



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Investor Meeting on Financial Results for 1HFY2019

November 20, 2019

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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 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.

Executive summary of 1HFY2019

As for 1HFY2019 results, Net business profit and Net income have both exceeded YoY and initial plan. Maintaining stable growth

Net interest income and related profit, Net fees and commissions and related profit both recorded effective increased profit. Non-interest income from corporate client related businesses have grown, tangible progress made in diversification of sources of profit

Retail business model going through transformation to better adapt to diverse needs of each generation in the age of “100-year life”

Maintain and fortify downside risk management for stock price, interest rate and credit risk

Summary of results for 1H FY2019

Summary of financial results for 1HFY2019

- ✓ Net business profit and Net income have both increased YoY. Exceeded initial forecast for the FY, progress rate against full-year forecast at 53% and 59% respectively.
- ✓ Effective interest related earnings has increased YoY. Excluding the one-off impact of JTSB (asset administration trust bank) becoming a non-consolidated entity, net fees and commission and related profit have also increased YoY. Progress made in diversification of our profit base, such as increase in non-interest income from our corporate client businesses.
- ✓ Return on Shareholders' equity has also improved

<Major KPIs>

(Yen bn)		1HFY18 Actual	Initial plan	1HFY19 Actual	Change from 1HFY18	Change from initial plan	FY19 Plan
1	Net business profit	146.9	140.0	154.1	+7.2	+14.1	290.0
2	Substantial gross business profit	367.1	360.0	377.0	+9.8	+17.0	740.0
3	Substantial G&A expenses	(220.2)	(220.0)	(222.8)	(2.6)	(2.8)	(450.0)
4	Net income	91.5	85.0	106.0	+14.5	+21.0	180.0
5	Fee income ratio	55.7%		53.4%	(2.3%)	(*1)	
6	Overhead ratio	60.0%	61.1%	59.1%	(0.9%)	(2.0%)	60.8%
7	Return on shareholders' equity	8.46%		9.32%	+0.86%		Approx. 8%
8	Common Equity Tier 1 capital ratio	11.78%		12.90%	+1.12%	(*2)	

(*1) 54.0% [(1.7)% YoY] After adjusting for non-consolidation of JTSB (*2) Pro-forma figure of 1HFY2019 CET1 Capital Ratio on Finalized Basel III reform basis is in the upper 9% range

<Per share information>

(Yen)		1HFY18 Actual	1HFY19 Actual	Change	FY19 Plan	Change
9	Earnings per share (EPS)	241	281	+40	478	+20
10	Dividend per share (DPS)	65	75	+10	150	+10
		Mar. 19	Sep. 19	Change		
11	Net assets per share (BPS)	7,008	7,133	+125		

<Shareholders' return>

		FY18 Actual	FY19 Plan
12	Dividend payout ratio	30.5%	31.2%
13	Total payout ratio	35.7%	Approx. 40%

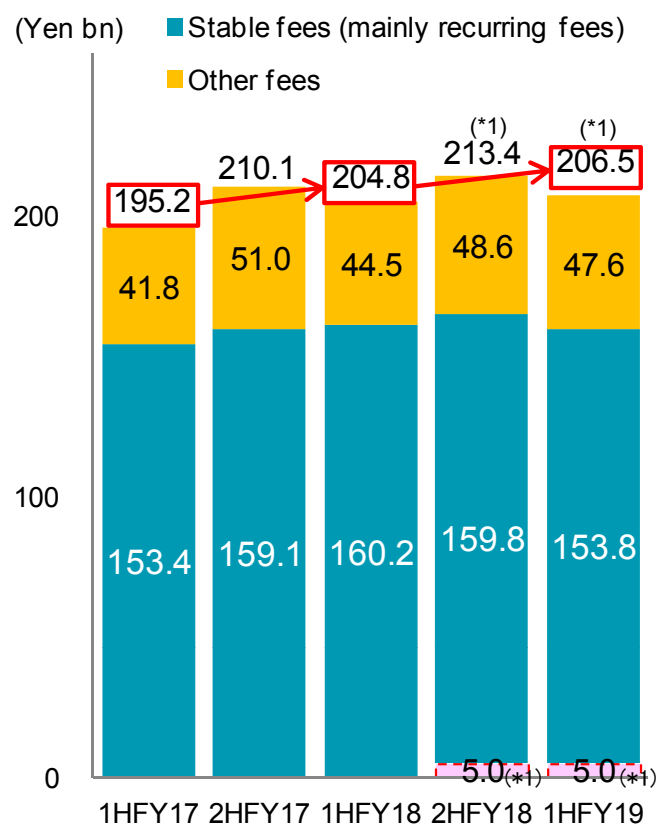
(Reference: Shareholder Return Policy: announced on May 2017)
While maintaining a consolidated dividend payout ratio of around 30%, we shall aim to gradually raise the total payout ratio to around 40% to enhance shareholder returns over the medium term.

Overall summary for 1HFY2019 (Progress on Midterm Management Plan)

- ✓ Fee businesses, loans/investments businesses and expense ratio have made solid progress in line with our Mid Term Management Plan.

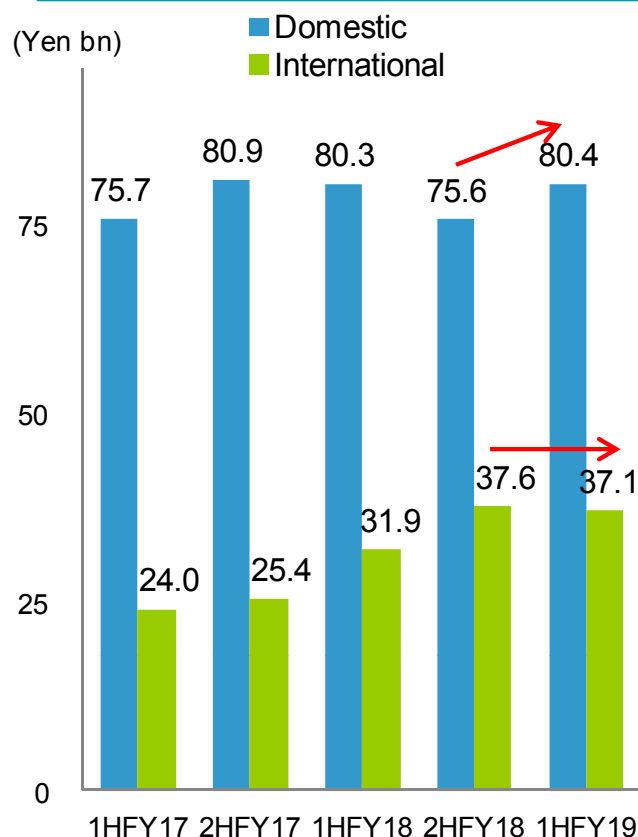
Fee business

Steady increase of fee related income



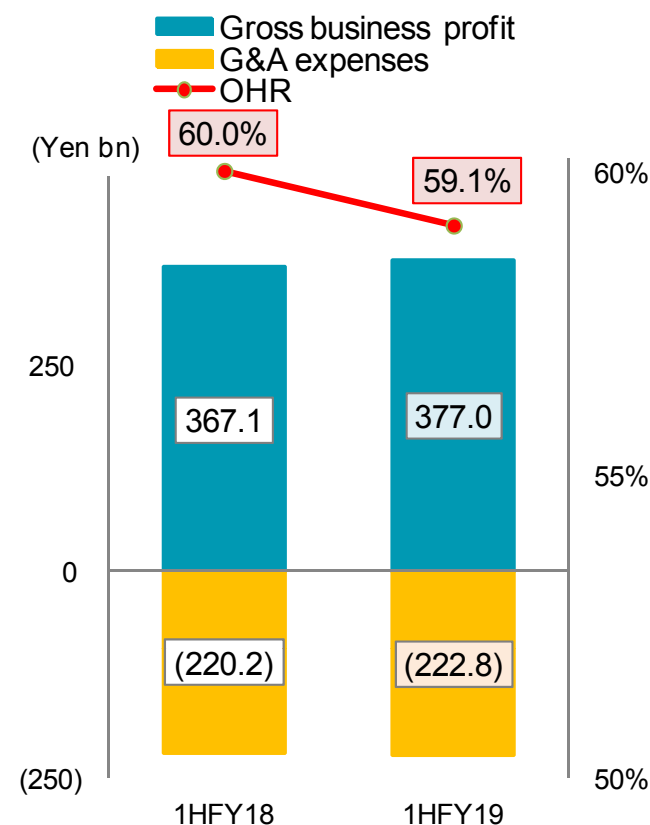
Loan/investment business

Effective interest related earnings (*2) of SuMi TRUST Bank (non-consolidated) against 2HFY18 has increased from domestic operations while international businesses remained flat



Expenses

OHR improved due to increase in gross profit surpassing increase in expenses



(*)1 For like-to-like comparison, adjustment of ¥(5)bn made to offset impact of JTSC non-consolidation

(*)2 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

Initiatives to improve ROE and actual progress made in 1HFY2019

ROE Improvement initiatives

Achieve efficient return



ROE Improvement

Long term target 10%



Efficient use of equity

Expand fee businesses

Increase non-capital intensive profit

Improve profitability of loan/investment business

Improve profit per asset balance

Improve OHR

Improve profit per unit of expenses

Credit portfolio reformation

Improve return on regulatory capital

Reduction of strategic shareholdings

Reduce stock price volatility by hedging

Reduce stress buffer

Actual progress made in 1HFY2019

Shareholder ROE

8.46%→9.32%
(1HFY18) (1HFY19)

Achieve efficient return

Total fee income

JPY204.8bn→JPY206.5bn(*1)
(1HFY18) (1HFY19)

Foreign currency loan spread

1.04%→1.07%
(Mar. 2019) (Sep. 2019)

Domestic loan-deposit spread (*2)

0.60%→0.59%
(Mar. 2019) (Sep. 2019)

OHR
(Consolidated)

60.0%→59.1%
(1HFY18) (1HFY19)

Efficient use of equity

Improve return on regulatory capital

Ratio of Product related

29%→29%
(Mar. 2019) (Sep. 2019)

Reduce stress buffer

Reduction of strategic shareholdings

JPY99.9bn
[Cumulative reduction based on current plan]

Hedge ratio of strategic shareholdings

Approx.80%→Approx.80%
(Mar.2019) (Sep.2019)

(*1) Effective comparison adjusting for JTSB's non-consolidation impact of minus ¥5bn (as of October 1, 2018)

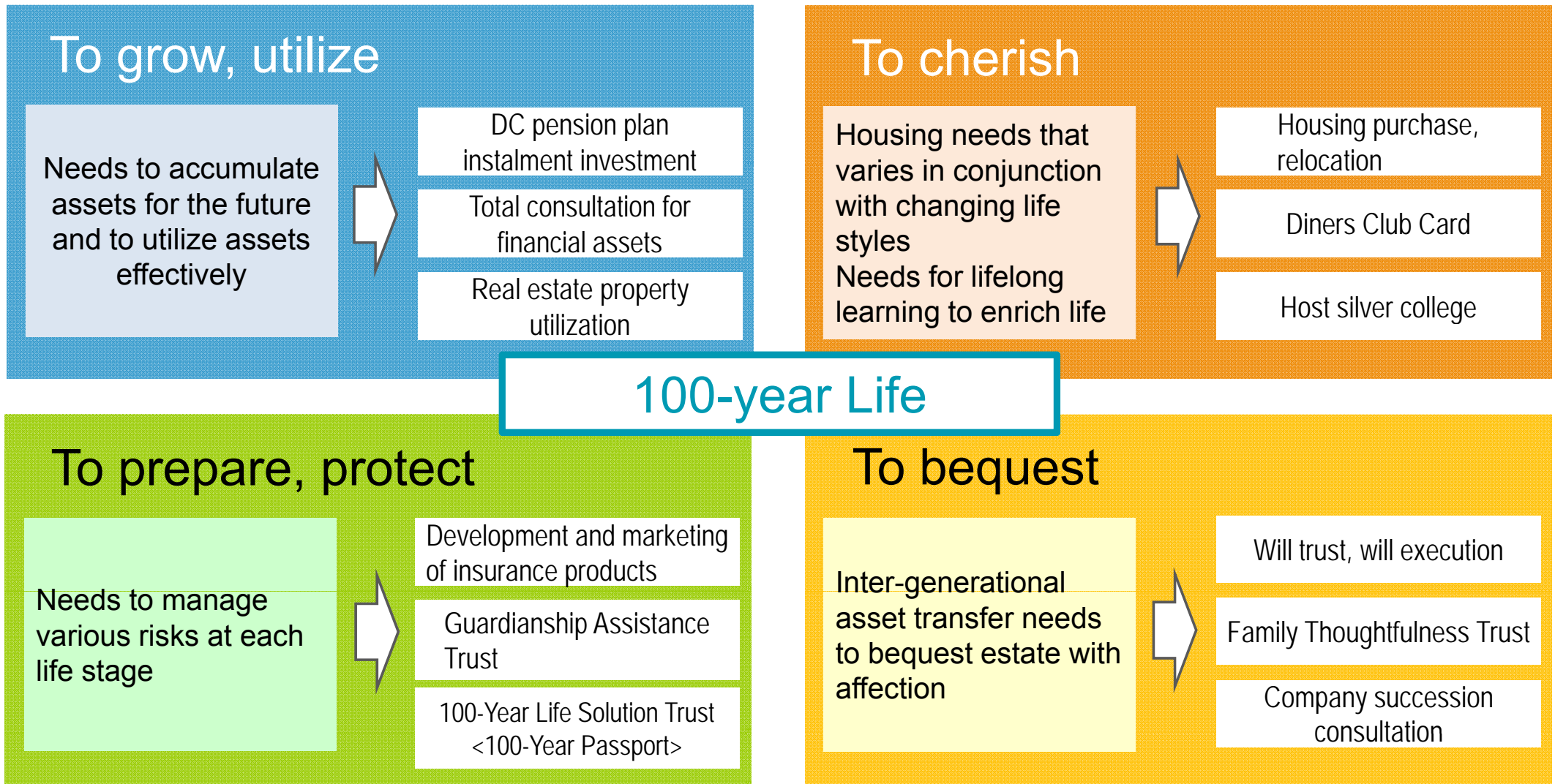
(*2) Based on average balance for each quarter end

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Business Initiatives for 2HFY2019

Responding to changes in society's needs, to maintain sustainable growth by offering added-value unique to a trust bank group / Individual clients

- ✓ In the age of “100-year life”, to offer various services suited to each generation/individual
- ✓ To achieve sustainable growth by offering solutions to society-level issues



Responding to changes in society's needs, to maintain sustainable growth by offering added-value unique to a trust bank group / Corporate clients

- ✓ Increased needs in areas where we have competitive edge such as non-financial related services
- ✓ To offer various solutions demanded by our corporate clients as their partner in management to achieve sustainable growth

Corporate governance

- Strengthen governance
- Dialogue with shareholders/investors
- Improve ROE



IR/SR consulting
Corporate Governance Survey
Real estate utilization/divestment

Work style reform

- Devise pension plan with delayed retirement in mind
- Strengthen welfare support for employees
- Support asset formation of employees



Pension plan consulting
Investment education through DC pension plan
Life plan consultation for employees

Prolonged super low interest rate

- Investment needs
- Portfolio optimization
- Expand fee businesses to complement loan/investment business



Various investment opportunities and products
Consulting for risk management and ALM
Offer specialized trust services

ESG

- Sustainability improvement
- Fusion of business and ESG activity



Environmentally friendly real estate
ESG consulting
Positive impact finance

1

Sustainable growth of fee business

Retail business in the age of “100-year life”

2

Profit improvement of Loans/investment business

3

Advance digitalization strategy

4

Expenses strategy/improvement of OHR

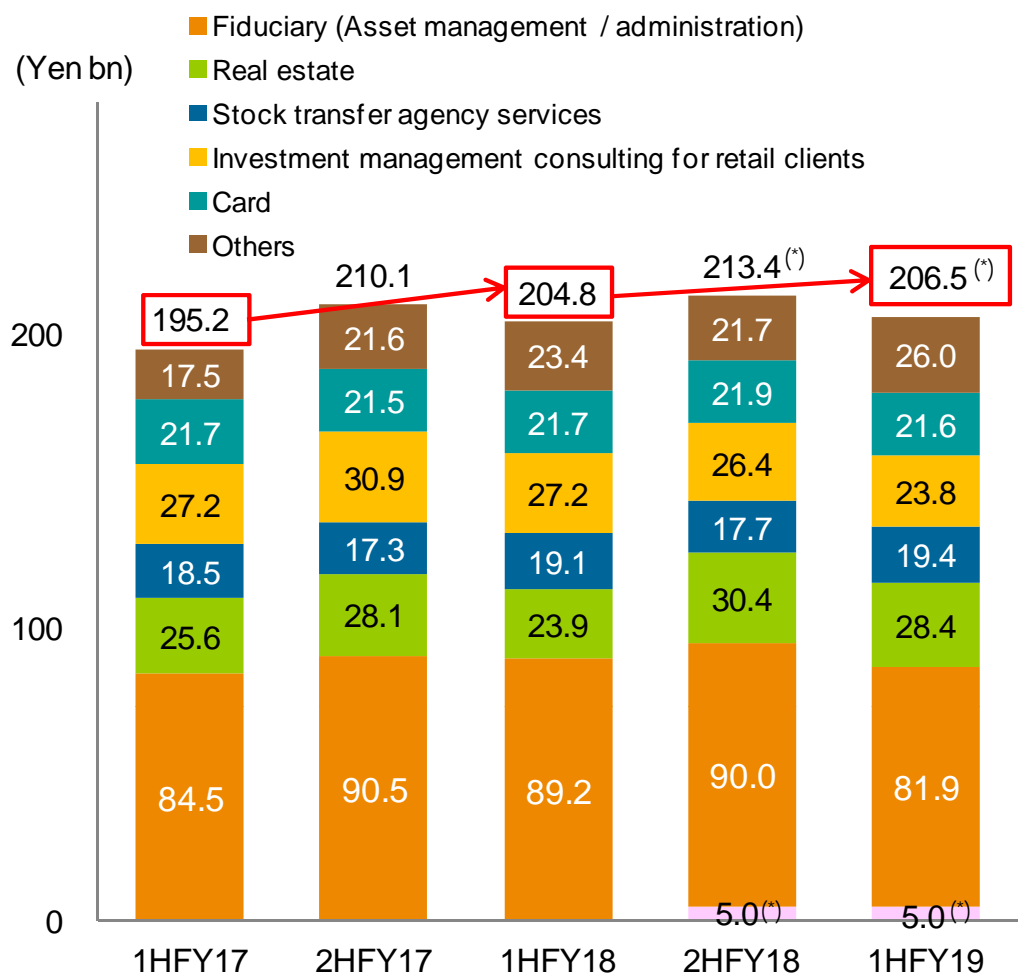
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Preparation for future risk

Fee business: Overview

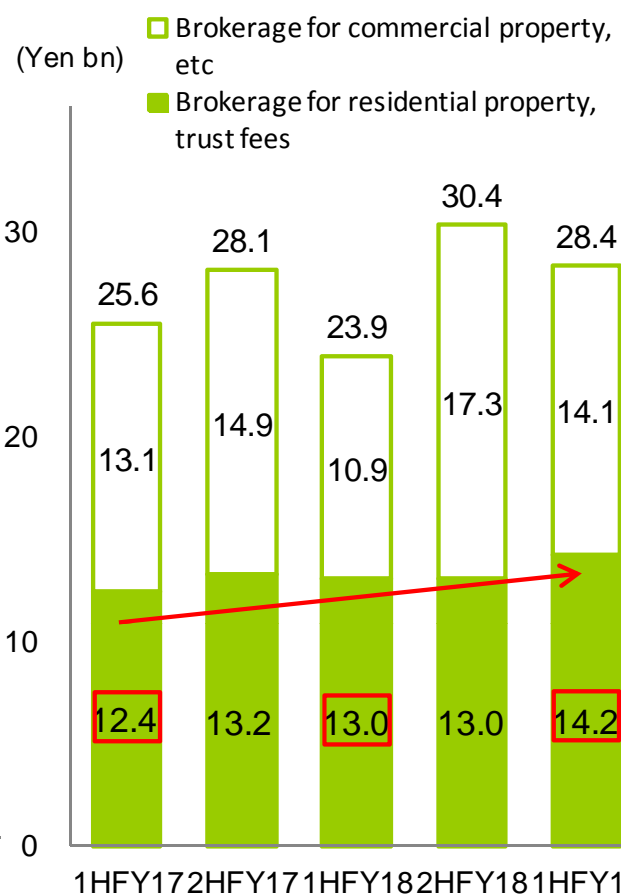
- ✓ To pursue sustainable and stable profit growth from diverse income sources
- ✓ To fortify foundations of stable income such as retail real estate brokerage and increase in AUM of publicly offered investment trusts

Breakdown of fee related income

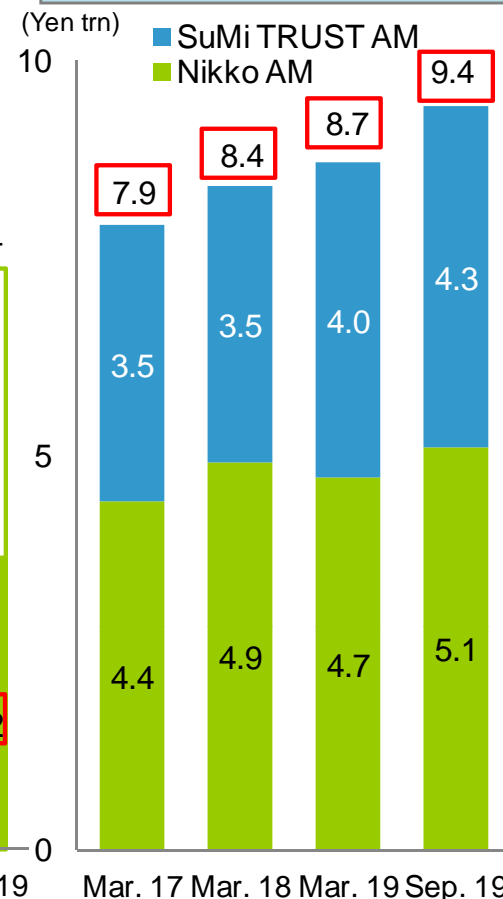


Profit base for recurring fee income has been strengthened

Real estate related fees



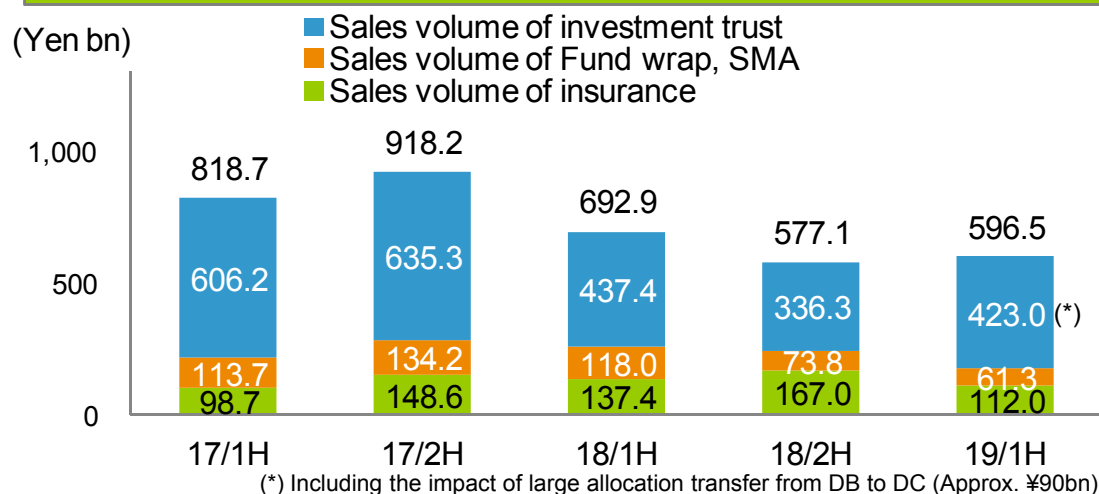
AUM of listed investment trusts (excl. ETFs)



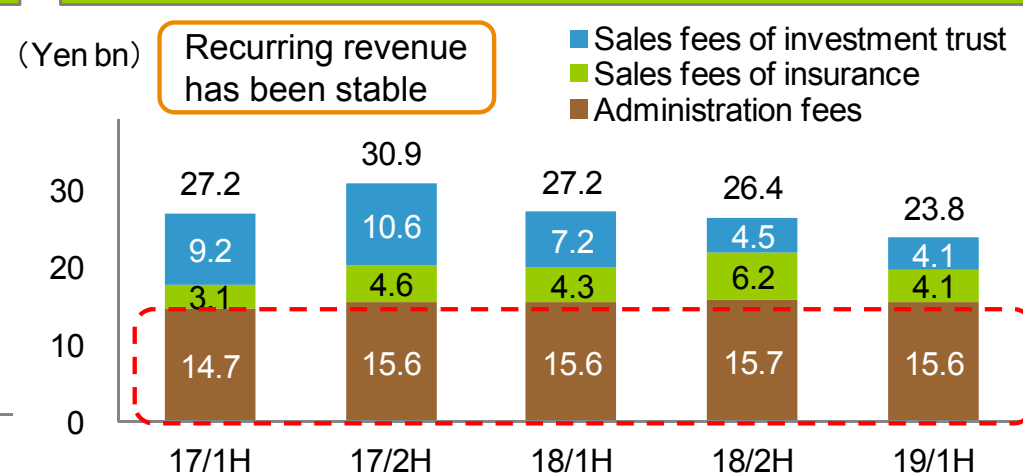
Fee business: Investment management consulting/Individuals

- ✓ Although sales volume decreased, AUM increased due to stable growth of medium/long term investments such as DC
- ✓ Recurring revenue has contributed to stabilization of revenue

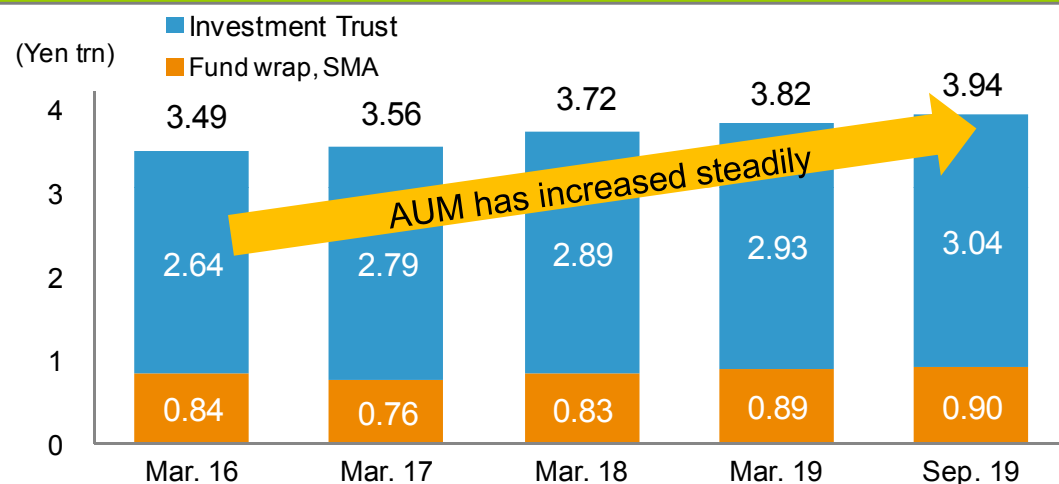
Sales Trend



Income



Investment trusts/SMA balance



Direction of Strategy

Initiatives to strengthen services for both investing and protecting/saving needs

Strengthen DC investment trusts and instalment investment trusts

Acquire stable/sustainable source of AUM growth
Expand stable income

Strengthen insurance business

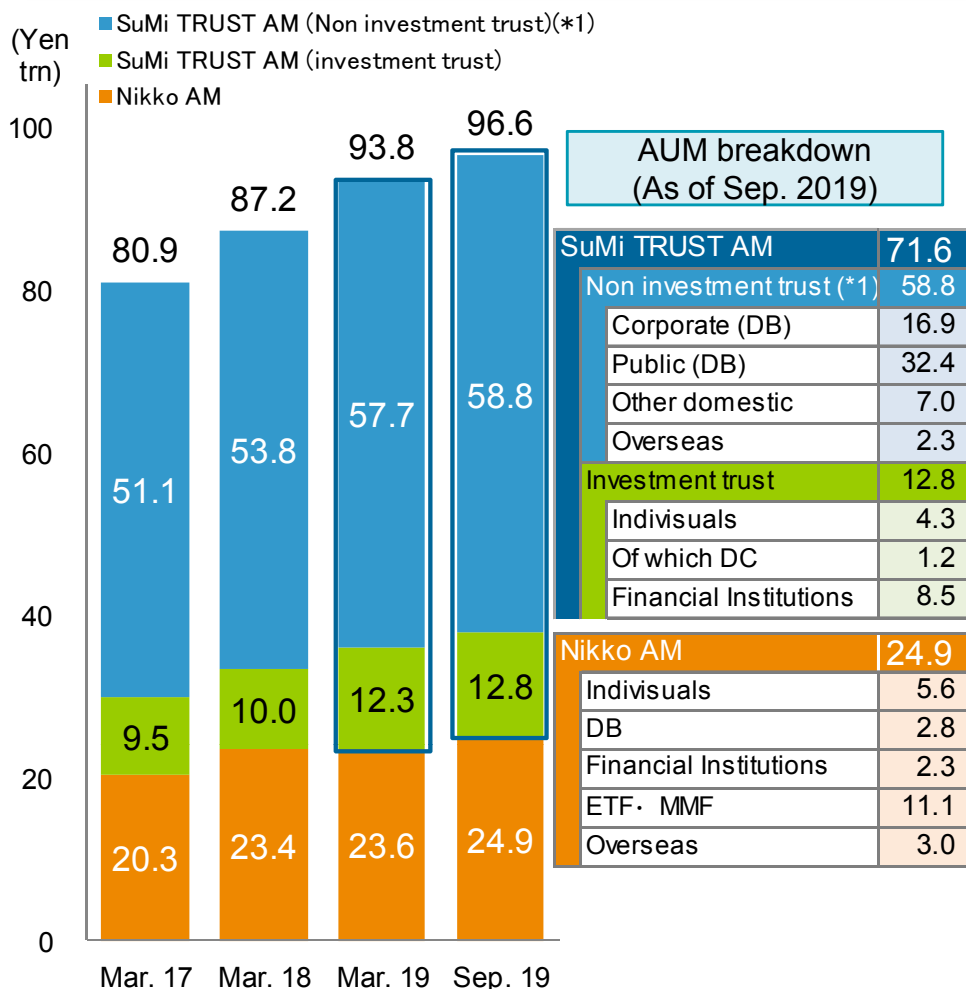
Development function
consulting
Careful aftersales

Equity investment to Cardif Life Insurance
Opened insurance boutique "100-year Life Assurance Plaza"

Fee business: Asset management (SuMi TRUST AM / Nikko AM)

- ✓ Steady growth of AUM through expansion of marketing channels in the domestic retail market
- ✓ Regarding publicly offered investment trusts, achieved No.1 market share in AUM for the first time due to favorable funds inflow

Breakdown of AUM

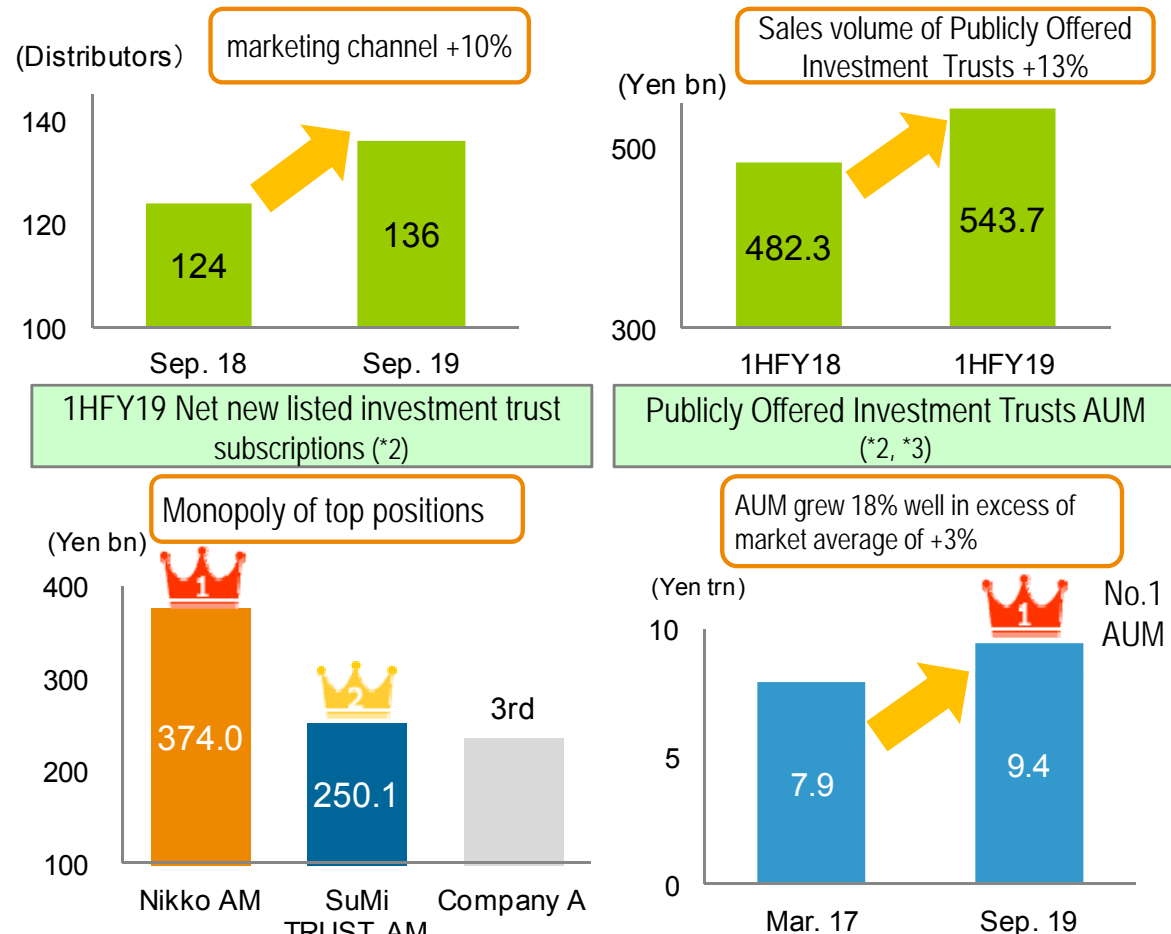


(*1) AM balance of SuMi TRUST Bank is included. Managed by SuMi TRUST bank before Mar. 18

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Enhancing domestic retail market

Enhancing marketing channel (SuMi TRUST AM)



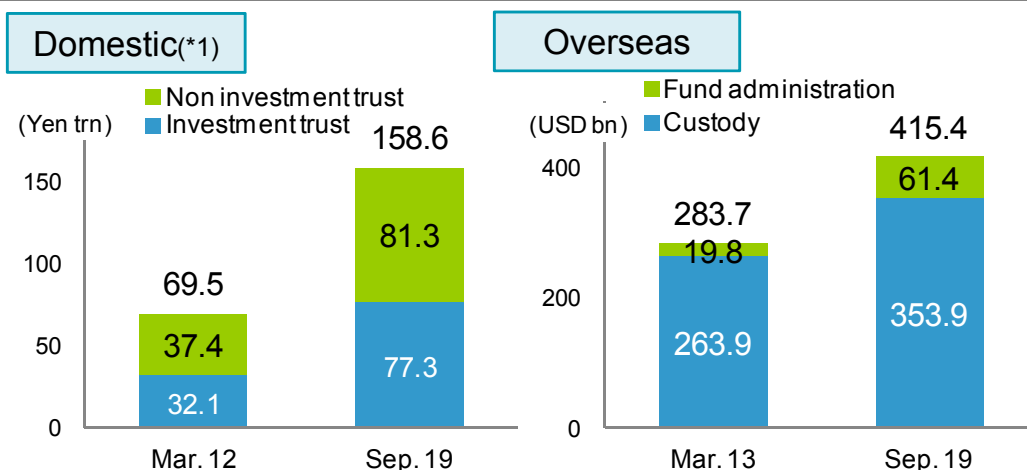
(*2) Excluding ETFs

(*3) Sum of SuMi TRUST AM and NAM

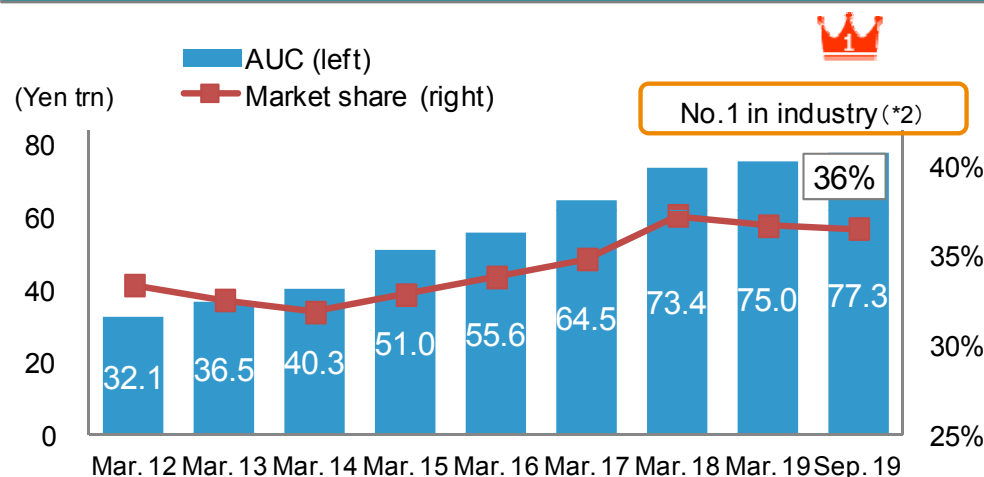
Fee business: Asset administration (JTC Holdings, Overseas Subsidiaries)

