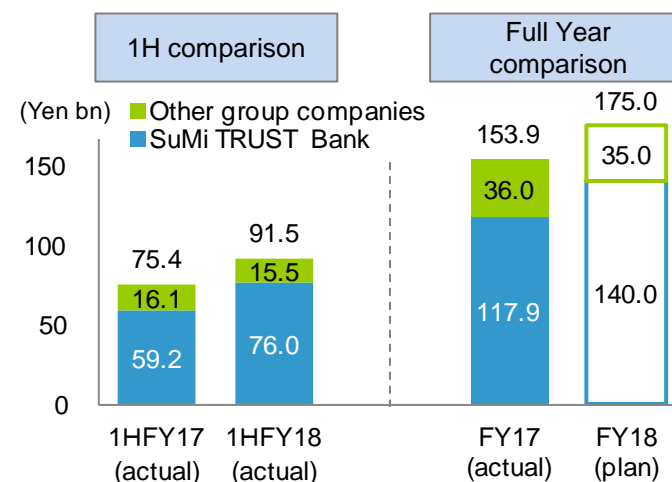
(\*1) Figures on the table above are contribution of group companies, which are substantive amount excluding consolidation adjustment that do not relate directly to the group companies' business results.

(\*2) Consolidated basis

## Breakdown of Net business profit



## Breakdown of Net income



# Profit by business segment

		FY17 1H Actual	Substantial gross business profit (*1)			Substantial G&A expenses	FY18 1H Actual		(Reference) Substantial gross business profit(initial plan)	
			Change from 1HFY17	Change from initial plan	FY18 1H Actual		Change from 1HFY17	FY18 1H Plan (*1)	FY18 Plan (*1)	
(Yen bn)										
1	Net business profit	126.6	367.1	25.9	22.1	(220.2)	146.9	20.2	345.0	715.0
2	Retail total solution services	12.3	99.5	5.3	(0.4)	(83.4)	16.0	3.7	100.0	200.0
3	SuMi TRUST Bank	2.0	68.8	5.7	0.8	(61.6)	7.2	5.1	68.0	137.0
4	Other group companies	10.2	30.7	(0.3)	(1.2)	(21.8)	8.8	(1.3)	32.0	63.0
5	Wholesale financial services (*2)	54.8	95.0	7.3	5.0	(35.0)	59.9	5.1	90.0	186.0
6	SuMi TRUST Bank	41.2	67.3	6.2	4.3	(21.2)	46.0	4.8	63.0	130.0
7	Other group companies	13.6	27.7	1.1	0.7	(13.8)	13.9	0.3	27.0	56.0
8	Stock transfer agency services	9.1	19.4	0.8	0.4	(9.5)	9.9	0.7	19.0	37.0
9	SuMi TRUST Bank	8.6	11.3	1.0	0.3	(1.8)	9.4	0.8	11.0	21.0
10	Other group companies	0.5	8.0	(0.2)	0.0	(7.6)	0.4	(0.1)	8.0	16.0
11	Real estate	13.6	23.9	(1.6)	(1.0)	(12.0)	11.8	(1.7)	25.0	55.0
12	SuMi TRUST Bank	10.6	13.0	(2.0)	(0.9)	(4.5)	8.4	(2.1)	14.0	33.0
13	Other group companies	3.0	10.9	0.3	(0.0)	(7.4)	3.4	0.3	11.0	22.0
14	Fiduciary services	26.8	88.8	7.5	6.8	(56.4)	32.3	5.5	82.0	171.0
15	SuMi TRUST Bank	16.6	31.3	1.2	2.3	(12.9)	18.3	1.7	29.0	63.0
16	Other group companies	10.1	57.5	6.2	4.5	(43.5)	13.9	3.8	53.0	108.0
17	Global markets	19.5	29.2	2.2	2.2	(7.6)	21.6	2.0	27.0	55.0

(\*1) Excluding dividend from group companies aimed to improve capital efficiency

(\*2) Combined total of Wholesale total solution services and Wholesale asset management



# Overview of profit (SuMi TRUST Bank)

(Yen bn)		FY17 1H	FY18 1H	Change	
					Substantial (*1)
1	Net business profit	85.9	133.9	47.9	17.8
2	Gross business profit	204.9	252.6	47.6	17.5
3	Net interest income and related profit	88.6	107.1	18.5	(11.6)
4	Net fees and commissions and related profit	89.6	92.3	2.7	2.7
5	Net trading profit	3.9	6.7	2.8	2.8
6	Net other operating profit	22.7	46.3	23.6	23.6
7	o/w Net gains on foreign exchange transactions	17.6	44.6	27.0	27.0
8	o/w Profit attributable to deployment of surplus foreign currency funds	11.1	35.2	24.1	24.1
9	Net gains on bonds	6.9	(4.6)	(11.6)	(11.6)
10	Net gains from derivatives (*2)	(1.8)	6.3	8.2	8.2
11	General and administrative expenses	(118.9)	(118.7)	0.2	0.2
12	Total credit costs	5.3	16.3	11.0	11.0
13	Other non-recurring profit	(2.9)	(10.6)	(7.6)	(7.6)
14	o/w Net gains on stocks	9.6	(6.2)	(15.8)	(15.8)
15	Amortization of net actuarial losses	(8.1)	(1.6)	6.5	6.5
16	Ordinary profit	88.3	139.6	51.3	21.2
17	Extraordinary profit	(6.2)	(3.8)	2.4	2.4
18	Income before income taxes	82.0	135.8	53.7	23.6
19	Total income taxes	(22.8)	(29.7)	(6.8)	(6.8)
20	Net income	59.2	106.1	46.9	16.7

(\*1) Excluding dividend from group companies aimed to improve capital efficiency

