



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for 1QFY2020

July 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

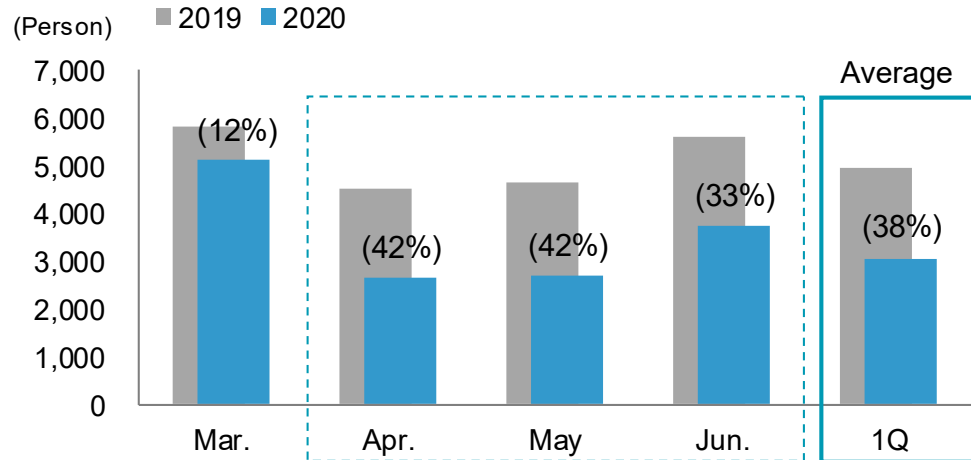
## Executive summary of 1QFY2020

- The impact of COVID-19 on earnings was smaller than initially expected. However, due to concerns over prolonged impact of COVID-19 including the second wave, full-year assumption remains unchanged
- Net business profit increased YoY due to improvement in effective interest related earnings, other profit and expenses, while fee income decreased. Steady progress of 25% against full-year forecast
- Loan growth was mainly due to short-term yen borrowing by large corporations to replace CP issuance and to secure cash on hand
- Credit costs restrained due to partial reversal of special loan loss provisions
- Net income decreased due to deteriorated valuation of hedge position against shareholdings (fair value accounting applied), while sales of strategic shareholdings were limited. Progress of 20% against full-year forecast

# Impact of COVID-19 on business environment

## Number of individual clients visiting (daily average)

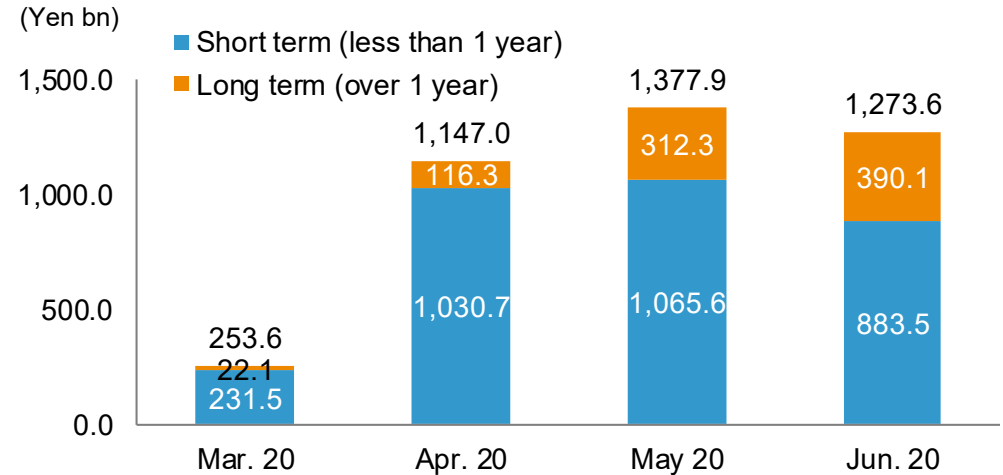
Number of clients visiting branches are recovering.  
Started strengthening non-face-to-face consulting efforts



