



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for 3QFY2019

January 30, 2020

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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”

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

# Overview of profits

	(Yen bn)	FY18 1-3Q	FY19 1-3Q	Change	FY19 Forecast
1	Net business profit before credit costs (*1)	209.6	221.2	11.5	290.0
2	Substantial gross business profit (*1)	535.9	555.0	19.0	740.0
3	Effective interest related earnings (*2)	191.8	194.4	2.5	
4	Net interest income and related profit	128.4	106.3	(22.0)	
5	Profit attributable to deployment of surplus foreign currency funds	63.4	88.0	24.6	
6	Net fees and commissions and related profit	306.0	299.3	(6.7)	
7	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	38.0	61.2	23.2	
8	Substantial G&A expenses (*1)	(326.2)	(333.8)	(7.5)	(450.0)
9	Total credit costs	12.3	(5.0)	(17.4)	(15.0)
10	Net gains on stocks	4.3	19.8	15.4	25.0
11	Other net non-recurring profit	(23.9)	(18.1)	5.7	
12	Ordinary profit	202.4	217.8	15.3	270.0
13	Extraordinary profit	(3.0)	2.2	5.2	
14	Income before income taxes	199.4	220.0	20.6	
15	Total income taxes	(59.1)	(63.8)	(4.7)	
16	Income attributable to non-controlling interests	(5.9)	(2.2)	3.7	
17	Net income	134.3	153.9	19.6	180.0
18	Return on shareholders' equity	8.23%	8.97%	0.74%	
19	Dividend per share (DPS) (Yen)	65	75	10	
20	Earnings per share (EPS) (Yen)	354	409	55	
21	Number of shares issued (mn shares) (*3)	379.0	375.6	(3.3)	

(\*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 ¥2.5bn YoY, domestic loan-deposit spread / income continued to improve

	(Yen bn)	FY18 1-3Q	FY19 1-3Q	Change
22	Net interest income and related profit	128.4	106.3	(22.0)
23	Other profit	101.4	149.3	47.9
24	Profit attributable to deployment of surplus foreign currency funds	63.4	88.0	24.6
25	Other	38.0	61.2	23.2

- Net fees and commissions and related profit effectively decreased by approx. ¥2.0bn YoY [excluding impact from non-consolidation of JTSB of approx. ¥(5.0)bn], mainly due to decrease of fees in investment management consulting. Real estate brokerage fees increased and fees in asset management / administration remained steady
- Other profits increased due to non-interest income from corporate client businesses
- Progress rate of approx. 76% against full year plan [¥290bn]

## Total credit costs

- Total credit cost of ¥5.0bn recorded due to downgrade of credit-classification of certain borrowers

## Net gains on stocks

- Strategic shareholdings reduction of approx. ¥14bn (cost basis) with gains of approx. ¥20bn on disposal

## Net income

- Progress rate of approx. 86% against full year plan [¥180.0bn]

# Overview of balance sheet

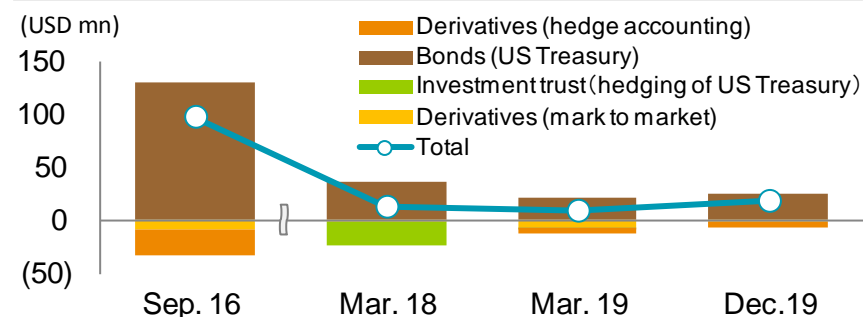
(Yen bn)		Mar. 2019	Dec. 2019	Change
1	<b>Assets</b>	57,029.1	55,346.9	(1,682.1)
2	Cash and due from banks	16,045.8	13,833.3	(2,212.5)
3	Securities	5,759.5	6,237.3	477.8
4	Loans and bills discounted	29,025.7	29,701.7	676.0
5	Other assets	6,198.0	5,574.5	(623.4)
6	<b>Liabilities</b>	54,298.7	52,646.3	(1,652.4)
7	Deposits and NCD	38,232.1	37,328.7	(903.4)
8	Borrowed money from trust account	5,408.0	3,536.2	(1,871.7)
9	Other liabilities	10,658.5	11,781.3	1,122.8
10	<b>Total net assets</b>	2,730.3	2,700.6	(29.7)
11	Total shareholders' equity	2,242.9	2,325.2	82.3
12	Total accumulated OCI	410.4	339.2	(71.2)
13	Minority interests, etc.	76.8	36.0	(40.7)
14	Net assets per share (BPS) (Yen)	7,008	7,114	105
15	Number of shares issued (mn shares) (*1)	378.5	374.5	(4.0)

(Reference)

16	Loan-deposit ratio (SuMi TRUST Bank)	76.8%	79.9%	3.1%
17	NPL ratio (SuMi TRUST Bank)	0.3%	0.3%	0.0%

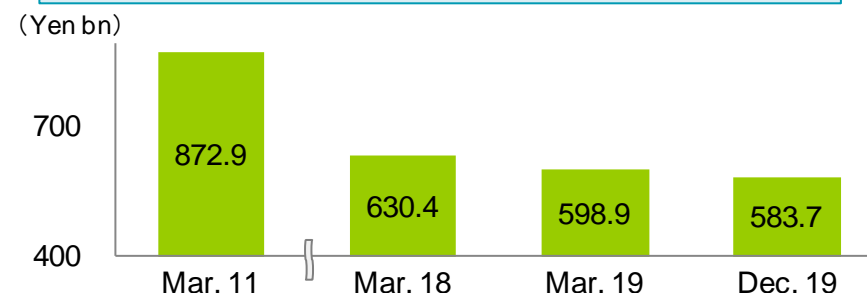
(\*1) Number of common shares issued (excluding treasury stocks) as of the date above