- ✓ To pursue further efficiency and service enhancement leveraging our economies of scale through management integration
- ✓ To cater to our clients' diverse needs through expansion of product lineup and refinement of our business infrastructure

Group's AUC



Balance of investment trust under custody (*1)



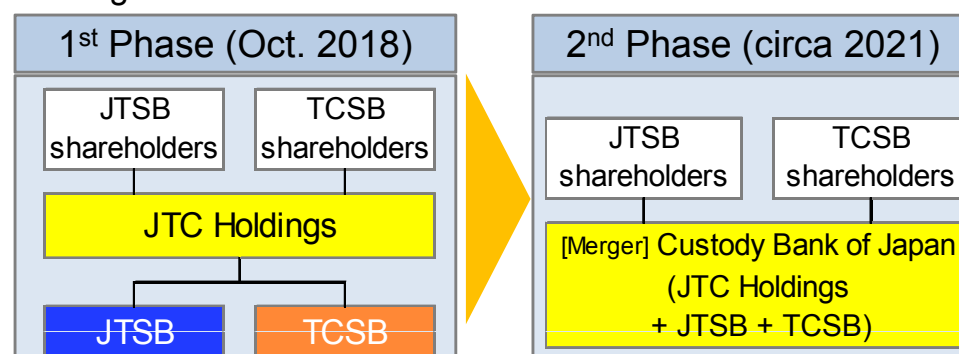
(*1) Trust a/c of SuMi TRUST Bank (*2) Estimate from published sources

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Pursue economies of scale

- ◆ Achieved management integration of our principal asset administration subsidiaries, JTSB and TCSB(*3) (October 2018)
- ◆ Targeting 2021, plan to merge JTC Holdings and both subsidiaries. Pursue efficiency and service sophistication through economies of scale

<Merger structure>



<Company profile> (*4)

JTC Holdings		JTSB	TCSB	
<Shareholders>				
SuMi TRUST	33.3%			
Mizuho FG	27.0%			
Resona	16.7%			
Life insurers	23.0%			
		¥324trn	AUC	¥382trn
		¥291trn	Trust assets	¥143trn
		¥32trn	Trustee services	¥239trn

(*3) JTSB: Japan Trustee Services Bank, TCSB: Trust & Custody Services Bank

(*4) As of Mar. 2019

Fee business: Real estate (Commercial properties)

- ✓ By correctly understanding needs based on market environment, accumulated profits and transactions. Posted record profits for 1H
- ✓ Tangible progress in strengthening foundations for future profit growth

Strategies tactically capturing the current market environment

Divestments to lock-in profit

Inventory adjustment of mid-tier real estate firms

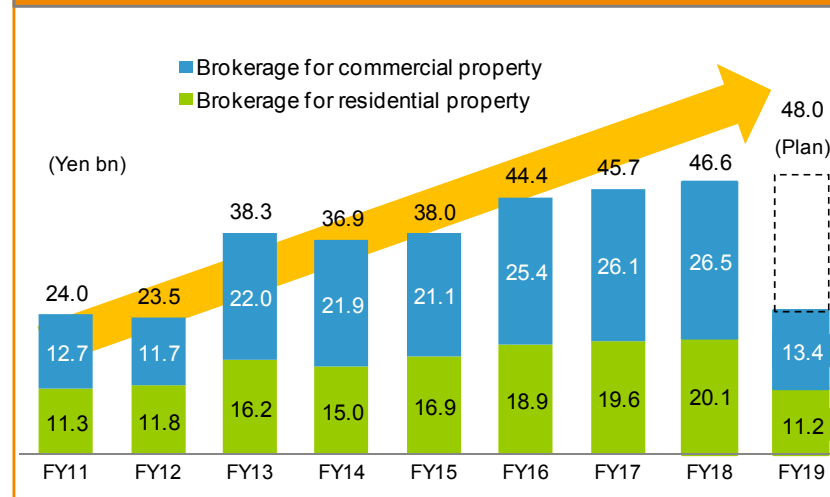
Cross border transactions

Medium/long term business proposals to corporate clients

Expand business base through alliances

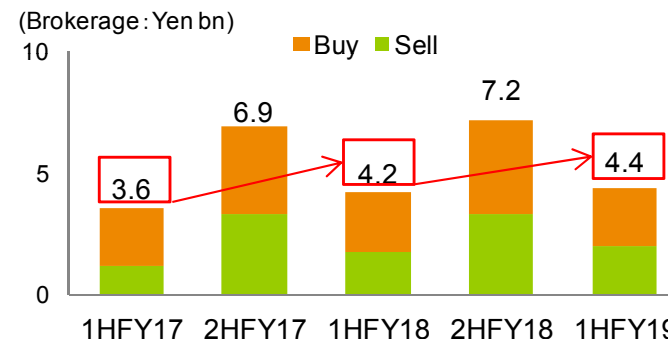
Strategies to expand business base in the future

Real estate brokerage fees (after merger)



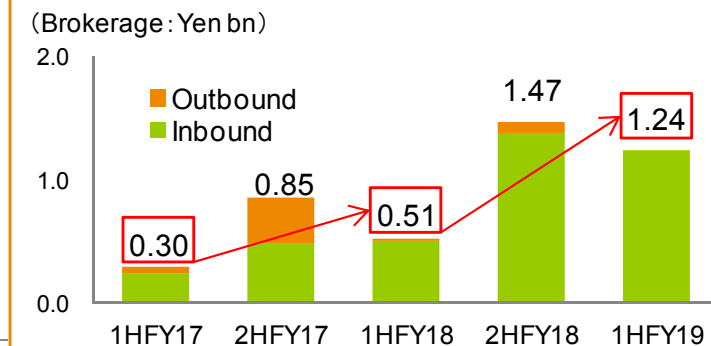
Transactions with mid-tier real estate firms

In addition to strengthening our profit base, capture inventory adjustment needs



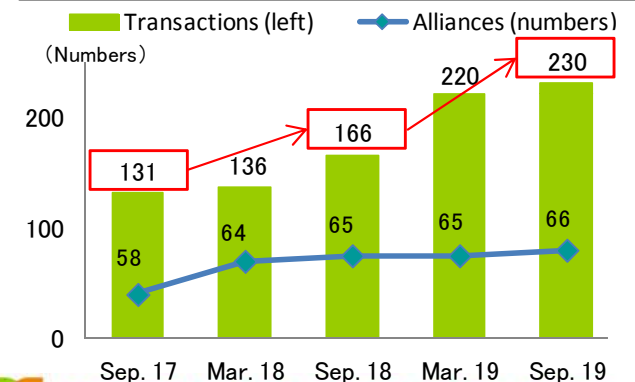
Cross border transactions

Captured both investment and divestment needs of inbound investors



Alliances with financial institutions

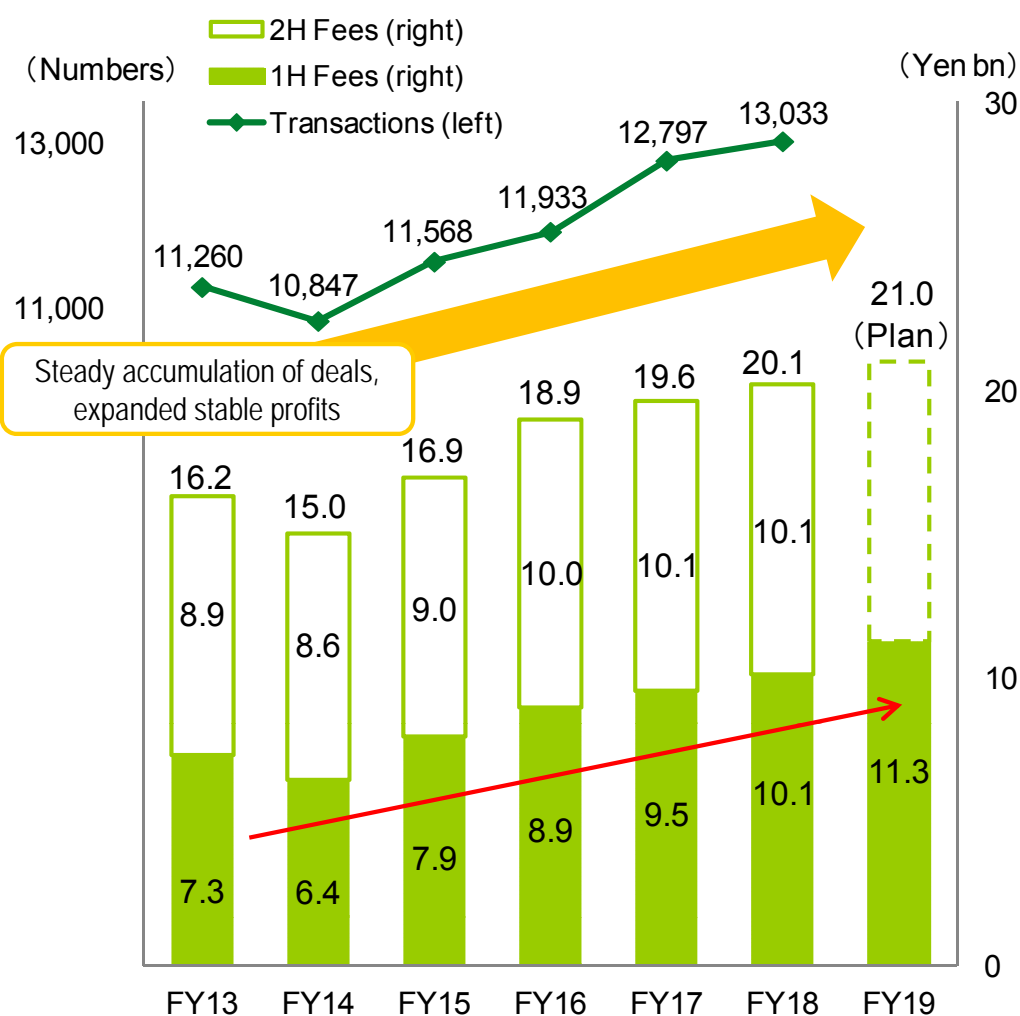
Increase in deal closings due to stronger alliances



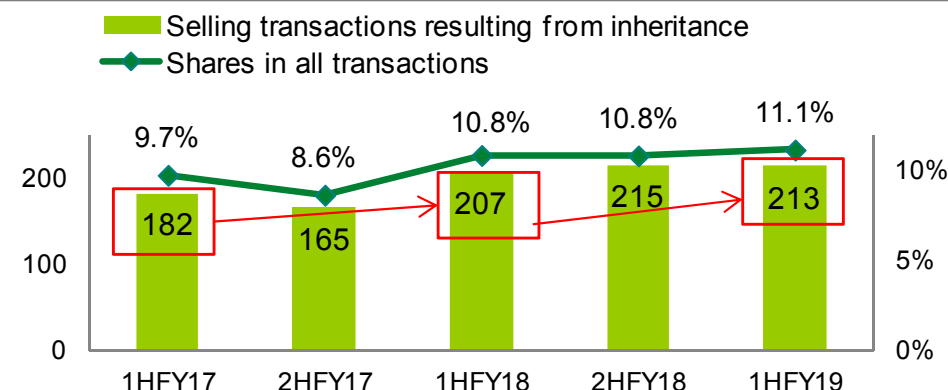
Fee business: Real estate [Residential properties / Environmentally friendly properties]

- ✓ SuMi TRUST Realty's brokerage fee income posted record profit for 1HFY2019. Foundations has been strengthened such as inheritance related deals
- ✓ Leading the industry in the field of environmentally friendly property

Brokerage deals of SuMi TRUST Realty

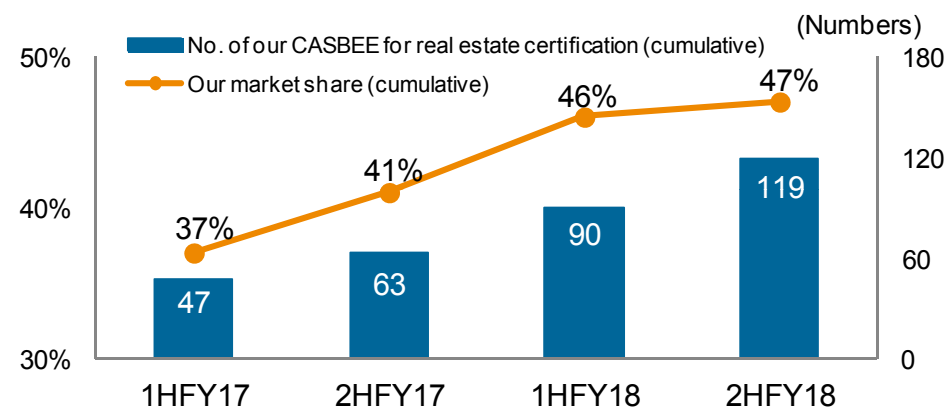


Increase in divestment transactions due to inheritance events



Environmentally Friendly Property Consulting

✓ CASBEE (*) Application Consultation Share around 50%



(*) CASBEE: System to evaluate a building's environmental performance led by Ministry of Land, Infrastructure

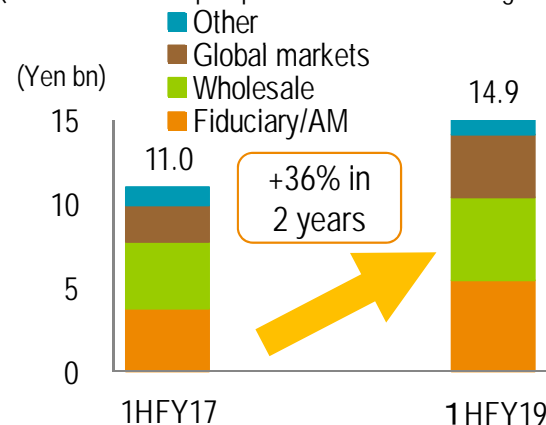
Fee business: Wholesale Asset Management

- ✓ Contribution to profit of other divisions as catalyst to create opportunity for diverse product and service offerings
- ✓ To offer comprehensive services such as portfolio consultation and introduction of fee business opportunities to regional financial institutions

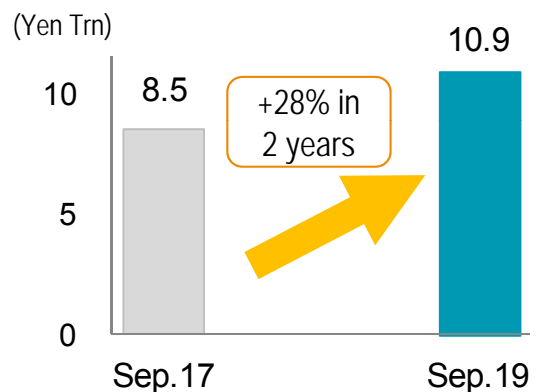
Wholesale AM related profit (*1)

Contribution to other business segments

(Profit contribution prospect to other business segments)



AUM of Wholesale AM related (*1)



Comprehensive services to regional financial institutions

Offer support for overall asset management / admin. to regional financial institutions

Overall investment portfolio consultation

Risk management support
[Investment / ALM management]

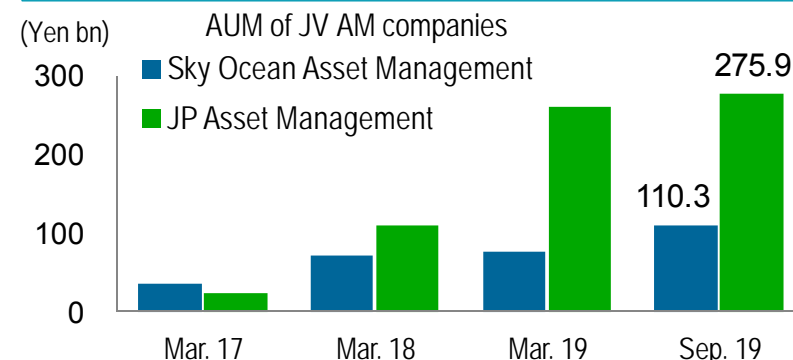
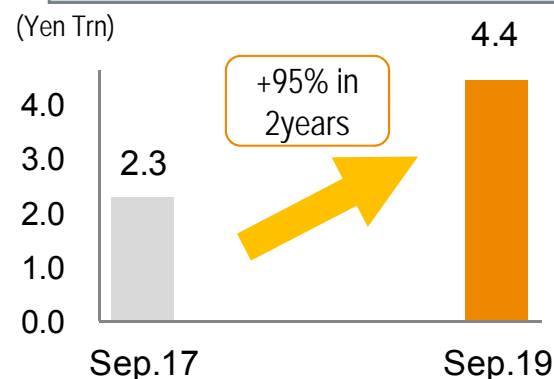
Support strengthening of fee businesses of regional financial institutions

By utilizing our various functions as a trust bank, support enhancement of regional financial institutions' client services

Asset management/administration services

Joint operation of AM company, marketing knowhow

AUM of private investment trust/alternative assets for financial institutions



Real estate solution services

Solutions for real estate investment management and divestment

Inheritance related services

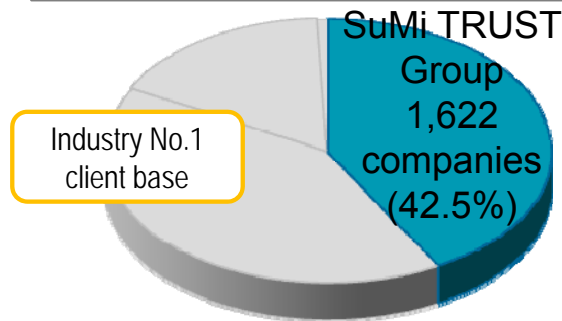
Services related to Will Trust and asset transfer

(*1) Private investment trusts, alternative funds, loan assets, joint money trusts, structured products, etc.
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Fee business: Solutions for corporate clients [Stock transfer agency services]

- ✓ Corporate clients' needs have expanded into solutions for management issues other than financial services
- ✓ In stock transfer agency services, consulting related revenue has increased by offering solutions for governance improvement, leveraging our industry-leading client base

No. of listed companies under management (Sep.19)



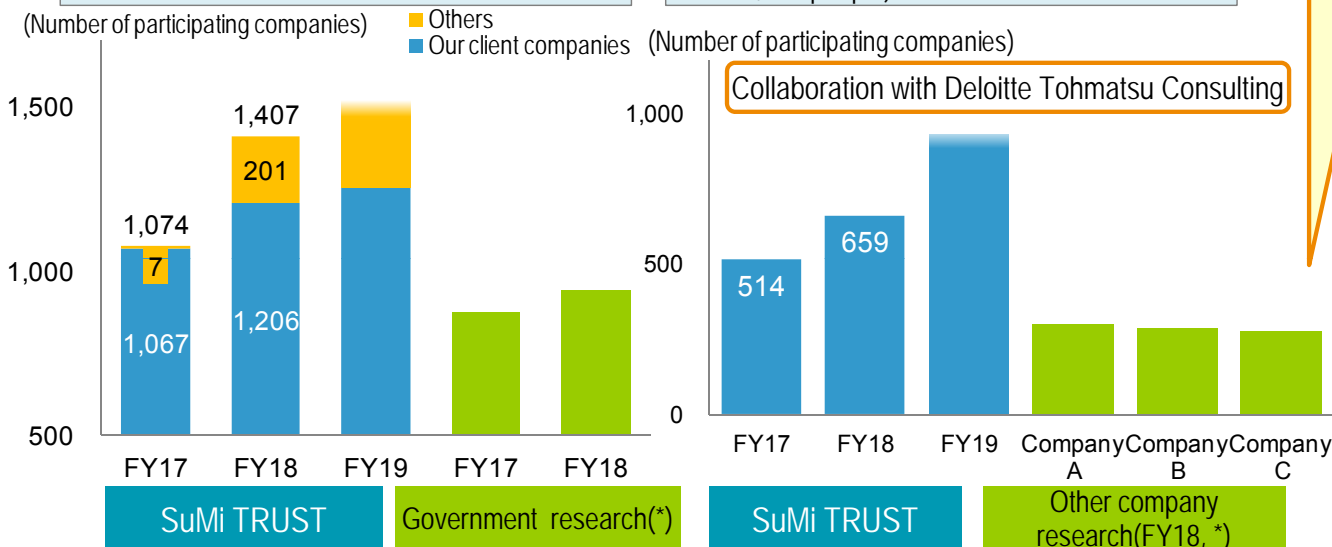
Our extensive client-base
+
Data from the most extensive survey of companies

Governance survey

Japan's biggest survey with FY18 participating firms: 1,407 (roughly 40% of all listed companies)

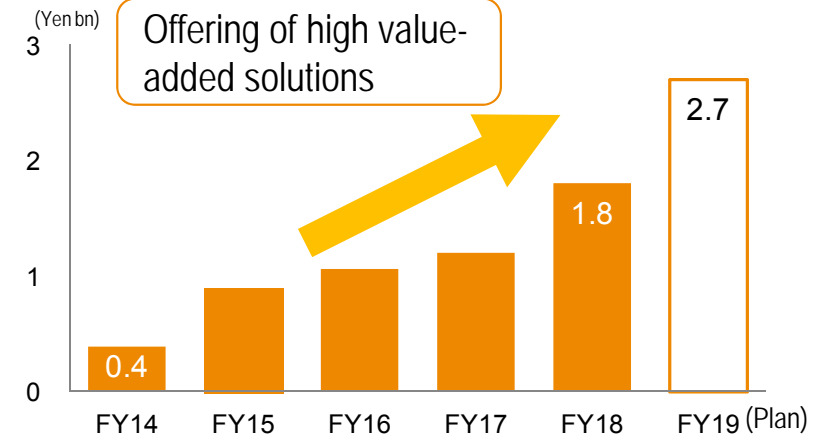
Executive compensation survey

Japan's biggest survey with FY2018 participating firms: 659 (executive compensation data for more than 10,000 people)



Consulting-related revenue (gross operating profit)

Growing into source of earnings in light of new corporate needs arising from environmental changes



Support to strengthening governance from various angles

Solution for one issue as stepping stone to offer further solutions to continuously support clients from many angles

Governance survey

Board of Directors' Meeting effectiveness assessment support services

Consultation for transition to company with three committees

Executive compensation survey

Consultation for director remuneration

Stock delivery trust

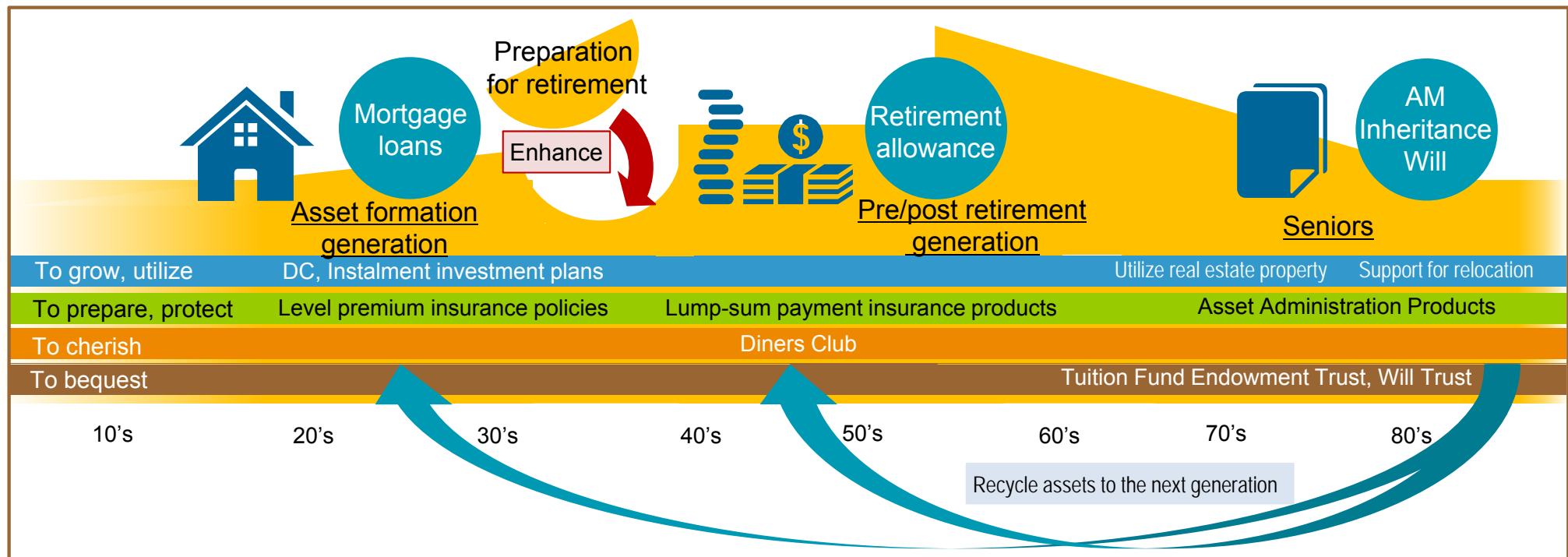
(Fee business)
Retail business in the age of “100-year life”

Retail business: Business model finely tuned to cater to each generations' needs

Redefine each generations' needs in the age of "100-year life" and reflect them in our business model

Transform and sophisticate our business model prior to implementation of our new Midterm Management Plan to accurately grasp the diverse needs of each generation in the age of "100-year life"

Asset formation generation	Pre/post retirement generation	Seniors
<p>"To grow" Asset accumulation by one's own efforts</p> <p>"To prepare" Adequate insurance coverage as and when needed</p>	<p>"To grow, utilize" Needs to invest retirement allowance Needs to utilize asset held</p> <p>"To prepare" Review after various life events</p>	<p>"To prepare, protect" Increased needs for asset administration</p> <p>"To bequest" Desire to hand over estate smoothly</p>

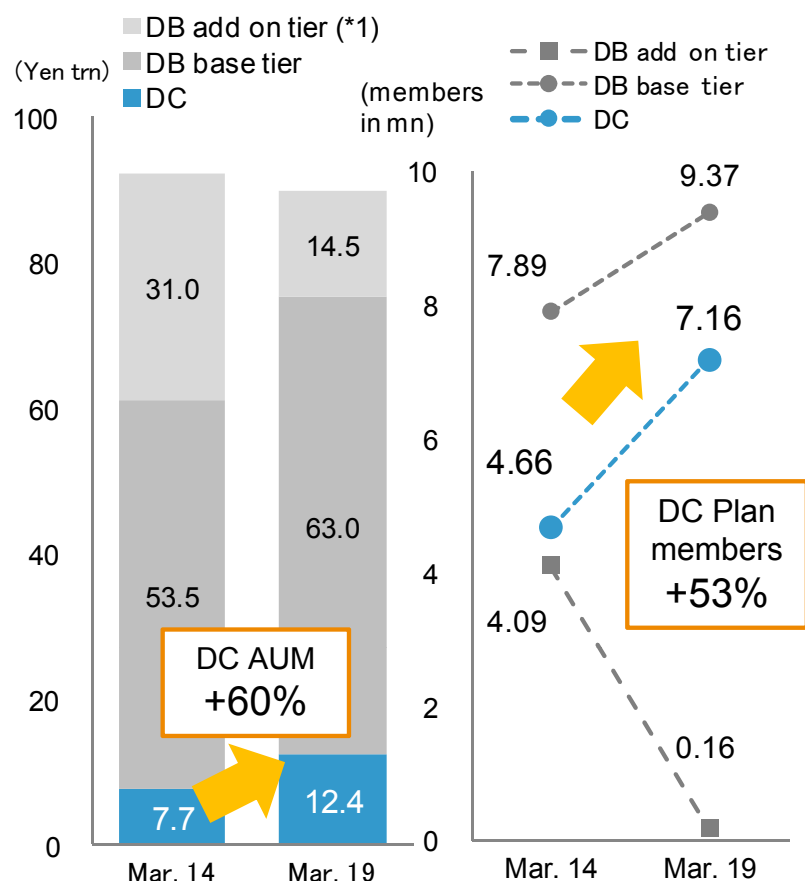


Retail business: Services tailored for the asset accumulation generation (1) [DC]

- ✓ Support steady asset formation through DC plans. Both plan members and market share steadily increasing
- ✓ Multi-dimensional services offered for DC plans such as asset management and administration

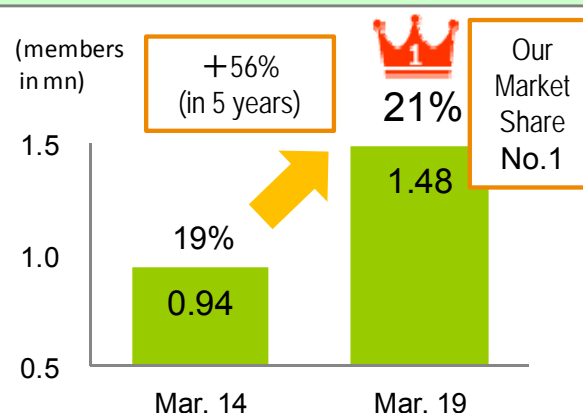
Support asset accumulation through DC plans

Expanding DC pension market (past 5 years)



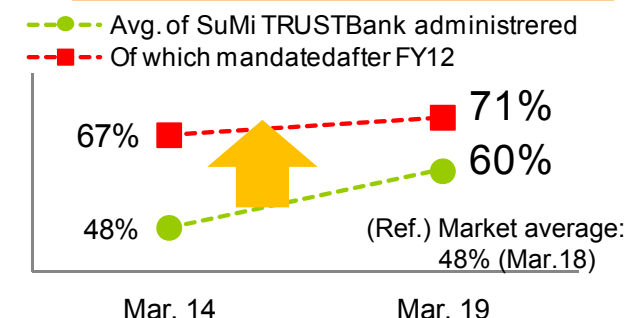
(*1) Include Pension Fund Association

DC plan members of SuMi TRUST Bank administered



Investment trust selection rate of DC plan

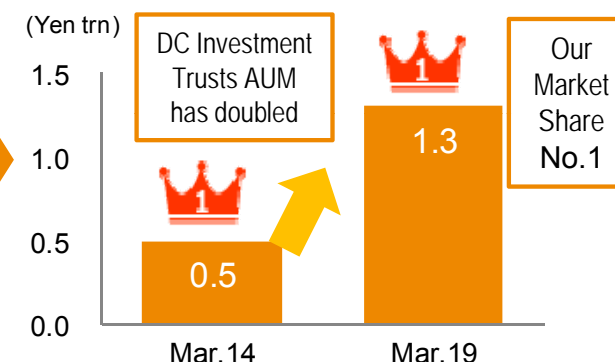
High rate of selection through high quality investment education



Various services related to DC plan

DC Plan Management	SuMi TRUST Bank
	•DC plan design, administration •Investment education
Investment Management	AM subsidiaries (SuMi TRUST AM / Nikko AM)
	•Offer diverse investment products
Asset Administration	Asset custodian bank (JTSB)
	•Administration of trust assets

AUM of DC plan investment trusts (*2)

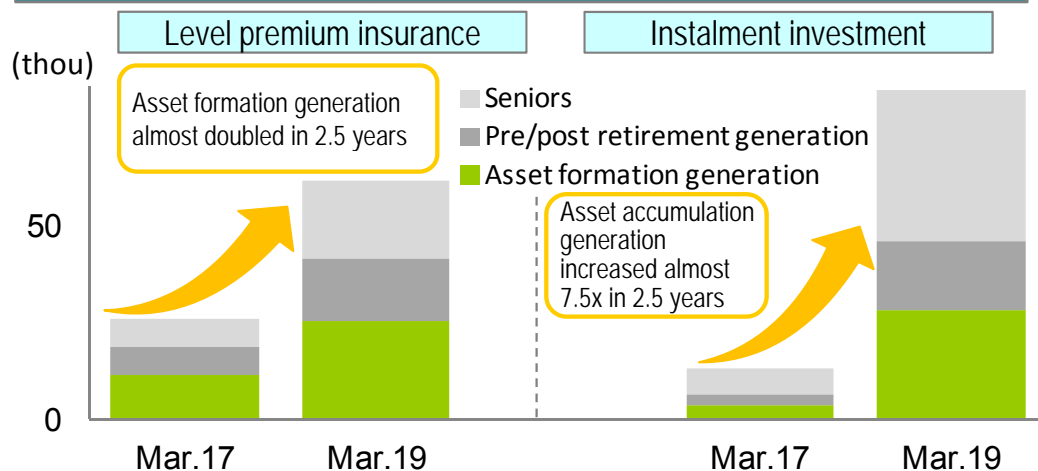


(*2) Sum of SuMi TRUST AM and Nikko AM

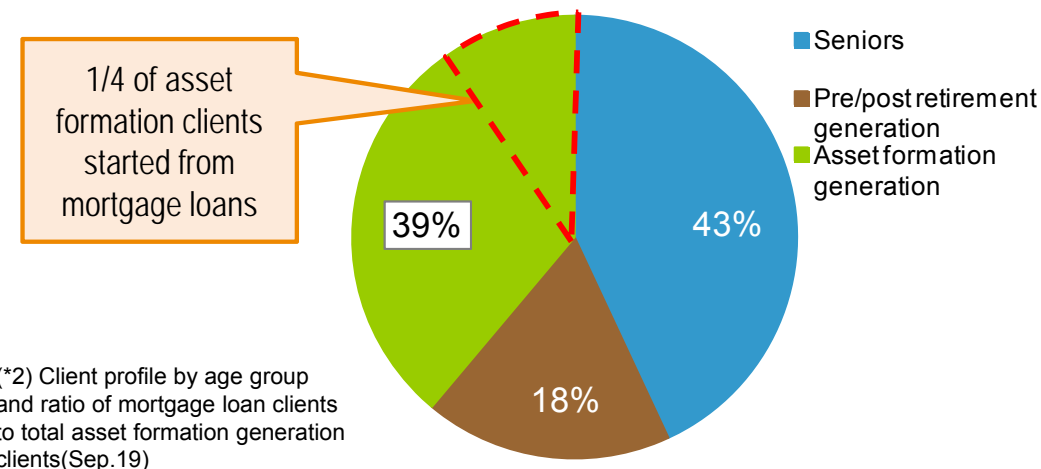
Retail business: Services tailored for the asset formation generation (2)

- ✓ Expansion of medium/long-term transactions such as instalment investment products and level premium insurance policies
- ✓ Expansion of our client base through mortgages as point-of-entry and extension into investment management transactions such as investment trusts

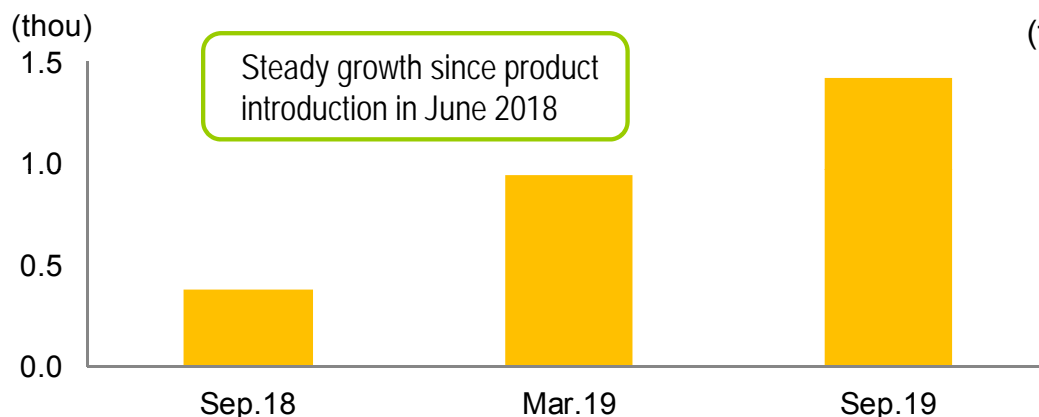
Level premium insurance / Instalment investment
(Number of Policies)



Expansion of client base utilizing mortgages as entry point (*2)

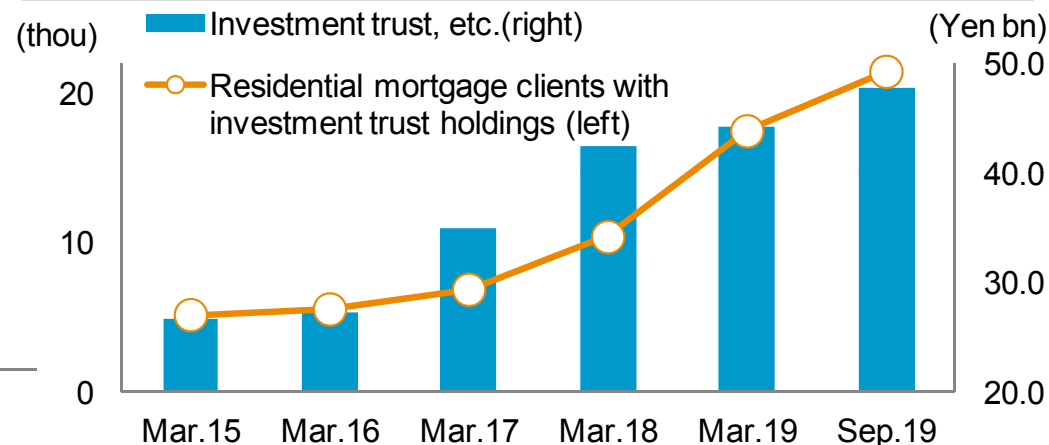


Life Cycle Plan (*1) Number of Policies



(*1) Jointly developed product with Cardif Life Insurance. Bespoke insurance policy that can blend necessary coverage from 5 main products depending on clients' life-stage