(\*2) Net gains from derivatives other than for trading or hedging

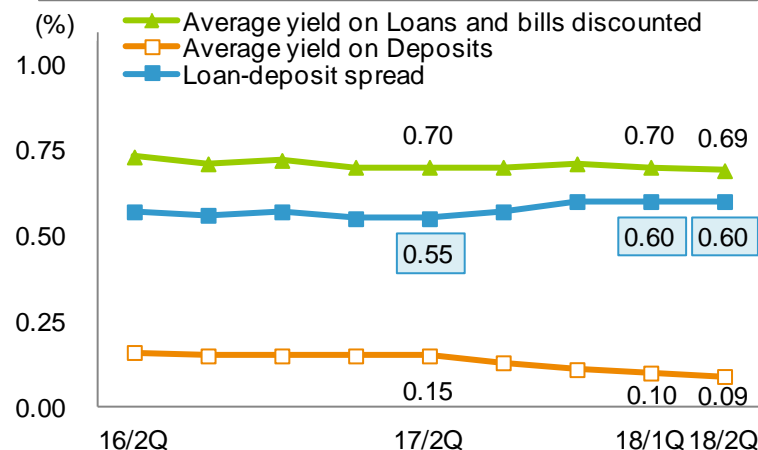
		FY17 1H	FY18 1H	Change
21	Effective interest related earnings (*3)	99.7	112.2	12.5
22	Domestic business	75.7	80.3	4.5
23	Net interest income and related profit	75.7	110.4	34.7
24	Dividend from group companies aimed to improve capital efficiency	-	(30.1)	(30.1)
25	International business	24.0	31.9	7.9
26	Net interest income and related profit	12.9	(3.2)	(16.1)
27	Profit attributable to deployment of surplus foreign currency funds	11.1	35.2	24.1
28	Net fees and commissions and related profit	89.6	92.3	2.7
29	o/w Investment management consulting	27.2	27.2	0.0
30	Asset management/administration	30.0	31.3	1.2
31	Real estate brokerage	12.2	10.1	(2.0)
32	Stock transfer agency services	10.3	11.3	1.0
33	Inheritance related services	2.5	2.1	(0.3)
34	Wholesale credit related	16.1	16.3	0.1
35	Net gains on bonds	6.9	(4.6)	(11.6)
36	Domestic bonds	(0.1)	(0.2)	(0.0)
37	Foreign bonds	7.1	(4.4)	(11.5)

(\*3) Net interest income and related profit - Dividend from group companies aimed to improve capital efficiency + Profit attributable to deployment of surplus foreign currency funds

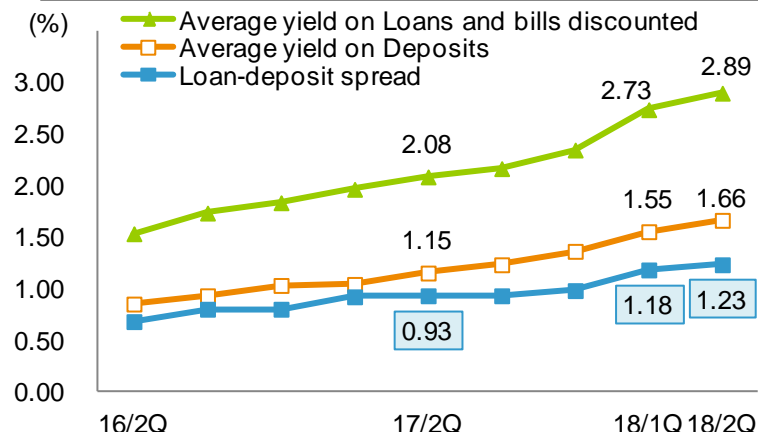
# Net interest income (SuMi TRUST Bank)

	1HFY18					
	Average Balance	Change from 1HFY17	Average Yield	Change from 1HFY17	Income/Expenses	Change from 1HFY17
(Average balance: Yen trn) (Income/Expenses: Yen bn)						
1 Net interest income					97.7	14.8
2 Domestic business			(*0.53%	0.13%	101.0	31.0
3 Interest-earning assets	37.99	3.45	(*0.69%	0.11%	131.5	30.5
4 o/w Loans and bills discounted	21.50	0.48	0.69%	(0.01%)	75.2	1.1
5 Securities	3.49	0.45	(*3.04%	1.59%	53.3	31.0
6 Income on swaps	---	---	---	---	0.2	(1.4)
7 Interest-bearing liabilities	37.25	3.22	0.16%	(0.02%)	(30.5)	0.4
8 o/w Deposits	23.45	0.26	0.10%	(0.05%)	(12.0)	5.8
9 Borrowings from trust a/c	3.74	1.44	0.49%	0.01%	(9.3)	(3.7)
10 International business			(0.05%)	(0.26%)	(3.2)	(16.1)
11 Interest-earning assets	13.75	1.92	2.05%	0.33%	141.4	38.8
12 o/w Loans and bills discounted	6.61	(0.41)	2.81%	0.79%	93.5	22.1
13 Due from banks	2.51	0.35	1.34%	0.45%	16.9	7.3
14 Securities	2.31	0.50	2.29%	0.19%	26.7	7.6
15 Interest-bearing liabilities	13.68	1.88	2.10%	0.59%	(144.7)	(55.0)
16 o/w Deposits	5.77	0.76	1.60%	0.50%	(46.4)	(18.7)
17 NCD / USCP	5.03	0.74	1.88%	0.81%	(47.6)	(24.6)
18 Repo	1.72	0.49	1.93%	0.84%	(16.6)	(9.9)
19 Expenses on swaps	---	---	---	---	(18.3)	0.4
20 (+) Trust fees from principal guaranteed trust a/c					9.3	3.6
21 (+) Profit attributable to deployment of surplus foreign currency funds					35.2	24.1
22 (-) Dividend from group companies aimed to improve capital efficiency					30.1	30.1
23 Effective interest related earnings					112.2	12.5
24 (Ref.) Loan-deposit spread / income in domestic business			0.59%	0.04%	63.1	7.0