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

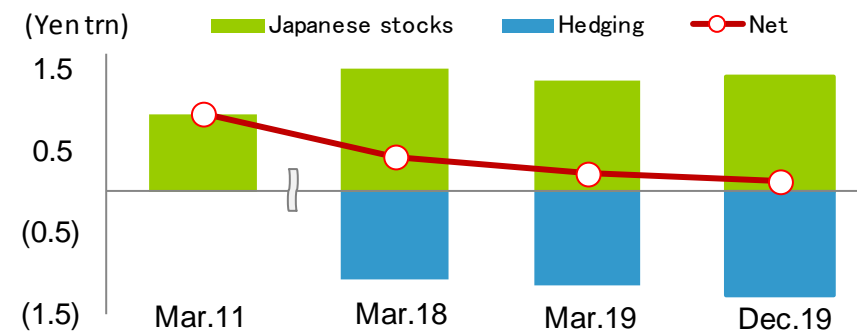


## Strategic shareholdings

### Balance of strategic shareholdings (Cost base)



### Hedge positions against strategic shareholdings (\*)



(\*) Fair value base

# Profit by group company

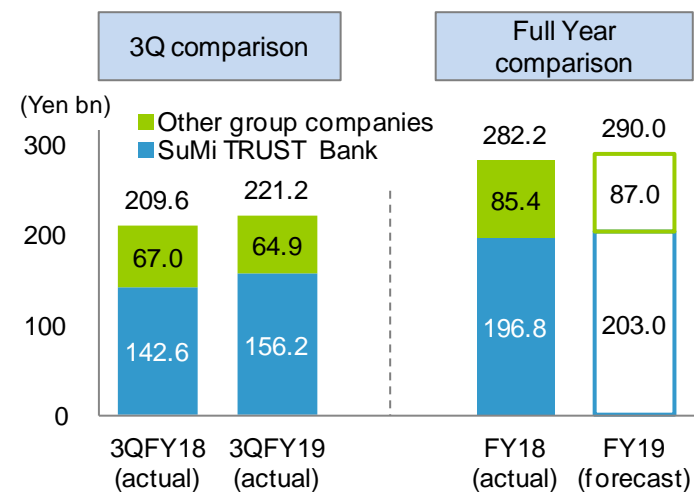
		FY18	FY19	Change	
		1-3Q	1-3Q		
		(Yen bn)			
1	Net business profit before credit costs (*1)	209.6	221.2	11.5	
2	o/w SuMi TRUST Bank	142.6	156.2	13.5	(*2)
3	SuMi TRUST AM	6.7	9.6	2.8	(*2)
4	Nikko AM (*3)	12.7	11.4	(1.3)	
5	SuMi TRUST Realty	4.6	4.8	0.1	
6	SuMi TRUST Panasonic Finance (*3)	7.7	7.5	(0.1)	
7	SuMi TRUST Loan & Finance	8.7	9.1	0.3	
8	SBI Sumishin Net Bank (*3)	6.1	6.5	0.3	
9	SuMi TRUST Guarantee (*3)	8.7	8.6	(0.1)	
10	SuMi TRUST Club	2.1	1.5	(0.6)	
11	Effect of purchase accounting method	(2.0)	(2.0)	(0.0)	
12	Net income (*1)	134.3	153.9	19.6	
13	o/w SuMi TRUST Bank	108.4	118.3	9.9	(*2)
14	SuMi TRUST AM	4.6	7.0	2.3	(*2)
15	Nikko AM (*3)	8.2	7.0	(1.2)	
16	SuMi TRUST Realty	3.1	3.2	0.0	
17	SuMi TRUST Panasonic Finance (*3)	2.5	2.9	0.3	
18	SuMi TRUST Loan & Finance	5.8	6.1	0.2	
19	SBI Sumishin Net Bank (*3)	4.0	4.1	0.1	
20	SuMi TRUST Guarantee (*3)	6.5	5.8	(0.7)	
21	SuMi TRUST Club	0.3	0.2	(0.0)	
22	Effect of purchase accounting method	0.7	2.8	2.1	

(\*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

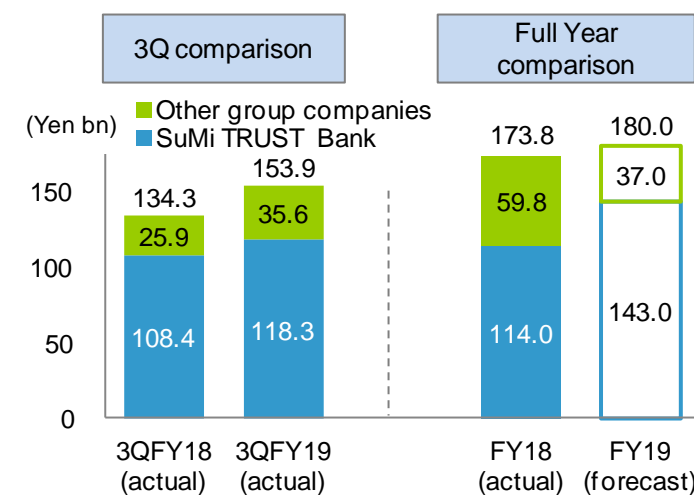
(\*2) Change includes the impact of reorganization (as of Oct. 1, 2018) (please refer to P4)

(\*3) Consolidated basis

## Breakdown of Net business profit



## Breakdown of Net income



# Profit by business segment

	(Yen bn)	FY18	FY19			FY19 Plan		
		1-3Q Net business profit before credit costs	Substantial gross business profit	Change	Substantial G&A expenses	1-3Q Net business profit before credit costs	Change	Substantial gross business profit
1 Total		209.6	555.0	19.0	(333.8)	221.2	11.5	740.0
2 Retail total solution services		23.6	144.0	(4.6)	(126.6)	17.4	(6.2)	195.0
3     SuMi TRUST Bank		10.5	96.7	(5.2)	(91.9)	4.7	(5.7)	132.0
4     Other group companies		13.1	47.3	0.6	(34.7)	12.6	(0.4)	63.0
5 Wholesale financial services (*2)		86.3	150.9	11.3	(54.4)	96.5	10.1	196.0
6     SuMi TRUST Bank		66.3	108.3	10.1	(33.0)	75.2	8.9	138.0
7     Other group companies		20.0	42.6	1.2	(21.3)	21.2	1.2	58.0
8 Stock transfer agency services		15.6	30.1	0.1	(14.5)	15.5	(0.0)	38.0
9     SuMi TRUST Bank		14.8	17.6	(0.1)	(2.7)	14.8	(0.0)	22.0
10     Other group companies		0.7	12.4	0.2	(11.7)	0.7	(0.0)	16.0
11 Real estate		20.2	39.8	1.5	(18.1)	21.6	1.3	55.0
12     SuMi TRUST Bank		15.2	23.5	1.3	(7.0)	16.4	1.2	33.0
13     Other group companies		5.0	16.2	0.2	(11.0)	5.1	0.1	22.0
14 Fiduciary services		49.2	126.0	(6.1)	(78.1)	47.9	(1.3)	165.0
15     SuMi TRUST Bank		25.0	38.4	(5.4)	(16.3)	22.1	(2.9)	50.0
16     Other group companies		24.1	87.5	(0.7)	(61.7)	25.8	1.6	115.0
17         o/w Asset management business (*4)		19.4	59.4	5.2	(38.1)	21.2	1.7	---
18 Global markets		25.3	59.9	23.1	(10.9)	48.9	23.6	68.0

(\*1) 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)

	[Effect of reorganization etc.]	Substantial gross business profit	Substantial G&A expenses	Net business profit before credit costs
(Yen bn)				
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)

	(Yen bn)	Excluding dividend from group companies (*1)				
		FY18	FY19	FY18	FY19	Change
		1-3Q	1-3Q	1-3Q	1-3Q	
1	Net business profit before credit costs	177.3	162.9	142.6	156.2	13.5
2	Gross business profit	351.3	343.3	316.7	336.6	19.9
3	Effective interest related earnings	201.0	178.8	166.4	172.1	5.7
4	Net interest income and related profit	137.6	90.7	102.9	84.0	(18.9)
5	Profit attributable to deployment of surplus foreign currency funds	63.4	88.0	63.4	88.0	24.6
6	Net fees and commissions and related profit (*2)	137.0	126.6	137.0	126.6	(10.4)
7	Net trading profit					
8	Net gains on foreign exchange transactions	19.4	35.5	19.4	35.5	16.1
9	Net trading profit (*3)	11.1	47.2	11.1	47.2	36.0
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	8.3	(11.6)	8.3	(11.6)	(19.9)
10	Net gains on bonds	(2.9)	18.0	(2.9)	18.0	20.9
11	Net gains from derivatives	(3.1)	(15.8)	(3.1)	(15.8)	(12.6)
12	General and administrative expenses (*2)	(174.0)	(180.3)	(174.0)	(180.3)	(6.3)
13	Total credit costs	16.4	(1.9)	16.4	(1.9)	(18.3)
14	Other non-recurring profit	(4.3)	7.0	(4.3)	7.0	11.3
15	o/w Net gains on stocks	3.0	16.3	3.0	16.3	13.2
16	Amortization of net actuarial losses	(2.5)	(4.2)	(2.5)	(4.2)	(1.7)
17	Ordinary profit	189.4	168.0	154.7	161.3	6.5
18	Extraordinary profit	(3.8)	2.2	(3.8)	2.2	6.1
19	Income before income taxes	185.5	170.3	150.9	163.6	12.7
20	Total income taxes	(42.5)	(45.3)	(42.5)	(45.3)	(2.7)
21	Net income	143.0	125.0	108.4	118.3	9.9

(\*1) Excluding dividend of 3QFY18: ¥34.6bn, 3QFY19: ¥6.7bn, from group companies aimed to improve capital efficiency, affecting 1, 2, 3, 4, 17, 19, 21, 22, 23

(\*2) Change Includes 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.