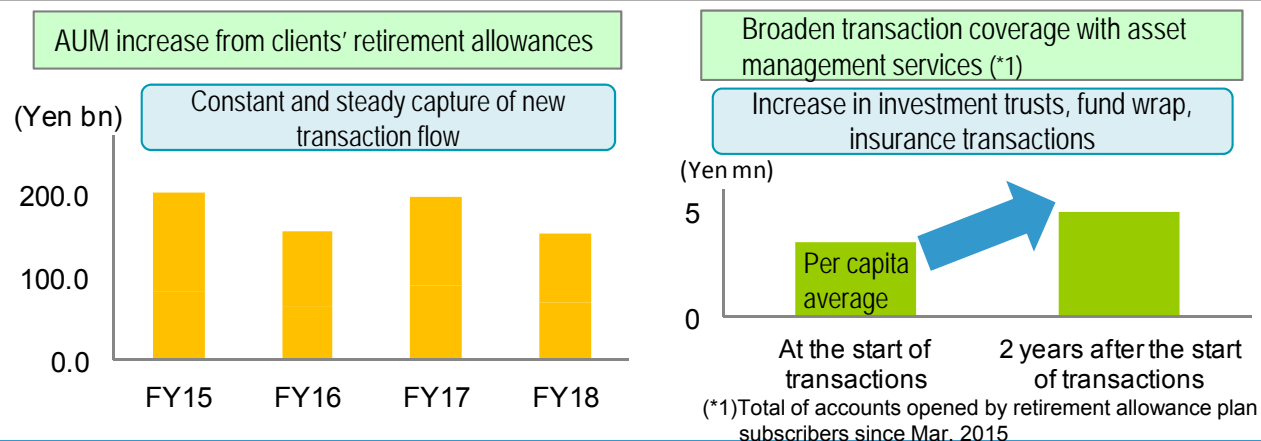
Expand services with mortgage as entry point



Retail business: Services tailored for pre/post retirement generation

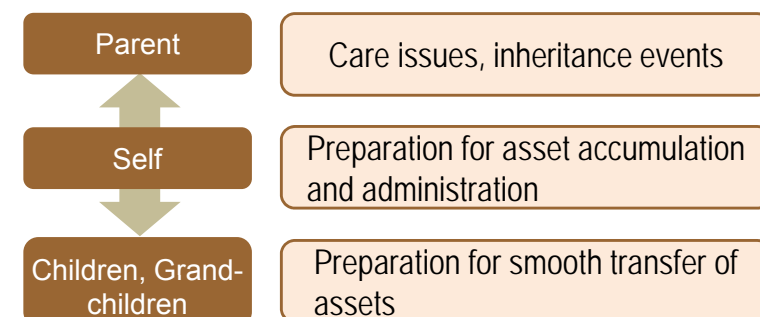
- ✓ Strong results demonstrated in market for retirees where our consultation capability as a trust bank can be maximized
- ✓ Transaction opportunities arise when key decision maker overseeing several generations reach pre/post retirement age

Support asset management of pre/post retirement generation

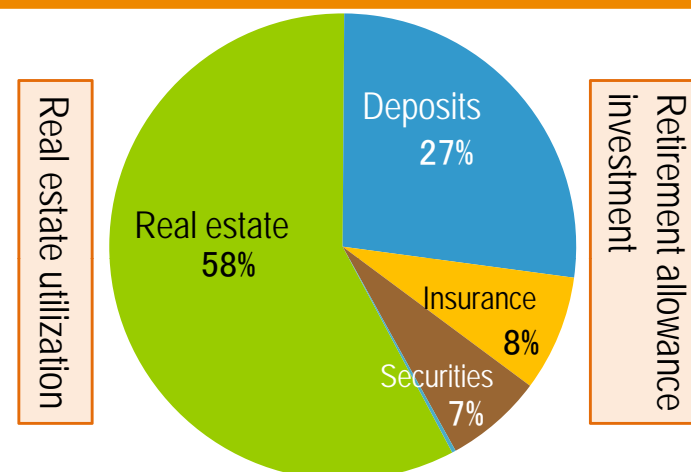


Additional transaction opportunities from pre/post retirement clients

Opportunities to deal with older and next generation clients



Wide range of assets covered

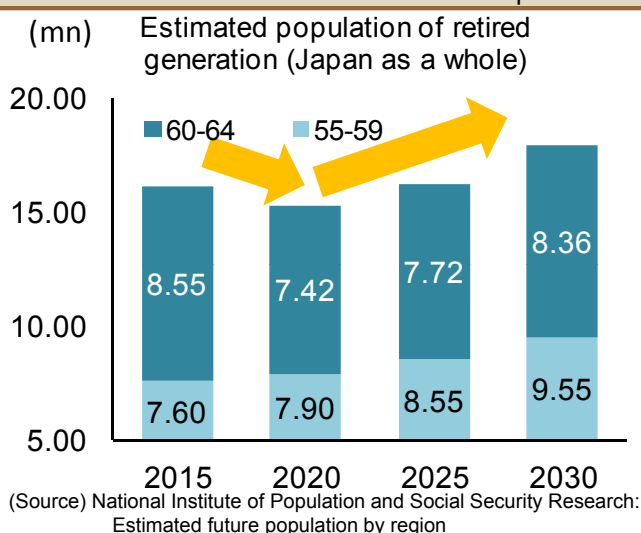


Real estate utilization

Retirement allowance investment

(*3) Source: National consumption survey / Household assets (net assets) Ministry of Internal Affairs: Asset breakdown of over 60s households

Overview of retirees' market in Japan



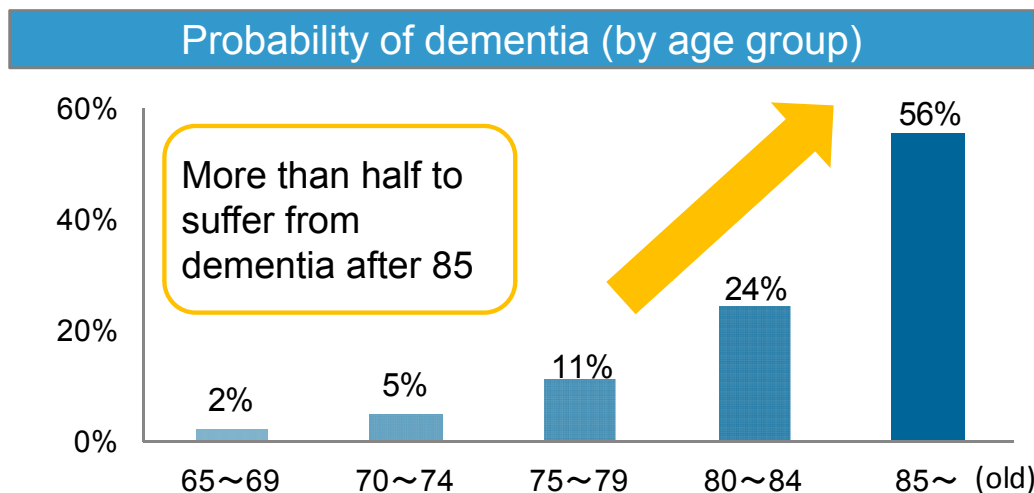
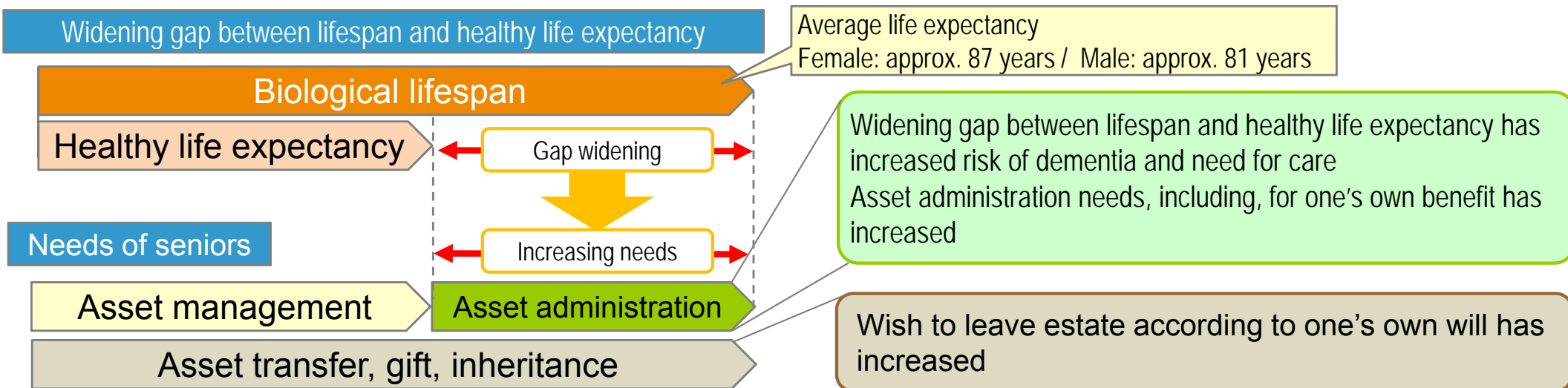
stable and high value transaction flow due to Real estate brokerage needs from relocation etc.

Real estate brokerage Transactions handled: Approx. ¥6bn (*2)

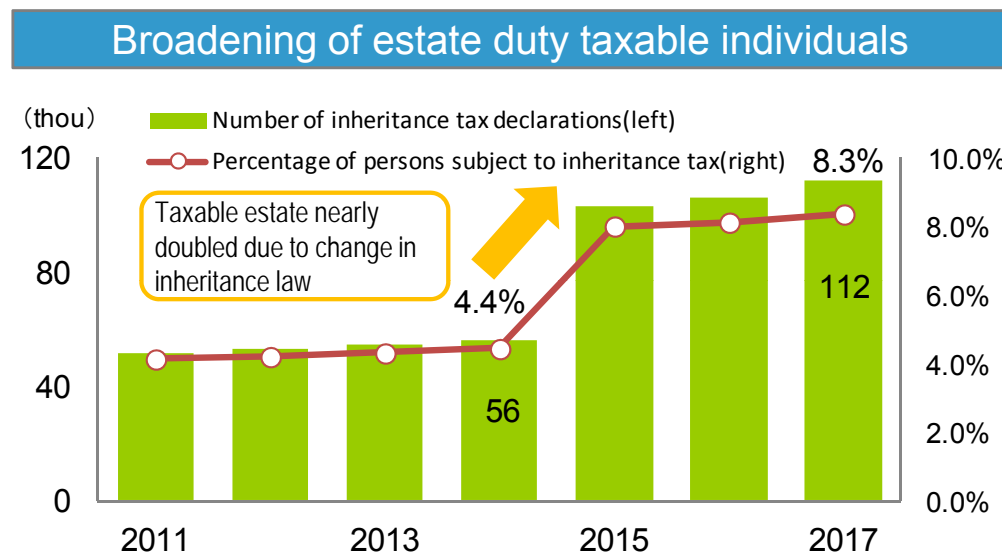
(*2) Total real estate brokerage transaction amount with clients utilizing retirement allowance plan (1 year between 2018/10/1 to 2019/9/30)

Retail business: Services tailored for the senior generation (1)

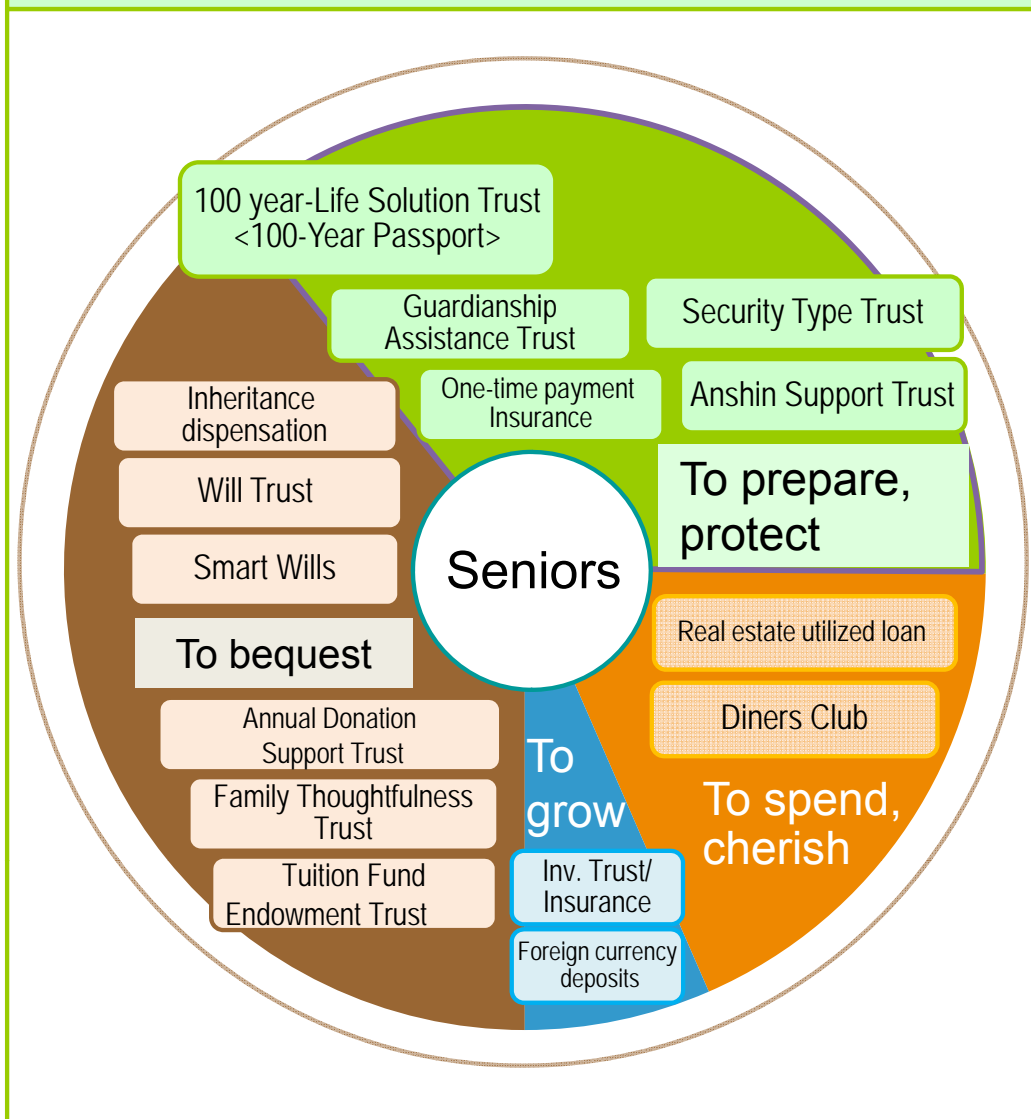
- ✓ Preparation and savings to cope with longevity becoming more important
- ✓ Optimal recommendation from highly sophisticated consultation and utilization of trust to handle asset administration and inheritance needs



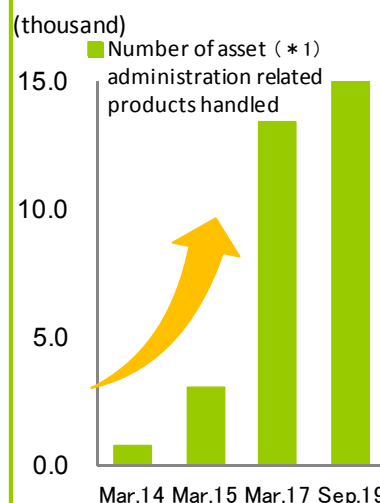
Source: Research of population estimate of old people with dementia
Min of HW subsidized research project 2014



Products and services suitable for increasingly diverse lifestyles and needs of seniors

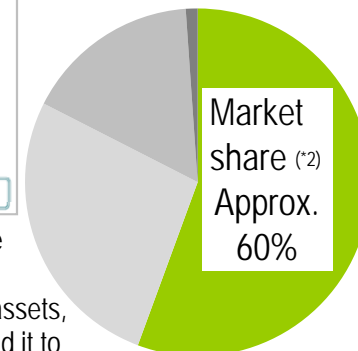


Track record of asset administration related products



Introduction of "100-year life solution trust"
To protect ones' important assets, use it conveniently, and hand it to the next generation smoothly

Guardianship Assistance Trust



(*1) Guardianship Assistance Trust, Security Type Trust, Anshin Support Trust, 100 year Passport etc. (*2) Among trust banks (Mar. 19)

Policies to improve communication with senior clients

Gerontology qualification

- ✓ All branch general managers to take qualification exam
- ✓ Expand to senior manager level

Dementia supporter

- ✓ All retail branch staff to obtain qualification

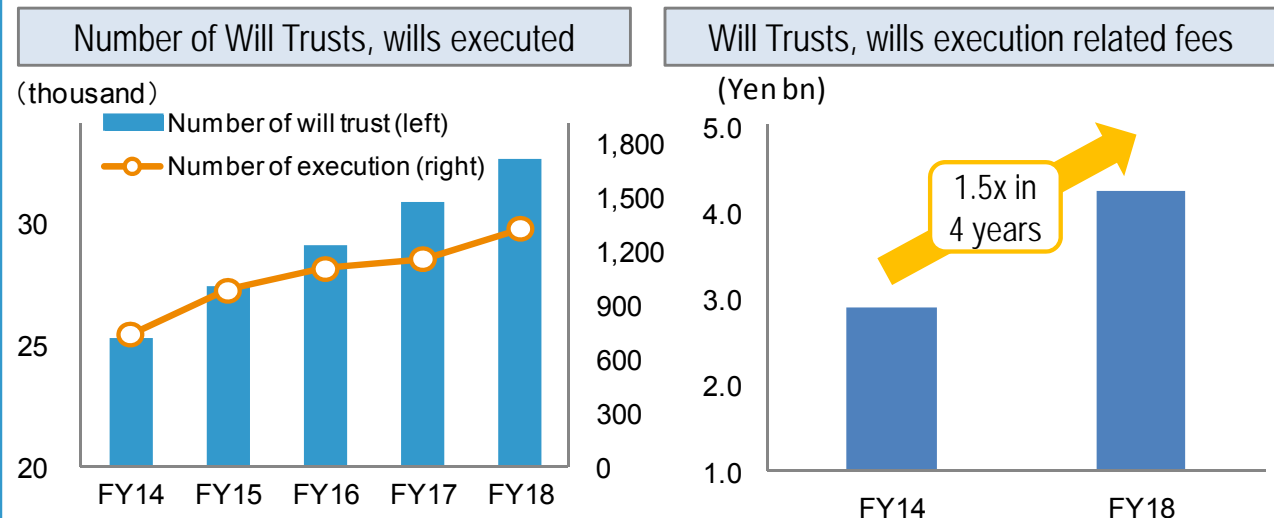


Virtual experience of seniors' field of view to improve communication by understanding their physical constraints

Retail business: Services tailored for the senior generation (3) [Asset inheritance services]

- ✓ Support smooth transfer of assets to the next generation, catering to the increasing wish to bequest
- ✓ Business opportunities to expand transaction base before and after inheritance event

Inheritance related business (increased profit from growing needs)



Scope of business

Various transactions with Will Trust clients (*2)

Investment Trust / SMA
Approx. ¥75bn

Foreign currency deposit
Approx. ¥15bn

Insurance
Approx. ¥45bn

Real estate brokerage
Approx. ¥18bn

Enhanced marketability of Will Trusts

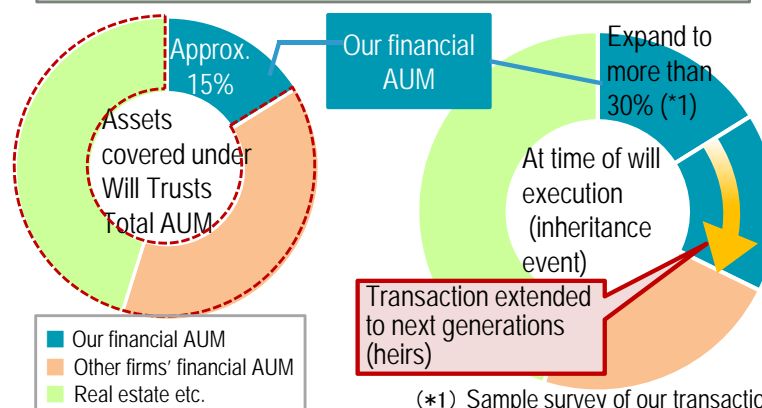
Smart Wills

- ✓ Limit assets and scope of will
- ✓ Quick and low cost

WEB Wills

- ✓ Easy will drafting on the web
- ✓ First step to draft formal will and receive consultation

Expand to next generation's transaction base



(*2) As of Mar. 19, total transaction volume (1 year during 2018/4-2019/3) with Will Trust clients
Only lump-sum payment insurance products included in insurance

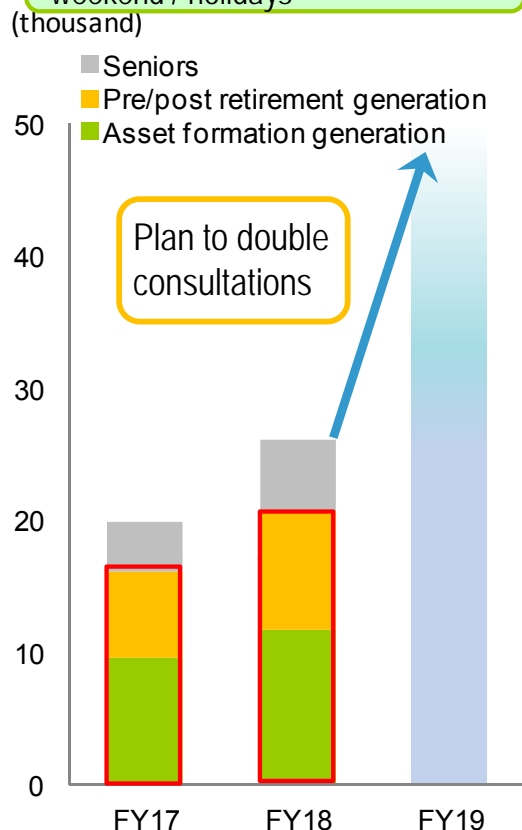
Retail business: Strengthen face-to-face consultation unique to a trust bank

- ✓ Expand holiday, out of hours marketing to capture working generations' consulting needs
- ✓ Strengthen insurance workshop functionality, enhance consulting staff competency

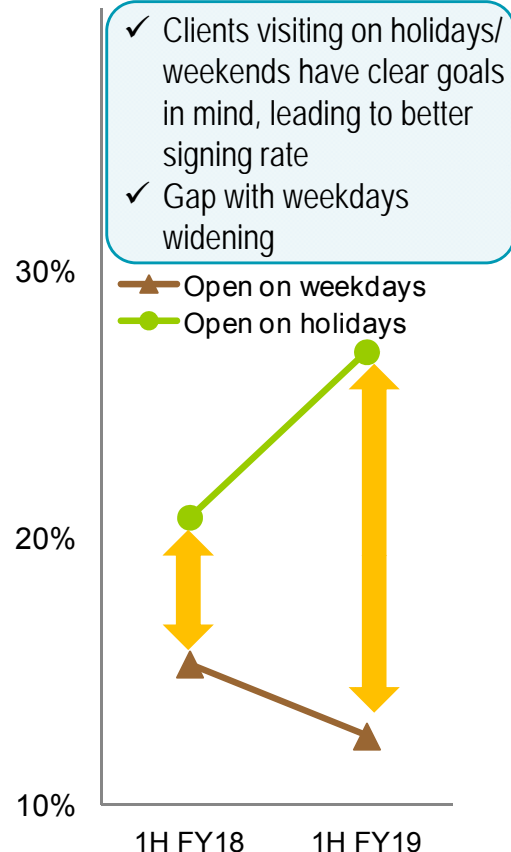
Initiatives to expand client contact

Expand and optimize contact through holiday and out-of-hours marketing

Face-to-face consultation during weekend / holidays



Investment products signing rate



Efforts to enhance functionality

Insurance consulting

"100-year Life Assurance Plaza" (Insurance consultation shop) inaugural shop opened (Shinjuku, Tokyo)

保険のことなら
人生100年
安心プラザ

Daily evenings (till 20:30)
Open on weekends and holidays

New consultation channel for face-to-face consultation with working generation

Space for active consultation with experienced staff



(photo) Mitsui HQ Building (Designated historical heritage site) Nihonbashi Business Dept. and consultation space

Specialist staff who can consult multi-generational financial issues

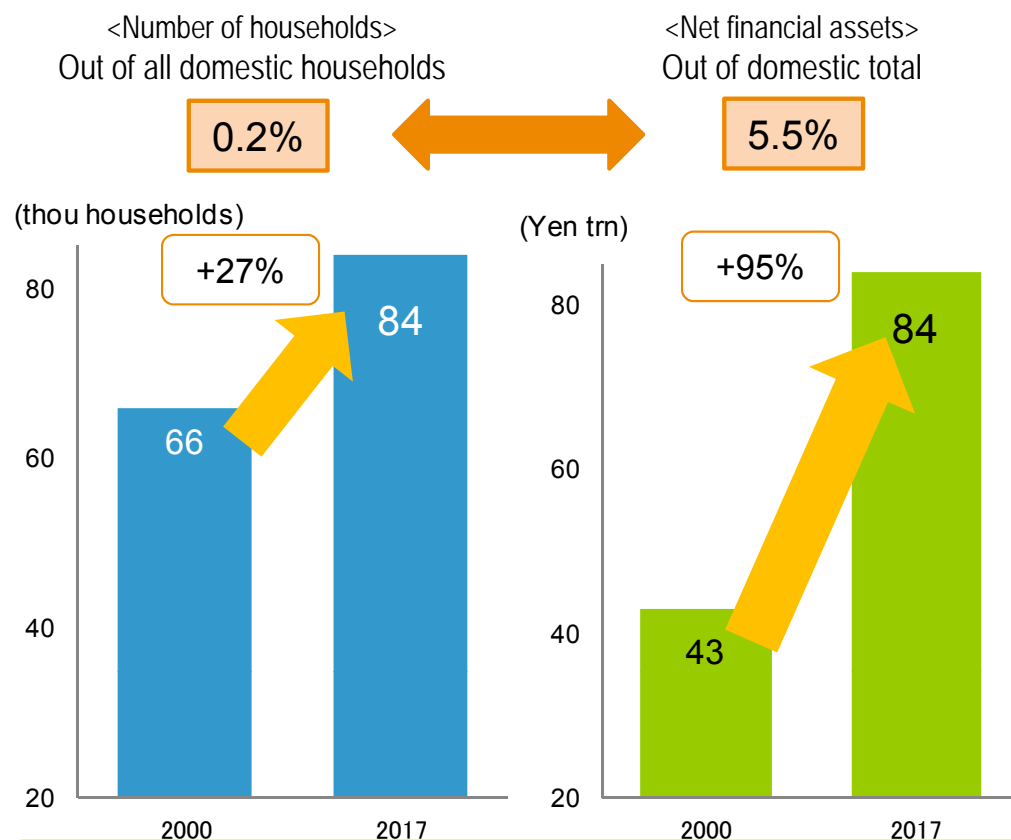
Financial consultants
252 (as of Sep. 19)
Plan to increase headcounts

Retail business: Total wealth management [Alliance with UBS Group] (1)

- ✓ Expanding wealth management market. Access to high quality high-net-worth (HNW) clients is key
- ✓ Mutually complementary client base and functionality with UBS Group

Domestic wealth management market

Households with more than ¥500mn net financial assets and their total assets
(*1, 2)



Access to this limited number of wealth management client base is important

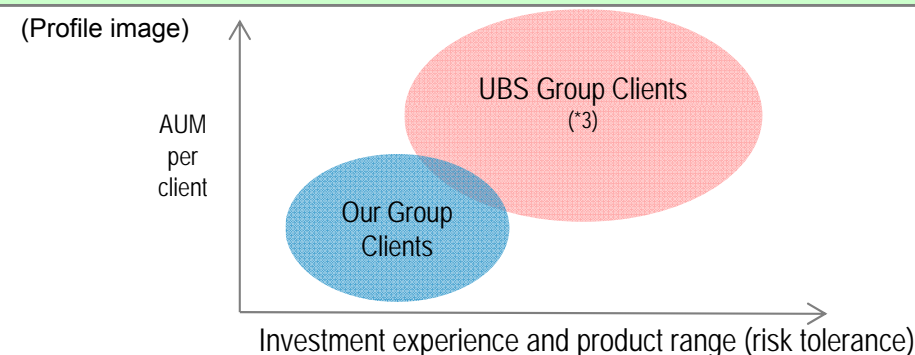
(*1) source Nomura Research Institute news release 2018/12/18

(*2) Net financial assets = household total financial assets less debt

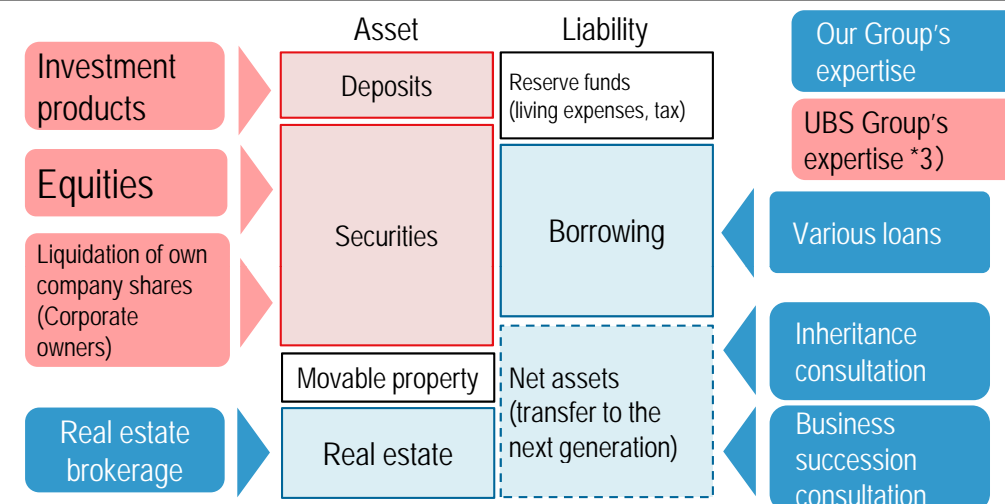
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Complementary characteristics with UBS Group

Limited overlap of client base



Wide ranging B/S solutions utilizing both banks' competitive advantage in specific areas

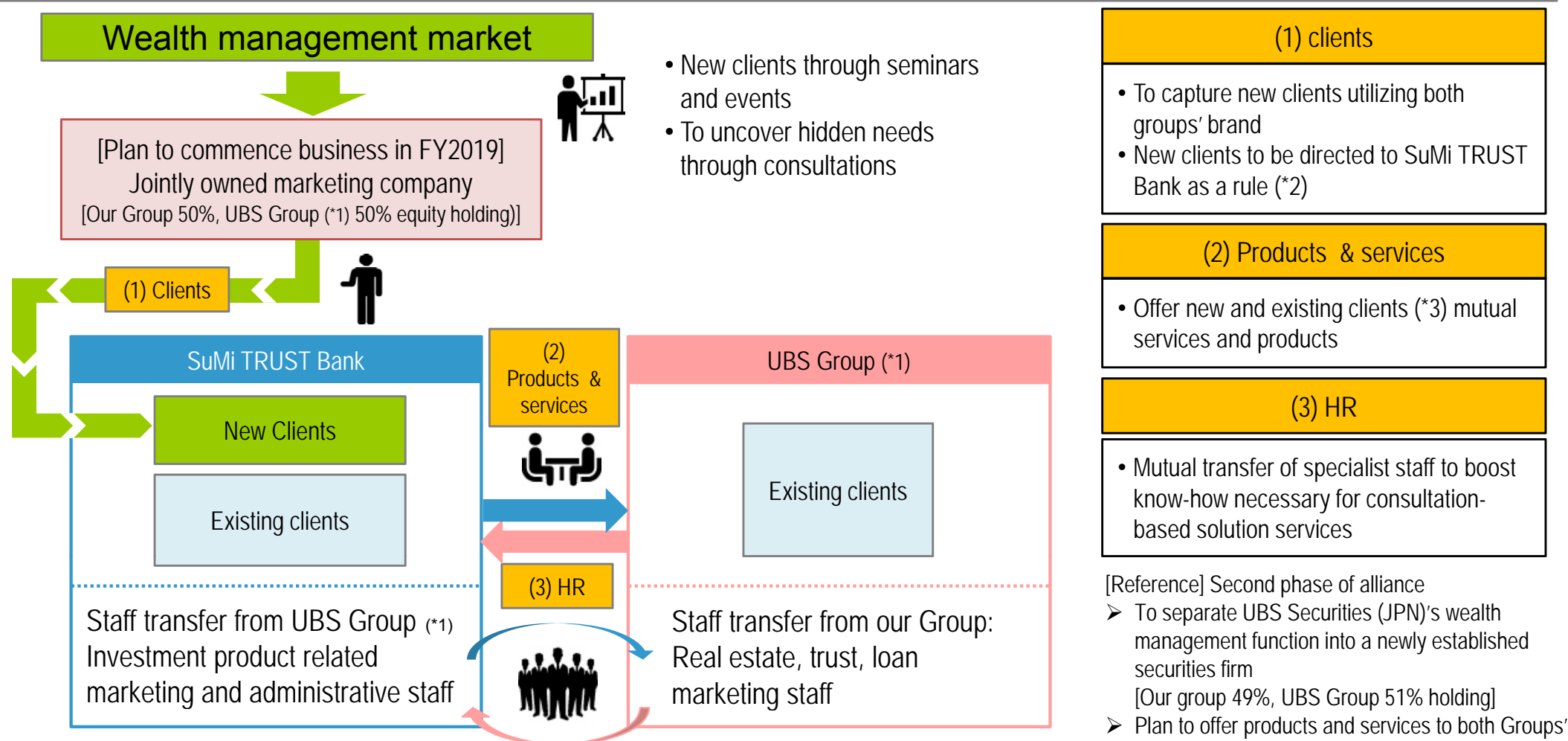


(3) UBS Group in Japan

Retail business: Total wealth management [Alliance with UBS Group] (2)

- ✓ As first step of alliance with UBS group, to establish joint marketing company
- ✓ Aim to capture new client base in wealth management market and offer mutual services

Outline of alliance (First phase)

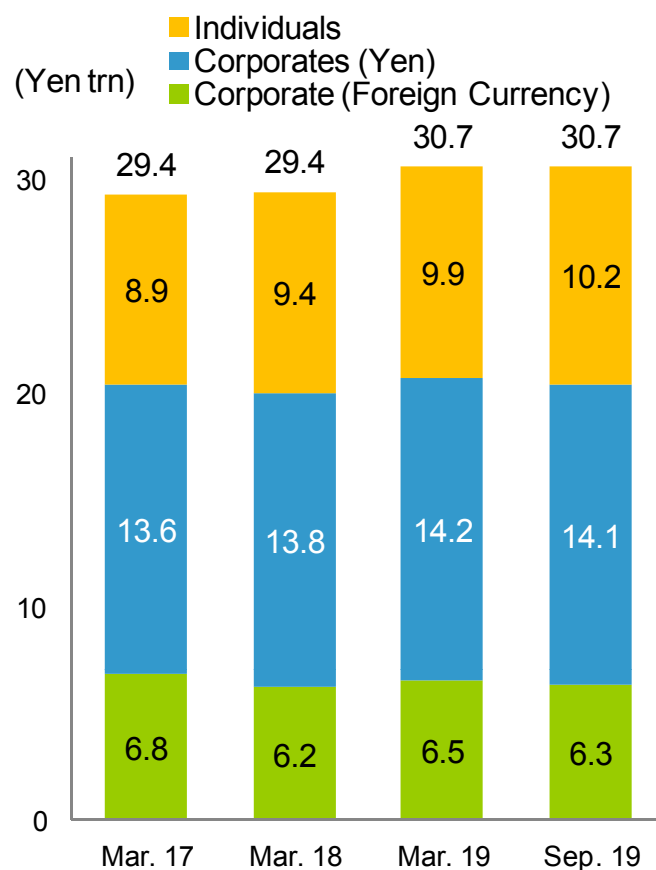


(*1) UBS Group in Japan (*2) Depending on each clients' status, possible to direct to UBS (*3) Clients meeting certain conditions