## Domestic loan-deposit spread



## International loan-deposit spread

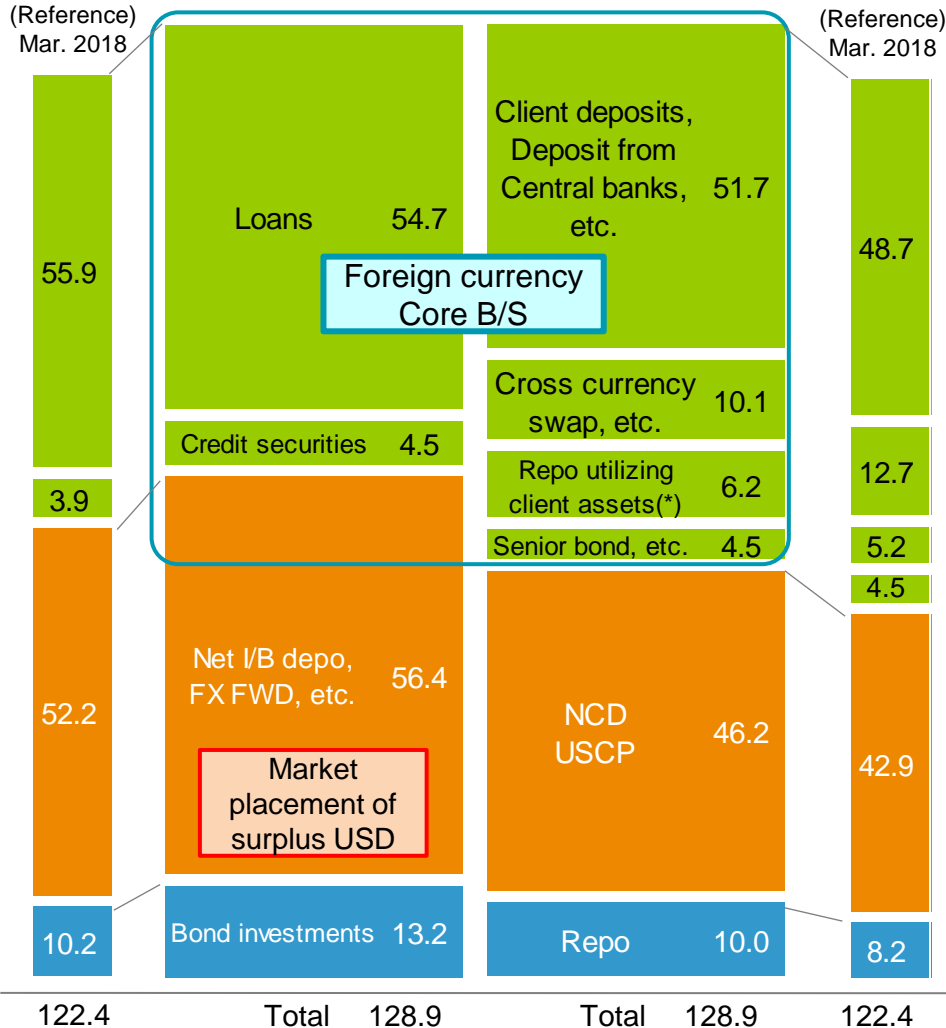


(\* Average Yield excluding dividend from group companies aimed to improve capital efficiency)

Domestic business	Average Yield	Change from 17/1H
o/w Interest-earning assets	0.53%	(0.03%)
o/w Securities	1.32%	(0.13%)

# (Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)

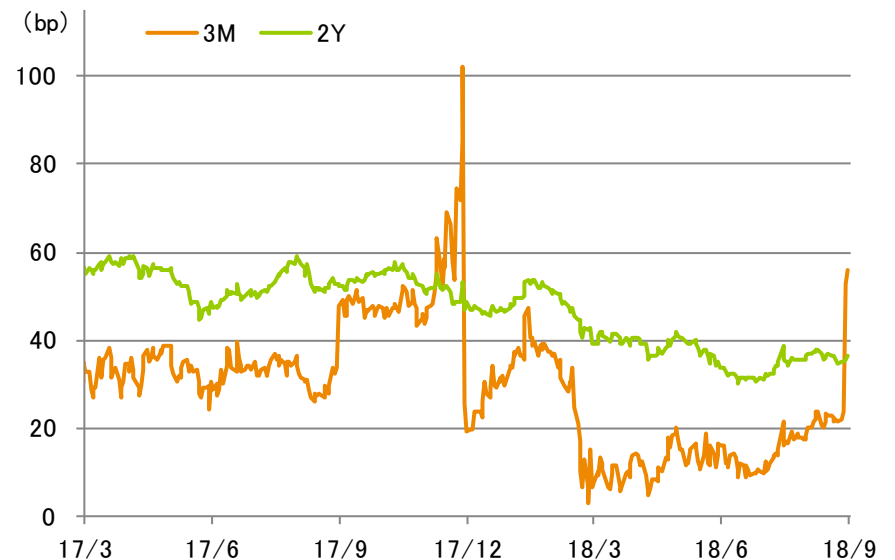
## Foreign currency B/S (as of Sep. 2018) (USD bn)



## Foreign currency ALM management

- ◆ Loans and credit securities constituting core foreign currency denominated assets, are funded by “sticky” client deposits and central bank deposits as well as “long term” yen swaps and senior bonds issuance.
- ◆ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer for foreign currency B/S, and the funds are utilized in the inter-bank or foreign exchange market.

## Basis swap spread (CCS) (USD/JPY)



(\*) Repo funding utilizing custody client assets, which was previously included in “Cross currency swaps, etc.”