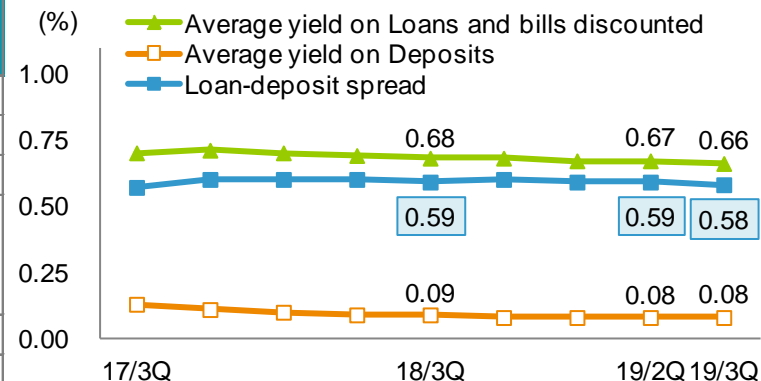
	Excluding dividend from group companies (*1)			
	FY18	FY19	Change	
	1-3Q	1-3Q		
22	Gross business profit	316.7	336.6	19.9
23	Net interest income and related profit	102.9	84.0	(18.9)
24	Net fees and commissions and related profit	137.0	126.6	(10.4)
25	Net trading profit	11.1	47.2	36.0
26	Net other operating profit	65.5	78.7	13.1
27	o/w Net gains on foreign exchange transactions	71.7	76.4	4.6
28	Profit attributable to deployment of surplus foreign currency funds	63.4	88.0	24.6
29	other	8.3	(11.6)	(19.9)
30	Net gains on bonds	(2.9)	18.0	20.9
31	Net gains from derivatives	(3.1)	(15.8)	(12.6)
32	Net fees and commissions and related profit	137.0	126.6	(10.4)
33	Excluding impact of reorganization of asset management functions	140.0	135.6	(4.4)
34	o/w Investment management consulting	40.3	34.7	(5.5)
35	Asset management/administration	43.8	38.4	(5.4)
36	Excluding impact of reorganization of asset management functions	46.8	47.4	0.5
37	Real estate brokerage	18.0	19.1	1.0
38	Stock transfer agency services	17.7	17.6	(0.1)
39	Inheritance related services	2.9	3.0	0.0
40	Wholesale credit related	21.7	20.8	(0.8)
41	Net gains on bonds	(2.9)	18.0	20.9
42	Domestic bonds	0.2	0.6	0.3
43	Foreign bonds	(3.1)	17.4	20.6



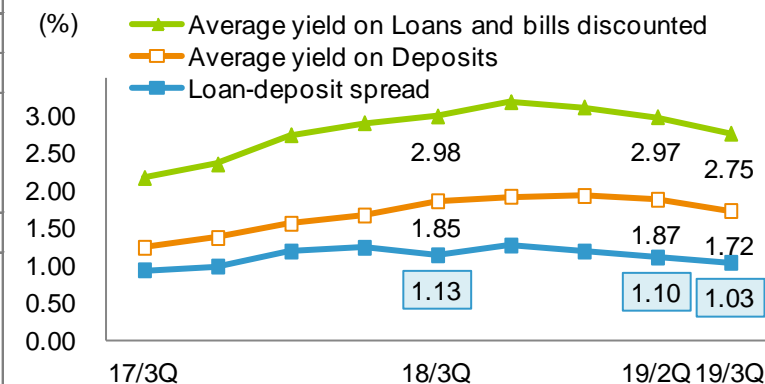
# Net interest income (SuMi TRUST Bank)

	1-3QFY19					
	Average Balance	Change from 1-3QFY18	Average Yield	Change from 1-3QFY18	Income/Expenses	Change from 1-3QFY18
(Average balance: Yen trn) (Income/Expenses: Yen bn)						
1 Net interest income					79.1	(43.9)
2 Domestic business			0.37%	(0.09%)	109.6	(24.3)
3 Interest-earning assets	38.95	0.53	0.51%	(0.11%)	152.1	(28.3)
4 o/w Loans and bills discounted	22.63	0.99	0.66%	(0.03%)	113.7	0.6
5 Securities	3.38	(0.13)	1.32%	(1.04%)*	33.6	(29.1)
6 Income on swaps	---	---	---	---	-	(0.2)
7 Interest-bearing liabilities	38.33	0.52	0.14%	(0.02%)	(42.4)	3.9
8 o/w Deposits	24.66	0.73	0.08%	(0.01%)	(15.6)	2.0
9 Borrowings from trust a/c	3.16	(0.72)	0.49%	-	(11.6)	2.8
10 Swaps	---	---	---	---	(0.8)	(0.8)
11 International business			(0.30%)	(0.16%)	(30.5)	(19.6)
12 Interest-earning assets	14.19	0.46	2.00%	(0.03%)	213.9	2.8
13 o/w Loans and bills discounted	6.43	(0.06)	2.94%	0.07%	142.3	1.5
14 Due from banks	2.02	(0.29)	1.53%	0.11%	23.3	(1.5)
15 Securities	2.39	0.05	2.29%	0.04%	41.3	1.7
16 Interest-bearing liabilities	14.11	0.58	2.30%	0.13%	(244.5)	(22.4)
17 o/w Deposits	5.90	0.14	1.83%	0.14%	(81.5)	(8.1)
18 NCD / USCP	5.79	0.87	2.05%	0.11%	(89.3)	(17.2)
19 Repo	1.63	(0.08)	2.25%	0.18%	(27.7)	(0.8)
20 Expenses on swaps	---	---	---	---	(32.6)	(5.6)
21 (+) Trust fees from principal guaranteed trust a/c					11.6	(2.8)
22 (+) Profit attributable to deployment of surplus foreign currency funds					88.0	24.6
23 (-) Dividend from group companies aimed to improve capital efficiency					6.7	(27.9)
24 Effective interest related earnings					172.1	5.7
25 Loan-deposit spread / income in domestic business			0.58%	(0.02%)	98.1	2.6
26 Loan-deposit spread / income in international business			1.11%	(0.07%)	60.8	(6.5)

## Domestic loan-deposit spread



## International loan-deposit spread

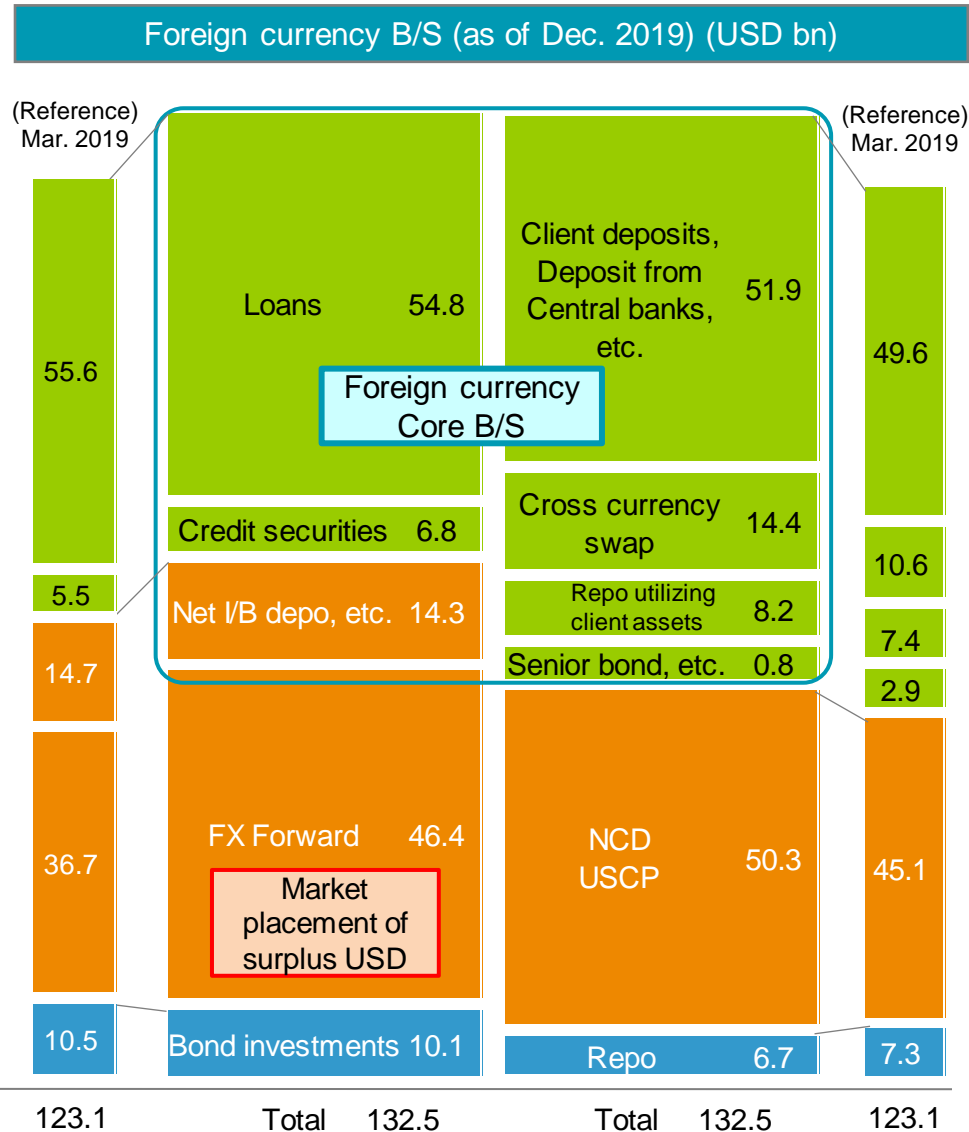


(\*) Breakdown of securities income/expenses in domestic business

	1-3QFY18	1-3QFY19	Change
Securities	62.7	33.6	(29.1)
Dividend from group companies to improve their capital efficiency	34.6	6.7	(27.9)
Sales gain/loss of investment trust	0.8	(1.4)	(2.3)
Other income/expenses	27.2	28.3	1.1