\* Compared to same months/same period of previous year

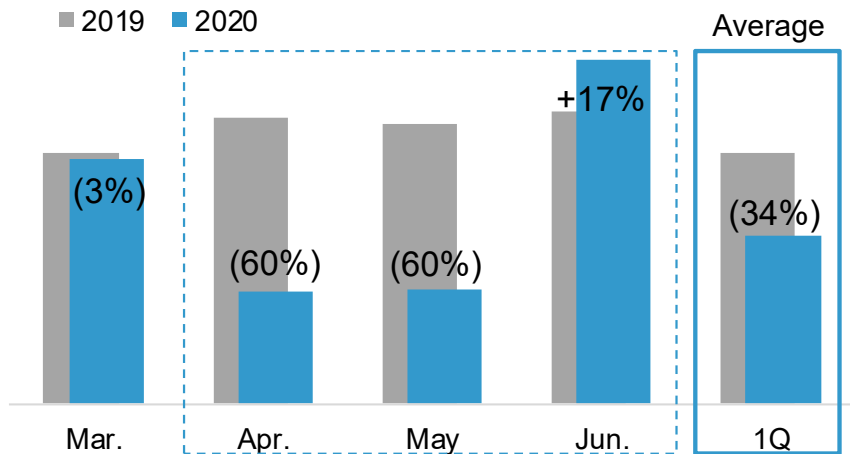
## COVID-19 related credit (mainly corporate (yen))

Needs for funds such as replacement of CP issuance are on decreasing trend



## Corporate real estate business client contacts

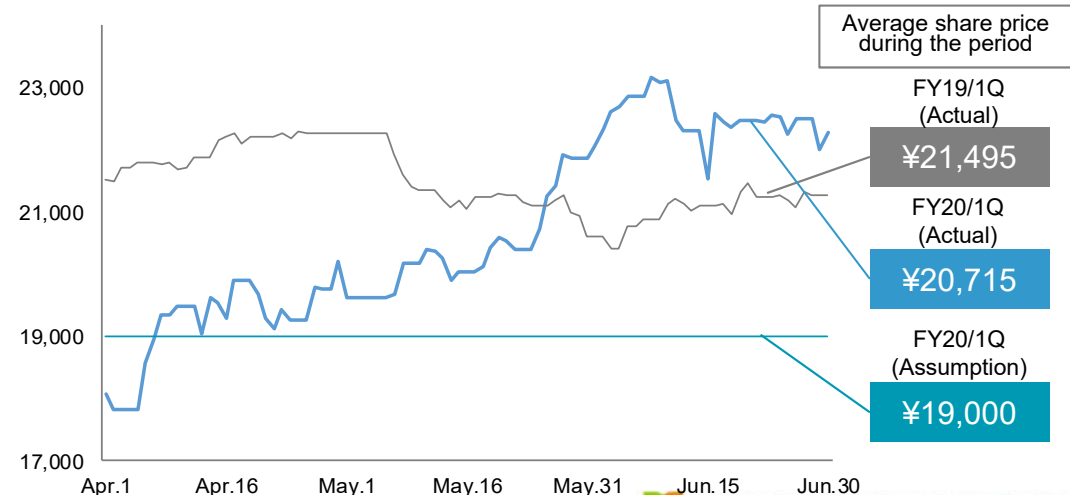
Marketing activities recovered since June, exceeding previous year's level