# Total credit costs and problem assets

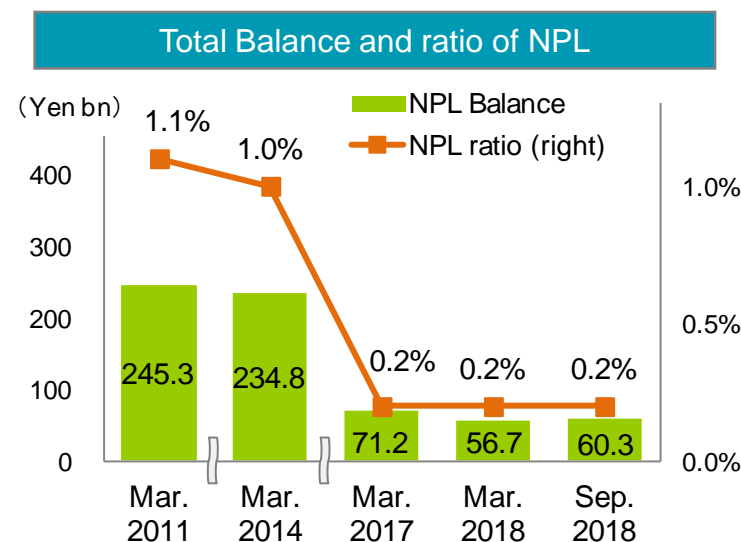
[Total credit costs]		FY17		FY18	Major factors (1HFY18)	
(Yen bn)		1H	2H	1H		
1	SuMi TRUST Bank	7.0	5.3	1.7	16.3	
2	General allowance for loan losses	10.6	6.1	4.5	17.3	
3	Specific allowance for loan losses	(2.8)	0.1	(2.9)	(0.6)	
4	Recoveries of written-off claims	0.8	0.2	0.5	0.7	
5	Losses on sales of claims, written-off	(1.6)	(1.2)	(0.3)	(1.0)	
6	Other group companies, etc.	(4.0)	(0.7)	(3.3)	(3.0)	SuMi TRUST Panasonic Finance (1.9)
7	Total	2.9	4.6	(1.6)	13.3	

Downgraded: Approx. (2.0)  
 Upgraded: Approx. +20.0  
 Change in loan balance, etc.  
 (including recoveries): Approx.(2.0)

[NPL (SuMi TRUST Bank)]		Sep. 2018	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2018
(Yen bn)					
8	NPL	60.3	89.4%	60.4%	3.6
9	NPL ratio (ratio to Total loan balance)	0.2%	---	---	0.0%
10	Bankrupt and practically bankrupt	12.1	100.0%	100.0%	0.1
11	Doubtful	26.6	91.2%	72.8%	(0.4)
12	Substandard	21.6	81.2%	12.1%	4.0
13	Other special mention debtors	429.5	---	---	(119.0)
14	Ordinary assets	28,930.4	---	---	717.2
15	Total loan balance	29,420.2	---	---	601.8

(\*1) (Collateral value + allowance for loan losses) / Loan balance

(\*2) Allowance for loan losses / (Loan balance - Collateral value after considering haircuts)



# Securities portfolio

[Securities with fair value]	Costs		Unrealized gains/losses (*1)	
	(Yen bn)	Change from Mar. 2018	Change from Mar. 2018	Change from Mar. 2018
1 Available-for-sale securities	5,027.5	665.4	682.5	(56.7)
2 Japanese stocks	612.7	(17.7)	964.8	88.6
3 Japanese bonds	931.6	115.7	1.3	(0.9)
4 Others	3,483.1	567.3	(283.6)	(144.4)
5 Held-to-maturity debt securities	267.1	2.2	19.0	(2.8)

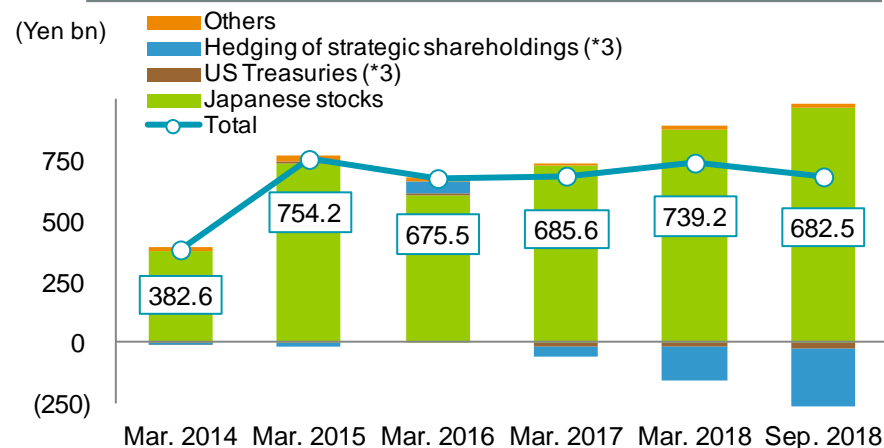
[Securities with fair value (SuMi TRUST Bank)]				
	Change from Mar. 2018	Change from Mar. 2018	Change from Mar. 2018	Change from Mar. 2018
6 Available-for-sale securities	4,990.5	629.1	699.6	(54.3)
7 Japanese stocks	586.2	(20.1)	988.5	91.2
8 Japanese bonds	966.6	78.8	0.0	(0.8)
9 o/w Government bonds	318.7	77.4	(0.1)	(0.3)
10 Others	3,437.6	570.4	(288.9)	(144.7)
11 Domestic investment	82.3	0.2	1.5	(0.2)
12 International investment	1,717.9	463.9	(29.5)	(12.7)
13 o/w US Treasury	808.7	312.6	(27.4)	(8.7)
14 Others (Investment trust, etc.)	1,637.2	106.3	(260.9)	(131.8)
15 o/w for hedging of strategic shareholdings (*2)	1,430.7	84.0	(271.2)	(136.9)

(\*1) From FY18, figures for "Japanese stocks" are determined based on quoted market price as of balance sheet date, which was previously based on average quoted market price over the month preceding balance sheet date

(\*2) Of which hedging effect under capital regulation is recognized: Costs JPY1,071.0bn, Unrealized gains/losses JPY(230.2)bn