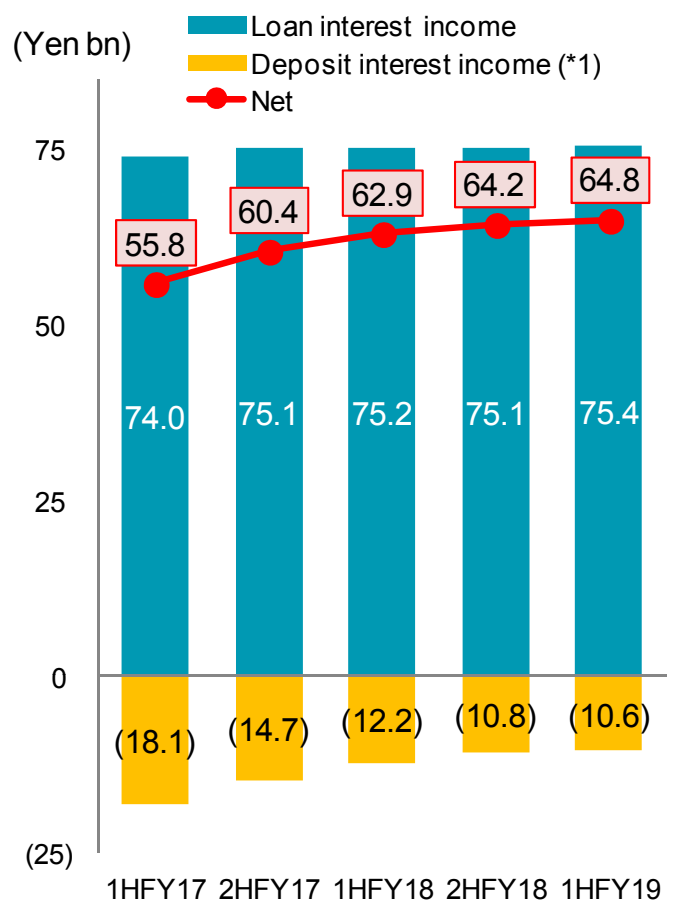
Loan/investment business: Credit portfolio (SuMi TRUST Bank)

- ✓ Retail loans expanding centered on mortgages. Corporate loans managed with restraint improving profitability and efficiency
- ✓ Domestic loan-deposit margin continues to improve, foreign currency managed with stability in mind while holding cost down

Credit portfolio balance

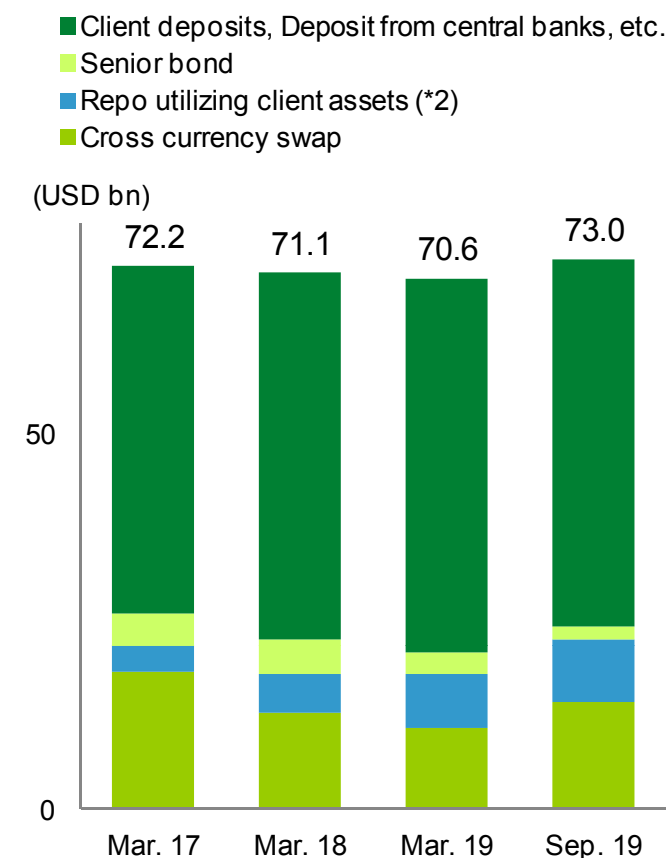


Domestic loan-deposit income



(*1) Deposit interest income includes interest from NCD

Foreign currency core B/S

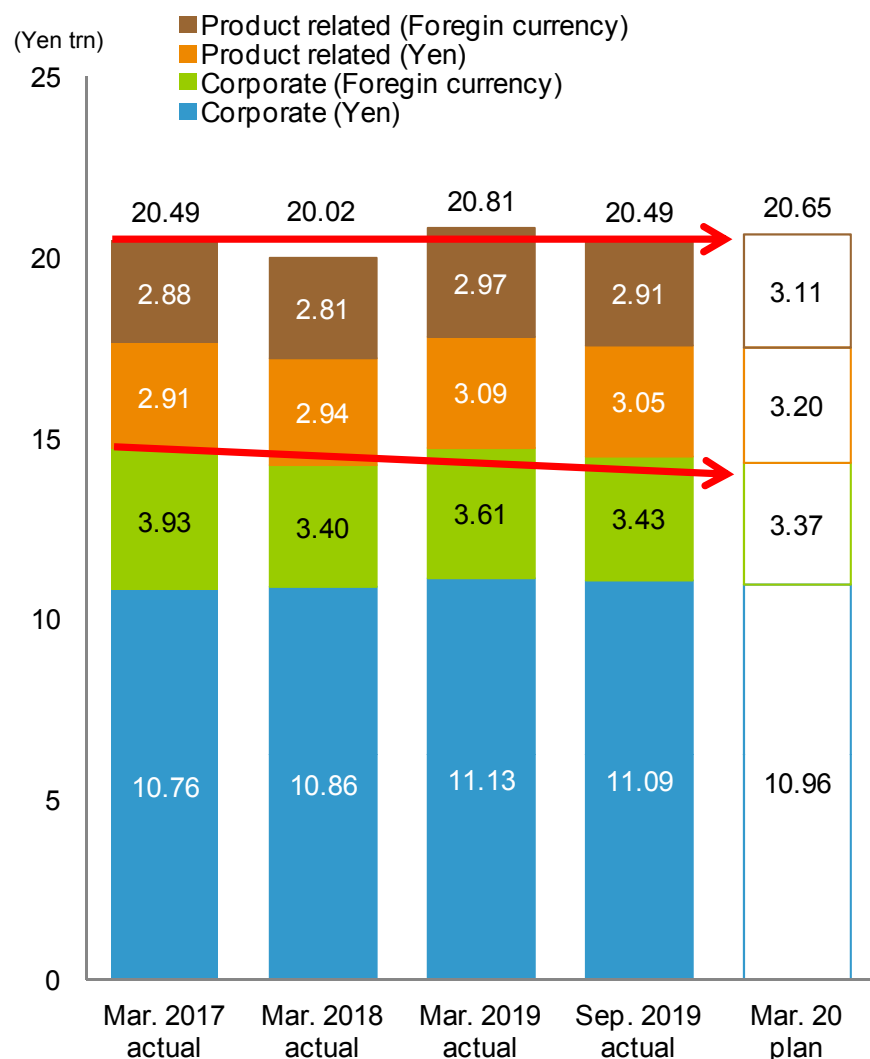


(*2) Repo funding utilizing custody client assets

Loan/investment business: Corporate lending/investment (1)(SuMi TRUST Bank)

- ✓ Uphold strategy to control overall foreign currency B/S size and shift to product-based lending
- ✓ Revisit asset allocation to create a robust portfolio that has downside resilience by prioritizing safety (term, security) in deal selection

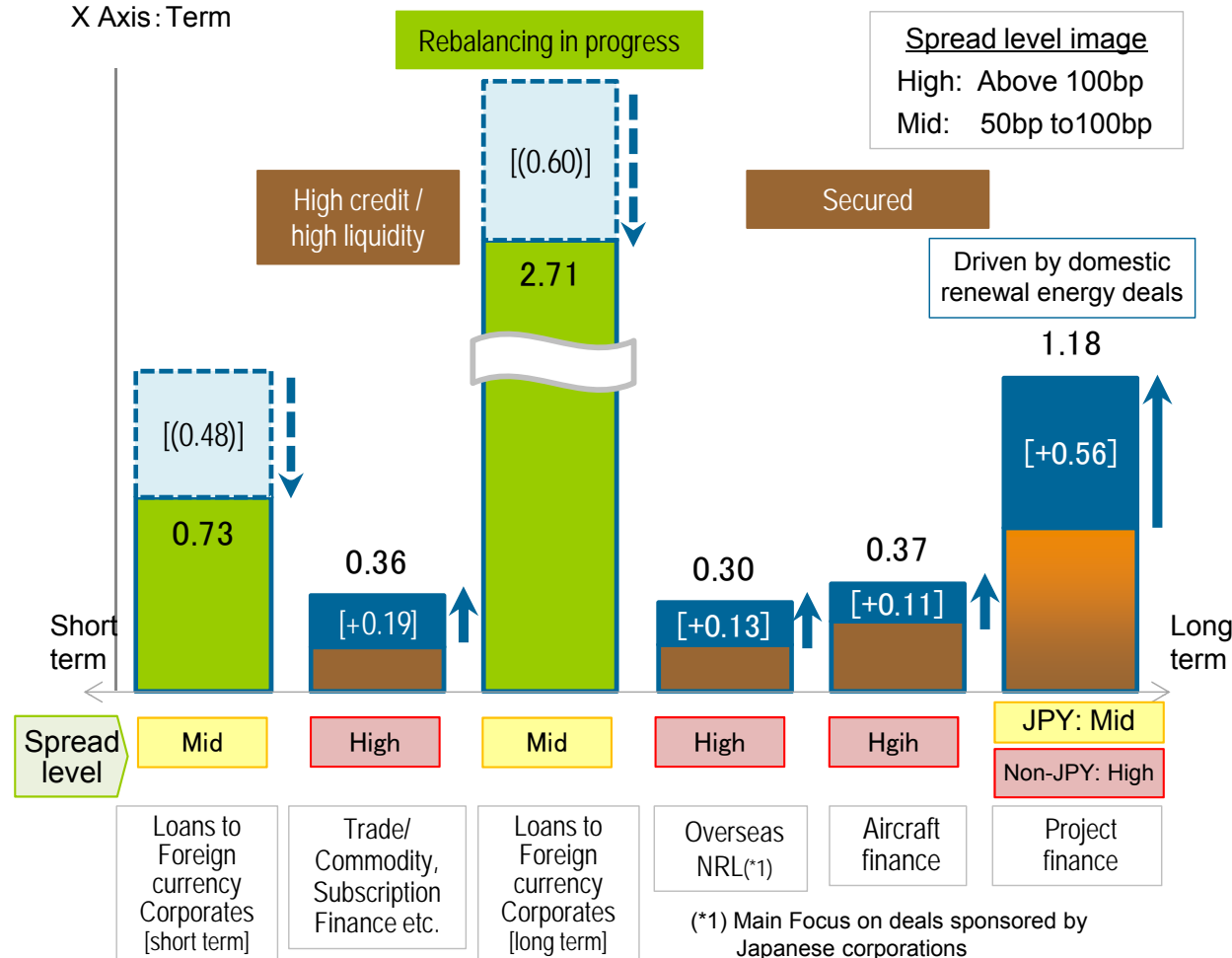
Corporate credit portfolio plan



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For product areas given priority, transactions selected with downside resilience in mind

Y Axis: Balance as of Sep.2019 (Yen trn, change from Mar.2016 in brackets)
X Axis: Term

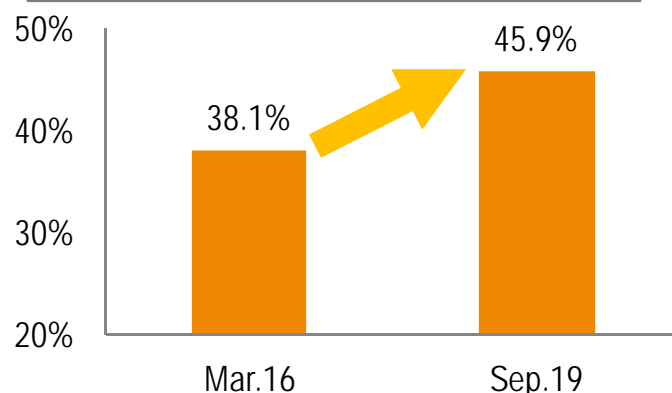


Loan/investment business: Corporate lending/investment (2)(SuMi TRUST Bank)

- ✓ Corporate lending portfolio to shift to product-based lending, improving spread margins and also increasing non-interest income
- ✓ Pioneering efforts in financings that contribute to ESG and SDGs

Enhanced profitability through realignment to product related lending

Product exposure ratio of foreign currency portfolio

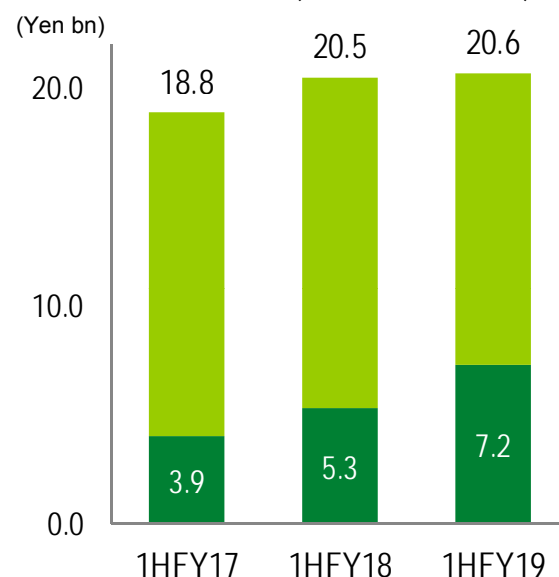


Non-interest income from product related lending

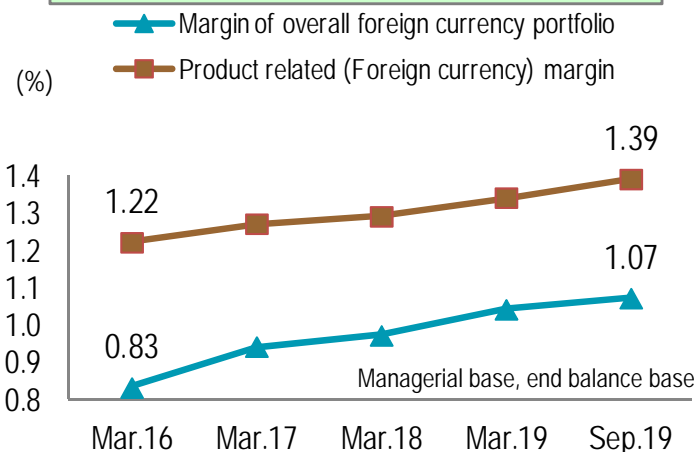
Foreign exchange and derivative income from renewable energy deals contributing to profit
[Example of non-interest income]

- Upfront fee, Loan arrangement fee, Agent fee
- Foreign exchange derivative trades

■ Product-based lending related fees
■ FX and derivatives (wholesale businesses)



Improvement of margin of foreign currency portfolio



Expanding ESG/SDGs related finance

“World’s first” Positive impact finance

- World’s inaugural positive impact finance to a corporation that does not limit the use of funds
- Assess impact of borrower’s activity on environment, society and the economy
- Monitor contribution of SDGs through engagement

Lender
SuMiTB



Impact
assessment
Loan

Borrower
Fuji Oil
Holdings,
Inc.

Initiatives to
contribute
to SDGs

Based on UNEP FI guidelines

UNEP FI
Principles for Positive Impact Finance



UNEP Finance Initiative
Innovative financing for sustainability

Independent
third party
(JCR)

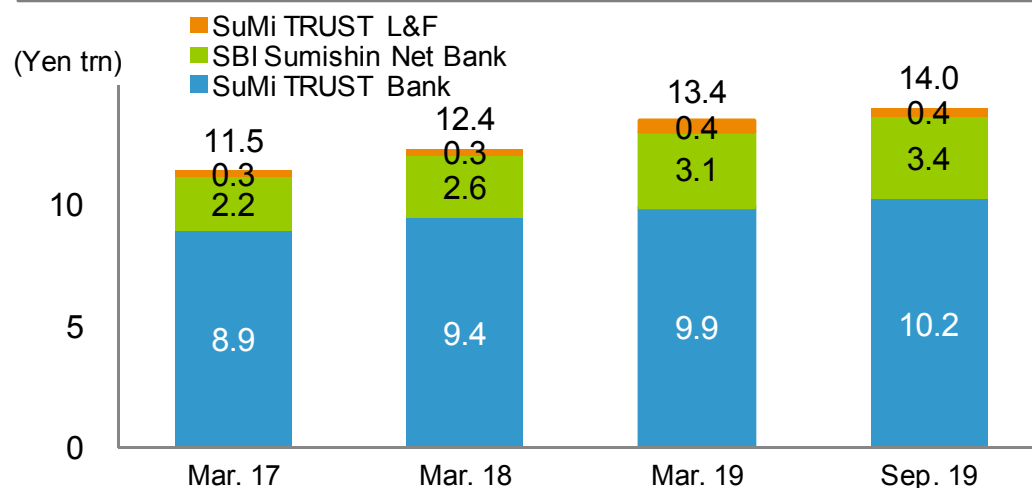
ESG/SDGs assistance loan facility

2H FY19 total ¥50bn facility established

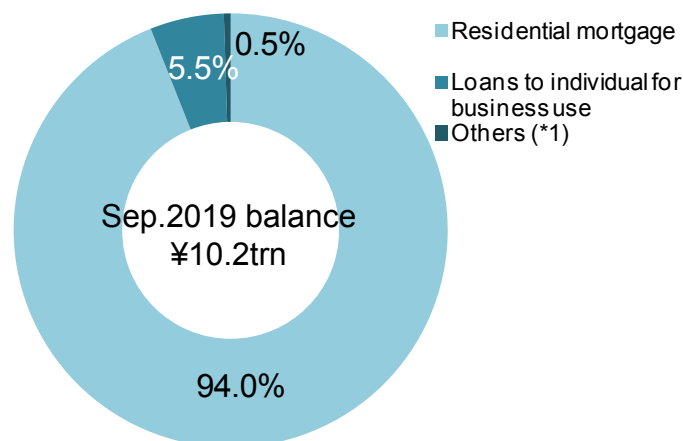
Loan/investment business: Personal loans

✓ Efficient marketing to increase high quality mortgage loans

Balance of loans to individuals



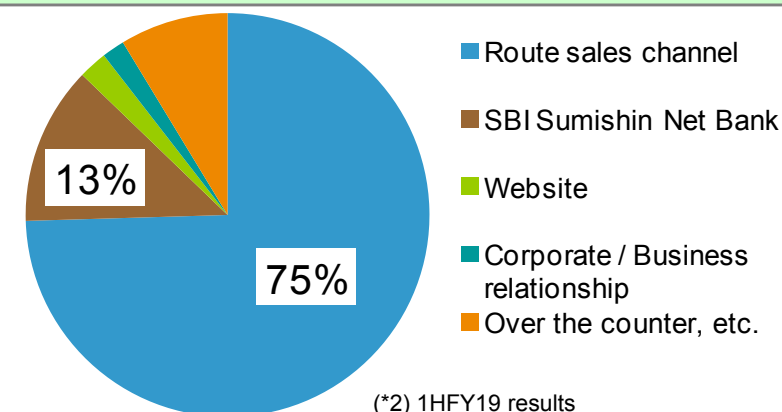
Breakdown of Personal loans (Non-consolidated)



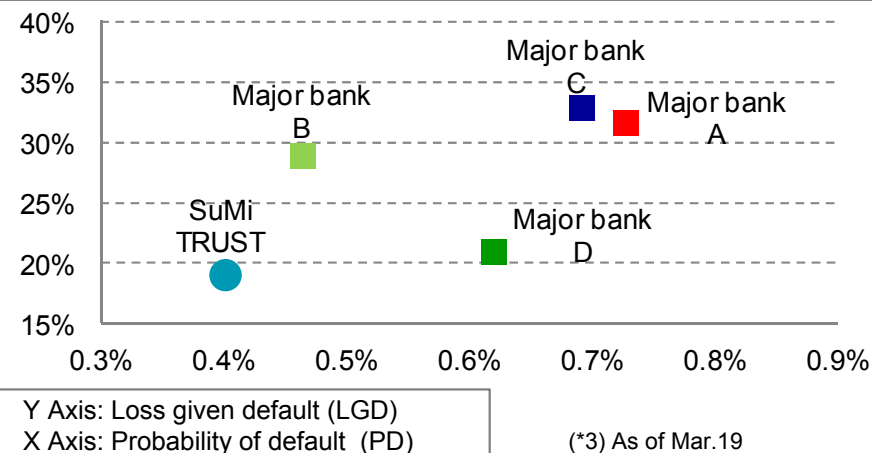
(*1) Consumer loans, overdrafts, etc.

Efficient marketing channels (Mortgages)

Breakdown of sourcing channels for new transactions(*2)



High quality mortgage borrowers (*3)



Digitalization strategy

- ✓ Cost reduction of existing businesses by utilization of digital technology, steady improvement of productivity
- ✓ To promote creation of added-value as a trust bank group

Reform of existing businesses utilizing digital technologies

Data analysis, Improve client experience

- AI for numerical analysis (forecast analysis)
- AI for linguistic analysis (Chatbot, Call-center AI)
- Tools to enhance client experience

To develop an open platform unique to a trust bank

Platform business utilizing blockchain technology such as real estate and inheritance (PoC)

Creating client value

Refinement of complex, burdensome trust bank unique back office operations

RPA, AI-OCR

- RPA: 500K hours reduction of back office operations (from FY18 to FY20)
- AI-OCR: To expand business areas covered by RPA (plan to introduce in FY2019)

To create new businesses utilizing our business skills

Endeavors to create new businesses with VC and FinTech companies utilizing our business skill in various areas acquired over the years.

Skill-set, HR base (IT literacy improvement), technological base

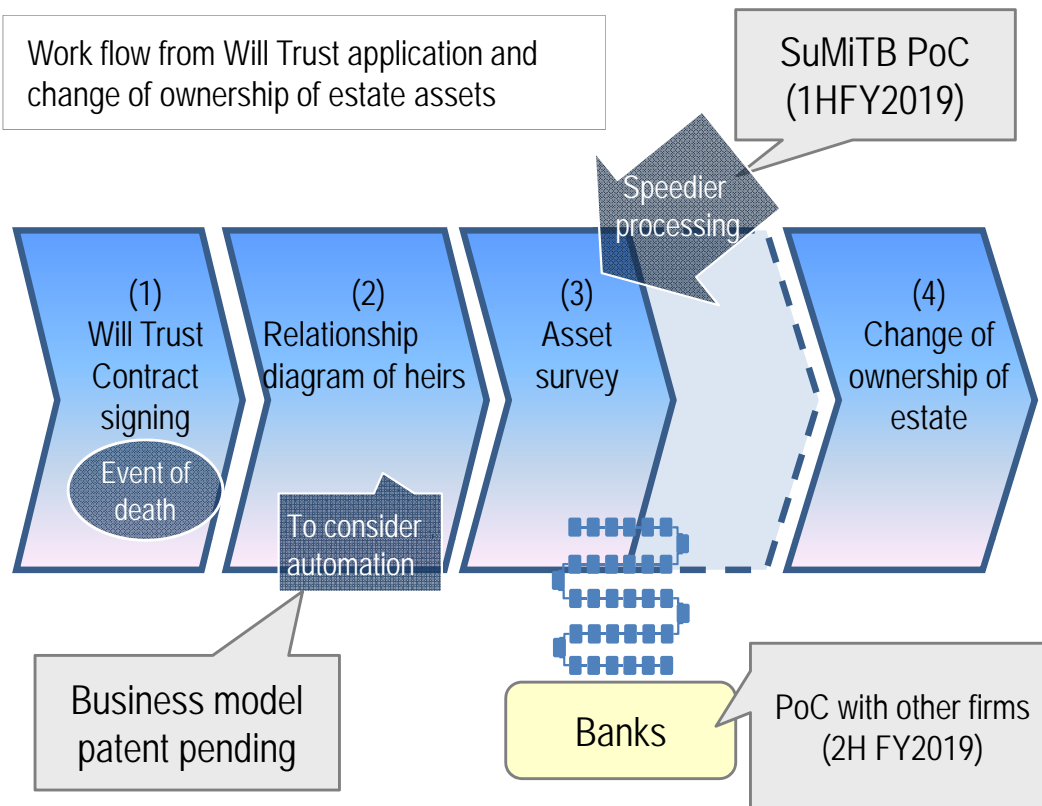
Digitalization strategy: examples

- ✓ To promote platform business in areas unique to a trust bank
- ✓ Progress in inheritance and real estate business PoC utilizing blockchain technology

Inheritance platform (PoC in progress)

- To speed up and rationalize complex paperwork that consumes time through digitalization
- To assure transparency of documents through blockchain

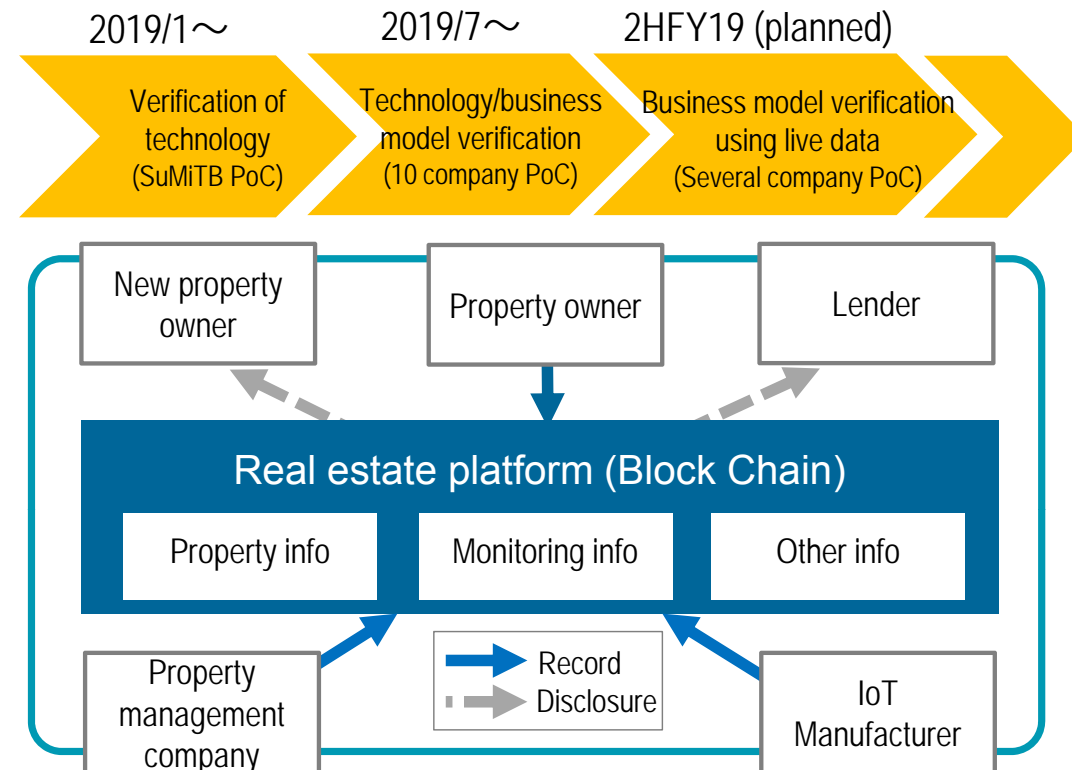
Work flow from Will Trust application and change of ownership of estate assets



Real estate platform (PoC in progress)

- To centralize real estate information through digitalization
- To expand business by vitalizing the market and providing a deal friendly environment

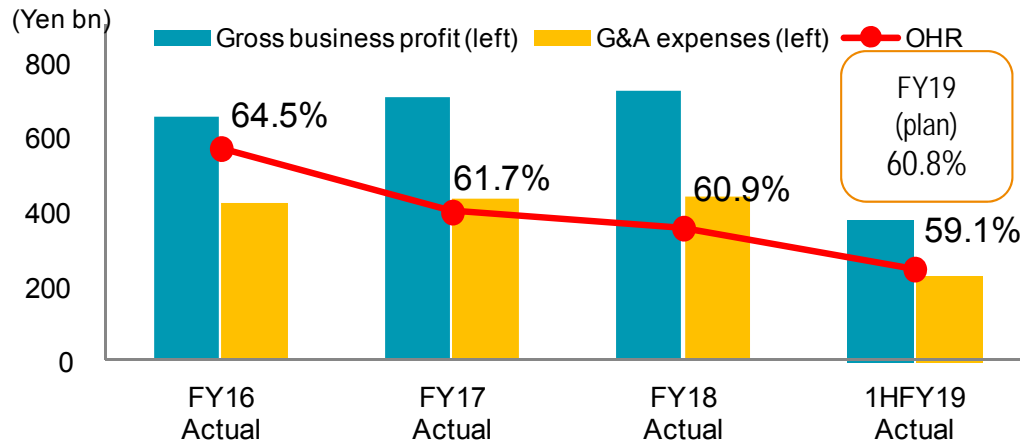
(*) Mostly paper based or nonstructural data



Expenses strategy / OHR Improvement: Overview

- ✓ Steady measures to reduce expenses and improve gross margin to pursue initiatives to reduce OHR
- ✓ Move IT systems to the cloud to target future cost reduction and efficiency

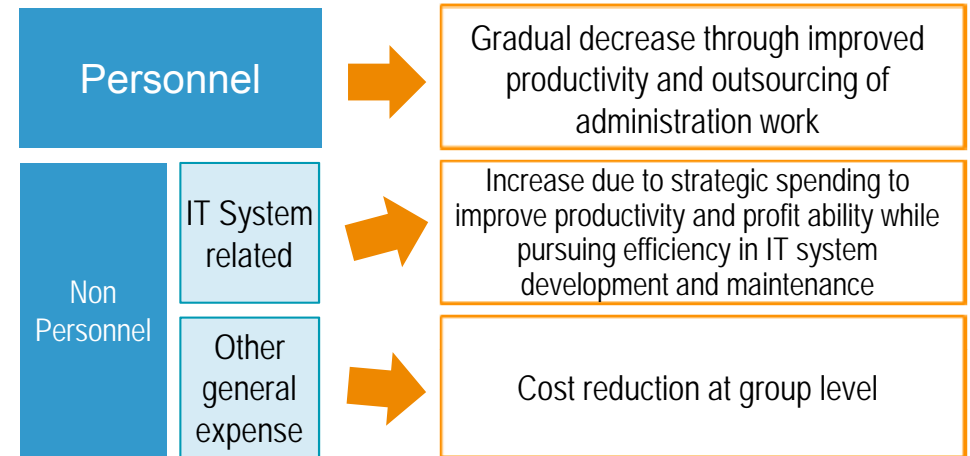
OHR



(Ref.) Net business profit/OHR by business segment

	1HFY18		1HFY19			
	Net Business Profit	OHR	Gross business profit	G&A Expenses	Net Business Profit	OHR
Total	146.9	60%	377.0	(222.8)	154.1	59%
Retail total solution services	16.0	84%	97.5	(84.6)	12.8	87%
Wholesale financial services	59.9	37%	100.7	(36.3)	64.3	36%
Stock transfer agency services	9.9	49%	19.5	(9.8)	9.7	50%
Real estate	11.8	50%	28.4	(12.4)	16.0	44%
Fiduciary services	32.3	64%	83.7	(51.6)	32.1	62%
Global markets	21.6	26%	41.7	(7.3)	34.4	18%
Others	(5.0)	146%	5.3	(20.7)	(15.4)	391%

Direction of expenses spending



Cost reduction at group level

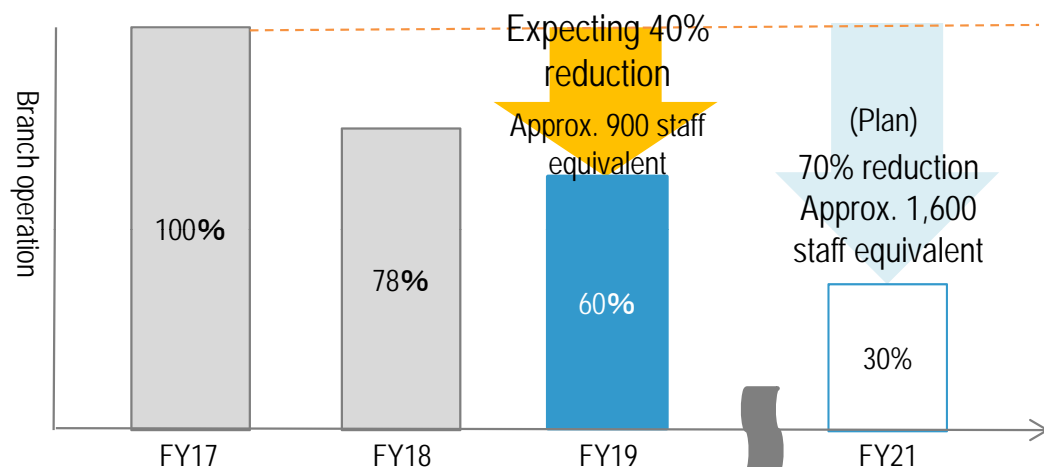
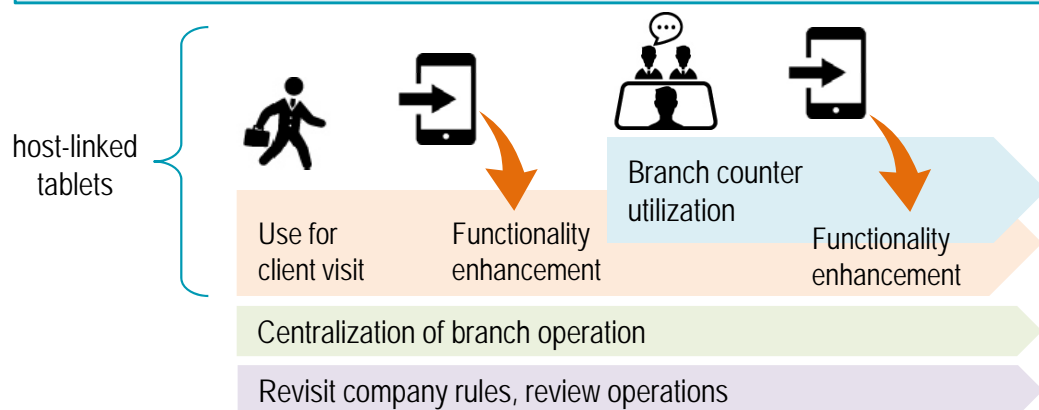
Retail Total Solutions	Reduction of administrative work / improve efficiency of branches
Stock Transfer Agency	Pursue efficiency and rationalization through utilization of new technology such as RPA, AI
Fiduciary (Asset management)	Back office outsourcing and expansion of inhouse asset management to raise efficiency
Fiduciary (Asset administration)	Pursue economies of scale by management integration of custodian subsidiary (JTSB)

Expenses strategy / OHR Improvement: Promoting efficiency

- ✓ Promote further reduction of branch office space through expanded use of host-linked tablets and concentration of administration work
- ✓ Optimize resources through reduction / refitting of branch office space and reallocating HO staff to marketing roles

Reduction of branch operation / branch office space

Enhance functionality of host-linked tablets, expand coverage to further reduce administration work



Reallocate HO staff to front office roles, reduce branch office space

10% reduction of head office staff in FY19

96%

Achieved ahead of plan (*1)

HR from rationalization to reassign to front office roles

Real estate

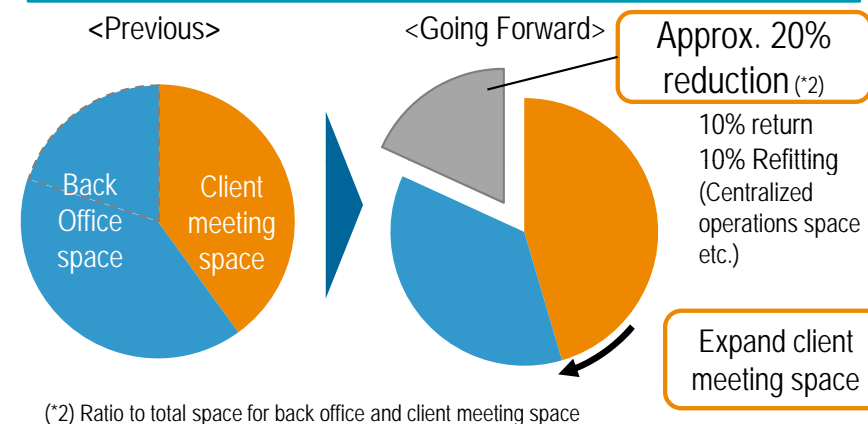
Stock transfer
agency
Consulting

Private
banking

etc.