\* Index of Mar. 19 as 100. Compared to same month/same period of previous year

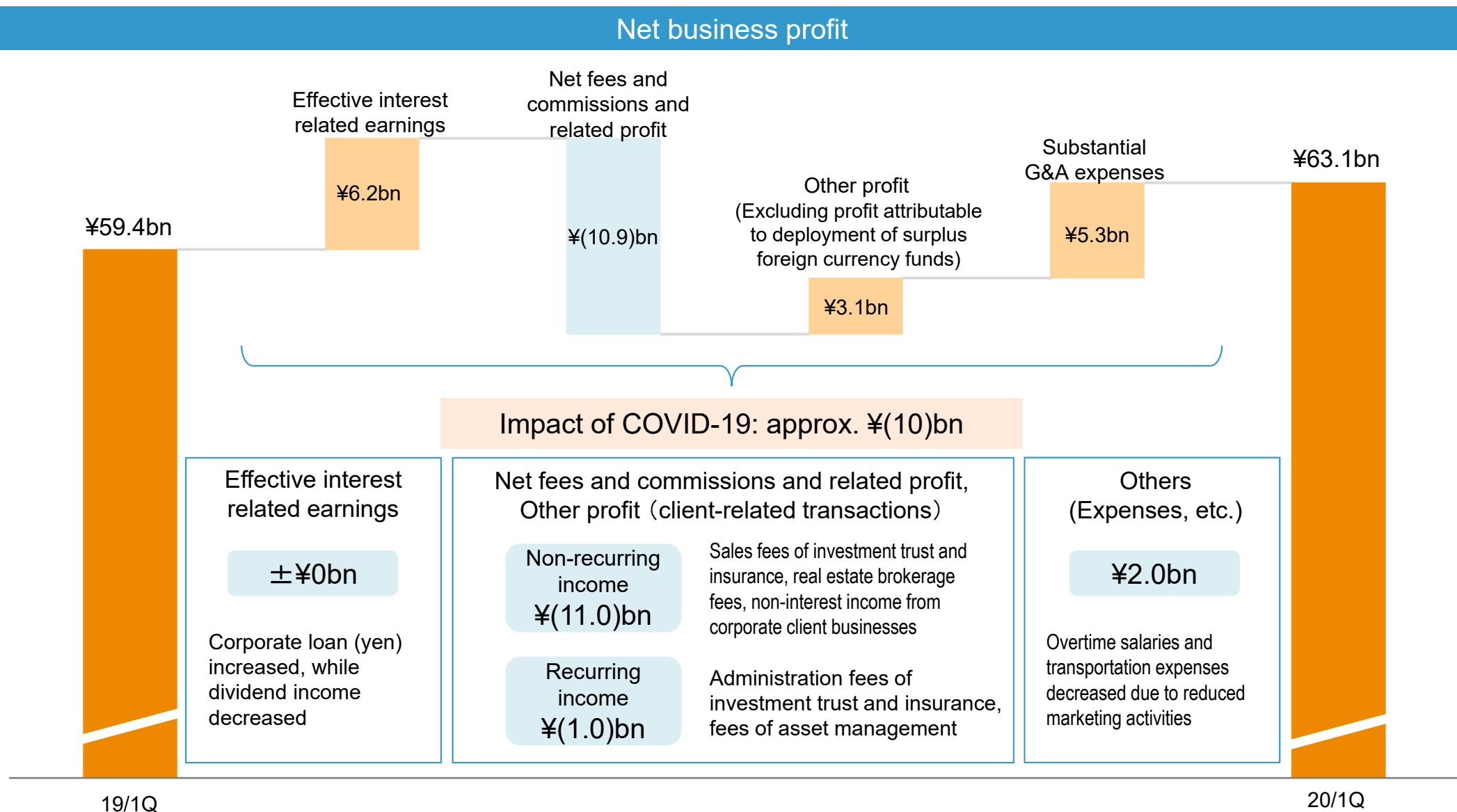
## Stock market

Average share price in 1QFY2020 exceeded initial assumption, nearly the same level as previous year