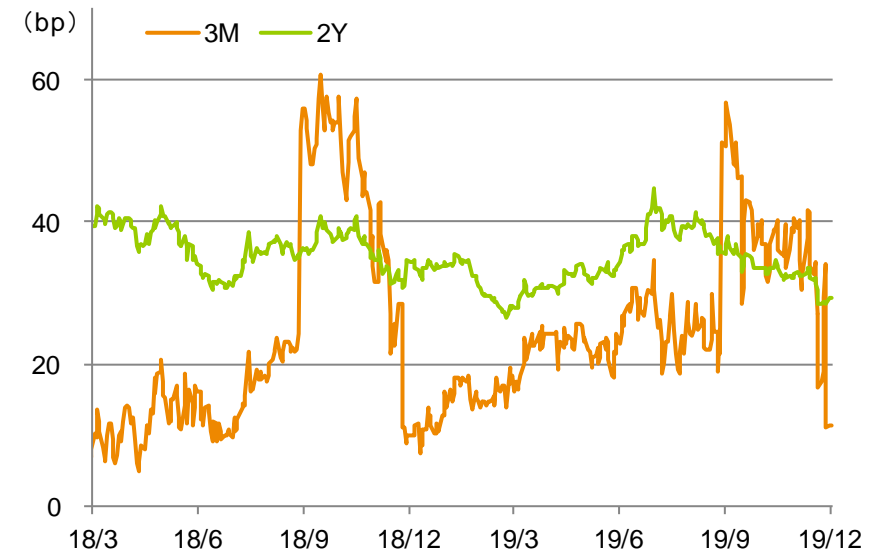
# (Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)



## 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

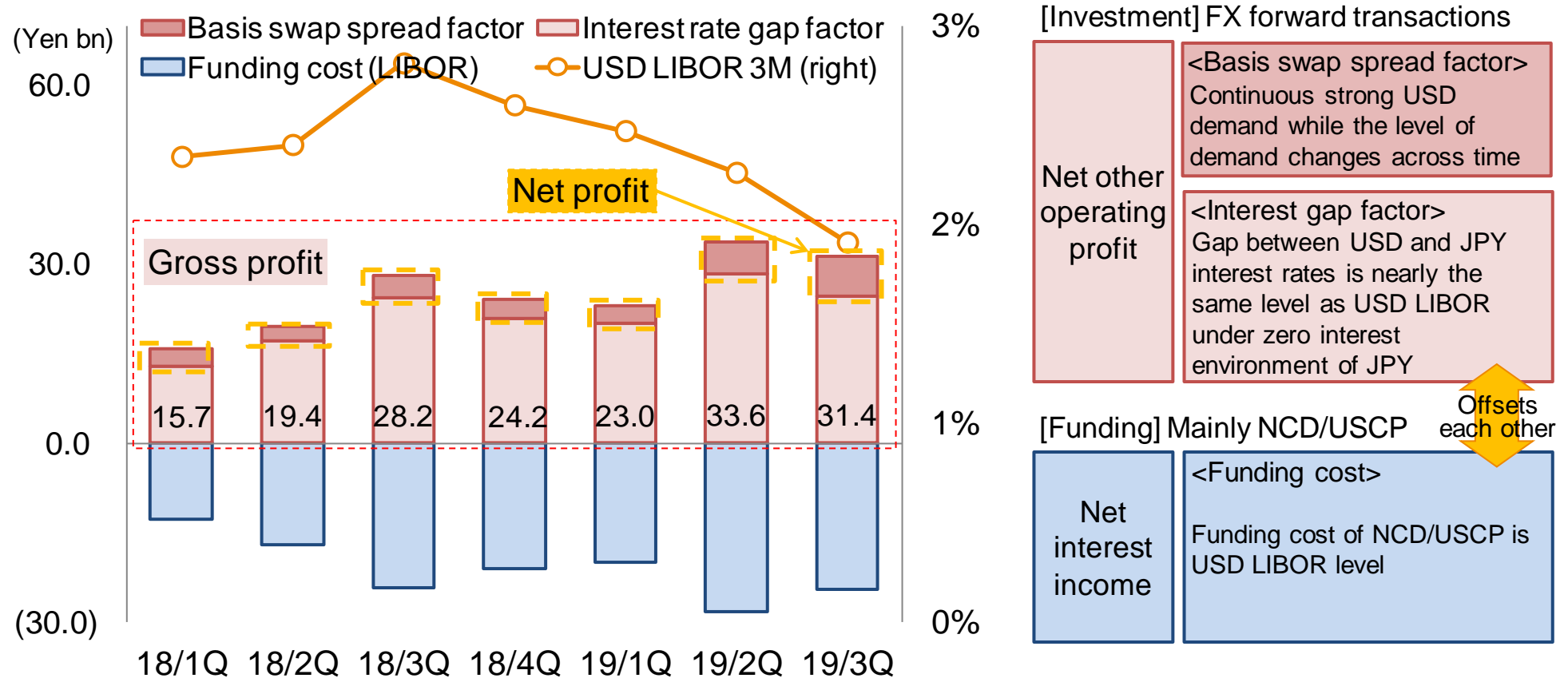
## Basis swap spread (CCS) (USD/JPY)



# Profit structure of market deployment of surplus foreign currency(SuMi TRUST Bank)


- ✓ 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

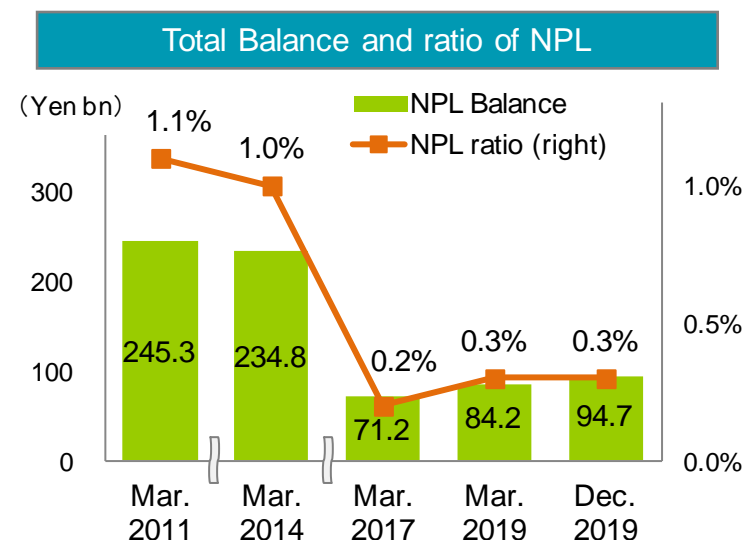
# Total credit costs and problem assets

[Total credit costs]		FY18		FY19	Major factors (1-3QFY19)
(Yen bn)			1H	1-3Q	
1	SuMi TRUST Bank	1.9	0.3	(1.9)	
2	General allowance for loan losses	20.1	(2.8)	(2.5)	 Downgraded: Approx. (6.0) Upgraded: Approx. +4.0
3	Specific allowance for loan losses	(17.8)	3.1	1.8	
4	Recoveries of written-off claims	1.1	0.1	0.4	
5	Losses on sales of claims, written-off	(1.4)	(0.1)	(1.7)	
6	Other group companies, etc.	(4.9)	(1.5)	(3.1)	SuMi TRUST Panasonic Finance (1.5)
7	Total	(2.9)	(1.2)	(5.0)	

[NPL (SuMi TRUST Bank)]		Dec. 2019	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2019
(Yen bn)					
8	NPL	94.7	86.1%	55.6%	10.5
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	60.3	94.8%	79.8%	5.1
12	Substandard	24.8	59.8%	12.8%	6.4
13	Other special mention debtors	333.7	---	---	(81.6)
14	Ordinary assets	29,999.7	---	---	557.9
15	Total loan balance	30,428.1	---	---	486.8