(*1) Progress rate as of Oct. 1, 2019

20% reduction of branch office space

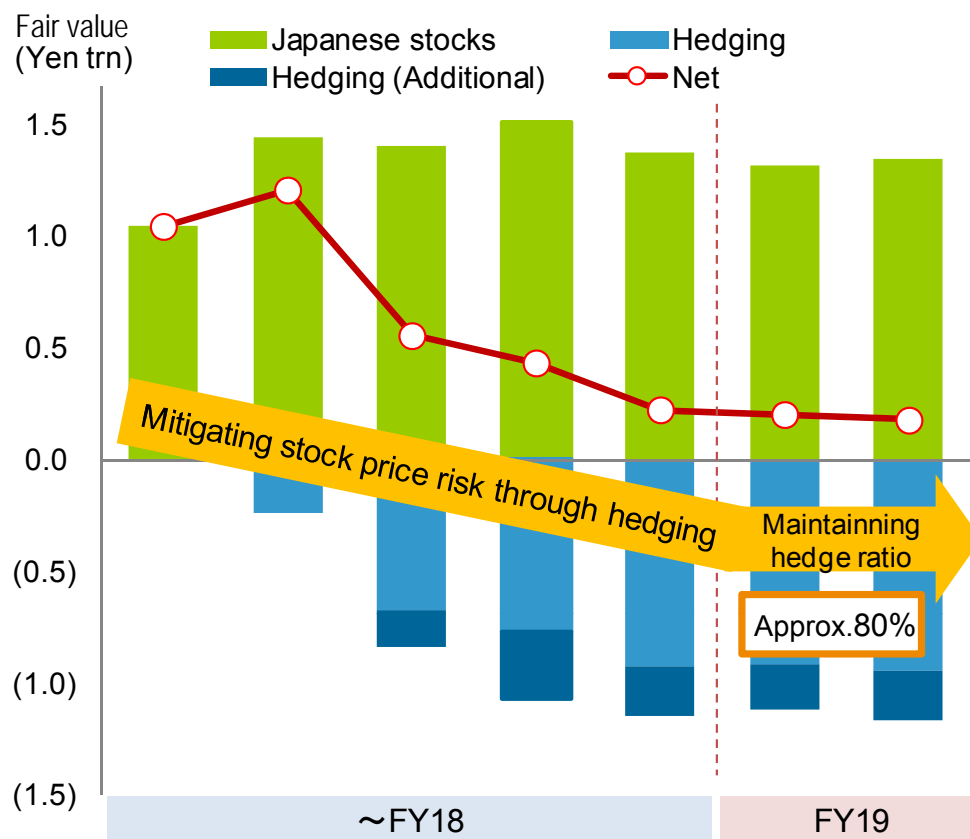


Preparation for risk: Stock price

- ✓ Hedging operation in place to reduce mark-to-market volatility of strategic shareholdings
- ✓ While additional reduction of strategic shareholdings is becoming time consuming, endeavor to reduce further by persistent negotiation

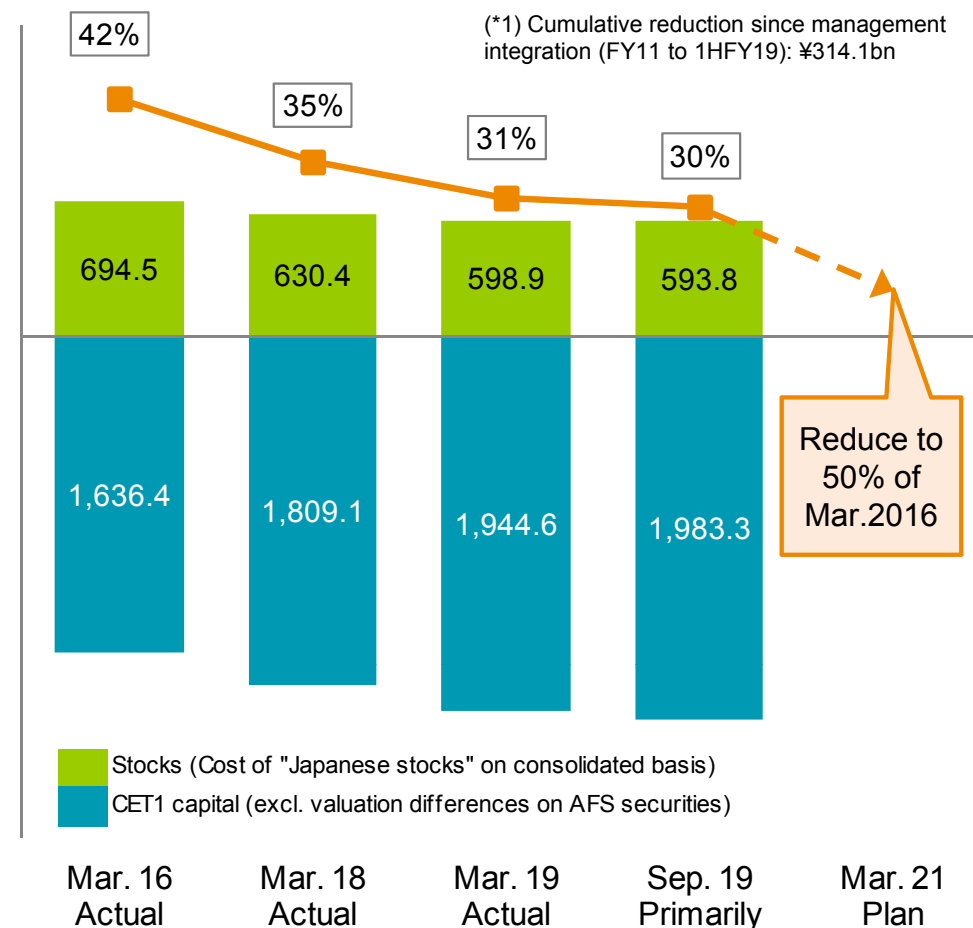
Hedge positions against strategic shareholdings

Base	Maintain current ratio of 65% basically
Additional	Adjust volume within 0-35% (contrarian to stock prices)



Plan to reduce strategic shareholdings [FY16-FY20]

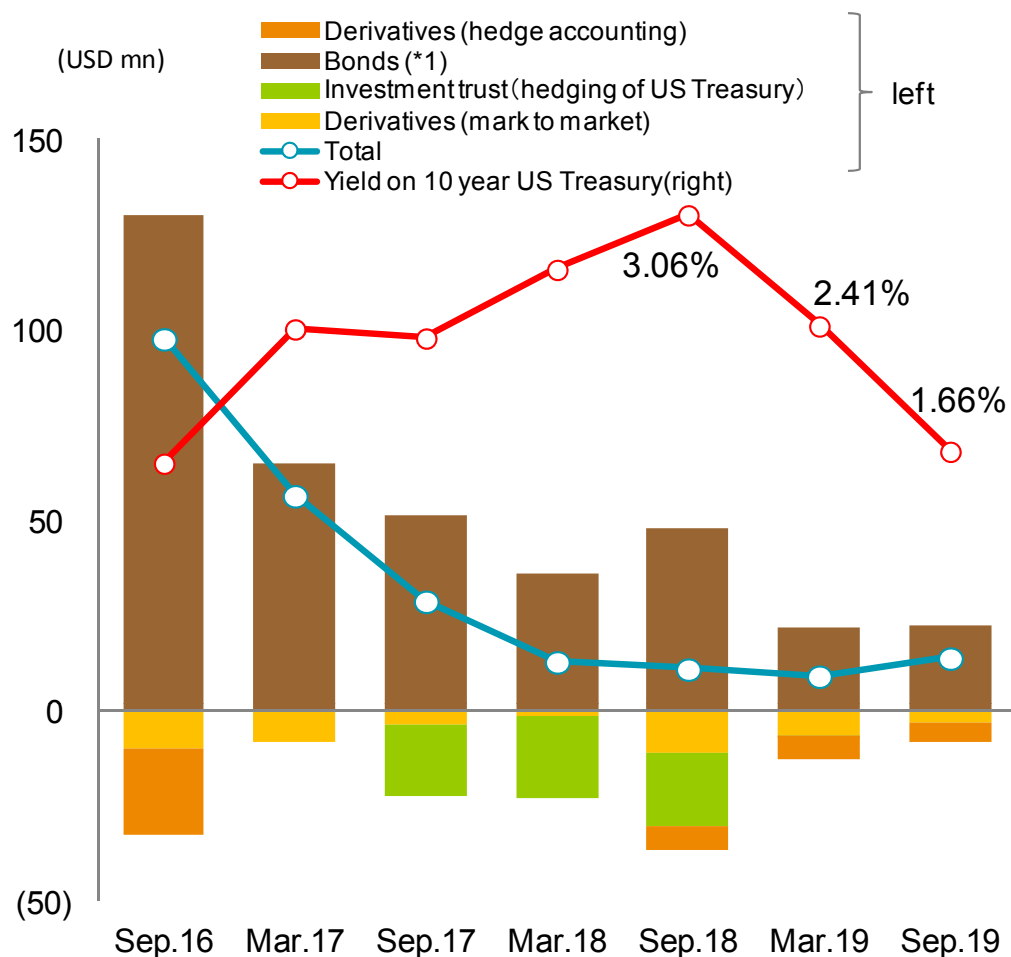
Cumulative reduction based on current plan: ¥99.9bn (*1)



Preparation for risk: Interest rate

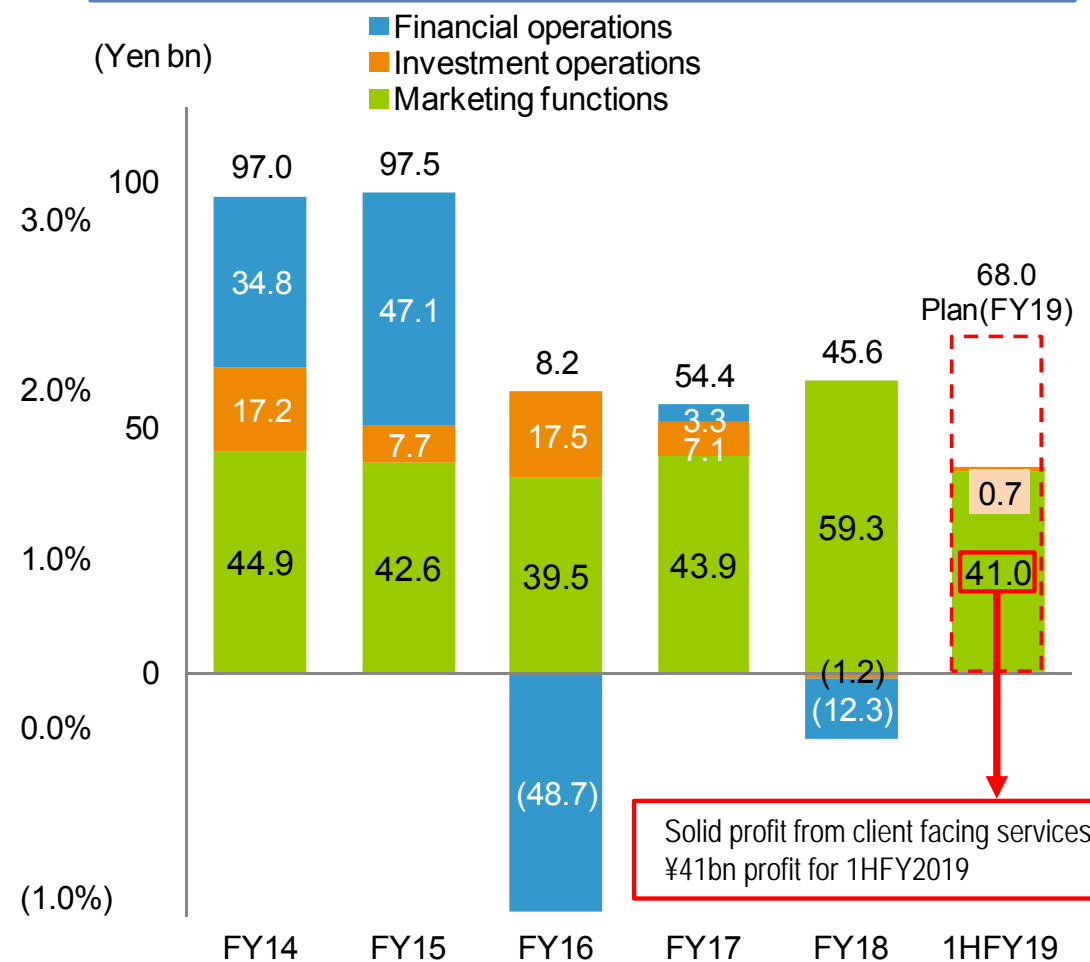
- ✓ Restrained management of US interest rate risk exposure
- ✓ Global Markets to strengthen stable, client-facing services

US interest rate (10BPV) risk
(Non-consolidated)



Global Markets business profit

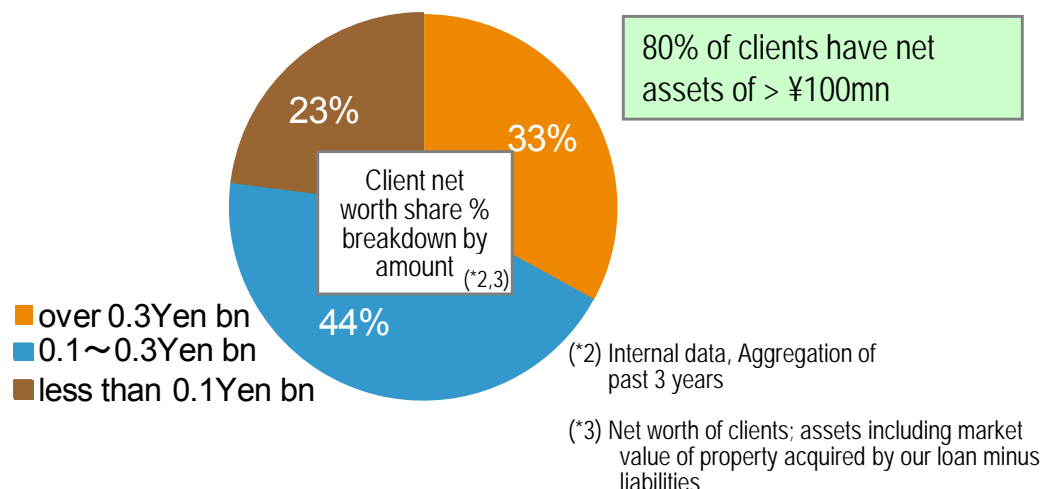
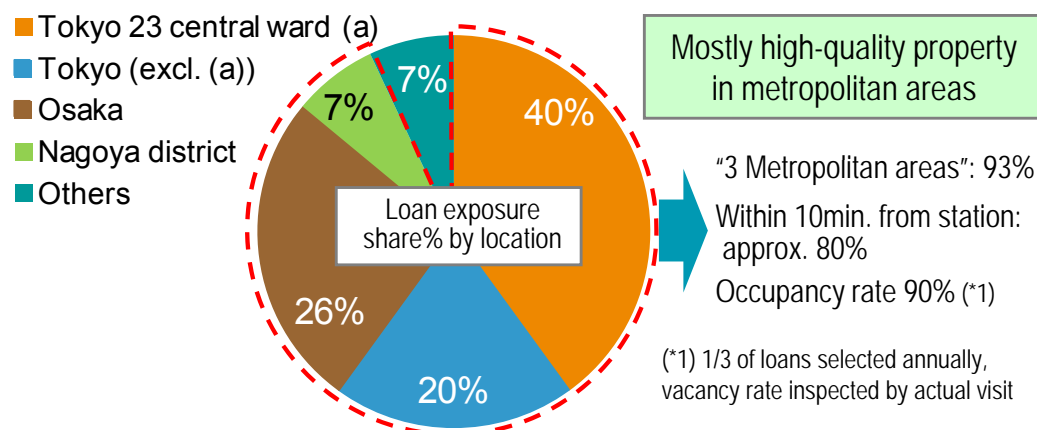
Additional profit from client-facing services



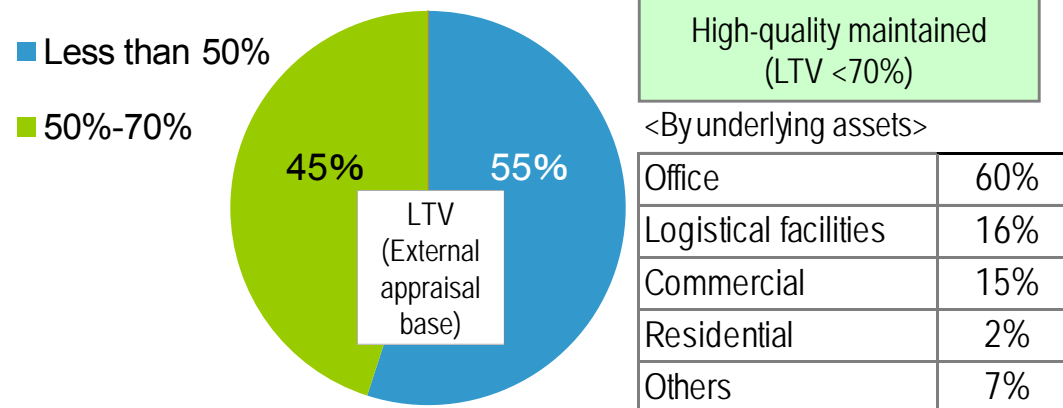
Preparation for risk: Credit (1)

- ✓ Credit portfolio cautiously managed with diversification, term and exposure size in mind
- ✓ Downside risk is taken into consideration for each asset category, maintaining a high-quality, risk resilient portfolio

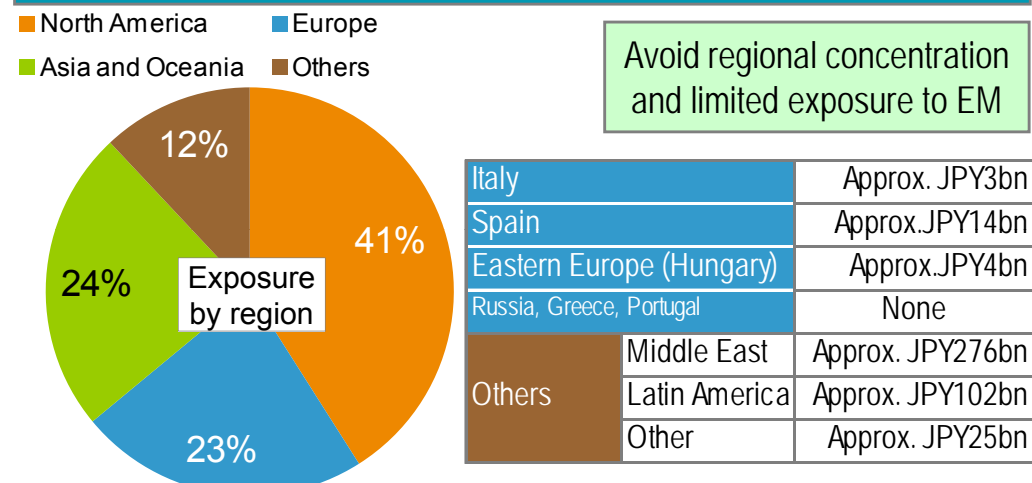
Business Loans (¥562.3bn as of Sep.19, Approx. 5% of loans to individuals)



Domestic real estate NRL (¥1.0trn as of Sep.19)



Non-Japanese credit (¥3.4trn as of Sep.19) (*4)



Preparation for risk: Credit (2) CLO

- ✓ CLO exposures of approximately \$4.7bn are predominantly US based, all rated AAA
- ✓ For new transactions in 1HFY2019, most investments are tied to long term CCS, eliminating foreign currency liquidity risk

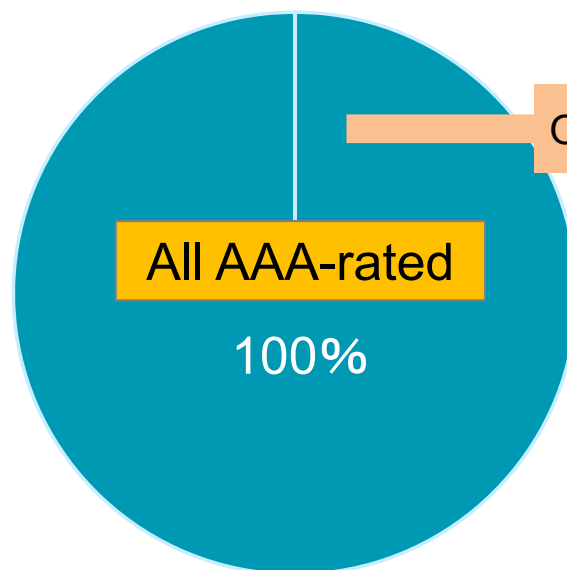
Balance

(USD mn)	Mar.19	Sep.19	Chg
CLO	3,377	4,746	1,369
US	3,128	4,401	1,273
EU	249	345	96

Most of new deals in 1HFY19 are tied to matching long-term CCS

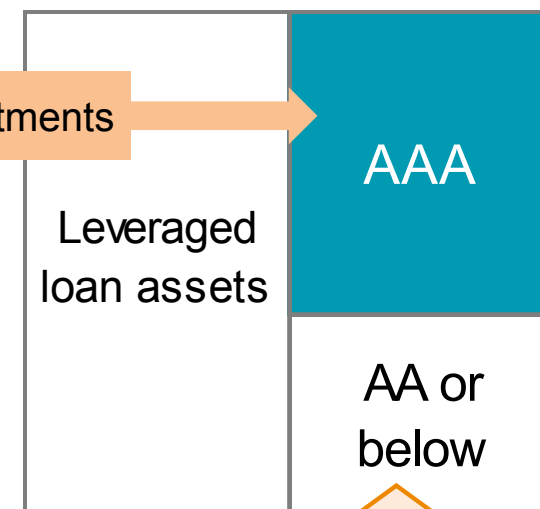
Mitigate foreign currency liquidity risk

Credit ratings distribution



Secured by substantial subordination

【CLO B/S】



Junior tranches provide mid 30% to mid 40% subordination to secure AAA tranche

Preparation for risk: Credit (3) leveraged loan

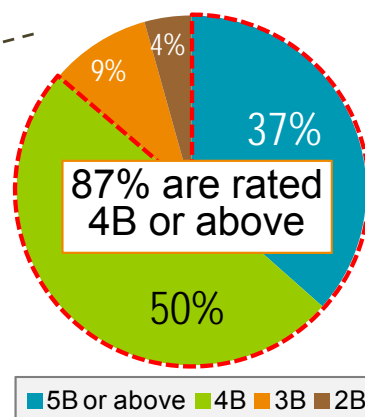
- ✓ Most of leveraged loans are 4B or better, relatively high-quality portfolio
- ✓ Exposure per borrower also diversified. Risk conscious investment style

Balance			
(USD mn)	Mar.19	Sep.19	Chg
Leveraged loans (*1)	1,610	1,656	46
US	1,371	1,424	53
EU	239	232	(7)
High yield bonds	—	—	—

【Definition of 4B】

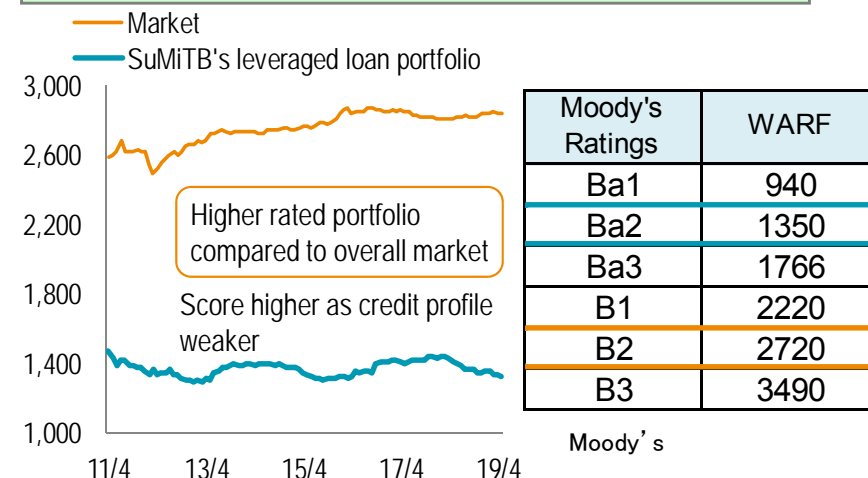
Leveraged loans are usually rated by Moody's and S&P. As there are cases when ratings are split, we rate by counting the sum of Bs of two rating agencies (i.e.) If Moody's: Ba1 and S&P: BB+, then 4B

Credit rating distribution (*2)

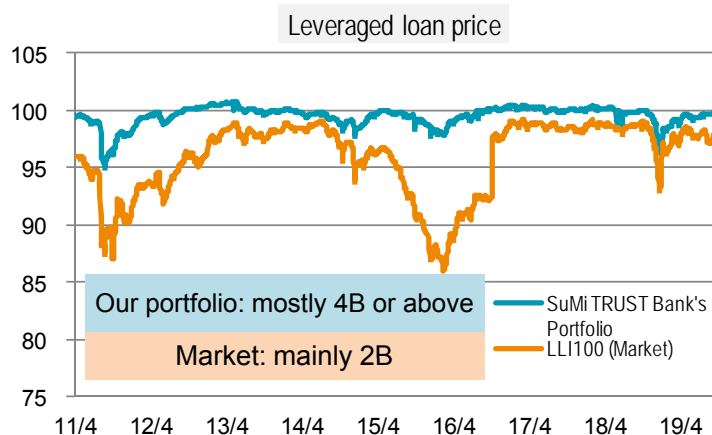


Credit rating (*2)

Weighted Average Risk Factor (WARF)



Historical performance (*2)



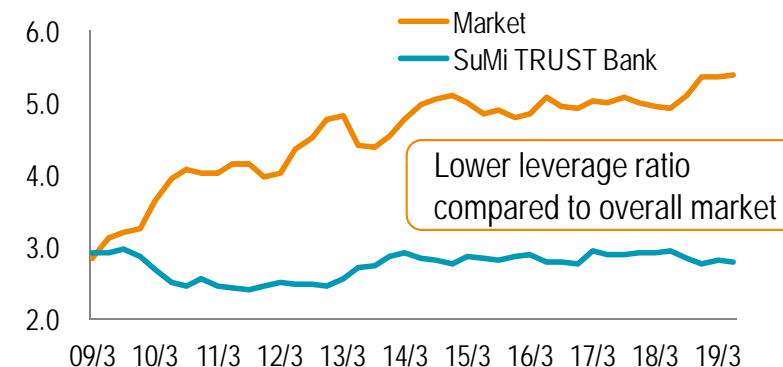
Per exposure diversification (*2)

Amount per transaction

3B or above: \$5-10mn

2B or below: \$3mn

Leverage ratio (*2)



(*1) Secured loans with floating rates funded by companies rated BB+/Ba1 or lower, includes fund investments (US: \$110mn / Europe: \$232mn) (*2) US Leveraged loans (Proprietary investments)

Financial / Capital Policy

Financial/Capital Policy: Self-assessment regarding our capital position and near-term capital policy

✓ In accordance with our Midterm Management Plan and current Shareholder Return Policy, while upholding profit growth and capital efficiency, to enhance shareholder returns over the medium term

	Self-assessment													
Target for sufficiency	<ul style="list-style-type: none"> ✓ Regulatory requirement 7.5%, Financial / management buffer 2.5% (*1) ✓ To maintain certain level of comparative advantage due to long-term nature of services offered as trust business 	CET1 ratio of around 10% (Finalized Basel III reforms basis)												
Current status	<ul style="list-style-type: none"> ✓ Current regulatory requirement basis 12.9% ✓ Finalized Basel III reforms basis at upper 9% range (*2) 	Capital accumulation stage to meet requirement for finalized basis												
Near-term capital policy	<ul style="list-style-type: none"> ✓ ROE improvement through steady implementation of the Midterm Management Plan (To pursue profit growth and capital-efficient business model) ✓ While accumulating capital, balanced management to pursue growth opportunities and to strengthen shareholder return commensurate with earnings 	<p>Accumulate capital, balance profit growth, capital efficiency and shareholder return</p> <table> <tr> <th>【KPI】(*3)</th><th>FY18 actual</th><th>FY19 plan</th></tr> <tr> <td>Profit growth</td><td>JPY173.8bn</td><td>JPY180bn</td></tr> <tr> <td>Capital efficiency</td><td>7.9%</td><td>Approx. 8%</td></tr> <tr> <td>Shareholder return</td><td>35.7%</td><td>Approx. 40%</td></tr> </table>	【KPI】(*3)	FY18 actual	FY19 plan	Profit growth	JPY173.8bn	JPY180bn	Capital efficiency	7.9%	Approx. 8%	Shareholder return	35.7%	Approx. 40%
【KPI】(*3)	FY18 actual	FY19 plan												
Profit growth	JPY173.8bn	JPY180bn												
Capital efficiency	7.9%	Approx. 8%												
Shareholder return	35.7%	Approx. 40%												
Our medium/long-term view	<ul style="list-style-type: none"> ✓ In the future, after capital accumulation has reached a level that is prudently sufficient, we will review our growth prospects and stock valuation and consider the appropriate capital policy/shareholder return ✓ On top of shareholder distribution commensurate with earnings, share buyback to improve capital efficiency to be considered as well 													

(*1) Required ratio of CET1 capital required against risk weighted assets (*2) CET1 ratio (As of Sep. 2019) Current regulatory requirement basis is preliminary, Finalized basis is pro forma

(*3) Profit growth: Net income, Capital efficiency: Shareholder ROE, Shareholder return: Total payout ratio

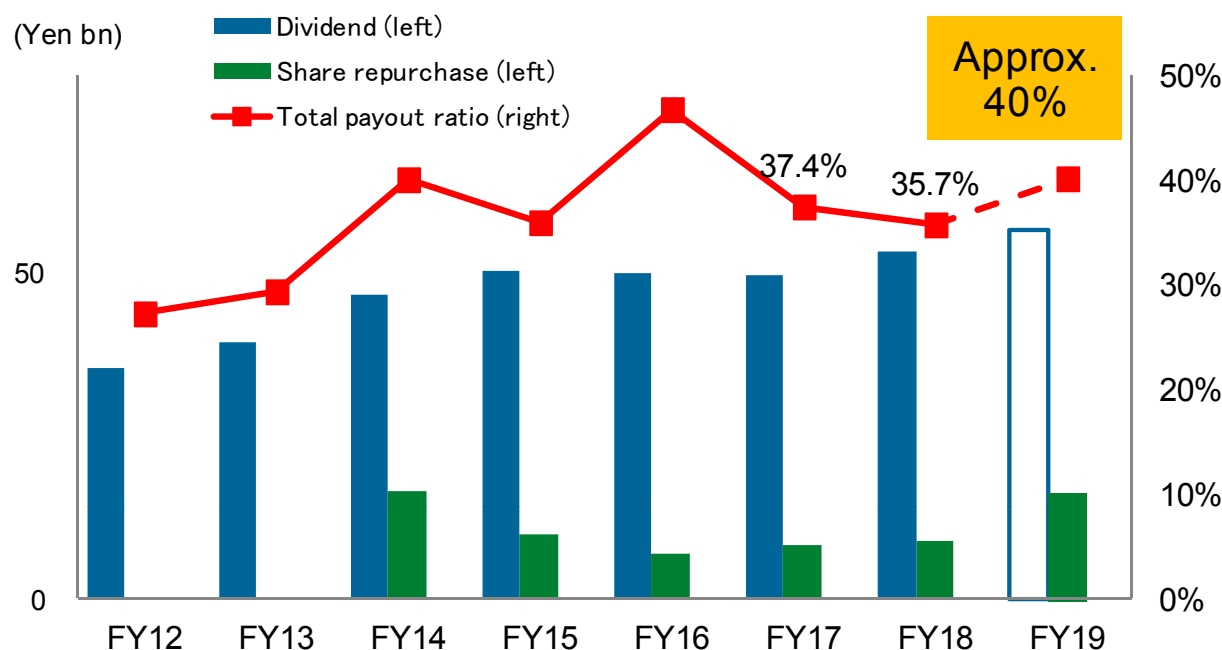
Financial/Capital Policy: Shareholder return policy

- ✓ Completed share buyback in July 2019 with aim to raise total dividend payout ratio to 40%
- ✓ Shall aim to strengthen shareholder payout ratio in the future while monitoring accretion of capital

<Shareholder Return Policy> [Announced on May 2017]

As a means of returning shareholders' profits commensurate with earnings, we will maintain a dividend payout ratio of around 30% with respect to ordinary shares, while considering share repurchases based on the balance between profit growth opportunities and improvement in capital efficiency. In the medium term, we shall aim to gradually raise the total payout ratio to around 40% to enhance shareholder returns

Shareholder returns



(For reference) Share repurchases

Repurchase timing	Repurchase Amount	Ratio against Net income
FY14 (Jan.-Feb. 15)	JPY16.4bn	+ 10.4%
FY15 (Jul.-Aug. 15)	JPY9.9bn	+ 6.0%
FY16 (May 16)	JPY6.9bn	+ 5.7%
FY17 (Jul.-Aug. 17)	JPY8.1bn	+ 5.3%
FY18 (May-Jun. 18)	JPY8.9bn	+ 5.2%
FY19 (May-Jul. 19)	JPY15.9bn	+ 8.9%

(*) "Ratio against net income": Repurchased amount divided by fiscal year's net income when relevant share repurchase was executed

(For reference) Cancellation of shares repurchased

15,057,200 shares of the treasury cancelled on Sep. 20, 2019

(Ref.) Status of shares in issue and treasury stock(*) as of September 30, 2019

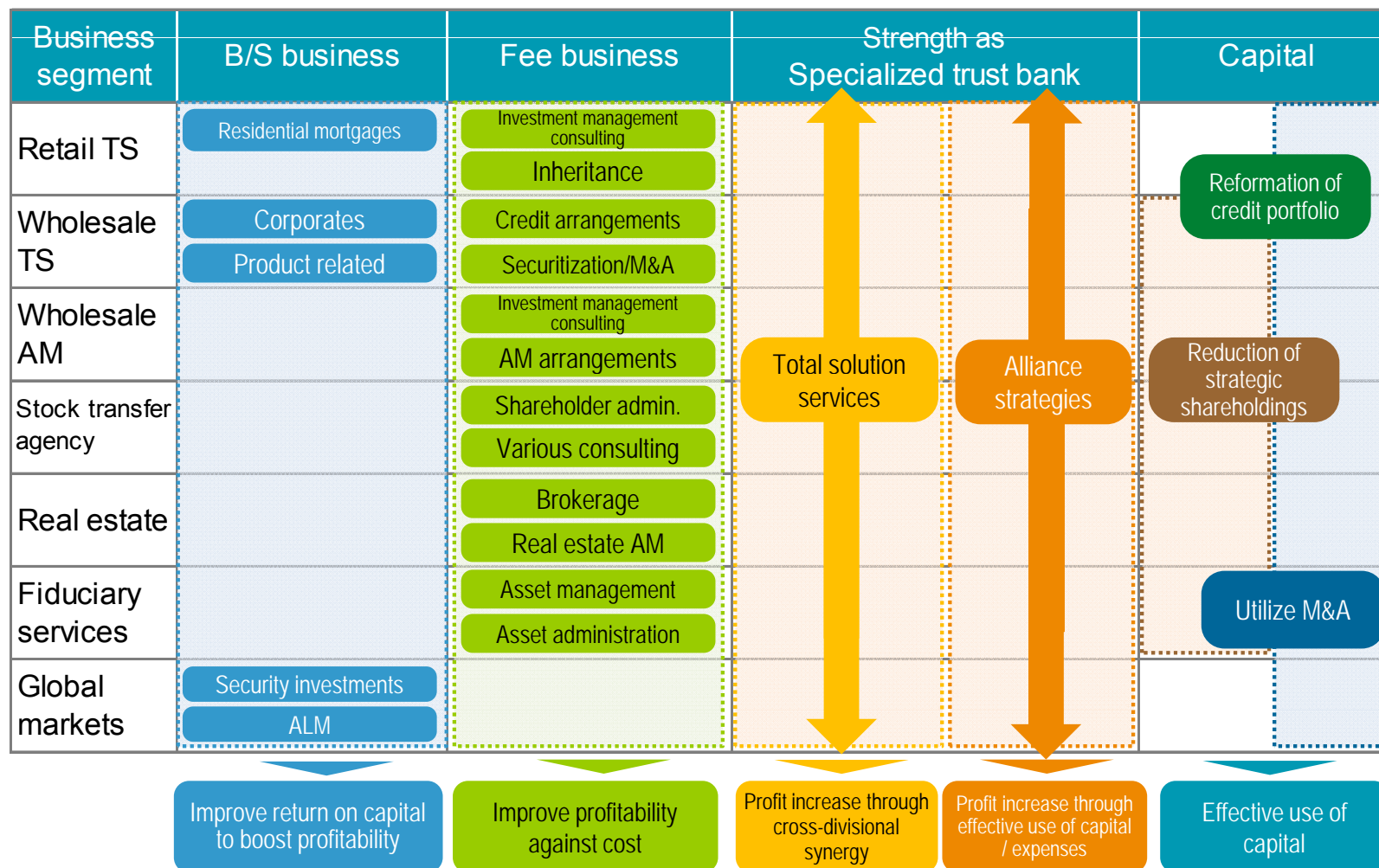
Total number of shares in issue (excluding treasury stock): 374,966,790 shares

Number of treasury stock: 324,650 shares

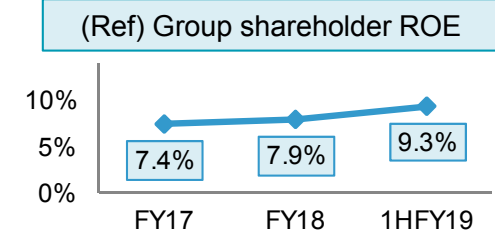
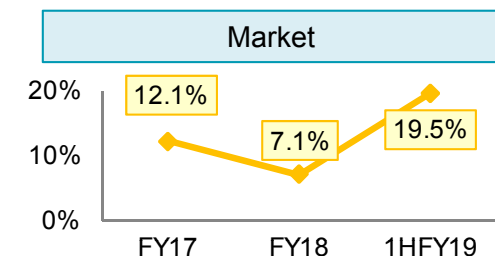
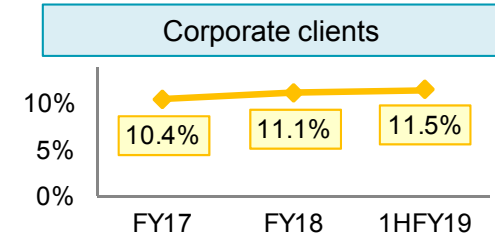
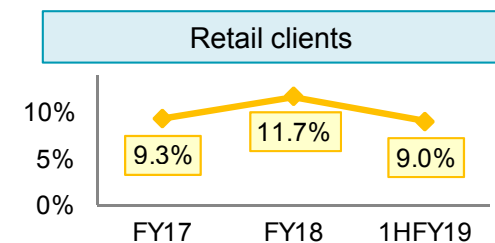
(*) Excluding shares [429,000 shares] held by Stock Delivery Trust for Directors

Initiatives of each business segment to improve ROE

- ✓ ROE improvement by executing Midterm Management Plan
- ✓ Strengthen fee businesses, enhance B/S profitability through credit portfolio reformation, offer total solution services created by cross-divisional synergies, and promotion of alliances



ROE by business segments (*)



(*)ROE by business segment: Managerial accounting basis. Retail clients: Retail TS business and SuMi TRUST Realty. Corporate clients: Wholesale TS, Wholesale AM, Stock transfer agency, Real estate (excluding SuMi TRUST Realty) and Fiduciary businesses. Market: Global Markets. Each segment's net business profit divided by current required regulatory capital (Strategic shareholdings, P&L and capital allocated to Head Office functions such as corporate management and other departments excluded from calculation)

Management Base

SuMi TRUST Group's sustainability initiatives and our business activities

- ✓ Strong affinity between trust bank group's business and its sustainability initiatives
- ✓ Contribute to the realization of a sustainable society with specific business activities

Social and economic issues as well as demands of clients are constantly changing

To offer high value-added services unique to a trust bank in line with expectations of the age
Functionality, products that contributes to society

Past products

- Loan Trusts (1952)
~Contributed to reconstruction effort after the war
- Pension Trusts (1962)
~To assist stabilization of retirement life of salaried workers

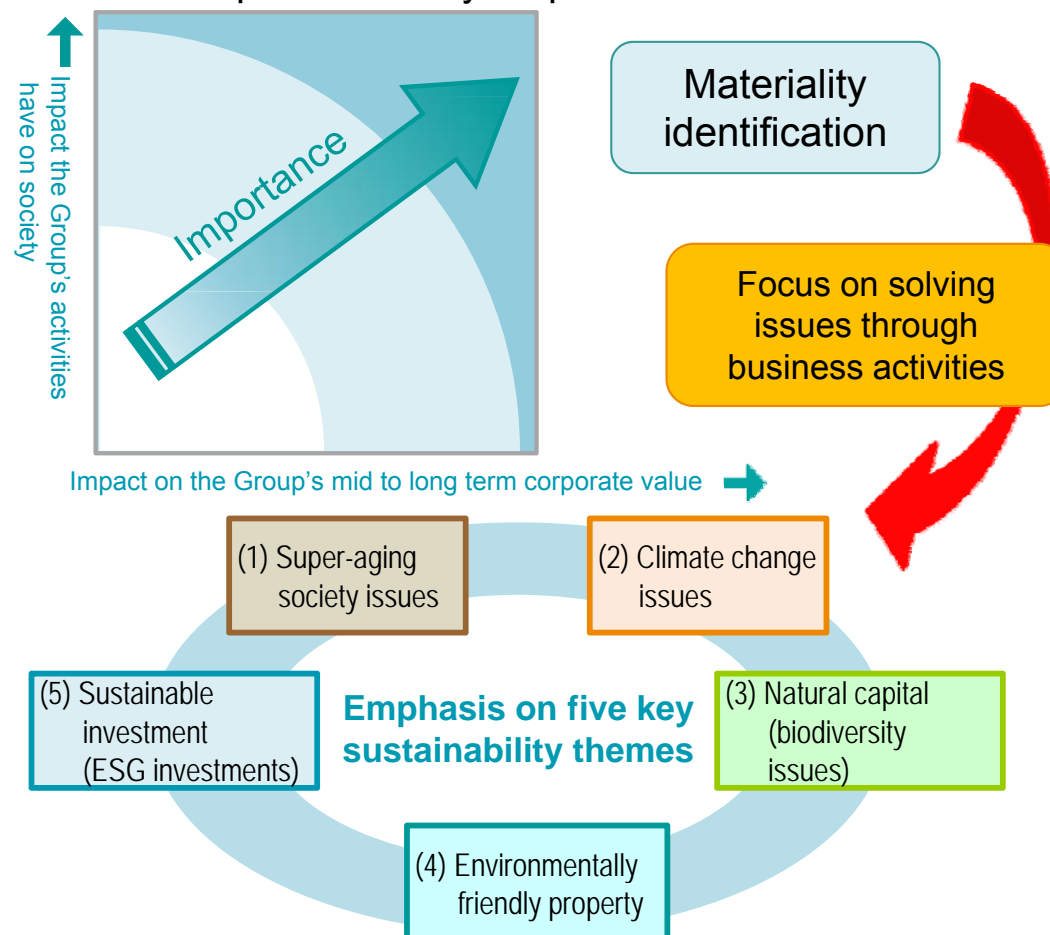
New products

- Educational gift trust, Will Trust
~secure transfer of assets to the next generation
- 100-year Passport
~Preparation for dementia
- Environmentally friendly properties
~Measures to alleviate climate change etc.