# Impact of COVID-19 on earnings (Net business profit)

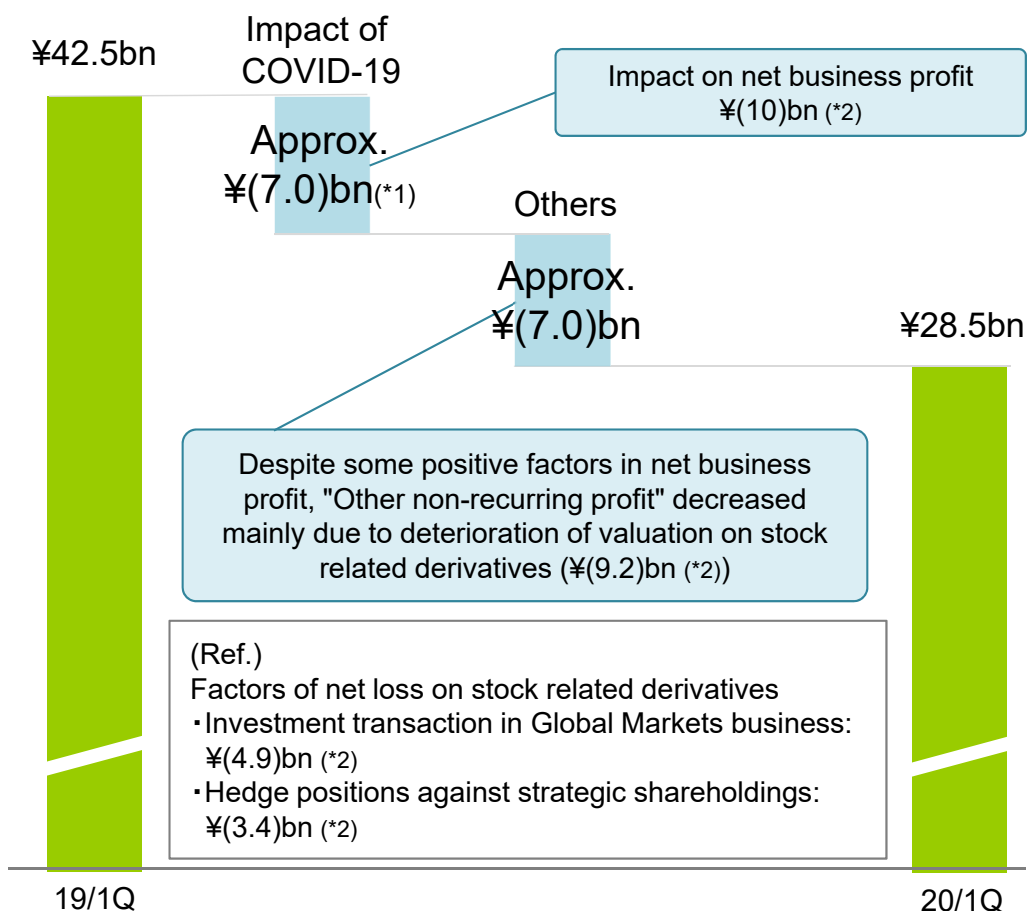
- ✓ 1Q impact of COVID-19 is approx. ¥(10)bn
- ✓ Net business profit decreased mainly in non-recurring income due to restrictions on marketing activities, while impact on recurring income was limited



# Impact of COVID-19 on earnings (Net income)

- ✓ Net income decreased YoY due to the impact of COVID-19 and deterioration of losses on stock related derivatives (hedging transactions of mark to market derivatives, etc.)
- ✓ Due to delays in negotiation of strategic shareholdings reduction, net gains on stocks are insignificant. (Planned to reduce shareholdings going forward)

## Net income



(\*1) Total credit costs and gains/losses on stocks are not included in the impact as it is difficult to distinguish the impact of COVID-19.

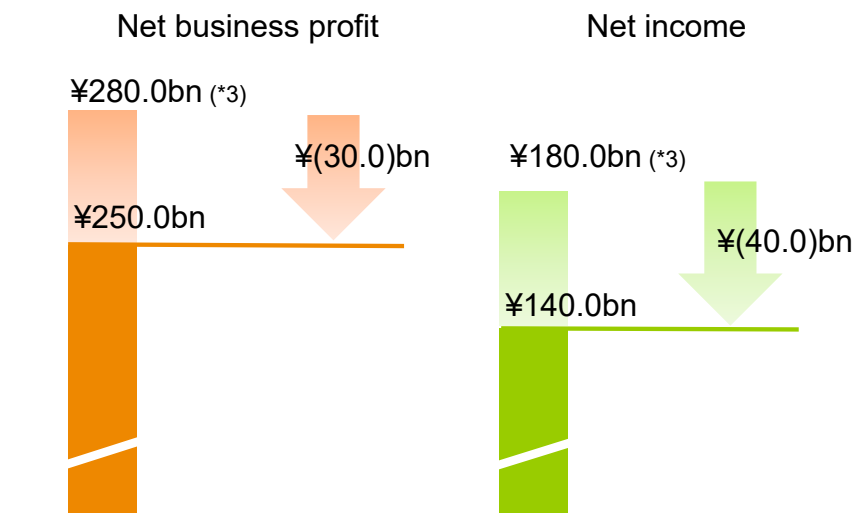
(\*2) Before consideration of effective tax rate