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

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



# Securities portfolio

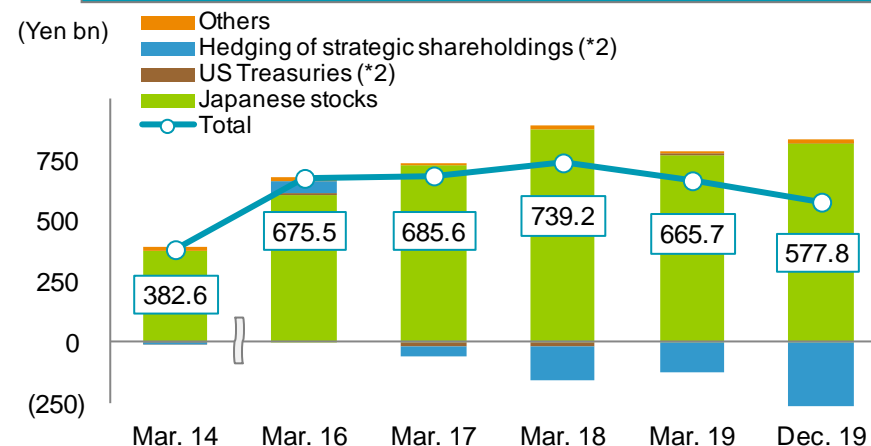
[Securities with fair value]	Costs		Unrealized gains/losses		
	(Yen bn)	Dec. 2019	Change from Mar. 2019	Dec. 2019	Change from Mar. 2019
1 Available-for-sale securities		5,017.0	458.5	577.8	(87.9)
2 Japanese stocks		583.7	(15.1)	816.4	43.8
3 Japanese bonds		1,113.5	226.1	1.0	(2.1)
4 Others		3,319.7	247.5	(239.7)	(129.6)
5 Held-to-maturity debt securities		342.3	79.9	19.6	(2.0)

[Securities with fair value (SuMi TRUST Bank)]					
		Dec. 2019	Change from Mar. 2019	Dec. 2019	Change from Mar. 2019
6 Available-for-sale securities		4,968.9	436.7	596.1	(85.2)
7 Japanese stocks		555.3	(18.6)	842.3	47.0
8 Japanese bonds		1,174.1	221.3	(0.1)	(2.1)
9 o/w Government bonds		460.6	159.4	(1.1)	(1.4)
10 Others		3,239.4	234.0	(246.0)	(130.2)
11 Domestic investment		64.0	(11.4)	1.5	(0.3)
12 International investment		1,624.2	254.4	6.2	1.9
13 o/w US Treasury		529.0	94.7	4.2	(0.8)
14 Others (Investment trust, etc.)		1,551.1	(8.9)	(253.8)	(131.8)
15 o/w for hedging of strategic shareholdings (*1)		1,413.0	(13.0)	(259.7)	(136.5)

(\*1) Of which hedging effect under capital regulation is recognized: Costs JPY 1,114.8bn, Unrealized gains/losses JPY (228.3)bn

16 Held-to-maturity debt securities		281.8	84.3	19.5	(2.0)
17 o/w Government bonds		118.4	(0.2)	18.8	(1.7)
18 International investment		121.2	83.5	0.1	(0.2)

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



(\*2) SuMi TRUST Bank

## Reduction of strategic shareholdings (\*3)

(Yen bn)	FY18		FY19	
	1H	2H	1H	1-3Q
19 Reduction amount	16.9	11.7	28.7	3.7

(Ref.) Cumulative reduction since merger (from FY11 to 3QFY19): ¥324.6bn

Cumulative reduction based on current plan (from FY16 to FY20): ¥110.5bn

(\*3) Purchase cost of listed shares

## Securities portfolio of Global markets (\*4)

(Yen bn)	10BPV (*5)		Duration (years) (*5)	
	Dec. 2019	Change from Mar. 2019	Dec. 2019	Change from Mar. 2019
20 JPY	2.5	0.3	3.8	(0.7)
21 Others	2.8	0.5	3.5	0.0

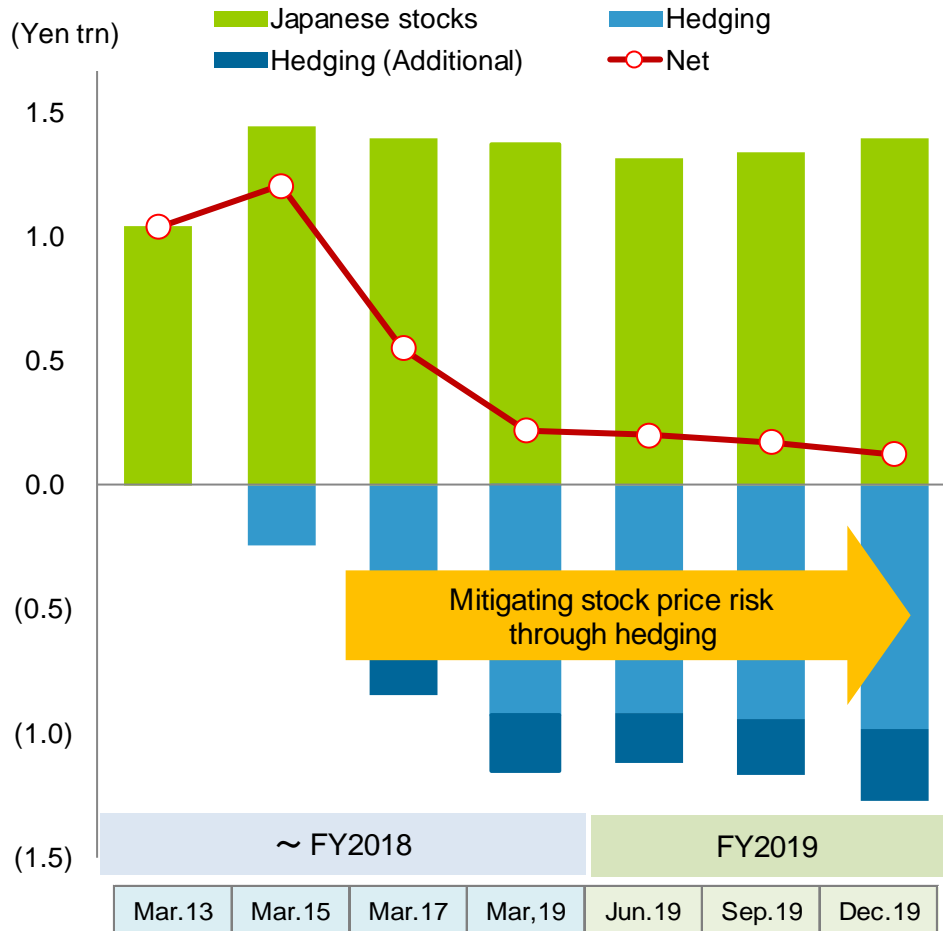
(\*4) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

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

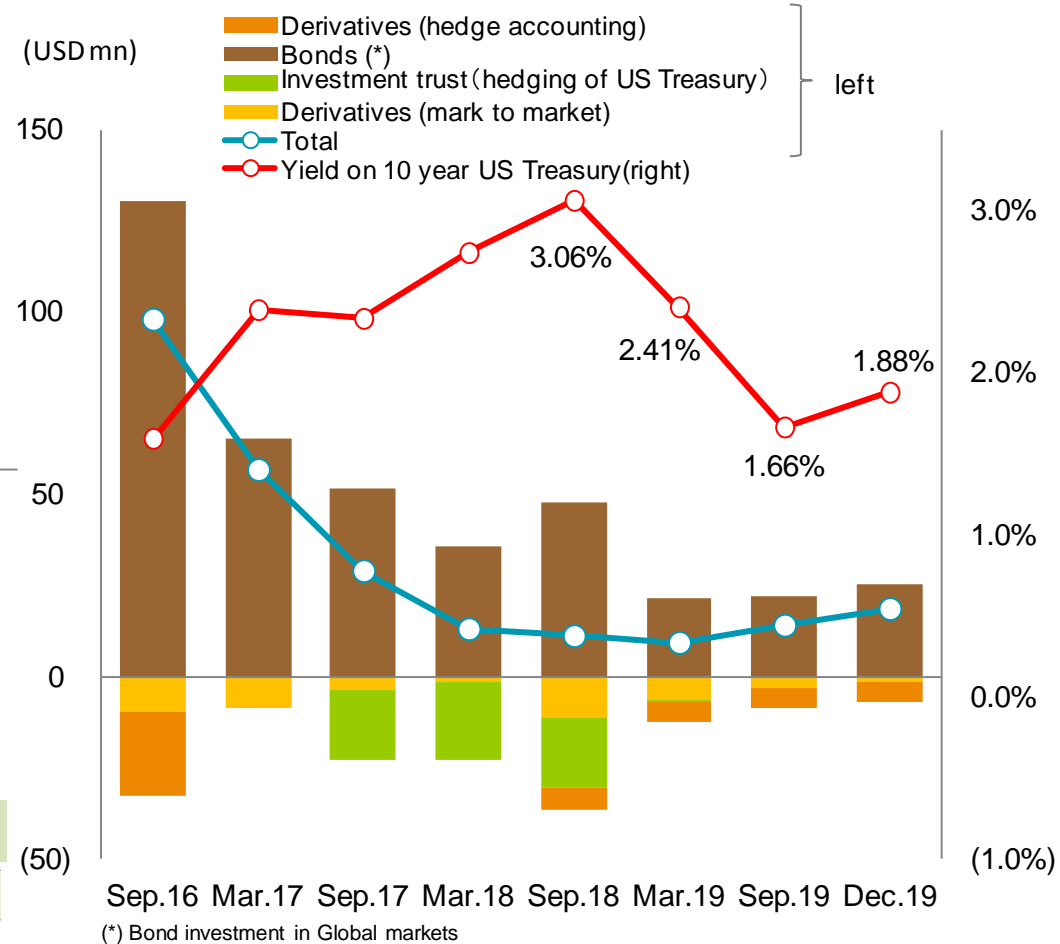
# Preparation for risk: Stock price, Interest rate