- ✓ Contribute to the realization of a sustainable society with specific business activities

To designate materiality issues that need to be addressed, endeavor to solve those issues through business

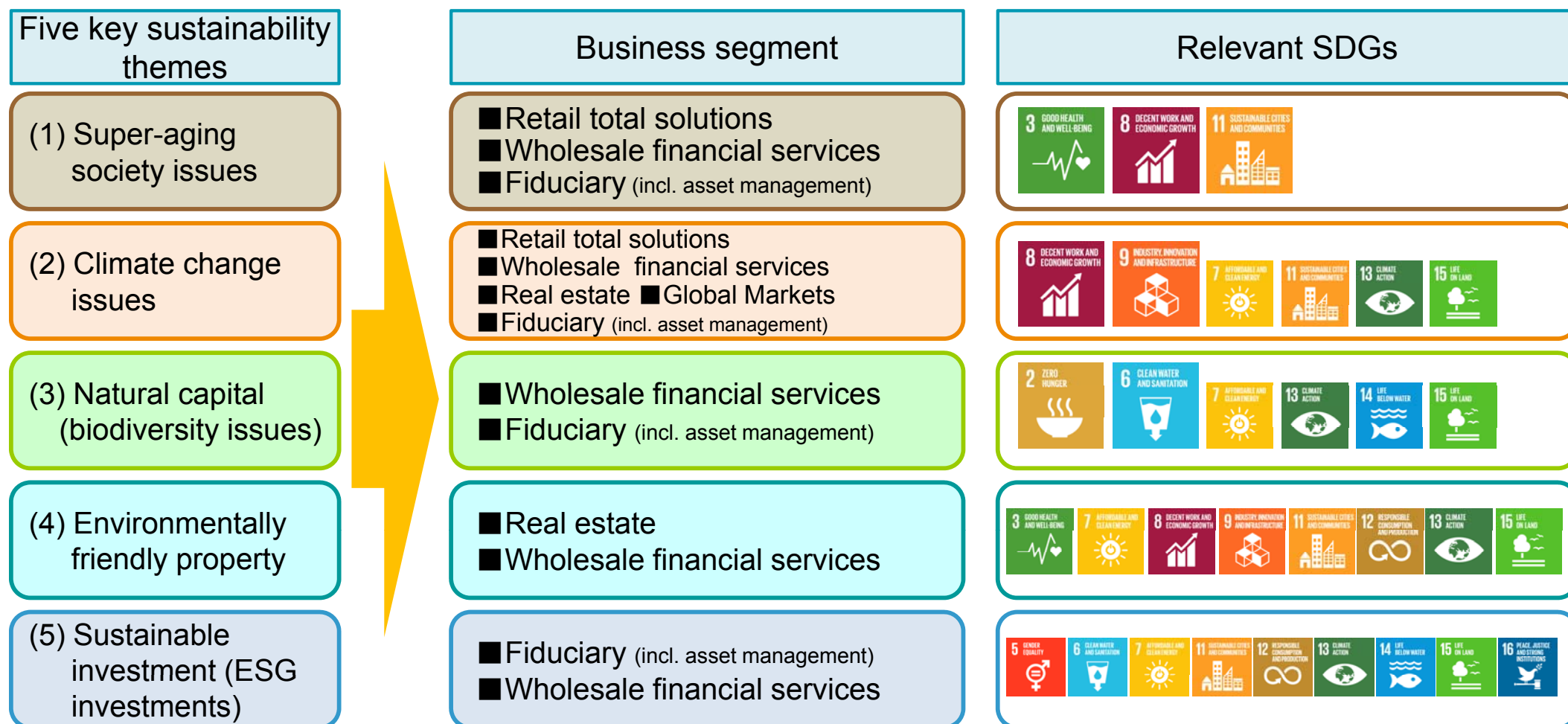
The Group's materiality map



Sustainability initiatives in our business activities

- ✓ Particularly for our initiatives on the five key sustainability themes, we make full use of our trust banking group functions to contribute to the realization of a sustainable society with specific business activities.

Our Group's business segments and sustainability initiatives



Sustainability initiatives in business activities (Key theme 1/5: Super-aging society issues)

- ✓ We provide high value-added services and products to meet the needs arising from an aging society.
- ✓ By providing a wide range of information and organizing awareness campaigns, we seek to address problems related to dementia and help patients actively participate in the society.

Providing products and services to meet various needs

Asset management for clients with dementia

- ✓ Anshin Support Trust
- ✓ Security Trust
- ✓ 100-year Life Solution Trust (100-Year Passport)



Secure asset succession for the next generation

- ✓ Annual Donation Support Trust
- ✓ Tuition Fund Endowment Trust
- ✓ Will Trust (execution course)



Broad array of information offering and awareness activities

Addressing dementia issues

- ✓ Dementia supporter training courses
- ✓ Having all branch general managers undertake a gerontology certification exam
- ✓ Digest reports for seniors



Silver College

- ✓ A place of learning for seniors to help them enjoy a reassuring and fulfilling "second life"; a total of 160 classes have been held at 62 branches nationwide
- ✓ First-rate instructors host seminars about money, health, dementia, living, etc.

Example of seminar topic:
"Making satisfactory preparations to live and die well"



Providing added value unique to the SuMi TRUST Group

- ✓ We are preparing for the approaching super-aging society and providing peace of mind with high-level consulting and high value-added products and services that leverage our unique trust banking group functionality and skills

Sustainability initiatives in business activities (Key theme 2/5: Climate change issues)

- ✓ We provide solutions utilizing trusts and capabilities of the Group to help solve climate change issues.

Supplying liquidity to project financing market for solar power generation

Issues to be solved

- ✓ Providing new opportunities to active ESG investors to invest in renewable energy projects as a measure for combatting climate change

Specific initiatives for solving the issue

- ✓ Issued beneficiary rights in self-created trusts backed by loans receivable on solar power generation projects
- ✓ Obtained green finance evaluations on the beneficiary rights from a rating agency, making it easier for ESG investors to gain access to the market



Domestic mega solar power generation facility

Micro-power generation in water supply systems

Issues to be solved

- ✓ Promoting measures to tackle global warming by limiting the use of coal-fired power generation and making effective use of natural energy sources

Specific initiatives for solving the issue

- ✓ Under a leasing system, Sumitomo Mitsui Trust Panasonic Finance borrows water facilities from local governments and installs micro water power generation systems in its pipelines
- ✓ By keeping the power provider's initial investment to zero, this scheme promotes the effective use of natural energy



Micro-power generation in water supply systems

Providing added value unique to the SuMi TRUST Group

- ✓ In addition to straightforward financing, we are helping to expand the renewable energy market by making full use of our Group capabilities, including trust and leasing functions

Sustainability initiatives in business activities (Key theme 3/5: Natural capital (biodiversity issues))

- ✓ We make use of trust schemes to contribute to nature conservation and regional cooperation.

Natural capital initiatives

Forestry trusts

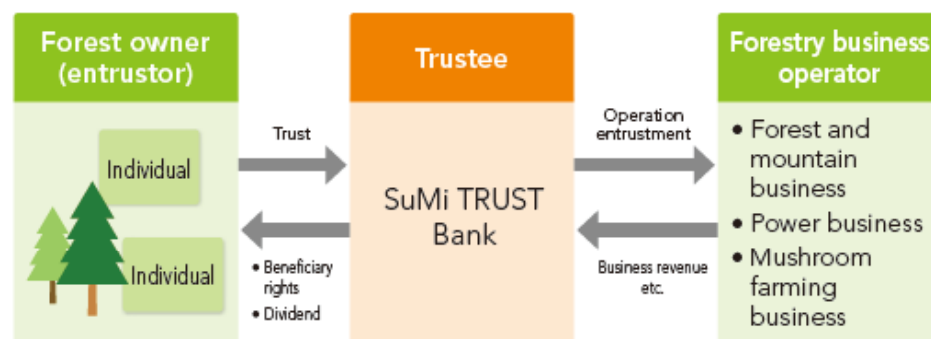
Issues to be solved

- ✓ Many of the forests that cover roughly two thirds of Japan's land have been neglected because of the decline of the forestry industry and the abandonment of privately owned forests owing to population aging and depopulation of rural areas
- ✓ The challenge of reviving the forestry industry by improving productivity and revitalizing the domestic lumber market

Specific initiatives for solving the issue

- ✓ SuMi TRUST Bank manages privately owned forests on behalf of individuals and local governments and streamlines this management by consigning operations to forestry companies
- ✓ We invested in a venture firm launched by Shinshu University to make use of its drone-based measurement technology essential for forest management

Overview of the forestry trust scheme

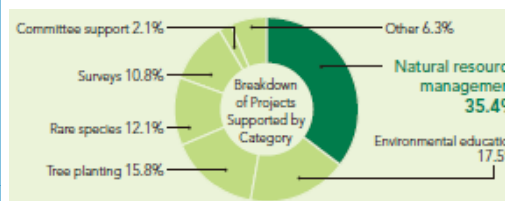


Charitable trusts

- ✓ **Suntory Fund for Bird Conservation**
Since its establishment in 1990, this fund has supported various bird conservation activities in Japan and overseas

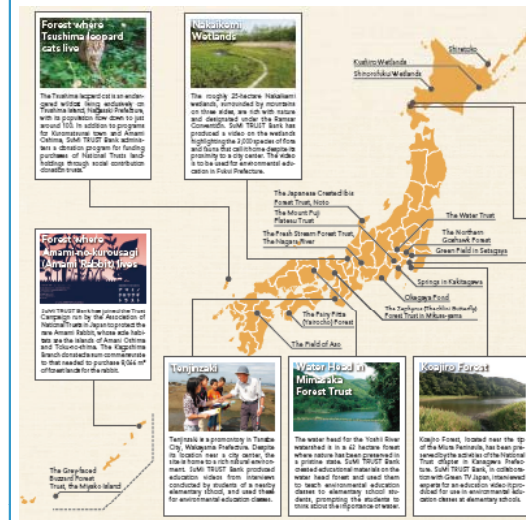


- ✓ **Keidanren Nature Conservation Fund**
This fund supports various nature conservation activities by utilizing a trust scheme to supply funds



Activities supporting National Trusts

- ✓ We support the activities of National Trusts, which use donations from citizens and corporations to acquire and protect land where endangered species live or land that is of academic importance



Providing added value unique to the SuMi TRUST Group

- ✓ We utilize the functionality of trusts to contribute to nature conservation and regional revitalization by partnering with national and local governments, private forestry operators, forestry unions, universities, and local residents

Sustainability initiatives in business activities (Key theme 4/5: Environmentally friendly properties)

- ✓ To achieve SDGs through environmentally friendly property consulting to obtain certification for environmental performance and also assistance to obtain subsidies.

Supported Isetan Mitsukoshi Holdings in obtaining CASBEE certification (S rank) for their flagship stores

Concrete measures for appropriately addressing social, environmental, and other sustainability-related issues outlined in Japan's Corporate Governance Code

Enhancing value of real estate holdings



Initiatives for achieving targets

Implementation of initiatives aimed at acquiring environmental performance certification (CASBEE) for the company's flagship stores

Support for environmentally friendly design during new construction phase

Environmental subsidy application system

Brush-up of proposed application

Interview screening

Creation of value as environmentally friendly properties

Three flagship stores certified as CASBEE rank (S)
(Mitsukoshi Nihombashi, Mitsukoshi Ginza, and Isetan Shinjuku)

Enhancement of economic value as environmentally friendly properties

In addition to certification, the company was able visualize each store's environmental performance issues

Daikin Industries' Technology & Innovation Center

- Integrated office and R&D facility combining state-of-the-art decarbonizing architecture and equipment technology.
- Selected for MLIT's leading projects program for promoting CO2 reduction in housing and buildings (now known as the leading projects program for sustainable buildings).



Sustainability initiatives in our business activities (Key theme 5/5: Sustainable Investments)

- ✓ We play a leading role in joint engagement activities with Asian and Japanese companies, many of which are large emitters of greenhouse gases

Participation in joint engagement to approach the world's 100 biggest GHG-emitting companies

Key role as joint lead manager for the same engagement initiative in the Asia-Pacific region



Future activities

We intend to assess climate change risks and opportunities with a view to realizing a society with net zero carbon emissions. As well, we will encourage companies to disclose the financial impact of climate change through constructive dialogues on enhancing corporate value

Main engagement activities in the Asia-Pacific region

Company	Headquarters	Engagement activities
PTT	Thailand	• Discussion to disclose (1) plan for reducing GHG emissions to comply with Paris Agreement and (2) information based on TCFD recommendations, and (3) to incorporate climate change issues into their corporate governance
POSCO	South Korea	• Conduct studies on the outlook for promoting technology related investments and investment opportunities that lower GHG emissions
KEPCO	South Korea	• Reviewing exposure (risk of stranded assets) for coal-fired power generation and coal resources, while examining the business risks and opportunities in the electric power business. Examples include renewable energy-based power generation or smart grids
SK Innovation	South Korea	• Corporate commitment to business opportunities arising from decarbonization such as electric vehicle batteries

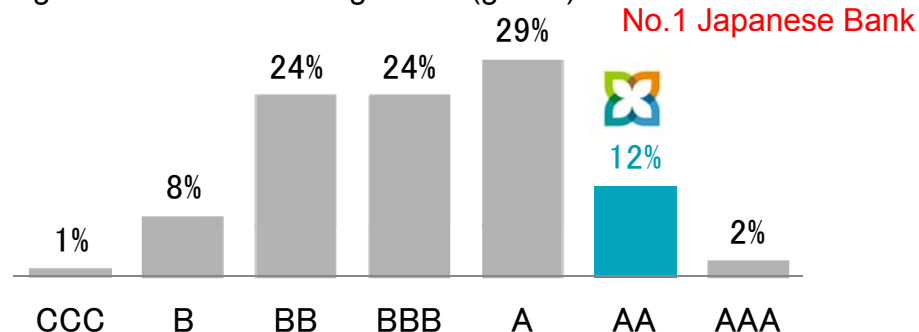
Evaluation from external parties: Our Group's status

Top class rating for ESG among Japanese banks

MSCI evaluation

Score 7.9 Rating AA

Rating distribution of banking sector (global)



PRI assessment by UN organization

Rating A+

Evaluation of PRI (principles for Responsible Investment) by UNEP FI*

Total No.1 among Japanese banks 5 consecutive years
(SuMi TRUST AM)



NPO evaluation

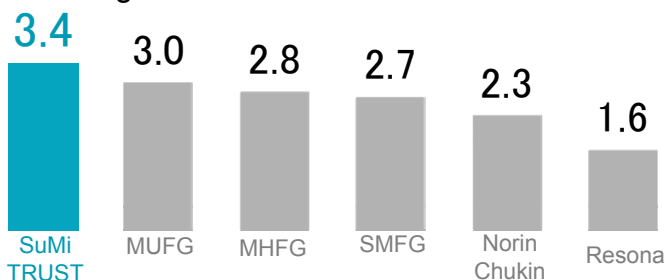
Score 3.4

NPO Fair Finance Guide Rating

No.1 among
Japanese Banks



2019



Selected ESG indices



Domestic/International ESG related activities



* UNEP Finance Initiatives
(UNEP FI)



The United Nations
Global Compact



Natural Capital
Finance Alliance



Equator Principles



Principles for Financial
Action for 21st Century

Initiatives regarding the recommendations of the TCFD

- ✓ In recognizing the risks financial markets face from climate change, the Financial Stability Board released the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017, calling on companies to disclose climate change-related information with more transparency.
- ✓ Our Group supports the recommendations of the TCFD and we plan to disclose information based on the recommendations going forward.

TCFD-based disclosures at SuMi TRUST Group

- ✓ Annual publication of Climate Change Report since 2013
- ✓ One of our Group companies, Nikko Asset Management, already discloses information based on the recommendations of the TCFD (as of Sep 4, 2019)



Planned process for future initiatives

Step 1 (FY2019)

- Improve the content of our climate change report toward meeting the standards set by the TCFD (Dec 2019)
- Start disclosing quantitative information to the extent possible

Step 2 (FY2020)

- Enhance qualitative information in our integrated report
- Start conducting scenario analyses

Step 3 (by FY2022)

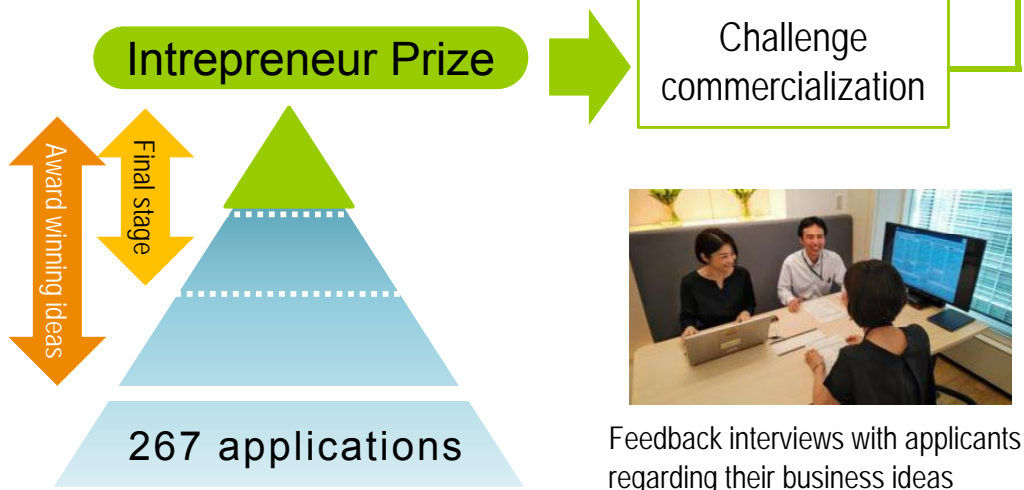
- Further improve our response to TCFD recommendations
- Assess financial impacts based on scenario analyses
- Reflect the results in business strategies

Future creation activity

- ✓ Support challenges to create new business/work through “Future Fes”
- ✓ Winners’ ideas are being commercialized, to realize offering of new service

“Future Fes”, a business plan contest for ideas originating from our employees

- Eligible applicants : for all group company staff
 - Broad participation from new graduates to senior employees
 - More than 30% of applicants are female
 - Group company participation increased from 8 to 11 firms
- This year’s application: 267 plans (+54 from last year)
- For prize winning ideas, external consultants deployed
⇒ Managed with plan execution in mind, to strive for commercialization



FY2018

- Intreprenuer Prize: 4 projects
- Business Model Patent Application: 1 project



Turn plan into reality

To accelerate open innovation

- Periodical workshop to debate future ideas with government institutions, other corporations
⇒ Fusion of our knowledge and other organizations’ knowledge

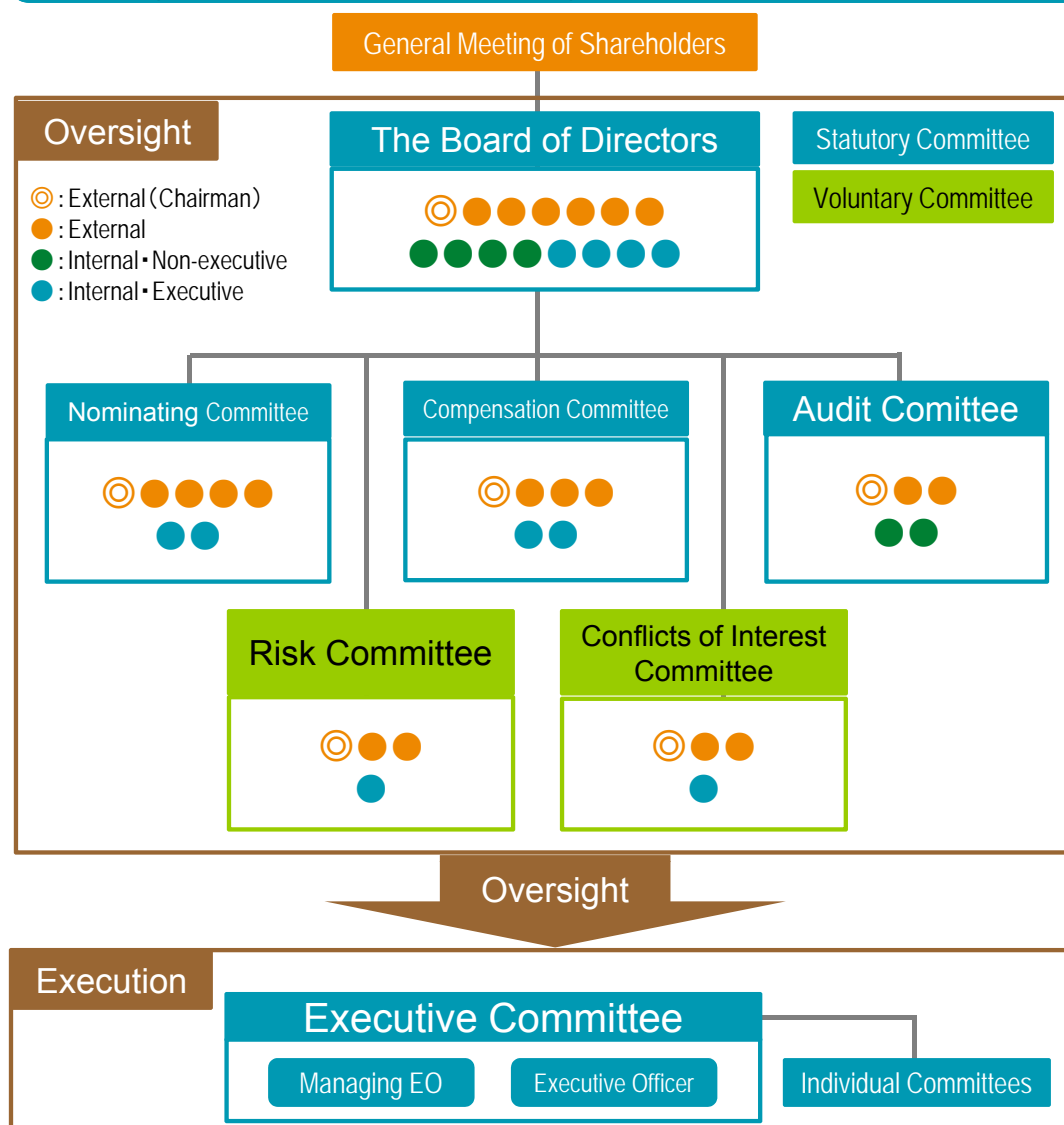
- [Example: Joint effort with METI]
1. Insight of 10 years into the future
 2. Discussions about business incubation, including the role of public/ private sectors



Strengthen Corporate Governance (Board Meeting Management)

✓ The Board of Directors' Meeting and other committees to be chaired by External Directors to assure transparency

✓ Progress made in raising effectiveness of the Board of Directors' Meeting



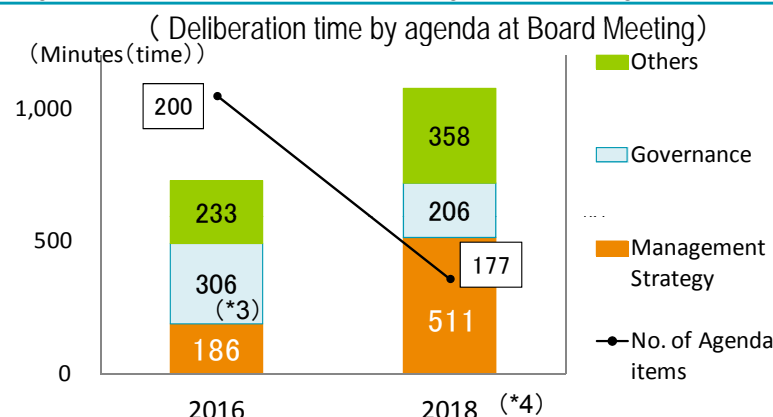
External Executives' Skill map

Abundant experience and skills including corporate top management

	Corporate management	Financial accounting	Law
Takeshi Suzuki	●	●	—
Mikio Araki	●	●	—
Isao Matsushita	●	●	—
Shinichi Saito	●	●	—
Takashi Yoshida	—	●	—
Hiroko Kawamoto	●	—	—
Mitsuhiro Aso	—	—	●

Encourage active dialogue by narrowing down the agenda

- ✓ Increased deliberation time (*1) for active strategic management discussions
- ✓ Vigorous discussions about risk management and IT governance (*2)



(*1) Time allocated to Q&A, excluding agenda explanation (*2) included in "Others" in the graph
 (*3) discussions about changes to organizational structure
 (*4) 2016: 2016/6/29~2017/6/15, 2018: 2018/6/28~2019/6/19

Corporate governance (Director Remuneration)

- ✓ Director remuneration, to be decided by Remuneration Committee, linked to company and personal performance as well as management competency and talent
- ✓ Stock based compensation to be placed in “stock delivery trust”. By increasing ratio tied to medium-term performance, and by paying in stock, to clarify link of director remuneration and our Groups’ performance.

	Fixed monthly remuneration	Variable remuneration			(Applicable from FY2019)
FY19 Ratio (*1)	Approx. 40%	Approx. 30%	Approx. 15%	Approx. 15%	Approx. 15%
Compensation Type	Monthly remuneration Fixed portion	Monthly remuneration Personal performance (*2)	Company performance linked bonus	Share based reward type stock option	Stock Delivery Trust for Directors
Payment Criteria	Payment based on grade	Previous year's performance , Medium/long term performance contribution, Medium/long term activity, Evaluation of competency	Net business profit (consolidated), Net income (consolidated)	Financial performance (single year), Stock price, Business environment, etc	In addition to major management KPIs, to add the following elements <ul style="list-style-type: none"> ■ ESG related activity and scoring from evaluation organizations ■ Activity pertaining to fiduciary duty and client satisfaction

(*1) In case of President (same for diagram)

(*2) Range of 70% to 160% of standard compensation

Human resource strategy (Diversity & Inclusion)

Active participation of women

Support career development uninfluenced by life events

Career design workshop

- ✓ In addition to each grade-level workshop, special session to discuss life event issues for A-course (*1) staff in 6th year after employment

(*1) Employees with transfers limited within specific region

Introduction of work area designation alteration scheme

- ✓ Possible to change work region designation in line with spouses' transfer

e-learning and seminars during maternity leave

- ✓ E-learning during maternity and childcare leave
- ✓ Extensive seminars for workplace return preparation
- ✓ Offer information exchange opportunities for staff in similar circumstances to alleviate worries about returning to work

Introduction of company operated nurseries

- ✓ Alliance with Nichii Gakkan, possible to use nurseries operated by the company to facilitate return to the workplace



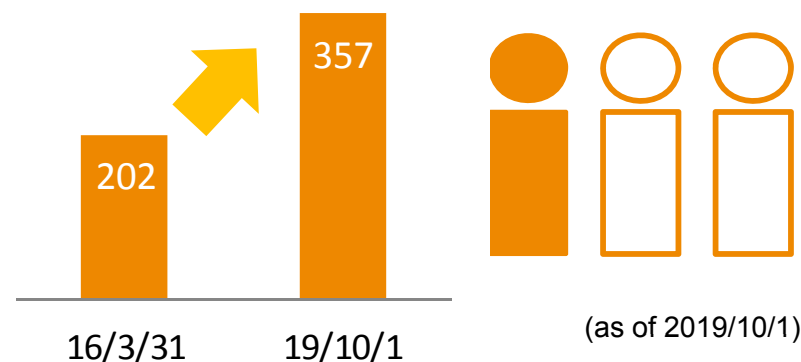
(Enhanced training curriculum for female employees)



(Seminars for workplace return preparation)

Target to appoint more than 300 senior managers by Mar .2020 has been achieved ahead of schedule (*2)

More than one in three female staff are managerial level (*3)



(*2) SuMi TRUST Bank employees (*3) Course employees

To deepen understanding of LGBT, actual initiatives

Policies relating to holidays etc. expanded to cover same-sex couples

In-house policies regarding marriage leave, nursing care leave etc. now almost same as hetero-sex marriages

Awareness training for new employees and compulsory semi-annual e-learning for all employees

Human resource strategy (Active creation of growth opportunities/active participation of specialists)

Create opportunities for career development (*1)

Support self-led, pro-active career development

To determine own career before joining

Work career challenge at application (*2)

- To choose desired field of work during interview and apply (selection process in place)

Job posting challenge before graduation (*2)

- To challenge to enlist in programs which allows time allocation for qualifications such as Certified Real Estate Appraiser
- To choose field of work after joining and apply (selection process in place)

To choose career path after understanding wide range of businesses of a trust bank

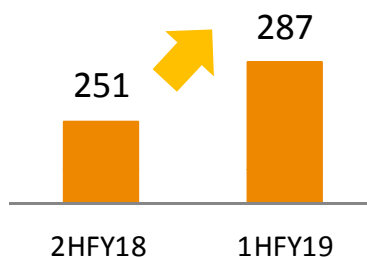
Divisional presentations (twice a year)

- To deepen understanding about each division, work area to enable proactive career development

Career Challenge application (once a year)

- To apply to career challenge postings from each division
- Menus such as overseas study
- After passing selection process such as interviews, transfer to new field of work

No. of Applicants for Career Challenge



Culture that encourages challenge is being formed

Support for specialists (*1)

Fellow Program

- Highly skilled employees designated as Fellows
- Support their active front line roles over the long run, prospect to pass on expertise to the next generation
- May work until age 70 (upon self-request)

Numerous specialization opportunities in Career Challenge

Trainee for asset services

- Skill learning for asset administration 2 related departments in one year
- To train professionals of the business

Trust trainee

- To acquire specialist knowledge related to law, taxation and accounting of trust business
- To develop planning staff for overall trust business

(*1) SuMi TRUST bank's guidelines (*2) Career Challenge covers certain business areas

Human resource

- ✓ To advance work place policies that allows diverse work styles and life-work balance

Evaluation from external parties

★2019 Bloomberg Gender-Equality Index (GEI)

★Semi-Nadeshiko index



Platinum "Kurumin"



★Gold standard for "PRIDE" Index



(SuMi TRUST Bank:
Two straight years (2017, 2018))
(SuMi TRUST Holdings : First time)

Top 100 for diverse workplace



★ "White 500"

(Two straight years)



健康経営優良法人
Health and productivity
ホワイト500

★: Award to SuMi TRUST Holdings

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Actual initiatives regarding environmental improvement

Strict application of minimum interval between workdays

- ✓ Rule implemented to require minimum rest period between end and beginning of next day's work to assure enough sleep and maintain health

100% coverage of staff's medical check up

Complete non-smoking in all locations

Introduction of telework (work from home)

- ✓ By utilizing company issued iPad Pro, possible to undertake same work at home as in the office. Support compatibility of child, nursing care and work.

Operation of satellite office

- ✓ Opened satellite office in Kawasaki-city with aim to alleviate long commuting hours for staff with childcare or nursing care duties. Plans to expand to other locations under study

Participation in "Corporate action against cancer" program

Newly established cancer treatment leave

- ✓ Introduced "Cancer treatment and work compatibility program" in April 2019
- ✓ 21 staff utilized program since introduction (as of Sep 2019)

Financial Results for 1HFY2019

Overview of profits

	(Yen bn)	1HFY18	1HFY19	Change	FY19 Forecast
1 Net business profit before credit costs (*1)		146.9	154.1	7.2	290.0
2 Substantial gross business profit (*1)		367.1	377.0	9.8	740.0
3 Effective interest related earnings (*2)		128.5	130.9	2.3	
4 Net interest income and related profit		93.2	74.2	(19.0)	
5 Profit attributable to deployment of surplus foreign currency funds		35.2	56.6	21.4	
6 Net fees and commissions and related profit		204.8	201.5	(3.2)	
7 Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)		33.8	44.5	10.7	
8 Substantial G&A expenses (*1)		(220.2)	(222.8)	(2.6)	(450.0)
9 Total credit costs		13.3	(1.2)	(14.5)	(15.0)
10 Net gains on stocks		(3.7)	5.9	9.6	25.0
11 Other net non-recurring profit		(16.2)	(7.7)	8.4	
12 Ordinary profit		140.3	151.1	10.7	270.0
13 Extraordinary profit		(3.0)	0.1	3.1	
14 Income before income taxes		137.2	151.2	13.9	
15 Total income taxes		(40.2)	(43.4)	(3.1)	
16 Income attributable to non-controlling interests		(5.4)	(1.7)	3.7	
17 Net income		91.5	106.0	14.5	180.0
18 Return on shareholders' equity		8.46%	9.32%	0.86%	
19 Dividend per share (DPS) (Yen)		65	75	10	
20 Earnings per share (EPS) (Yen)		241	281	40	
21 Number of shares issued (mn shares) (*3)		379.2	376.2	(3.0)	

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

(*2) "Effective interest related earnings" is sum of "Net interest income and related profit" and "Profit attributable to deployment of surplus foreign currency funds", included in "Net gains on foreign exchange transaction"

(*3) Average number of common shares outstanding (excluding treasury stocks) during the period.