16 Held-to-maturity debt securities	199.1	5.5	18.9	(2.8)
17 o/w Government bonds	118.9	(0.1)	17.7	(2.0)
18 International investment	42.4	6.6	0.7	(0.7)

## Unrealized gains/losses of AFS securities with fair value



(\*3) SuMi TRUST Bank

## Reduction of strategic shareholdings (\*4)

(Yen bn)	FY17		FY18	
	1H	2H	1H	
19 Reduction amount	13.3	21.9	35.2	

(Ref.) Cumulative reduction since merger (from FY11 to 1HFY18): ¥298.6bn

Planned reduction based on current plan (from FY16 to FY20): ¥84.4bn

(\*4) Purchase cost of listed shares

## Securities portfolio of Global markets (\*5)

(Yen bn)	10BPV (*6)		Duration (years) (*6)	
	Change from Mar. 2018	Change from Mar. 2018	Change from Mar. 2018	Change from Mar. 2018
20 JPY	2.0	(0.5)	4.2	(2.6)
21 Others	3.4	0.4	3.3	(0.6)

(\*5) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

(\*6) In the calculation of 10BPV and duration, investment balance hedged by derivatives transactions, etc. were excluded

# Capital

- ▶ Common Equity Tier 1 capital ratio: UP 0.45 percentage points from Mar. 2018 to 11.78%, due primarily to increase in retained earnings contributed to accumulation of common equity and decrease in risk-weighted assets
- ▶ Leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

## <Capital and total risk-weighted assets>

		Mar. 2018	Sep. 2018	
(Yen bn)		Actual	Preliminary	Change
1	Total capital ratio	16.31%	16.53%	0.22%
2	Tier 1 capital ratio	13.74%	13.76%	0.02%
3	Common Equity Tier 1 capital ratio	11.33%	11.78%	0.45%
4	Total capital	3,348.1	3,301.8	(46.3)
5	Tier 1 capital	2,821.4	2,748.2	(73.1)
6	Common Equity Tier 1 capital	2,325.8	2,353.8	28.0
7	Instruments and reserves	2,602.7	2,634.1	31.4
8	Accumulated other comprehensive income (*1)	496.8	470.6	(26.2)
9	Regulatory adjustments	(276.9)	(280.2)	(3.3)
10	Additional Tier 1 capital	495.5	394.3	(101.2)
11	Tier 2 capital	526.7	553.6	26.8
12	Total risk-weighted assets	20,522.9	19,971.2	(551.6)
13	Credit risk	18,352.1	17,852.2	(499.9)
14	Market risk	1,163.8	1,125.4	(38.4)
15	Operational risk	1,006.8	993.5	(13.3)

(\*1) Valuation differences on Available-for-Sale Securities(Sep. 2018): ¥476.5bn

## < Major factors of change in capital >

### (1) Common Equity Tier 1 capital: +¥28.0bn

- Net income +¥91.5bn
- Dividend/share repurchase ¥(33.6)bn
- Other comprehensive income (cumulative) ¥(26.2)bn

## < Major factors affecting risk assets >

### (2) Credit risk: Approx ¥(0.5)trn

- Close out of temporary hedging position utilizing investment trust built up in FY2017
- Increase in hedging for strategic shareholdings
- Corporate credit related remained at same level  
(Increase due to depreciation of yen offset by decrease due to improvement of credit-classification of large borrowers)

## <Other ratios required in prudential regulations>

		Sep. 2018	Change from
(Yen bn)		Preliminary	Mar. 2018
16	Leverage ratio	3.79%	(0.19%)
17	SuMi TRUST Bank (Consolidated) (*2)	4.28%	(0.31%)
18	Tier 1 capital	2,748.2	(73.1)
19	Total exposure	72,436.3	1,628.5
20	Liquidity coverage ratio (*3)	121.8%	(10.1%)
21	SuMi TRUST Bank (Consolidated) (*2)	135.5%	(28.1%)
22	Total high-quality liquid assets	28,164.0	914.0
23	Net cash outflows (*4)	23,118.4	2,461.3

(\*2) Excluding the impact of funds inflow into the banking account from trust account at JTSB

(\*3) Average figures in 2QFY2018. "Change from Mar. 2018" represents the comparison to figure for 4QFY2017 calculated in the same manner

(\*4) Month-end data used for some items instead of daily data to calculate figures

# Forecast for FY2018

- ▶ Net business profit is unchanged from initial plan. Net income is revised upward by ¥10.0bn from initial plan, taking into consideration of 1H results
- ▶ Dividend on ordinary share forecast revised upward to be 140 yen per share, in accordance with upward revision of Net income, which is in line with the policy of consolidated dividend payout ratio of 30%

(Yen bn)		1H Actual (*)	2H Plan	FY18 Plan (*)	Change from FY17	Change from initial plan	FY18 Plan
1	Net business profit	146.9	133.0	280.0	9.4	-	280.0
2	SuMi TRUST Bank	103.8	86.1	190.0	0.2	(10.0)	225.0
3	Substantial gross business profit	367.1	352.8	720.0	14.2	5.0	720.0
4	SuMi TRUST Bank	222.5	207.4	430.0	3.1	(10.0)	465.0
5	Other group companies	144.6	145.3	290.0	11.1	15.0	255.0
6	Substantial G&A Expenses	(220.2)	(219.7)	(440.0)	(4.8)	(5.0)	(440.0)
7	SuMi TRUST Bank	(118.7)	(121.2)	(240.0)	(2.9)	-	(240.0)
8	Other group companies	(101.5)	(98.4)	(200.0)	(1.9)	(5.0)	(200.0)
9	Total credit costs	13.3	(8.3)	5.0	2.0	25.0	5.0
10	SuMi TRUST Bank	16.3	(6.3)	10.0	2.9	30.0	10.0
11	Other group companies	(3.0)	(1.9)	(5.0)	(0.9)	(5.0)	(5.0)
12	Net gains on stocks	(3.7)	18.7	15.0	8.6	(15.0)	15.0
13	Other non-recurring profit	(16.2)	(18.7)	(35.0)	12.2	-	(35.0)
14	Ordinary profit	140.3	124.6	265.0	32.3	10.0	265.0
15	o/w SuMi TRUST Bank	109.5	90.4	200.0	27.0	5.0	235.0
16	Net income	91.5	83.4	175.0	21.0	10.0	175.0
17	o/w SuMi TRUST Bank	76.0	63.9	140.0	22.0	5.0	175.0
18	Dividend per common share (Yen)	65	75	140	+10	+10	
19	Consolidated dividend payout ratio	---	---	30.3%	(1.8%)	0.3%	