- ✓ Hedging operation in place to reduce mark-to-market volatility of strategic shareholdings
- ✓ Restrained management of US interest rate risk exposure in bond investments at Global Markets

### Hedge positions against strategic shareholdings



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



# Forecast for FY2019(Disclosed in Nov. 2019)

(Yen bn)					
		3QFY19 Actual (*)	FY19 Forecast(*)	Change from FY18	Change from initial plan
1	Net business profit before credit costs	221.2	290.0	7.7	- (1)
2	SuMi TRUST Bank	156.2	203.0	6.1	-
3	Substantial gross business profit	555.0	740.0	17.3	-
4	SuMi TRUST Bank	336.6	443.0	10.3	-
5	Other group companies	218.4	297.0	41.6	-
6	Substantial G&A Expenses	(333.8)	(450.0)	(9.5)	-
7	SuMi TRUST Bank	(180.3)	(240.0)	(4.1)	-
8	Other group companies	(153.4)	(210.0)	(5.4)	-
9	Total credit costs	(5.0)	(15.0)	(12.0)	5.0 (2)
10	Net gains on stocks	19.8	25.0	11.2	(5.0) (3)
11	Other non-recurring profit	(18.1)	(30.0)	6.5	-
12	Ordinary profit	217.8	270.0	13.5	-
13	o/w SuMi TRUST Bank	161.3	203.0	28.5	-
14	Net income	153.9	180.0	6.1	- (4)
15	o/w SuMi TRUST Bank	118.3	143.0	28.9	-
16	Dividend per common share (Yen)	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, 3QFY2019 (actual): ¥6.7bn, 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

### 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



# Fee business: Investment management consulting

- ✓ Total sales decreased by ¥34.5bn YoY to ¥957.6bn due to continued weakness in investment appetite of clients. Investment trusts increased due to the impact of large allocation transfer from DB to DC
- ✓ Income decreased by ¥5.5bn YoY, as sales fees of both investment trust and insurance decreased

## Income for distributor of investment products

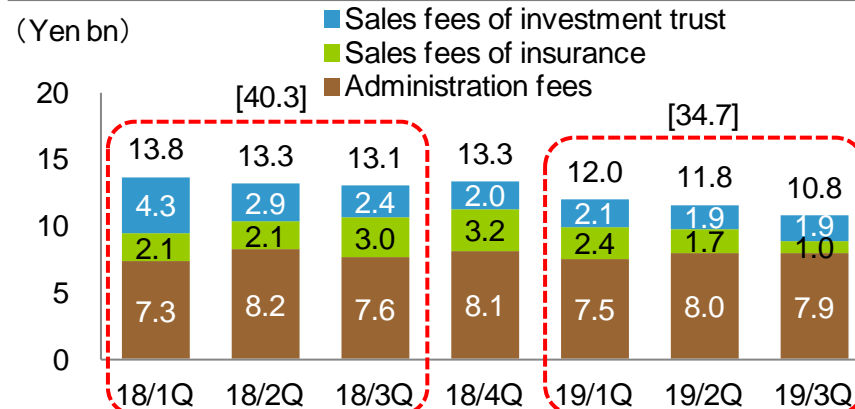
	(Yen bn)	FY18	FY19	Change	FY19 Plan
		1-3Q	1-3Q		
1 Income total		40.3	34.7	(5.5)	48.0
2 Sales fees of investment trust		9.6	6.0	(3.6)	8.0
3 Sales fees of insurance		7.3	5.1	(2.2)	8.0
4 Administration fees		23.2	23.5	0.2	32.0

## Sales volume / balance

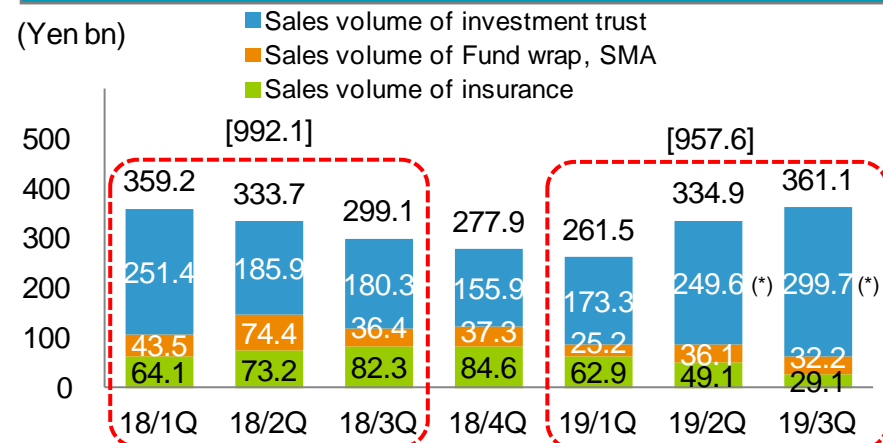
	(Yen bn)	FY18	FY19	Change	FY19 Plan
		1-3Q	1-3Q		
5 Sales volume total		992.1	957.6	(34.5)	1,220.0
6 Investment trust		617.8	(*) 722.8	104.9	800.0
7 Fund wrap, SMA		154.5	93.6	(60.9)	130.0
8 Insurance		219.7	141.1	(78.5)	290.0

	(Yen bn)	Mar. 2019	Dec. 2019	Change	Mar. 2020 Plan
9 Balance total		6,376.3	6,718.3	341.9	6,600.0
10 Investment trust		2,930.5	3,230.8	300.2	3,100.0
11 Fund wrap, SMA		891.9	898.9	7.0	900.0
12 Insurance		2,553.8	2,588.5	34.6	2,600.0
13 Wrap Selection		1,774.5	1,833.5	58.9	1,830.0

## Income for distributor (quarterly)



## Sales volume (quarterly)



(\*) Including the impact of large allocation transfer from DB to DC  
(19/2Q: Approx. ¥90bn, 19/3Q: Approx. ¥140bn)

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

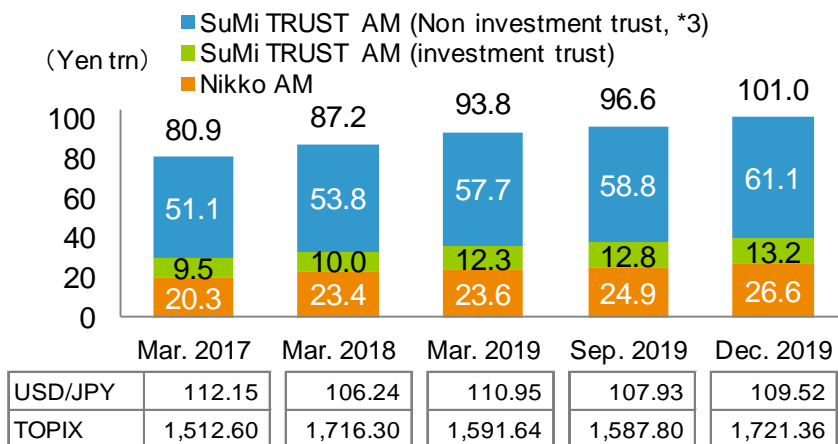
- ✓ AUM increased by ¥7.2trn to ¥101trn from March 2019 due mainly to cash inflow
- ✓ AUC increased for each asset category in both domestic and overseas from March 2019

## Assets under management (AUM)

(Yen trn)		Mar. 2019	Dec. 2019	Change
1	Assets under management (*1)	93.8	101.0	7.2
2	SuMi TRUST AM	70.1	74.4	4.3
3	Investment trust	12.3	13.2	0.9
4	Non investment trust (*2)	57.7	61.1	3.3
5	Corporate pension trust	13.7	13.9	0.1
6	Public pension trust	11.1	11.3	0.1
7	Discretionary investment	32.8	35.8	3.0
8	Nikko AM	23.6	26.6	2.9