Net business profit before credit costs

- Effective interest related earnings including profit attributable to deployment of surplus foreign currency funds increased ¥2.3bn YoY, domestic loan-deposit spread / income continued to improve

	(Yen bn)	1H FY18	1H FY19	Change
22 Net interest income and related profit		93.2	74.2	(19.0)
23 Other profit		69.0	101.2	32.1
24 Profit attributable to deployment of surplus foreign currency funds		35.2	56.6	21.4
25 Other		33.8	44.5	10.7

- Excluding the impact from non-consolidation of JTSB [approx. ¥(5)bn], net fees and commissions and related profit effectively increased by ¥1.8bn YoY. [=¥(3.2)bn+¥5bn]. Investment management consulting decreased but real estate brokerage fee was firm
- Other profits include non-interest income from corporate client businesses such as investment product sales, foreign exchange, and derivatives contributed to increased profitability
- Progress rate of approx. 53% against full year plan [¥290bn]

Total credit costs

- Limited occurrence of new problem loans

Net gains on stocks

- Strategic shareholdings reduction of approx. ¥4bn (cost basis) with gains of approx. ¥8bn on disposal

Net income

- Progress rate of approx. 59% against full year plan [¥180.0bn]

Overview of balance sheet

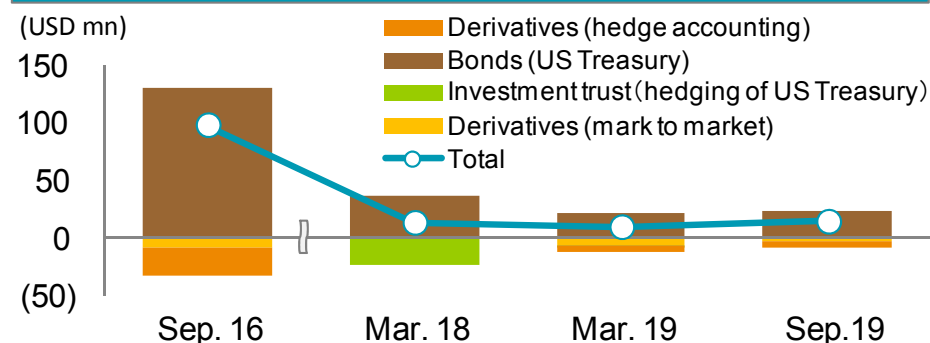
	(Yen bn)	Mar. 2019	Sep. 2019	Change
1 Assets		57,029.1	57,095.3	66.2
2 Cash and due from banks		16,045.8	16,150.1	104.2
3 Securities		5,759.5	6,156.4	396.9
4 Loans and bills discounted		29,025.7	29,085.1	59.4
5 Other assets		6,198.0	5,703.6	(494.4)
6 Liabilities		54,298.7	54,387.6	88.8
7 Deposits and NCD		38,232.1	37,630.3	(601.8)
8 Borrowed money from trust account		5,408.0	3,965.2	(1,442.7)
9 Other liabilities		10,658.5	12,791.9	2,133.4
10 Total net assets		2,730.3	2,707.7	(22.6)
11 Total shareholders' equity		2,242.9	2,305.4	62.4
12 Total accumulated OCI		410.4	366.3	(44.0)
13 Minority interests, etc.		76.8	35.8	(41.0)
14 Net assets per share (BPS) (Yen)		7,008	7,133	125
15 Number of shares issued (mn shares) (*1)		378.5	374.5	(4.0)

(Reference)

16 Loan-deposit ratio (SuMi TRUST Bank)	76.8%	77.7%	0.9%
17 NPL ratio (SuMi TRUST Bank)	0.3%	0.3%	0.0%

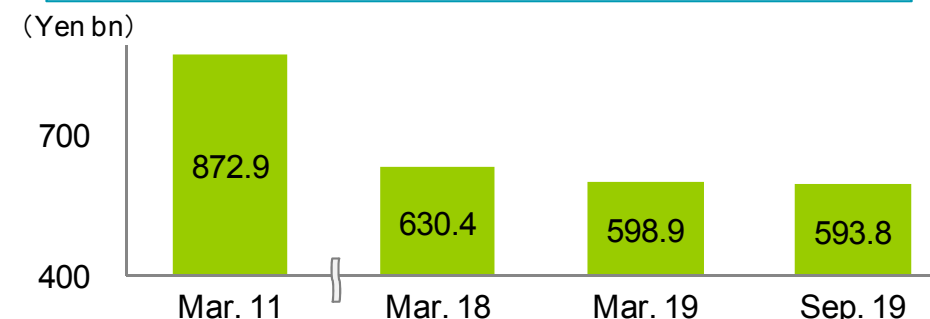
(*1) Number of common shares issued (excluding treasury stocks) as of the date above

US interest rate (10BPV) risk (Non-consolidated)

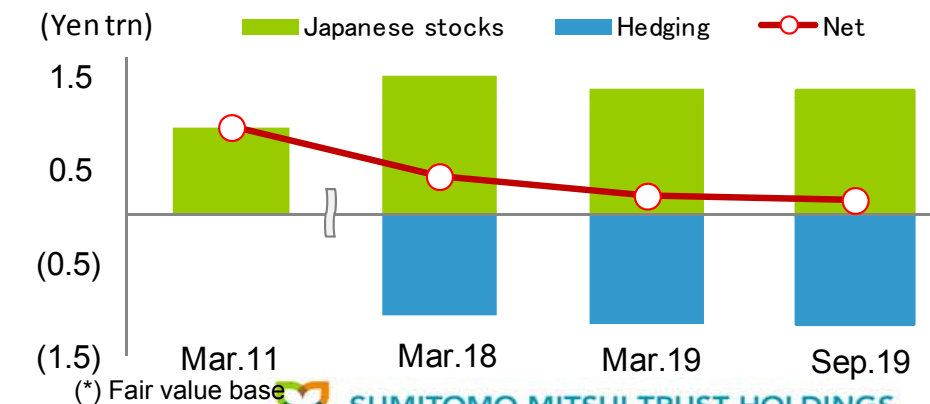


Strategic shareholdings

Balance of strategic shareholdings (Cost base)



Hedge positions against strategic shareholdings (*)



(*) Fair value base

Profit by group company

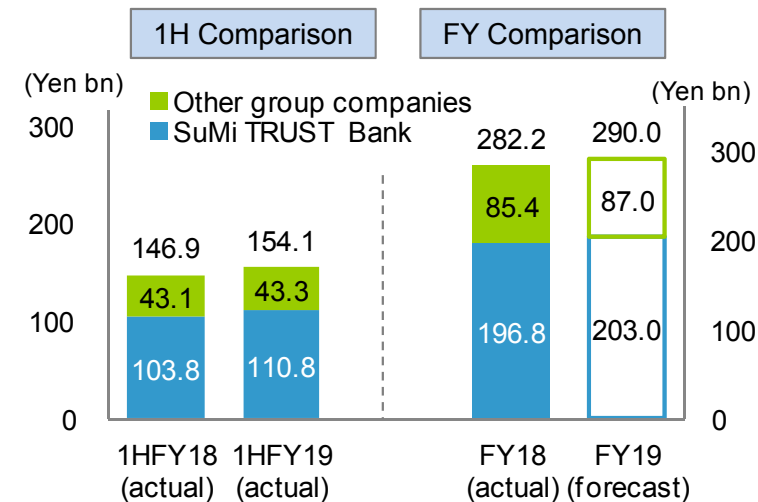
(Yen bn)		1HFY18	1HFY19	Change
1	Net business profit before credit costs (*1)	146.9	154.1	7.2
2	o/w SuMi TRUST Bank	103.8	110.8	(*) 6.9
3	SuMi TRUST AM	2.4	7.0	(*) 4.5
4	Nikko AM (*3)	8.5	7.7	(0.8)
5	SuMi TRUST Realty	3.2	4.0	0.7
6	SuMi TRUST Panasonic Finance (*3)	5.2	5.0	(0.2)
7	SuMi TRUST Loan & Finance	5.8	6.0	0.1
8	SBI Sumishin Net Bank (*3)	4.0	4.4	0.4
9	SuMi TRUST Guarantee (*3)	5.8	5.8	(0.0)
10	SuMi TRUST Club	1.7	1.4	(0.2)
11	Effect of purchase accounting method	(1.3)	(1.3)	(0.0)
12	Net income (*1)	91.5	106.0	14.5
13	o/w SuMi TRUST Bank	76.0	80.9	(*) 4.9
14	SuMi TRUST AM	1.6	4.9	(*) 3.2
15	Nikko AM (*3)	5.7	4.7	(0.9)
16	SuMi TRUST Realty	2.2	2.7	0.5
17	SuMi TRUST Panasonic Finance (*3)	1.6	2.2	0.5
18	SuMi TRUST Loan & Finance	3.8	4.0	0.1
19	SBI Sumishin Net Bank (*3)	2.6	2.8	0.2
20	SuMi TRUST Guarantee (*3)	4.4	3.8	(0.5)
21	SuMi TRUST Club	0.3	0.5	0.1
22	Effect of purchase accounting method	1.9	2.9	0.9

(*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, and dividend from group companies aimed to improve capital efficiency

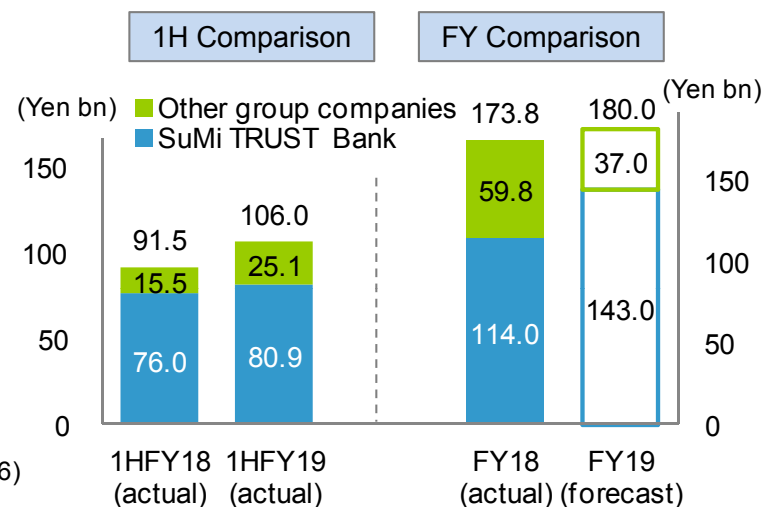
(*2) Including the impact of reorganization of asset management functions on Oct. 1, 2018 (please refer to P66)

(*3) Consolidated basis

Breakdown of Net business profit before credit cost



Breakdown of Net income



Profit by business segment

		1HFY18 Net business profit before credit costs	Substantial gross business profit	Change	Change from initial plan	Substantial G&A expenses	1HFY19 Net business profit before credit costs	Change
(Yen bn)								
1	Total	146.9	377.0	9.8	17.0	(222.8)	154.1	7.2
2	Retail total solution services	16.0	97.5	(2.0)	(1.4)	(84.6)	12.8	(3.1)
3	SuMi TRUST Bank	7.2	66.3	(2.5)	(1.6)	(62.1)	4.1	(3.0)
4	Other group companies	8.8	31.2	0.5	0.2	(22.5)	8.7	(0.1)
5	Wholesale financial services (*2)	59.9	100.7	5.6	5.7	(36.3)	64.3	4.3
6	SuMi TRUST Bank	46.0	72.6	5.3	4.6	(22.1)	50.4	4.4
7	Other group companies	13.9	28.0	0.2	1.0	(14.1)	13.9	(0.0)
8	Stock transfer agency services	9.9	19.5	0.0	0.5	(9.8)	9.7	(0.2)
9	SuMi TRUST Bank	9.4	11.1	(0.1)	0.1	(1.8)	9.3	(0.1)
10	Other group companies	0.4	8.3	0.2	0.3	(7.9)	0.4	(0.0)
11	Real estate	11.8	28.4	4.5	3.4	(12.4)	16.0	4.1
12	SuMi TRUST Bank	8.4	16.5	3.4	2.5	(4.7)	11.7	3.3
13	Other group companies	3.4	11.9	1.0	0.9	(7.6)	4.3	0.8
14	Fiduciary services	32.3	83.7	(*3) (5.0)	1.7	(51.6)	32.1	(*3) (0.2)
15	SuMi TRUST Bank	18.3	25.3	(5.9)	0.3	(11.0)	14.2	(4.0)
16	Other group companies	13.9	58.4	0.9	1.4	(40.5)	17.8	3.8
17	o/w Asset management business (*4)	10.9	39.7	6.8	---	(24.9)	14.8	3.8
18	Global markets	21.6	41.7	12.4	12.7	(7.3)	34.4	12.7

(*1) In this page, dividend from group companies aimed to improve capital efficiency are excluded from each business segment

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

(*3) Please refer to right table for the impact of reorganization of asset management functions and changing to affiliated company of Japan Trustee Services Bank relating to the establishment of JTC Holdings on Oct.1, 2018

(*4) Sum of Asset management companies (SuMi TRUST AM, Nikko AM (consolidated), Sky Ocean AM, JP AM)

(Yen bn)	Substantial gross business profit	Substantial G&A expenses	Net business profit before credit costs
SuMi TRUST Bank	(6.0)	2.0	(4.0)
Other group companies	1.0	3.0	4.0
SuMi TRUST AM	6.0	(2.0)	4.0
JTC HD・JTSB	(5.0)	5.0	-

Overview of profit (SuMi TRUST Bank)

				Excluding dividend from group companies (*1)		
		FY18 1H	FY19 1H	FY18 1H	FY19 1H	Change
(Yen bn)						
1	Net business profit before credit costs	133.9	114.7	103.8	110.8	6.9
2	Gross business profit	252.6	236.5	222.5	232.5	10.0
3	Effective interest related earnings	142.4	121.5	112.2	117.6	5.3
4	Net interest income and related profit	107.1	64.8	77.0	60.9	(16.1)
5	Profit attributable to deployment of surplus foreign currency funds	35.2	56.6	35.2	56.6	21.4
6	Net fees and commissions and related profit (*2)	92.3	86.6	92.3	86.6	(5.7)
7	Net trading profit	16.1	26.8	16.1	26.8	10.6
8	Net gains on foreign exchange transactions					
	Net trading profit (*3)	6.7	42.7	6.7	42.7	35.9
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	9.4	(15.9)	9.4	(15.9)	(25.3)
10	Net gains on bonds	(4.6)	19.5	(4.6)	19.5	24.2
11	Net gains from derivatives	6.3	(18.0)	6.3	(18.0)	(24.3)
12	General and administrative expenses (*2)	(118.7)	(121.7)	(118.7)	(121.7)	(3.0)
13	Total credit costs	16.3	0.3	16.3	0.3	(16.0)
14	Other non-recurring profit	(10.6)	(0.1)	(10.6)	(0.1)	10.5
15	o/w Net gains on stocks	(6.2)	2.2	(6.2)	2.2	8.4
16	Amortization of net actuarial losses	(1.6)	(2.8)	(1.6)	(2.8)	(1.1)
17	Ordinary profit	139.6	114.9	109.5	110.9	1.4
18	Extraordinary profit	(3.8)	0.1	(3.8)	0.1	4.0
19	Income before income taxes	135.8	115.1	105.7	111.1	5.4
20	Total income taxes	(29.7)	(30.2)	(29.7)	(30.2)	(0.5)
21	Net income	106.1	84.8	76.0	80.9	4.9

(*1) Excluding dividend of 1HFY18: ¥30.1bn, 1HFY19: ¥3.9bn, from group companies aimed to improve capital efficiency, affecting 1, 2, 3, 4, 17, 19, 21, 22, 23

(*2) Including the impact of reorganization of asset management functions on Oct. 1, 2018 [Net fees and commissions and related profit: approx. ¥6bn, General and administrative expenses: approx. ¥2bn]

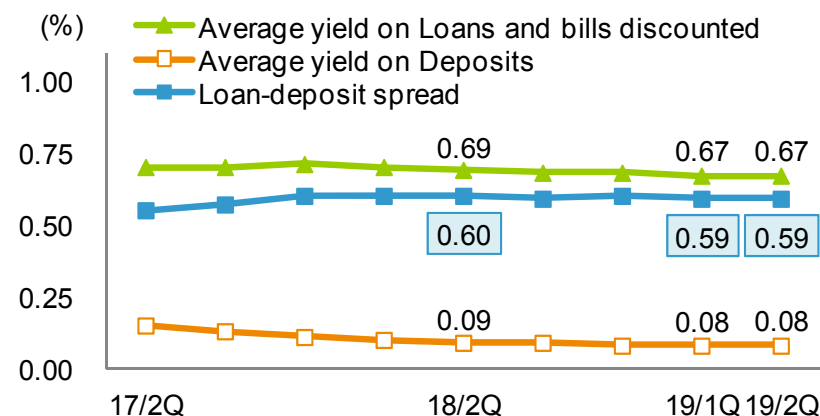
(*3) "Net trading profit" and "Net gains on foreign exchange transactions other than surplus funds deployment" have substantial fluctuation in comparison to previous year, but this is primarily due to differences in accounting treatment of original client transactions actions and their hedging operations.

		FY18 1H	FY19 1H	Change
22	Gross business profit	222.5	232.5	10.0
23	Net interest income and related profit	77.0	60.9	(16.1)
24	Net fees and commissions and related profit	92.3	86.6	(5.7)
25	Net trading profit	6.7	42.7	35.9
26	Net other operating profit	46.3	42.3	(4.0)
27	o/w Net gains on foreign exchange transactions	44.6	40.7	(3.8)
28	Profit attributable to deployment of surplus foreign currency funds	35.2	56.6	21.4
29	other	9.4	(15.9)	(25.3)
30	Net gains on bonds	(4.6)	19.5	24.2
31	Net gains from derivatives	6.3	(18.0)	(24.3)
32	Net fees and commissions and related profit	92.3	86.6	(5.7)
33	Excluding impact of reorganization of asset management functions	92.3	92.6	0.2
34	o/w Investment management consulting	27.2	23.8	(3.3)
35	Asset management/administration	31.3	25.3	(5.9)
36	Excluding impact of reorganization of asset management functions	31.3	31.3	0.0
37	Real estate brokerage	10.1	13.4	3.3
38	Stock transfer agency services	11.3	11.1	(0.1)
39	Inheritance related services	2.1	2.2	0.0
40	Wholesale credit related	16.3	14.3	(1.9)
41	Net gains on bonds	(4.6)	19.5	24.2
42	Domestic bonds	(0.2)	1.5	1.7
43	Foreign bonds	(4.4)	17.9	22.4

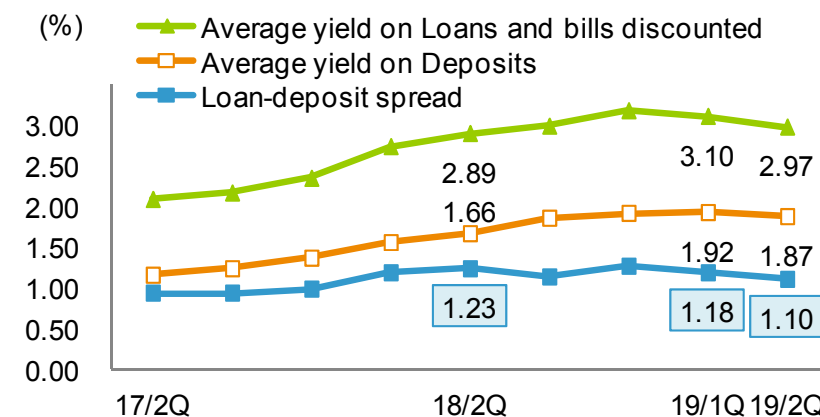
Net interest income (SuMi TRUST Bank)

		1HFY19					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from 1HFY18	Average Yield	Change from 1HFY18	Income/Expenses	Change from 1HFY18
1	Net interest income					57.0	(40.7)
2	Domestic business			0.40%	(0.13%)	76.4	(24.5)
3	Interest-earning assets	38.76	0.77	0.54%	(0.15%)	104.7	(26.8)
4	o/w Loans and bills discounted	22.47	0.97	0.67%	(0.02%)	75.4	0.2
5	Securities	3.36	(0.13)	1.55%	(1.49%)(*)	26.0	(27.2)
6	Income on swaps	---	---	---	-	-	(0.2)
7	Interest-bearing liabilities	38.18	0.92	0.14%	(0.02%)	(28.2)	2.3
8	o/w Deposits	24.80	1.35	0.08%	(0.02%)	(10.4)	1.5
9	Borrowings from trust a/c	3.18	(0.55)	0.49%	(0.00%)	(7.8)	1.4
10	Swaps	---	---	---	---	(0.4)	(0.4)
11	International business			(0.32%)	(0.27%)	(19.4)	(16.1)
12	Interest-earning assets	13.83	0.08	2.09%	0.04%	144.6	3.1
13	o/w Loans and bills discounted	6.36	(0.24)	3.04%	0.23%	96.8	3.3
14	Due from banks	1.99	(0.52)	1.64%	0.30%	16.3	(0.6)
15	Securities	2.31	-	2.36%	0.07%	27.3	0.6
16	Interest-bearing liabilities	13.57	(0.10)	2.41%	0.31%	(164.1)	(19.3)
17	o/w Deposits	5.59	(0.17)	1.90%	0.30%	(53.1)	(6.6)
18	NCD / USCP	5.55	0.52	2.17%	0.29%	(60.3)	(12.6)
19	Repo	1.58	(0.13)	2.41%	0.48%	(19.1)	(2.4)
20	Expenses on swaps	---	---	---	---	(21.4)	(3.1)
21	(+) Trust fees from principal guaranteed trust a/c					7.8	(1.5)
22	(+) Profit attributable to deployment of surplus foreign currency funds					56.6	21.4
23	(-) Dividend from group companies aimed to improve capital efficiency					3.9	(26.1)
24	Effective interest related earnings					117.6	5.3
25	Loan-deposit spread / income in domestic business			0.59%	(0.00%)	65.0	1.8
26	Loan-deposit spread / income in international business			1.14%	(0.07%)	43.7	(3.2)

Domestic loan-deposit spread



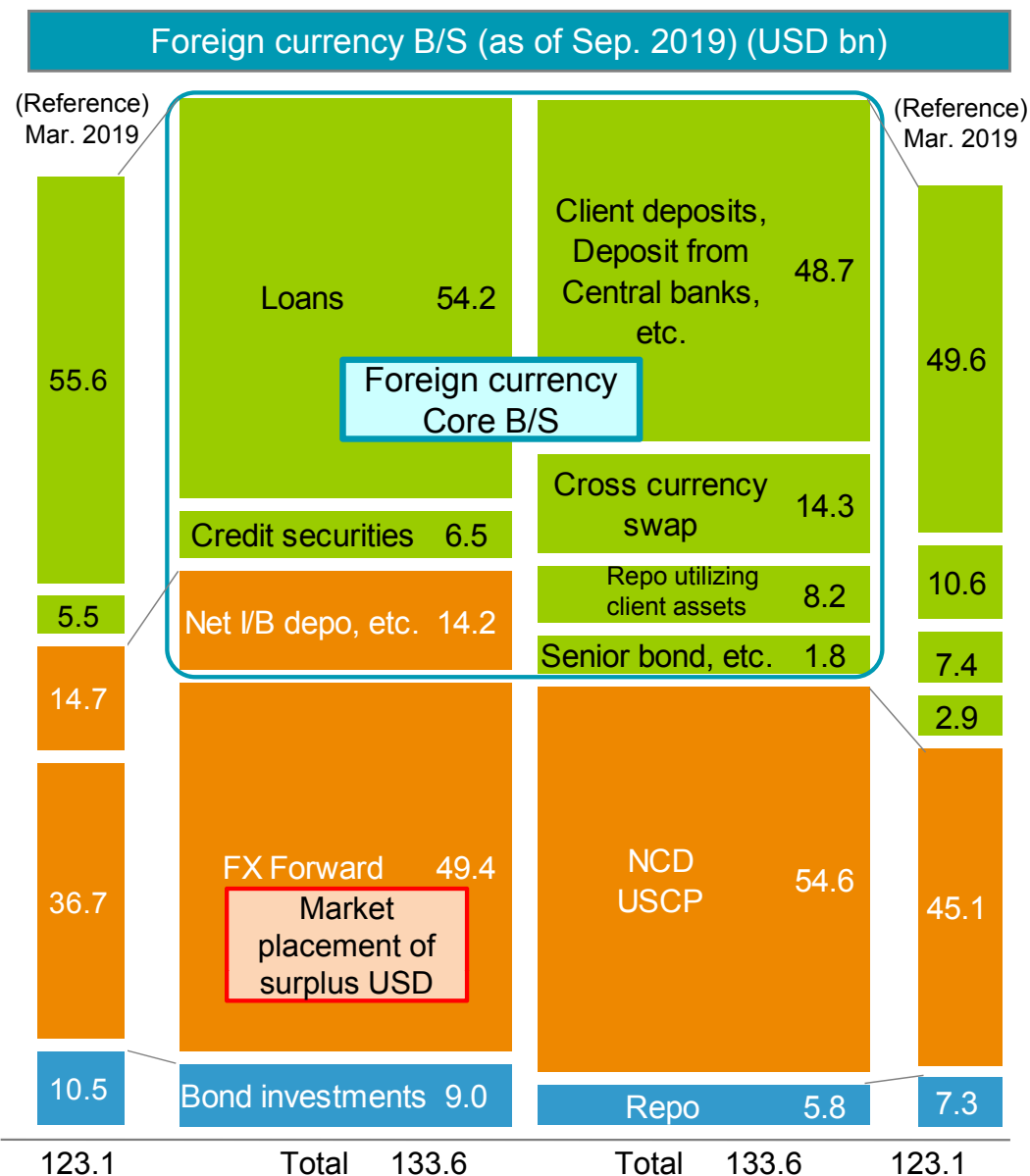
International loan-deposit spread



(*) Breakdown of securities income/expenses in domestic business

	1HFY18	1HFY19	Change
Securities	53.3	26.0	(27.2)
Dividend from group companies to improve their capital efficiency	30.1	3.9	(26.1)
Sales gain/loss of investment trust	0.8	(1.3)	(2.2)
Other income/expenses	22.3	23.5	1.1

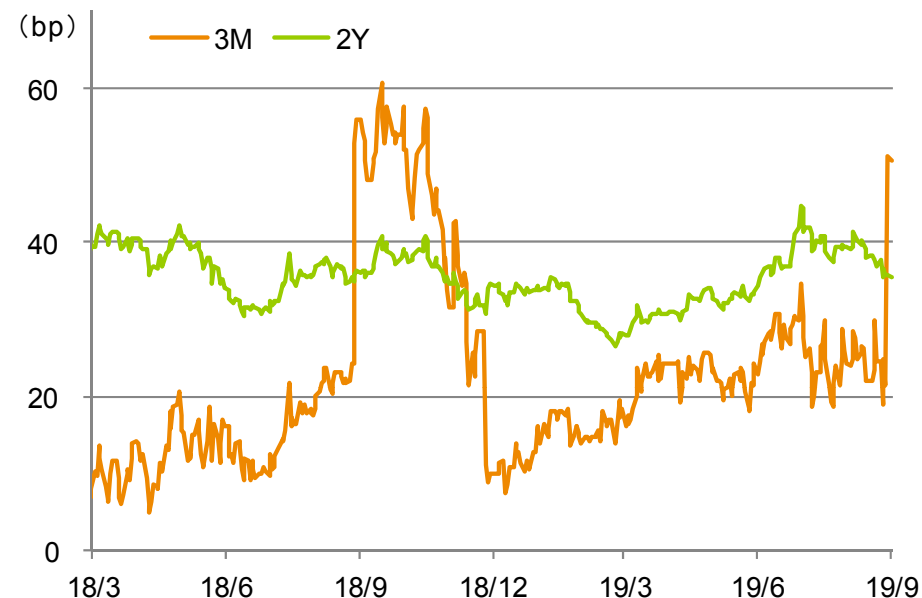
(Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)



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 / surplus funds for foreign currency B/S and utilized as short-term funds after conversion into yen through forward foreign exchange contracts

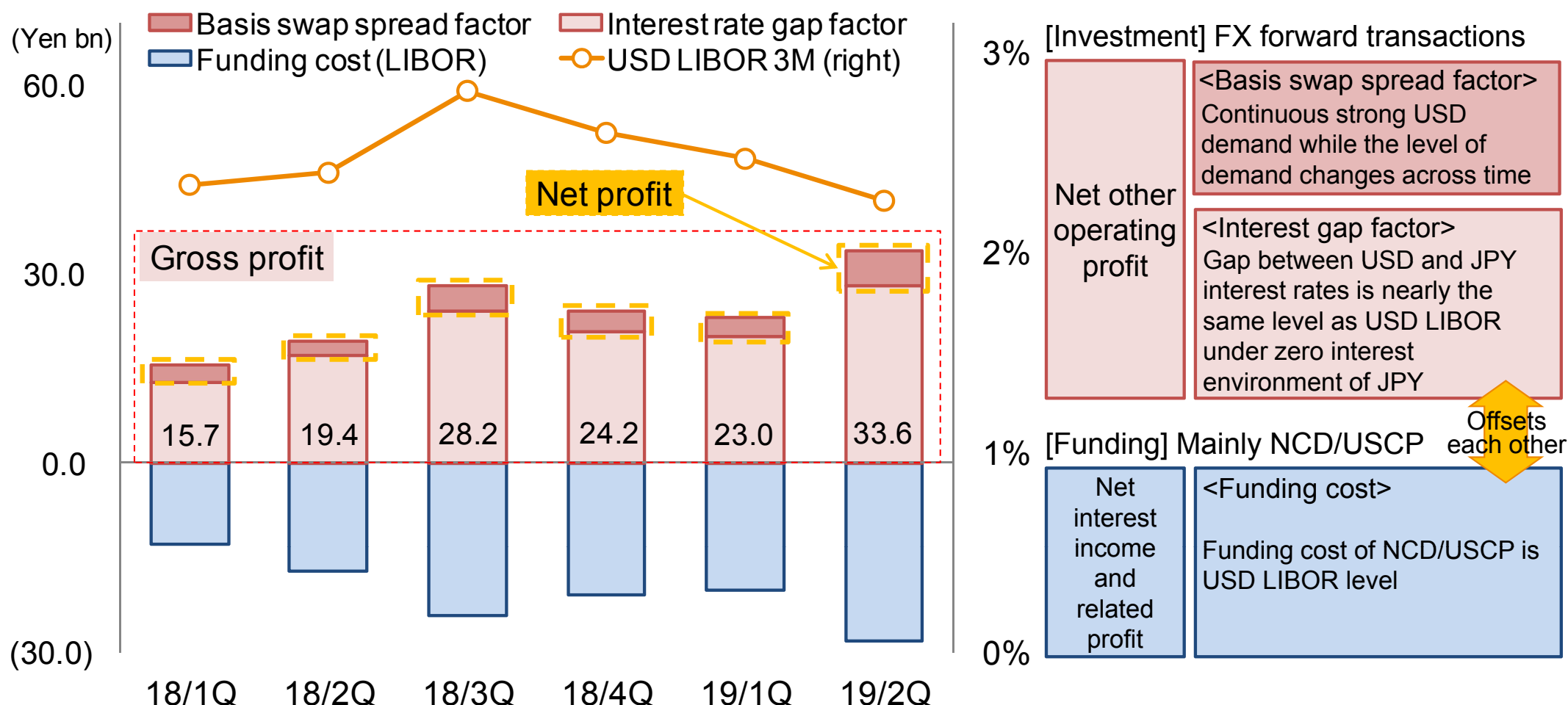
Basis swap spread (CCS) (USD/JPY)



Profit structure of market deployment of surplus foreign currency

- ✓ Profit from FX forward transactions (Investment) consists of basis swap spread factor and interest rate gap factor (gap between USD and JPY interest rates), but interest rate gap is offset by cost of USD funding
- ✓ Net profit of market placement of surplus foreign currency (net of funding cost) is nearly equal to basis swap spread multiplied by volume of market deployment

Profit structure of market placement of surplus foreign currency



* The above contents are simplified to promote understanding the structure of the operations, although actual profitability of market placement of surplus foreign currency changes depending on market environment

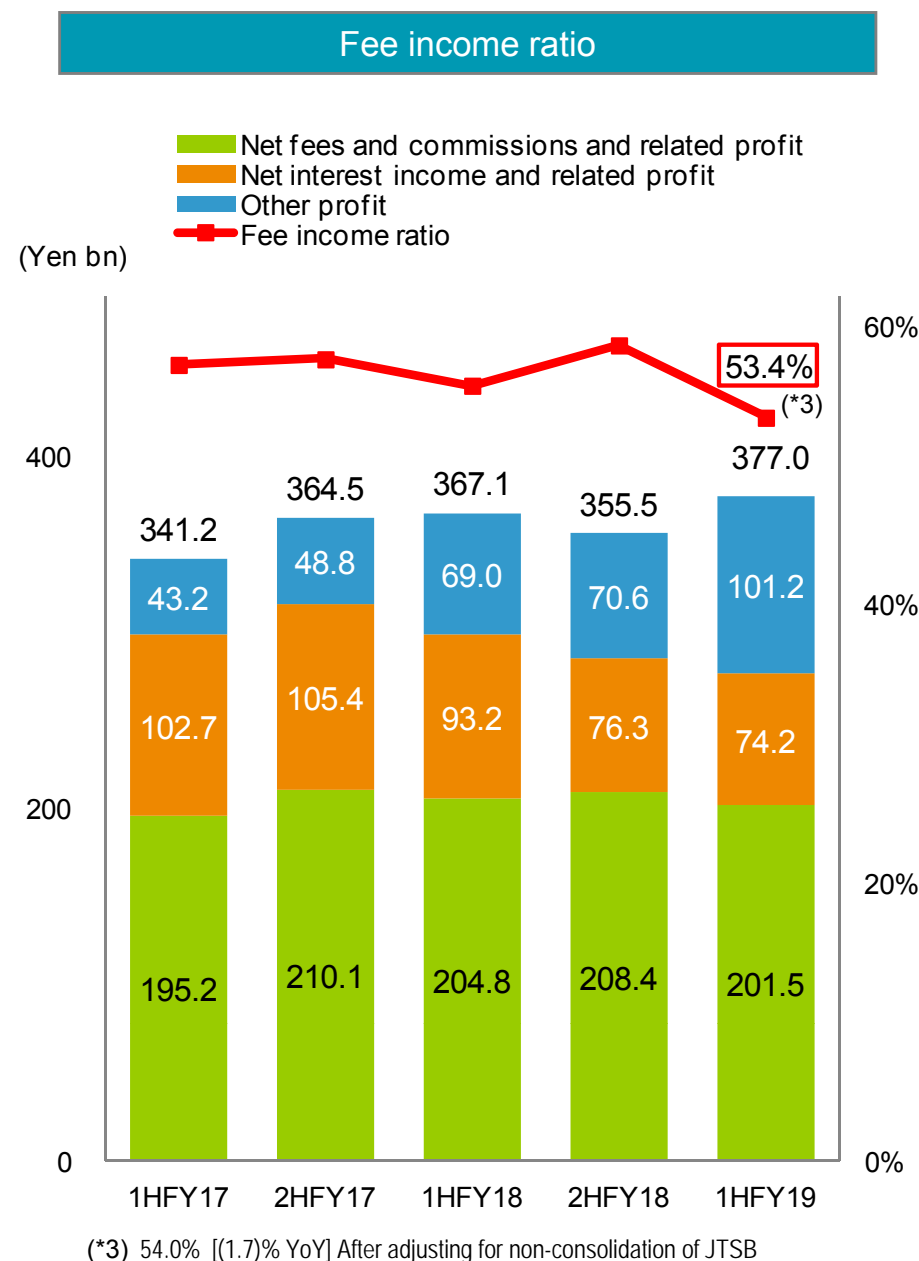
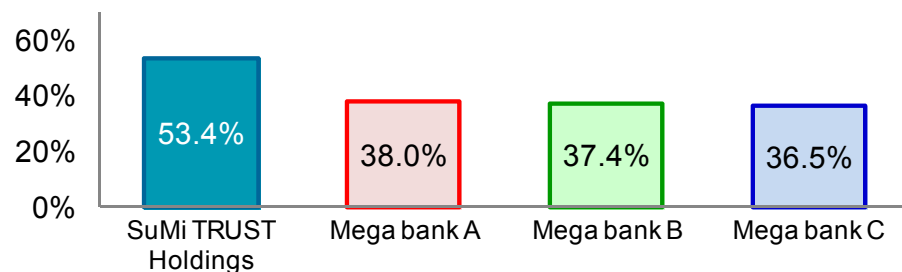
Net fees and commissions and related profit