(\*) Excluding dividend from group companies, which are planned to be paid in FY18 to improve their capital efficiency. There is no difference between the two "FY18 Plan" on a consolidated basis. The differences only appear in "SuMi TRUST Bank" and "Other group companies" items.

## 【Change from initial plan】

### (1) Net business profit : No change

#### 1) Oct. 1 reorganization related changes

(Yen bn)	Substantial gross business profit	Substantial G&A expenses
SuMi TRUST Bank	(7.0)	2.0
Other group companies	2.0	3.0
SuMi TRUST AM	7.0	(2.0)
JTSTB	(5.0)	5.0

#### 2) Substantial gross business profit

Raised robust Wholesale and Fiduciary while lowered Global market due to increased market uncertainty

#### 3) Substantial G&A expenses

Expect increase from revenue growth in Asset management/administration business

### (2) Total credit costs: +¥25.0bn

- 1HFY18 difference between plan and actual [expected ¥(10.0)bn vs actual ¥13.3bn] taken into consideration

- Estimated to be around 7bps of total credit portfolio of ¥30trn in 2HFY18

### (3) Net gains on stocks: ¥(15.0)bn

- 1HFY18 difference between plan and actual [expected ¥15.0bn vs actual ¥(3.7)bn] taken into consideration

- Assumes Net gains on stocks of ¥20.0bn in 2HFY18 by reduction of strategic shareholdings in accordance with current plan

### (4) Net income: +¥10.0bn

- Reflecting revisions to total credit costs and net gains on stocks

## (Ref.) Breakdown by business segment

(Yen bn)		FY17			FY18	Change from FY17	Change from initial plan
		Actual	1H Actual	2H Plan	Plan		
1	Net business profit	270.5	146.9	133.0	280.0	9.4	-
2	Substantial gross business profit(*1)	705.7	367.1	352.8	720.0	14.2	5.0
3	Retail total solution services	193.7	99.5	100.4	200.0	6.2	-
4	SuMi TRUST Bank	132.8	68.8	68.1	137.0	4.1	-
5	Other group companies	60.8	30.7	32.2	63.0	2.1	-
6	Wholesale financial services(*2)	183.4	95.0	94.9	190.0	6.5	4.0
7	SuMi TRUST Bank	128.6	67.3	66.6	134.0	5.3	4.0
8	Other group companies	54.7	27.7	28.2	56.0	1.2	-
9	Stock transfer agency services	35.9	19.4	17.5	37.0	1.0	-
10	SuMi TRUST Bank	20.1	11.3	9.6	21.0	0.8	-
11	Other group companies	15.8	8.0	7.9	16.0	0.1	-
12	Real estate	53.8	23.9	31.0	55.0	1.1	-
13	SuMi TRUST Bank	32.1	13.0	19.9	33.0	0.8	-
14	Other group companies	21.6	10.9	11.0	22.0	0.3	-
15	Fiduciary services	169.7	88.8	84.1	173.0	3.2	2.0
16	SuMi TRUST Bank	62.7	31.3	24.6	56.0	(6.7)	(7.0)
17	Other group companies	107.0	57.5	59.4	117.0	9.9	9.0
18	Global markets	54.4	29.2	20.7	50.0	(4.4)	(5.0)
19	Substantial G&A expenses	(435.1)	(220.2)	(219.7)	(440.0)	(4.8)	(5.0)
20	SuMi TRUST Bank	(237.0)	(118.7)	(121.2)	(240.0)	(2.9)	-
21	Other group companies	(198.0)	(101.5)	(98.4)	(200.0)	(1.9)	(5.0)
22	Ordinary profit	232.6	140.3	124.6	265.0	32.3	10.0
23	Net income	153.9	91.5	83.4	175.0	21.0	10.0

(\*1) Dividend from group companies aimed to improve capital efficiency not included in profit for each business segments

(\*2) Combined total of Wholesale total solution services and Wholesale asset management



# Fee business: Investment management consulting

- ▶ Total sales volume of investment products reduced by ¥125.7bn YoY to ¥692.9bn due to fall in investment trust sales caused by uncertain market environment
- ▶ Income maintained at last year's levels, as increase in insurance sales and administration fees YoY offset the decrease of sales fees of investment trust

## Income for distributor of investment products

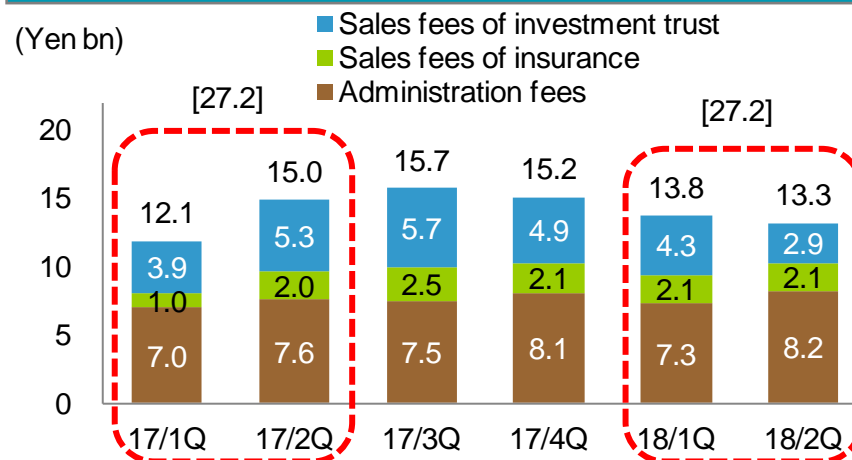
	(Yen bn)	FY17	FY18	Change
		1H	1H	
1 Income total		27.2	27.2	0.0
2 Sales fees of investment trust		9.2	7.2	(2.0)
3 Sales fees of insurance		3.1	4.3	1.1
4 Administration fees		14.7	15.6	0.8