(\*1) Categorized by entity actually managing asset

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



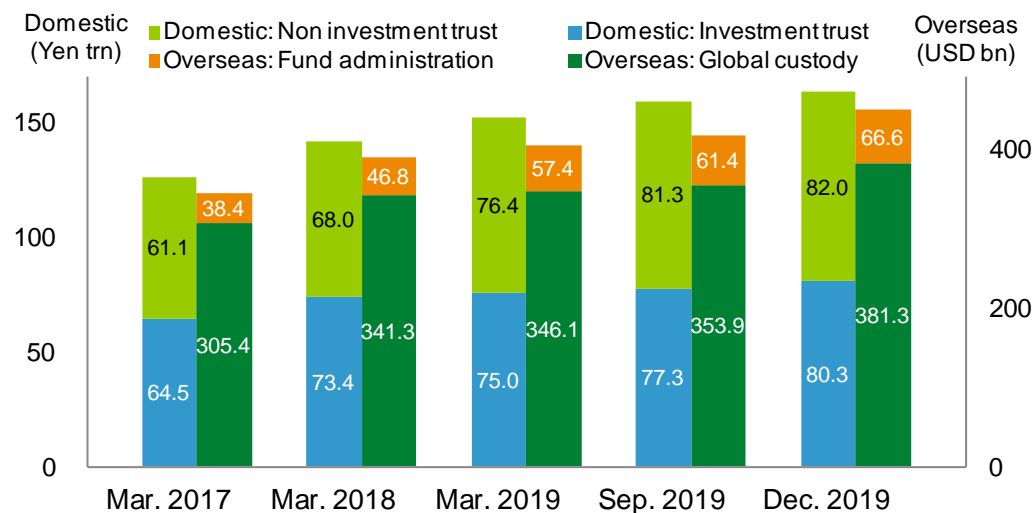
(\*3) Managed by SuMi TRUST Bank until the end of Mar. 2018

## Assets under custody/administration

(Yen trn)		Mar. 2019	Dec. 2019	Change
[Domestic]				
9	Investment trust (*4)	75.0	80.3	5.3
10	Non investment trust (*4)	76.4	82.0	5.5
[Overseas] (USD bn)				
11	Global custody (*5)	346.1	381.3	35.2
12	Fund administration	57.4	66.6	9.1

(\*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.)



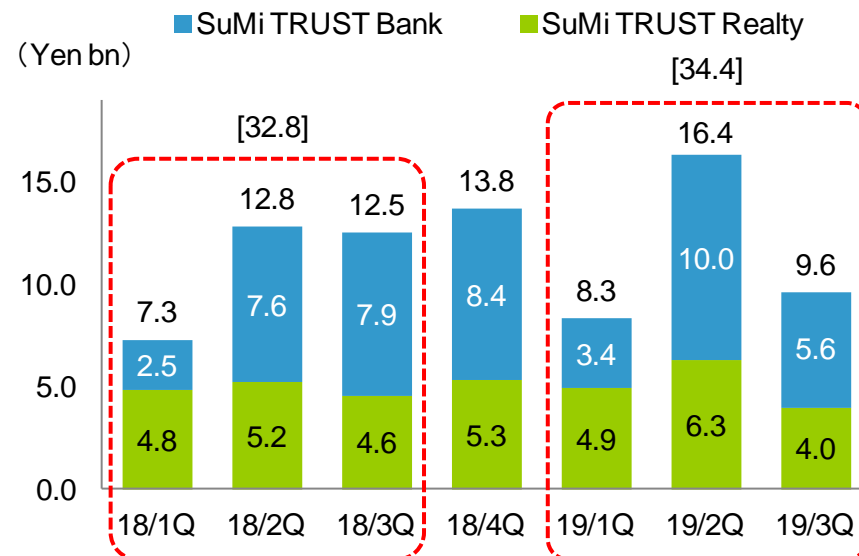
# Fee business: Real estate

- ✓ Real estate brokerage fees from corporate clients (SuMi TRUST Bank) increased by ¥1.0bn YoY to ¥19.1bn due to steady flow of new transactions.
- ✓ Real estate brokerage fees from retail clients (SuMi TRUST Realty) also recorded stable growth of ¥0.5bn YoY to ¥15.3bn

## Income

	(Yen bn)	FY18	FY19	Change	FY19 Plan
		1-3Q	1-3Q		
1 Real estate brokerage fees		32.8	34.4	1.6	48.0
2    SuMi TRUST Bank		18.0	19.1	1.0	27.0
3    SuMi TRUST Realty		14.7	15.3	0.5	21.0
4 Real estate trust fees, etc.		4.2	4.4	0.2	6.0
5 Net other real estate profit		1.2	0.9	(0.3)	1.0
6    SuMi TRUST Bank		-	-	-	-
7    Group companies		1.2	0.9	(0.3)	1.0
8 Total		38.2	39.8	1.5	55.0
9    o/w SuMi TRUST Bank		22.2	23.5	1.3	33.0

## Real estate brokerage fees (quarterly)



## Assets under management / administration

	(Yen bn)	Mar. 2019	Dec. 2019	Change
10 Securitized real estate		16,389.1	17,480.9	1,091.7
11 Assets under custody from J-REITs		14,529.9	15,551.5	1,021.6
12 Assets under management		732.1	539.1	(193.0)
13    Private placement funds		463.5	260.8	(202.6)
14    J-REITs		268.6	278.2	9.6

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

- ✓ Credit portfolio balance increased by ¥0.62trn from Mar. 2019 to ¥31.35trn, due to increase of both residential mortgage and loans to corporates
- ✓ Corporate lending increased due to short term loan increase

## Advanced amount and balance for individuals

	(Yen bn)	FY18	FY19	Change	FY19
		1-3Q	1-3Q		Plan
1	Advanced amount of loans to individuals	885.6	918.6	33.0	1,250.0
2	o/w Residential mortgage loans	815.3	851.4	36.0	1,150.0

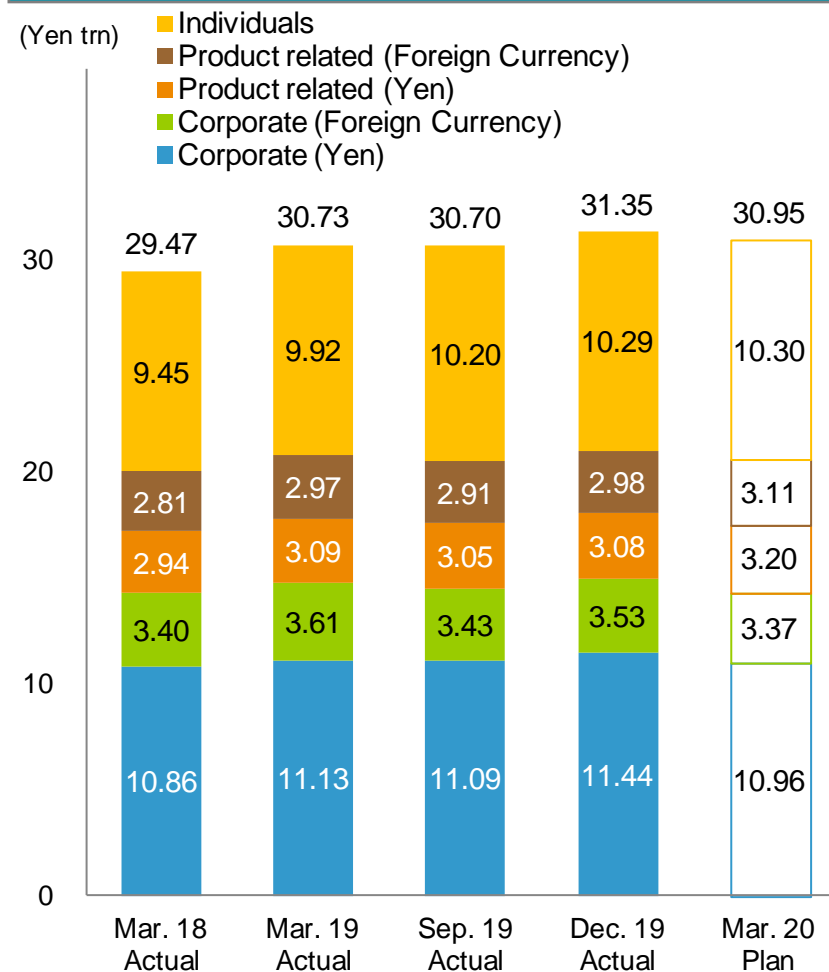
	(Yen bn)	Mar. 2019	Dec. 2019	Change	Mar. 2020
					Plan
3	Balance of loans to individuals	9,920.6	10,295.5	374.9	10,300.0
4	o/w Residential mortgage loans	9,314.0	9,673.2	359.2	9,650.0