	(Yen bn)	SuMi TRUST Bank		SuMi TRUST Group (*1)	
		1HFY19	Change from 1HFY18	1HFY19	Change from 1HFY18
1	Net fees and commissions and related profit	86.6	(5.7)	201.5	(3.2)
2	Investment trust and insurance sales	23.8	(3.3)	23.8	(3.3)
3	Card	-	-	21.6	(0.0)
4	Asset management / administration	25.3	(4.9)	81.9	(3.1)
5	Profit	44.5	(1.8)	91.7	1.6
6	Fees paid out for outsourcing	(19.1)	(3.1)	(9.8)	(4.7)
7	Stock transfer agency services	11.1	(0.1)	19.4	0.3
8	Profit	16.5	-	19.4	0.3
9	Fees paid out for outsourcing	(5.3)	(0.1)	-	-
10	Real estate	16.5	3.4	28.4	4.4
11	Others (Loan arrangement fees, etc.)	9.6	(0.7)	26.0	(1.5)
12	Fee income ratio (*2) (*3)	36.6%	(0.1%)	53.4%	(2.3%)

(*1) Figures are after eliminations of intra-group transactions

(*2) Net fees and commissions and related profit / Gross business profit

Comparison of fee income ratio between major banks

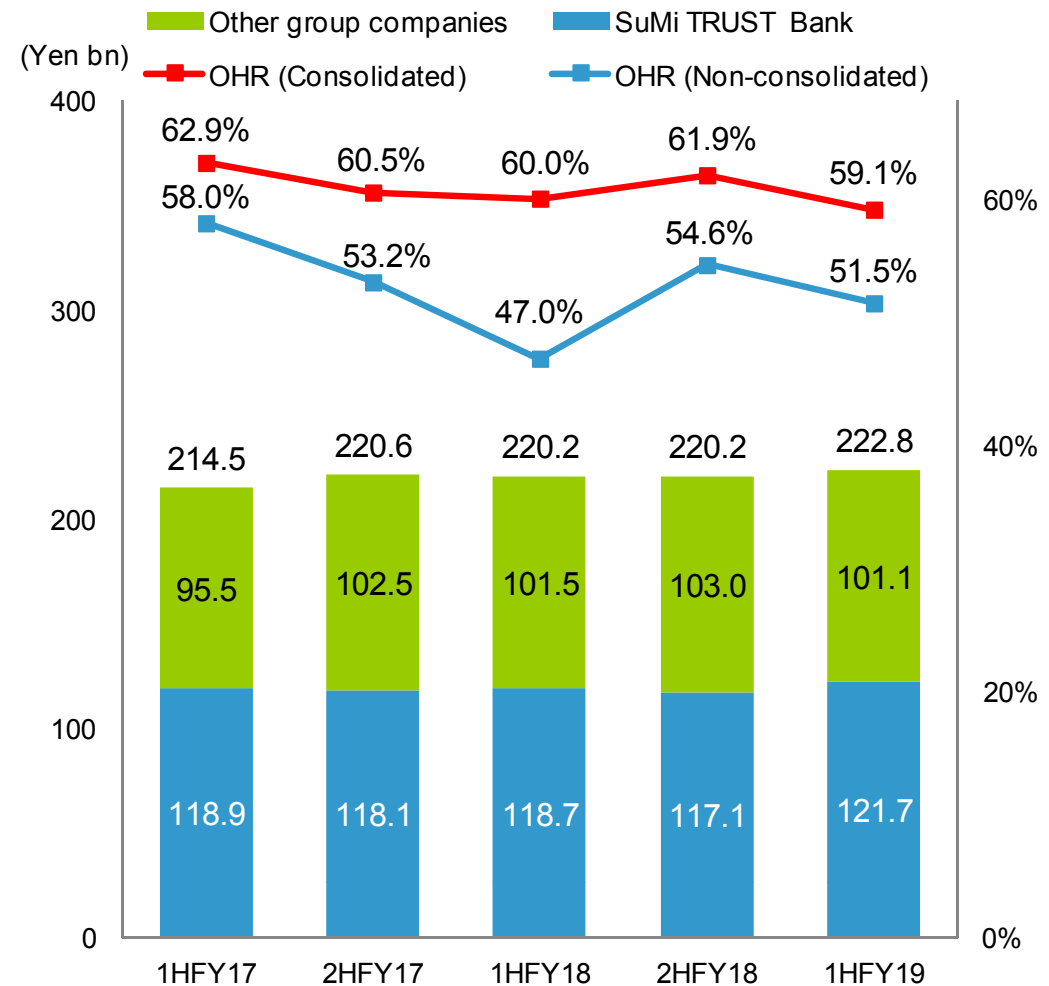


Expenses


[SuMi TRUST Group]		(Yen bn)	1HFY18	1HFY19	Change
1	Personnel expenses		(100.0)	(99.3)	0.7
2	Non-personnel expenses excluding taxes		(111.5)	(114.1)	(2.6)
3	Taxes other than income taxes		(8.6)	(9.4)	(0.7)
4	Substantial G&A expenses		(220.2)	(222.8)	(2.6)
5	Overhead ratio		60.0%	59.1%	(0.9%)

[SuMi TRUST Bank]		(Yen bn)	1HFY18	1HFY19	Change
6	Personnel expenses		(54.8)	(53.7)	1.0
7	Salaries etc.		(52.0)	(50.0)	2.0
8	Retirement benefit expenses		5.7	4.8	(0.9)
9	Others		(8.5)	(8.5)	(0.0)
10	Non-personnel expenses excluding taxes		(57.7)	(61.4)	(3.6)
11	IT system related costs		(20.2)	(23.4)	(3.1)
12	Others		(37.5)	(38.0)	(0.4)
13	Taxes other than income taxes		(6.1)	(6.5)	(0.4)
14	G&A expenses		(118.7)	(121.7)	(3.0)
15	Overhead ratio		47.0%	51.5%	(4.5%)

Breakdown of G&A expenses



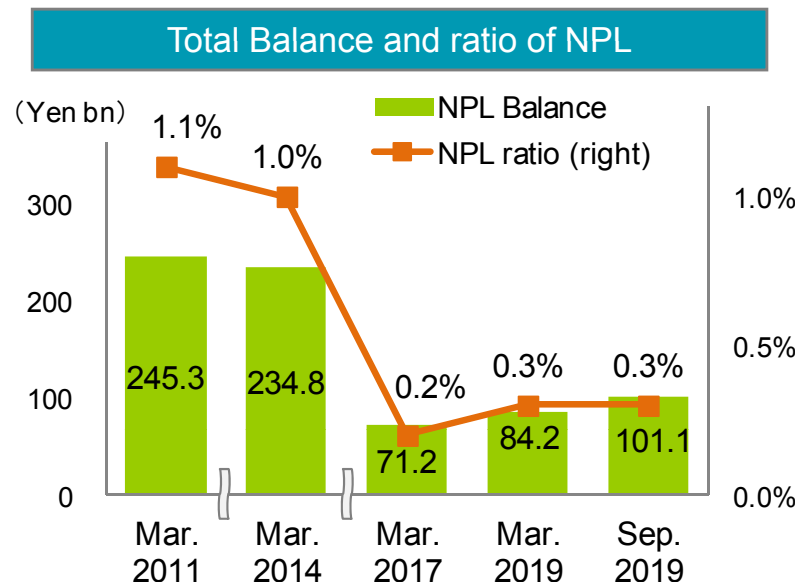
Total credit costs and problem assets

[Total credit costs]		1HFY18	1HFY19	Major factors (1HFY19)
(Yen bn)				
1	SuMi TRUST Bank	16.3	0.3	
2	General allowance for loan losses	17.3	(2.8)	<div>  Downgraded: Approx. (3.0) Upgraded: Approx. +3.0 </div>
3	Specific allowance for loan losses	(0.6)	3.1	
4	Recoveries of written-off claims	0.7	0.1	
5	Losses on sales of claims, written-off	(1.0)	(0.1)	
6	Other group companies, etc.	(3.0)	(1.5)	SuMi TRUST Panasonic Finance (0.7)
7	Total	13.3	(1.2)	

[NPL (SuMi TRUST Bank)]		Sep. 2019	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2019
(Yen bn)					
8	NPL	101.1	86.5%	52.5%	16.9
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	0.0%
10	Bankrupt and practically bankrupt	9.6	100.0%	100.0%	(0.9)
11	Doubtful	58.7	96.2%	83.6%	3.5
12	Substandard	32.7	65.1%	9.0%	14.3
13	Other special mention debtors	350.1	---	---	(65.2)
14	Ordinary assets	29,399.3	---	---	(42.5)
15	Total loan balance	29,850.5	---	---	(90.8)

(*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	
(Yen bn)		Sep. 2019	Change from Mar. 2019	Sep. 2019	Change from Mar. 2019
1	Available-for-sale securities	4,881.9	323.4	622.4	(43.2)
2	Japanese stocks	593.8	(5.0)	750.2	(22.4)
3	Japanese bonds	1,147.1	259.7	3.0	(0.1)
4	Others	3,140.8	68.7	(130.8)	(20.7)
5	Held-to-maturity debt securities	360.0	97.6	22.7	0.9

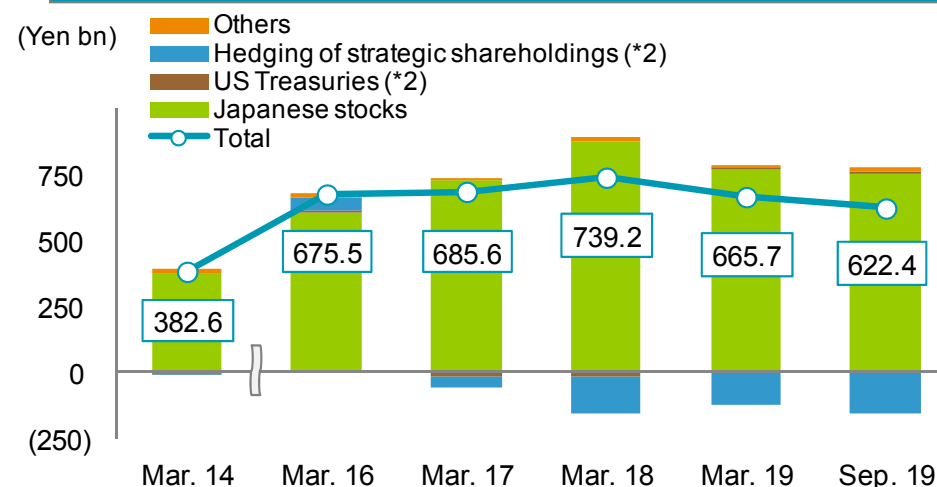
[Securities with fair value (SuMi TRUST Bank)]

6	Available-for-sale securities	4,852.6	320.4	642.2	(39.0)
7	Japanese stocks	565.2	(8.7)	776.5	(18.7)
8	Japanese bonds	1,209.1	256.3	1.8	(0.1)
9	o/w Government bonds	522.0	220.8	0.0	(0.2)
10	Others	3,078.3	72.8	(136.0)	(20.2)
11	Domestic investment	54.7	(20.7)	1.6	(0.2)
12	International investment	1,473.5	103.7	14.1	9.7
13	o/w US Treasury	477.6	43.3	10.2	5.1
14	Others (Investment trust, etc.)	1,549.9	(10.1)	(151.7)	(29.7)
15	o/w for hedging of strategic shareholdings (*1)	1,417.2	(8.9)	(156.5)	(33.3)

(*1) Of which hedging effect under capital regulation is recognized: Costs JPY 1,162.3bn, Unrealized gains/losses JPY (145.6)bn

16	Held-to-maturity debt securities	298.5	101.0	22.6	0.9
17	o/w Government bonds	118.5	(0.1)	21.6	1.0
18	International investment	137.5	99.8	0.2	(0.1)

Unrealized gains/losses of AFS securities with fair value



(*2) SuMi TRUST Bank

Reduction of strategic shareholdings (*3)

		FY18		1HFY19
(Yen bn)		1H	2H	
19	Reduction amount	16.9	11.7	28.7

(Ref.) Cumulative reduction since merger (from FY11 to 1HFY19): ¥314.1bn
Cumulative reduction based on current plan (from FY16 to FY20): ¥99.9bn
(*3) Purchase cost of listed shares

Securities portfolio of Global markets (*4)

		10BPV (*5)		Duration (years) (*5)	
(Yen bn)		Sep. 2019	Change from Mar. 2019	Sep. 2019	Change from Mar. 2019
20	JPY	3.2	1.0	4.3	(0.1)
21	Others	2.1	(0.0)	2.9	(0.6)

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

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

Capital

- ✓ Common Equity Tier 1 capital ratio: UP 0.72 percentage points from Mar. 2019 to 12.90%, due primarily to increase in retained earnings contributed to accumulation of common equity and decrease in risk-weighted assets due to sophistication of calculation methodology for certain asset classes. Pro-forma CET1 capital ratio on Finalized Basel III reforms basis is in the upper 9% range
- ✓ Leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

<Capital and total risk-weighted assets>

	(Yen bn)	Mar. 2019	Sep. 2019	Change
1	Total capital ratio	16.77%	17.50%	0.73%
2	Tier 1 capital ratio	14.18%	14.75%	0.57%
3	Common Equity Tier 1 capital ratio	12.18%	12.90%	0.72%
4	(Finalized Basel III reforms basis)	(upper 9% range)		
5	Total capital	3,320.1	3,328.0	7.9
6	Tier 1 capital	2,806.5	2,805.4	(1.0)
7	Common Equity Tier 1 capital	2,412.1	2,452.5	40.4 (1)
8	Instruments and reserves	2,626.1	2,644.8	18.6
9	Accumulated other comprehensive income (*1)	410.4	366.3	(44.0)
10	Regulatory adjustments	(214.0)	(192.2)	21.7
11	Additional Tier 1 capital	394.4	352.9	(41.4)
12	Tier 2 capital	513.6	522.6	9.0
13	Total risk-weighted assets	19,790.1	19,010.2	(779.9)
14	Credit risk	17,725.1	17,070.4	(654.7) (2)
15	Market risk	1,104.0	989.7	(114.3)
16	Operational risk	960.8	949.9	(10.8)

(*1) Valuation differences on Available-for-Sale Securities(Sep. 2019): ¥438.7bn

< Major factors of change in capital>

(1) Common Equity Tier 1 capital: +¥40.4bn

- Net income +¥106bn
- Dividend/Repurchase of own shares ¥(44.1)bn
- Unrealized gains/losses of AFS ¥(28.7)bn

< Major factors of change in total risk-weighted assets>

(2) Credit risk: ¥(654.7)bn

- Decrease due to sophistication of calculation methodology for certain asset classes

<Other ratios required in prudential regulations>

	(Yen bn)	Sep. 2019	Change from Mar. 2019
16	Leverage ratio	4.66%	(0.01%)
17	Tier 1 capital	2,805.4	(1.0)
18	Total exposure	60,114.6	105.4
19	Liquidity coverage ratio (*2)	134.6%	7.2%
20	Total high-quality liquid assets	15,446.4	214.8
21	Net cash outflows (*3)	11,469.9	(481.2)

(*2) Average figures in 2QFY2019. "Change from Mar. 2019" represents the comparison to figure for 4QFY2018 calculated in the same manner

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

Fee business: Investment management consulting

- ✓ Total sales decreased ¥96.4bn YoY to ¥596.5bn due to persistent volatile market environment
- ✓ Profit decreased ¥3.3bn YoY as fees from insurance sales and administration fees as distributor were flat, but fees from investment trust sales decreased

Income for distributor of investment products

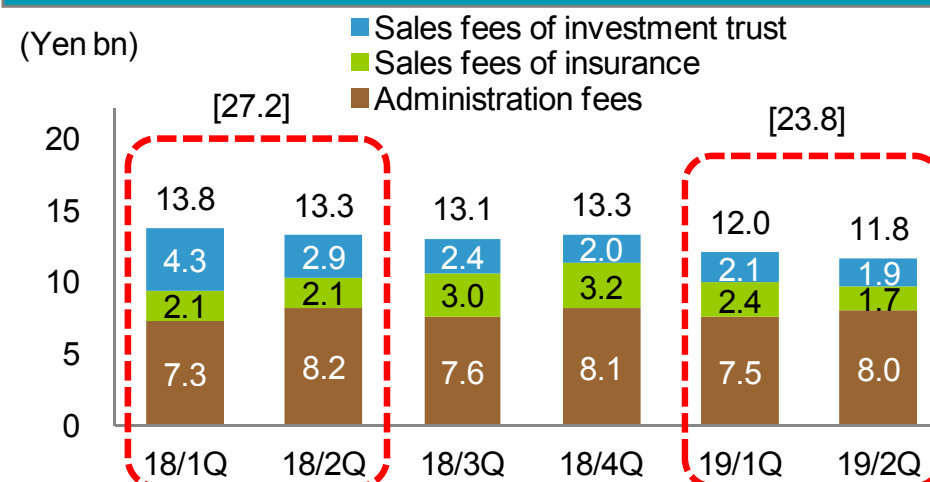
	(Yen bn)	1HFY18	1HFY19	Change	FY19 Plan
1 Income total		27.2	23.8	(3.3)	48.0
2 Sales fees of investment trust		7.2	4.1	(3.1)	8.0
3 Sales fees of insurance		4.3	4.1	(0.1)	8.0
4 Administration fees		15.6	15.6	0.0	32.0

Sales volume / balance

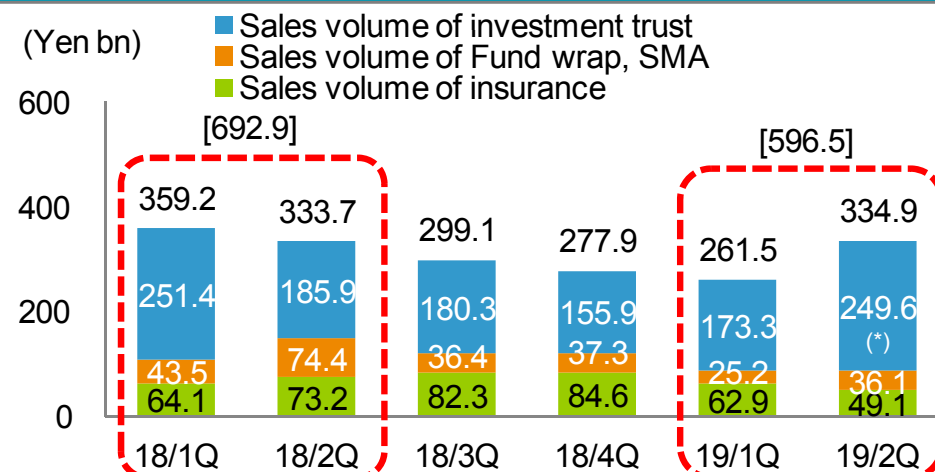
	(Yen bn)	1HFY18	1HFY19	Change	FY19 Plan
5 Sales volume total		692.9	596.5	(96.4)	1,220.0
6 Investment trust		437.4	423.0	(14.3)	800.0
7 Fund wrap, SMA		118.0	61.3	(56.6)	130.0
8 Insurance		137.4	112.0	(25.3)	290.0

	(Yen bn)	Mar. 2019	Sep. 2019	Change	Mar. 2020 Plan
9 Balance total		6,376.3	6,488.1	111.7	6,600.0
10 Investment trust		2,930.5	3,043.2	112.6	3,100.0
11 Fund wrap, SMA		891.9	902.5	10.5	900.0
12 Insurance		2,553.8	2,542.3	(11.4)	2,600.0
13 Wrap Selection		1,774.5	1,811.4	36.8	1,830.0

Income for distributor (quarterly)



Sales volume (quarterly)



(*) Including the impact of large allocation transfer from DB to DC (Approx. ¥90bn)

Fee business: Asset management / administration (Fiduciary services)

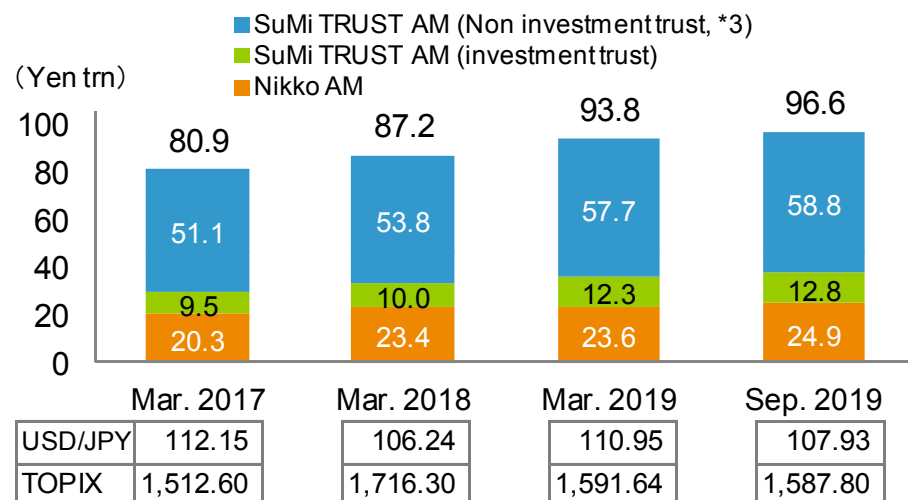
- ✓ AUM increased by ¥2.8trn to ¥96.6trn from March 2019 due mainly to cash inflow
- ✓ AUC increased for each asset category in both domestic and overseas from March 2019

Assets under management (AUM)

		Mar. 2019	Sep. 2019	Change
	(Yen trn)			
1	Assets under management (*1)	93.8	96.6	2.8
2	SuMi TRUST AM	70.1	71.6	1.5
3	Investment trust	12.3	12.8	0.4
4	Non investment trust (*2)	57.7	58.8	1.0
5	Corporate pension trust	13.7	14.0	0.2
6	Public pension trust	11.1	10.8	(0.2)
7	Discretionary investment	32.8	33.8	1.0
8	Nikko AM	23.6	24.9	1.2

(*1) Categorized by entity actually managing asset

(*2) Partially include AUM managed by SuMi TRUST Bank



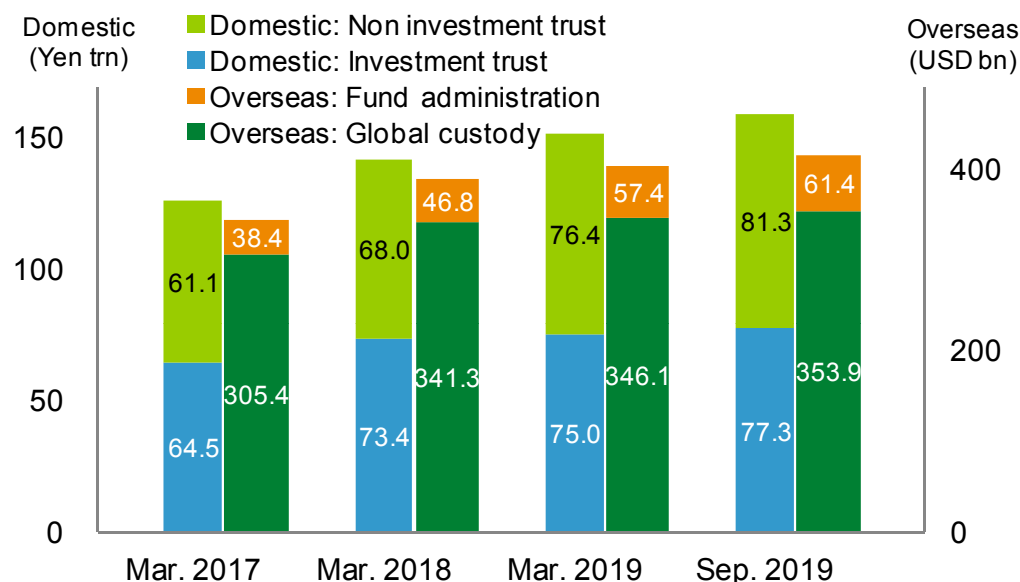
(*3) Managed by SuMi TRUST Bank until the end of Mar. 2018

Assets under custody/administration

		Mar. 2019	Sep. 2019	Change
	[Domestic] (Yen trn)			
9	Investment trust (*4)	75.0	77.3	2.3
10	Non investment trust (*4)	76.4	81.3	4.8
	[Overseas] (USD bn)			
11	Global custody (*5)	346.1	353.9	7.8
12	Fund administration	57.4	61.4	3.9

(*4) Entrusted balance of SuMi TRUST Bank

(*5) 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) increased by ¥3.3bn YoY to ¥13.4bn due to steady flow of new transactions.
- ✓ Real estate brokerage fees from retail clients (SuMi TRUST Realty) also recorded stable growth of ¥1.1bn YoY to ¥11.2bn

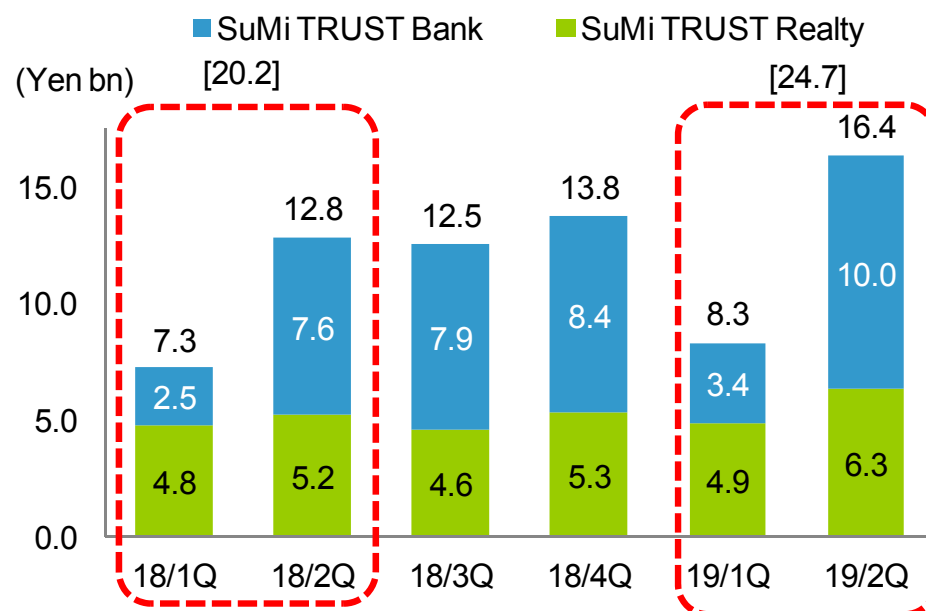
Income (group base)

	(Yen bn)	1H FY18	1H FY19	Change	FY19 Plan
1 Real estate brokerage fees		20.2	24.7	4.5	48.0
2 SuMi TRUST Bank		10.1	13.4	3.3	27.0
3 SuMi TRUST Realty		10.1	11.2	1.1	21.0
4 Real estate trust fees, etc.		2.9	3.0	0.1	6.0
5 Net other real estate profit		0.8	0.6	(0.1)	1.0
6 SuMi TRUST Bank		-	-	-	-
7 Group companies		0.8	0.6	(0.1)	1.0
8 Total		23.9	28.4	4.5	55.0
9 o/w SuMi TRUST Bank		13.0	16.5	3.4	33.0

Assets under management / administration

	(Yen bn)	Mar. 2019	Sep. 2019	Change
10 Securitized real estate		16,389.1	17,148.7	759.5
11 Assets under custody from J-REITs		14,529.9	15,126.1	596.2
12 Assets under managemet		732.1	519.9	(212.2)
13 Private placement funds		463.5	241.6	(221.8)
14 J-REITs		268.6	278.2	9.6

Real estate brokerage fees (quarterly)



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

- ✓ Corporate lending (yen/foreign currency) decreased due to fall in short-term loans, but loans to retail clients increased, overall portfolio remained flat at ¥30.7trn
- ✓ Corporate lending placing emphasis on product related lending, loan profitability given weight in managing the portfolio

Advanced amount and balance for individuals

		1HFY18	1HFY19	Change	FY19 Plan
(Yen bn)					
1	Advanced amount of loans to individuals	574.5	654.2	79.7	1,250.0
2	o/w Residential mortgage loans	527.0	613.3	86.3	1,150.0

		Mar. 2019	Sep. 2019	Change	Mar. 2020 Plan
(Yen bn)					
3	Balance of loans to individuals	9,920.6	10,203.4	282.8	10,300.0
4	o/w Residential mortgage loans	9,314.0	9,590.0	275.9	9,650.0

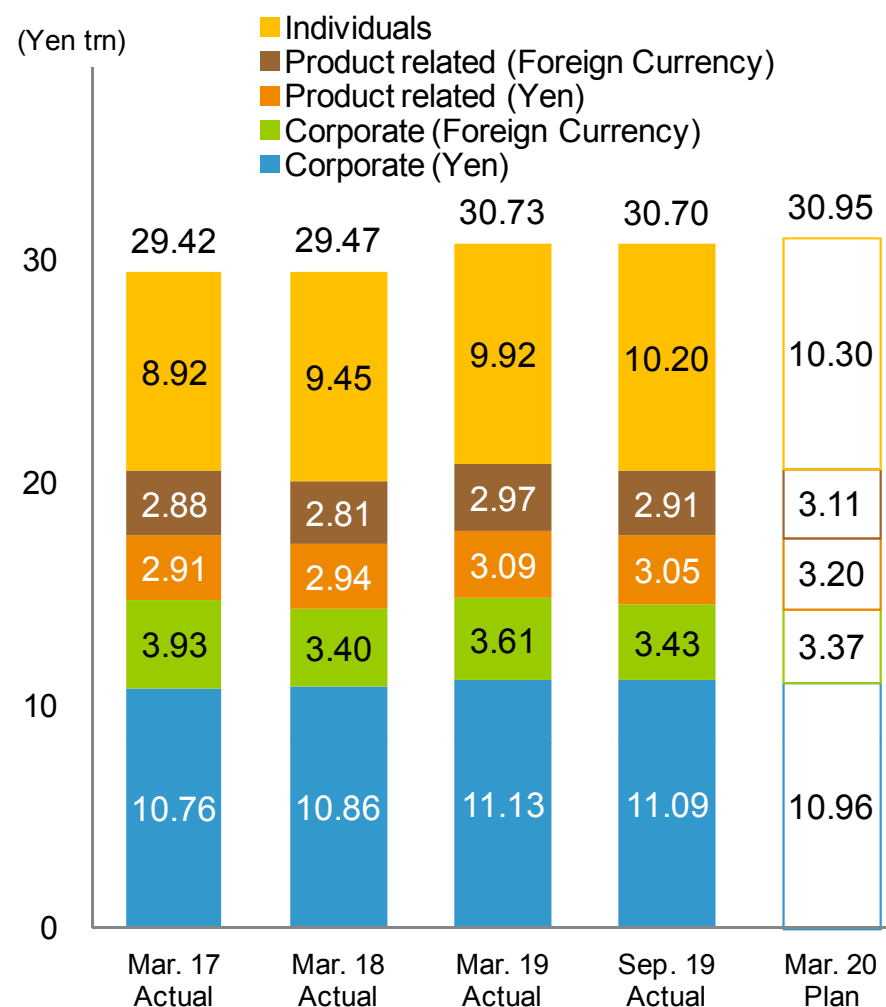
Balance of credit for corporates

		Mar. 2019	Sep. 2019	Change	Mar. 2020 Plan
(Yen bn)					
5	Corporate (Yen)	11,131.1	11,090.5	(40.6)	10,960.0
6	Corporate (Foreign Currency)	3,617.2	3,435.8	(181.4)	3,370.0
7	Product related (Yen)	3,098.7	3,058.5	(40.2)	3,200.0
8	Product related (Foreign Currency)	2,971.2	2,913.7	(57.5)	3,110.0
9	Total balance of credit for corporates	20,818.5	20,498.5	(319.9)	20,650.0
10	o/w Product related	6,070.0	5,972.2	(97.8)	6,310.0

(*) Impact of foreign exchange: Corporate (foreign currency) approx. ¥(120)bn,
product related (foreign currency) approx. ¥(100)bn

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Credit portfolio balance



Forecast for FY2019

Forecast for FY2019

- ✓ Taking 1H results into consideration, maintain forecast announced for Net business profit and Net income at beginning of FY, also dividend forecast remains unchanged in line with shareholder return policy.
- ✓ For other non-recurring profit, total credit costs expected to decrease but net gains on stocks also expected to fall.

(Yen bn)		1H Actual (*)	2H Plan	FY19 Forecast(*)	Change from FY18	Change from initial plan
1	Net business profit before credit costs	154.1	135.8	290.0	7.7	- (1)
2	SuMi TRUST Bank	110.8	92.1	203.0	6.1	-
3	Substantial gross business profit	377.0	362.9	740.0	17.3	-
4	SuMi TRUST Bank	232.5	210.4	443.0	10.3	-
5	Other group companies	144.4	152.5	297.0	41.6	-
6	Substantial G&A Expenses	(222.8)	(227.1)	(450.0)	(9.5)	-
7	SuMi TRUST Bank	(121.7)	(118.2)	(240.0)	(4.1)	-
8	Other group companies	(101.1)	(108.8)	(210.0)	(5.4)	-
9	Total credit costs	(1.2)	(13.7)	(15.0)	(12.0)	5.0 (2)
10	Net gains on stocks	5.9	19.0	25.0	11.2	(5.0) (3)
11	Other non-recurring profit	(7.7)	(22.2)	(30.0)	6.5	-
12	Ordinary profit	151.1	118.8	270.0	13.5	-
13	o/w SuMi TRUST Bank	110.9	92.0	203.0	28.5	-
14	Net income	106.0	73.9	180.0	6.1	- (4)
15	o/w SuMi TRUST Bank	80.9	62.0	143.0	28.9	-
16	Dividend per common share (Yen)	75	75	150	+10	-
17	Consolidated dividend payout ratio	---	---	31.2%	0.7%	(0.3%)

(*) Excluding dividend from group companies, which are planned to be paid to improve their capital efficiency.

FY2018 (actual): ¥34.6bn, 1HFY2019 (actual): ¥3.9bn, FY2019 (plan): approx. ¥7bn

【Change from initial plan】

(1) Net business profit before credit costs : No change

- 1) Net business profit before credit costs
 - In line with initial projection
 - Regarding its divisional breakdown, taking 1H results and short-term profitability forecast into account, reduce weighting of Retail Total Solutions and increase Global Markets (please refer to P14)

2) Total expenses

- In line with initial projection

(2) Total credit costs: +¥5.0bn

- Though 1H results were ¥(1.2)bn [vs forecast ¥(10)bn], reduce full year forecast to ¥(15)bn due to lower market visibility

(3) Net gains on stocks: ¥(5.0)bn

- Taking 1H results +¥5.9bn [vs forecast +¥15bn] and progress of strategic shareholdings divestment consent into account, revise full year forecast to +¥25bn

(4) Net income: No change

- In line with initial projection

(Ref.) Breakdown by business segment

(Yen bn)		FY18 Actual	1H Actual	Change from initial plan(*3)	2H Plan	FY19 Plan	Change from FY18	Change from initial plan(*3)
1	Net business profit	282.2	154.1	14.1	135.8	290.0	7.7	-
2	Substantial gross business profit(*1)	722.6	377.0	17.0	362.9	740.0	17.3	-
3	Retail total solution services	199.8	97.5	(1.4)	97.4	195.0	(4.8)	(6.0)
4	SuMi TRUST Bank	138.0	66.3	(1.6)	65.6	132.0	(6.0)	(6.0)
5	Other group companies	61.8	31.2	0.2	31.7	63.0	1.1	-
6	Wholesale financial services(*2)	193.8	100.7	5.7	95.2	196.0	2.1	-
7	SuMi TRUST Bank	137.2	72.6	4.6	65.3	138.0	0.7	-
8	Other group companies	56.6	28.0	1.0	29.9	58.0	1.3	-
9	Stock transfer agency services	37.0	19.5	0.5	18.4	38.0	0.9	-
10	SuMi TRUST Bank	21.4	11.1	0.1	10.8	22.0	0.5	-
11	Other group companies	15.5	8.3	0.3	7.6	16.0	0.4	-
12	Real estate	54.3	28.4	3.4	26.5	55.0	0.6	-
13	SuMi TRUST Bank	32.4	16.5	2.5	16.4	33.0	0.5	-
14	Other group companies	21.9	11.9	0.9	10.0	22.0	0.0	-
15	Fiduciary services	172.1	83.7	1.7	81.2	165.0	(7.1)	-
16	SuMi TRUST Bank	57.4	25.3	0.3	24.6	50.0	(7.4)	-
17	Other group companies	114.7	58.4	1.4	56.5	115.0	0.2	-
18	o/w Asset management business	71.8	39.7	---	---	---	---	---
19	Global markets	45.6	41.7	12.7	26.2	68.0	22.3	10.0
20	Substantial G&A expenses	(440.4)	(222.8)	(2.8)	(227.1)	(450.0)	(9.5)	-
21	SuMi TRUST Bank	(235.8)	(121.7)	(1.7)	(118.2)	(240.0)	(4.1)	-
22	Other group companies	(204.5)	(101.1)	(1.1)	(108.8)	(210.0)	(5.4)	-
23	Ordinary profit	256.4	151.1	21.1	118.8	270.0	13.5	-
24	Net income	173.8	106.0	21.0	73.9	180.0	6.1	-

(*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

(*3) Taking 1H results for HO management administration expenses unallocated to business segments into account, reduce full year forecast by ¥(4)bn
[1H forecast +¥1.0bn→actual ¥(1.1)bn, FY forecast +¥3bn→ ¥(1)bn]

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