## Sales volume / balance

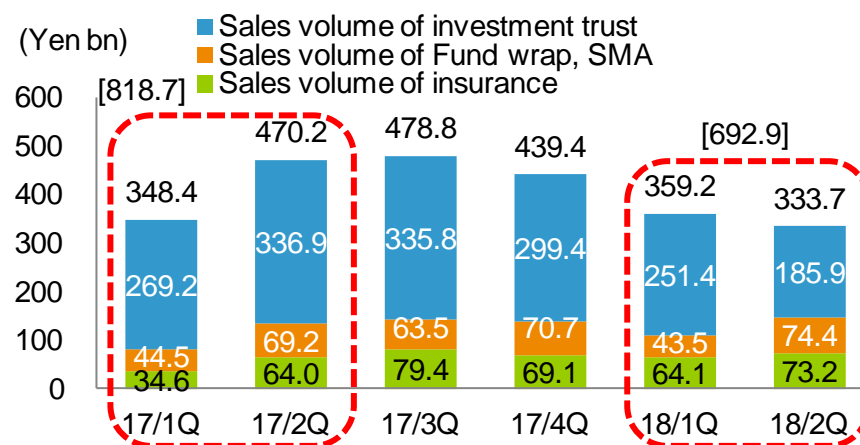
	(Yen bn)	FY17	FY18	Change
		1H	1H	
5 Sales volume total		818.7	692.9	(125.7)
6 Investment trust		606.2	437.4	(168.7)
7 Fund wrap, SMA		113.7	118.0	4.2
8 Insurance		98.7	137.4	38.7

	(Yen bn)	Mar. 2018	Sep. 2018	Change
9 Balance total		6,158.9	6,424.2	265.3
10 Investment trust		2,891.5	2,996.9	105.3
11 Fund wrap, SMA		830.9	898.1	67.1
12 Insurance		2,436.3	2,529.2	92.8
13 Wrap Selection		1,669.4	1,803.7	134.2

## Income for distributor (quarterly)



## Sales volume (quarterly)

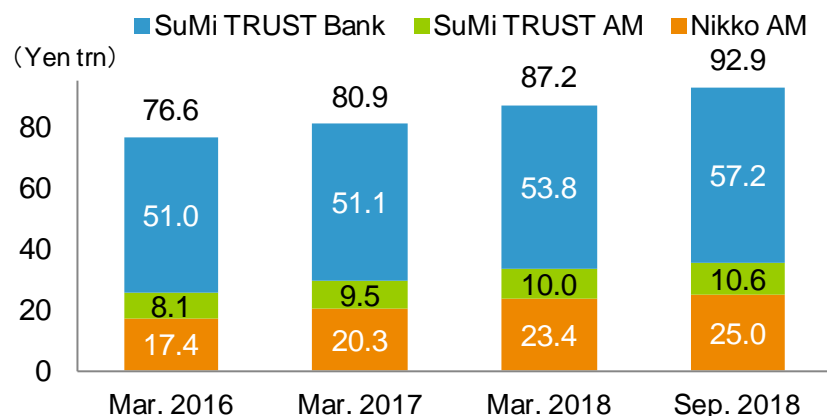


# Fee business: Asset management/administration (Fiduciary services)

- ▶ AUM: Increased by ¥5.6trn from Mar. 2018 to ¥92.9trn, due to increase in market value from share price upswing
- ▶ AUC: Increased for both domestic and overseas assets from Mar. 2018

## Assets under management (AUM)

		Mar. 2018	Sep. 2018	Change
	(Yen trn)			
1	Assets under management	87.2	92.9	5.6
2	SuMi TRUST Bank	53.8	57.2	3.4
3	Corporate pension trust	13.6	13.5	(0.1)
4	Public pension trust	11.8	12.4	0.6
5	Discretionary investment	28.2	31.2	2.9
6	Subsidiaries	33.4	35.7	2.2
7	SuMi TRUST AM	10.0	10.6	0.5
8	Nikko AM	23.4	25.0	1.6