## Balance of credit for corporates

	(Yen bn)	Mar. 2019	Dec. 2019	Change	Mar. 2020
					Plan
5	Corporate (Yen)	11,131.1	11,449.7	318.5	10,960.0
6	Corporate (Foreign Currency)	3,617.2	3,538.6	(78.6)	3,370.0
7	Product related (Yen)	3,098.7	3,088.1	(10.6)	3,200.0
8	Product related (Foreign Currency)	2,971.2	2,987.6	16.3	3,110.0
9	Total balance of credit for corporates	20,818.5	21,064.2	245.6	20,650.0
10	o/w Product related	6,070.0	6,075.8	5.7	6,310.0

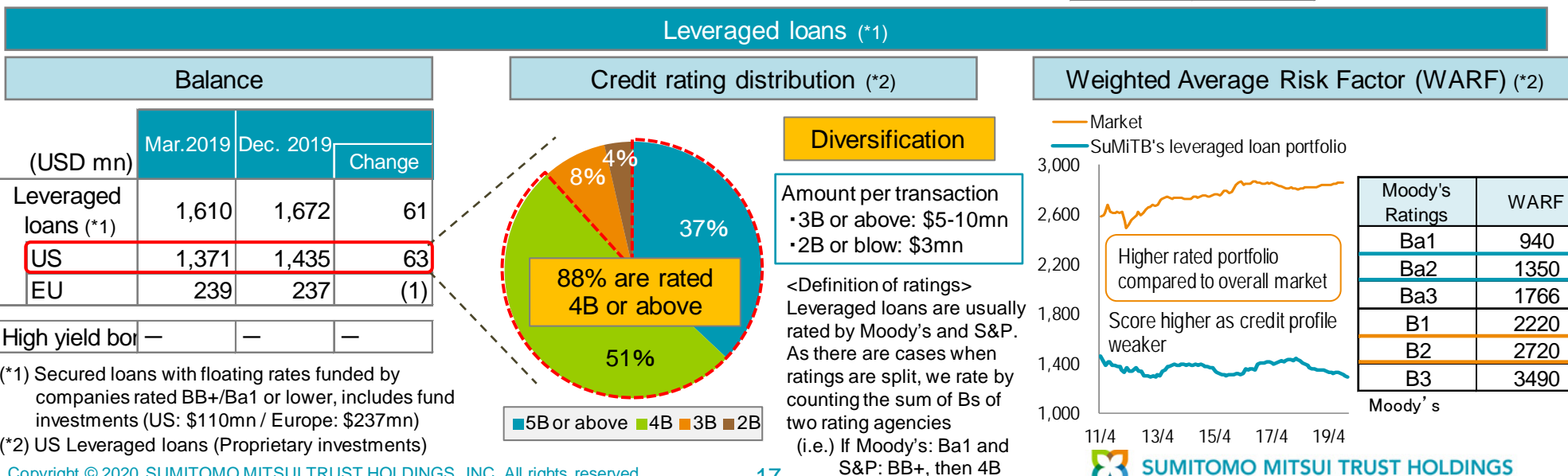
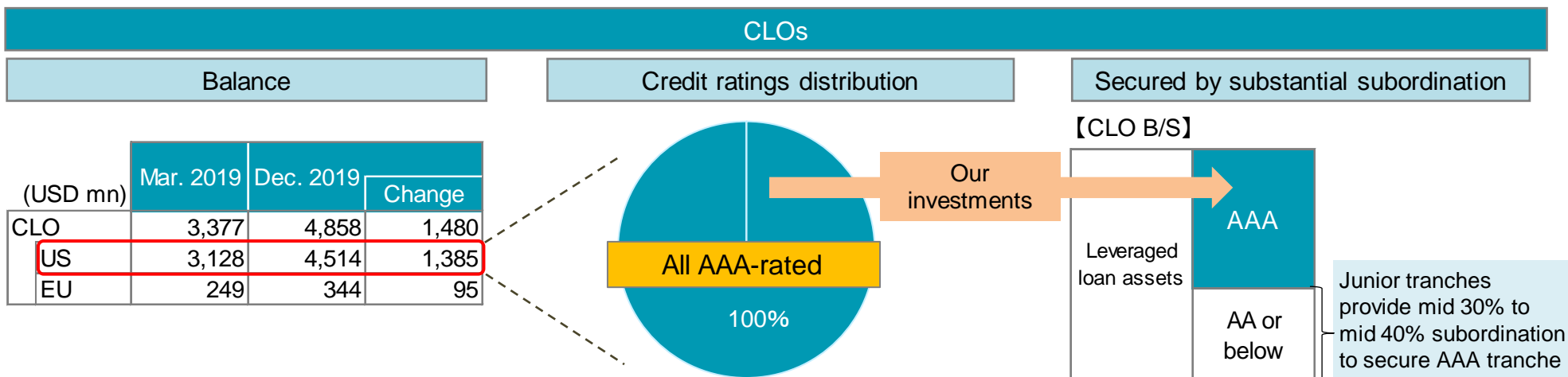
USD/JPY 110.95 109.52 (1.43)

## Credit portfolio balance



# Status of US and European Leveraged Loan related Asset

- ✓ CLO exposures of approximately US\$4.9bn, all of which are AAA-rated
- ✓ Leveraged loan portfolio mainly consists of US assets, with relatively higher credit profiles (mostly 4B or above rating)  
Exposure per borrower also diversified. Risk conscious investment style



(\*1) Secured loans with floating rates funded by companies rated BB+/Ba1 or lower, includes fund investments (US: \$110mn / Europe: \$237mn)

(\*2) US Leveraged loans (Proprietary investments)

# Capital

- ✓ Common Equity Tier 1 capital ratio: UP 0.3 percentage points from Mar. 2019 to 12.48%, due primarily to increase in retained earnings contributed to accumulation of common equity. On the other hand, risk-weighted assets remained at same level
- ✓ Leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

## <Capital and total risk-weighted assets>

	(Yen bn)	Mar. 2019	Dec. 2019	Change
1	Total capital ratio	16.77%	16.90%	0.13%
2	Tier 1 capital ratio	14.18%	14.26%	0.08%
3	Common Equity Tier 1 capital ratio	12.18%	12.48%	0.30%
4	Total capital	3,320.1	3,341.8	21.7
5	Tier 1 capital	2,806.5	2,820.8	14.3
6	Common Equity Tier 1 capital	2,412.1	2,468.1	56.0 (1)
7	Instruments and reserves	2,626.1	2,665.5	39.4
8	Accumulated other comprehensive income (*1)	410.4	339.2	(71.2)
9	Regulatory adjustments	(214.0)	(197.4)	16.6
10	Additional Tier 1 capital	394.4	352.6	(41.7)
11	Tier 2 capital	513.6	520.9	7.3
12	Total risk-weighted assets	19,790.1	19,770.2	(19.8)
13	Credit risk	17,725.1	17,514.8	(210.2) (2)
14	Market risk	1,104.0	1,305.4	201.3 (3)
15	Operational risk	960.8	949.9	(10.8)

(\*1) Valuation differences on Available-for-Sale Securities(Dec. 2019): ¥406.0bn

## < Major factors of change in capital >

### (1) Common Equity Tier 1 capital: +¥56.0bn

- Net income +¥153.9bn
- Dividend/share repurchase ¥(44.1)bn
- Unrealized gains/losses of AFS ¥(61.3)bn

### < Major factors affecting risk assets >

### (2) Credit risk: ¥(210.2)bn

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

### (3) Market risk: ¥201.3bn

- Increase due to expansion of foreign exchange positions

## <Other ratios required in prudential regulations>

	(Yen bn)	Dec. 2019	Change from Mar. 2019
16	Leverage ratio	4.85%	0.18%
17	Tier 1 capital	2,820.8	14.3
18	Total exposure	58,132.6	(1,876.5)
19	Liquidity coverage ratio (*2)	128.4%	1.0%
20	Total high-quality liquid assets	15,227.5	(3.9)
21	Net cash outflows (*3)	11,856.6	(94.5)

(\*2) Average figures in 3QFY 19. "Change from Mar. 2019" represents the comparison to figure for 4QFY 2018 calculated in the same manner

(\*3) As for actual figure of Mar. 2019, Month-end data used for some items instead of daily data to calculate figures