USD/JPY	112.63
TOPIX	1,347.20

USD/JPY	112.15
TOPIX	1,512.60

USD/JPY	106.24
TOPIX	1,716.30

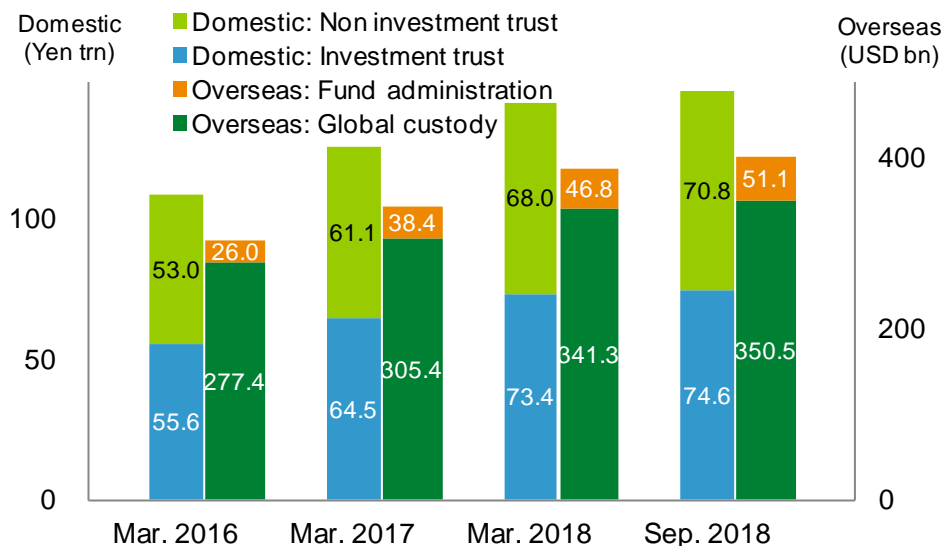
USD/JPY	113.58
TOPIX	1,817.25

## Assets under custody/administration

		Mar. 2018	Sep. 2018	Change
	(Yen trn)			
[Domestic]				
9	Investment trust (*1)	73.4	74.6	1.2
10	Non investment trust (*1)	68.0	70.8	2.8
[Overseas]				
(USD bn)				
11	Global custody (*2)	341.3	350.5	9.2
12	Fund administration	46.8	51.1	4.3

(\*1) Entrusted balance of SuMi TRUST Bank

(\*2) Combined figures of SuMi TRUST Bank (U.S.A.), SuMi TRUST (UK) and SuMi TRUST Bank (Lux.)



# Fee business: Real estate

- ▶ Real estate brokerage fees from corporate clients (SuMi TRUST Bank): Decreased by ¥2.0bn to ¥10.1bn as previous year was boosted by large-size transaction
- ▶ Real estate brokerage fees from retail clients (SuMi TRUST Realty): Increased by ¥0.5bn YoY to ¥10.1bn due to robust demand

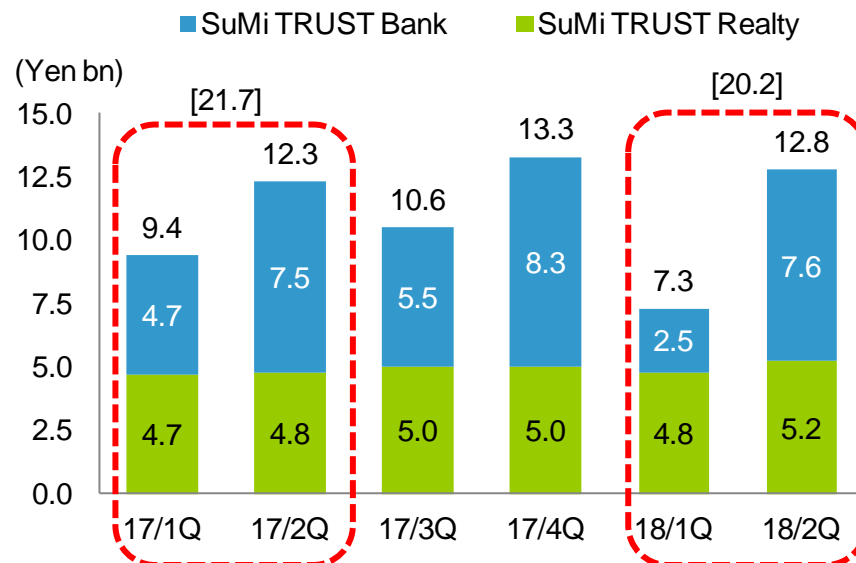
## Income

	(Yen bn)	FY17	FY18	Change
		1H	1H	
1 Real estate brokerage fees		21.7	20.2	(1.5)
2    SuMi TRUST Bank		12.2	10.1	(2.0)
3    SuMi TRUST Realty		9.5	10.1	0.5
4 Real estate trust fees, etc.		2.9	2.9	(0.0)
5 Net other real estate profit		0.9	0.8	(0.1)
6    SuMi TRUST Bank		(0.0)	-	0.0
7    Group companies		0.9	0.8	(0.1)
8 Total		25.6	23.9	(1.6)
9 o/w SuMi TRUST Bank		15.1	13.0	(2.0)

## Assets under management / administration

	(Yen bn)	Mar. 2018	Sep. 2018	Change
10 Securitized real estate		15,320.0	15,752.3	432.2
11 Assets under custody from J-REITs		13,397.9	13,851.2	453.3
12 Assets under management		709.1	704.3	(4.7)
13    Private placement funds		438.2	442.1	3.8
14    J-REITs		270.8	262.1	(8.6)

## Real estate brokerage fees (quarterly)



# Loan/investment business: Credit portfolio (SuMi TRUST Bank)

- ▶ Credit portfolio balance increased by ¥0.68trn from Mar. 2018 to ¥30.15trn, due to increase of both residential mortgage and loans to corporates
- ▶ Balance of credit to corporates increased due to short term loan increase and depreciation of Yen

## Advanced amount and balance for individuals

		FY17		FY18	
		(Yen bn)		1H	1H
1	Advanced amount of loans to individuals	617.4	574.5	(42.9)	
2	o/w Residential mortgage loans	562.3	527.0	(35.3)	

		Mar. 2018		Sep. 2018	
		(Yen bn)			
3	Balance of loans to individuals	9,450.4	9,647.5	197.1	
4	o/w Residential mortgage loans	8,874.7	9,062.1	187.3	

## Balance of credit for corporates

		Mar. 2018		Sep. 2018	
		(Yen bn)			
5	Corporate (Yen)	10,866.8	11,008.9	142.0	
6	Corporate (Foreign Currency)	3,401.9	3,576.8	174.8	
7	Product related (Yen)	2,946.5	2,931.0	(15.5)	
8	Product related (Foreign Currency)	2,813.5	2,991.0	177.5	
9	Total balance of credit for corporates	20,029.0	20,507.8	478.8	
10	o/w Product related	5,760.1	5,922.1	161.9	
USD/JPY		106.24	113.58	7.34	

## Credit portfolio balance