[Reposted] Assumption of FY2020 financial results (at May 20)

"COVID-19 infection should peak-out in 1H FY2020, but its impact shall reverberate through FY2020"

Pre condition	Marketing activity volume to fall by 10-30% (annual base) Lower share price forecast (Nikkei 225 ¥22,500 to ¥19,000)
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## Assumption of FY2020 financial results



Non-recurring income : down ¥20.0bn  
Recurring income : down ¥10.0bn  
No impact to effective interest related earnings and expenses

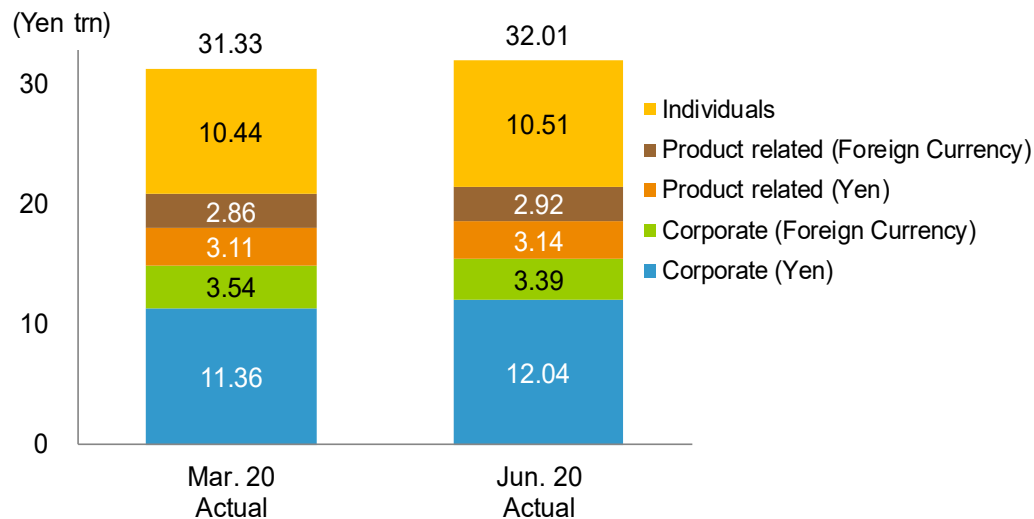
Total credit costs : additional ¥(10.0)bn expected, total of ¥(30.0)bn  
Net gains on stocks : decrease of 10.0bn expected, total of ¥20.0bn

(\*3) Expected forecast level without impact of COVID-19

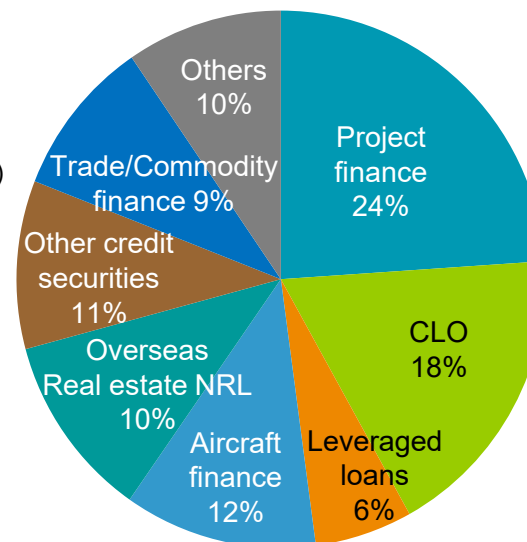
# Credit risk

- ✓ Increase in yen-denominated corporate loans is centered on short-term funds to secure cash on hand, including replacement of CP issuance by large corporations, with limited risks
- ✓ Continue diversified and credit conscious portfolio management of product related (foreign currency)

## Credit portfolio



## Product related (Foreign currency)

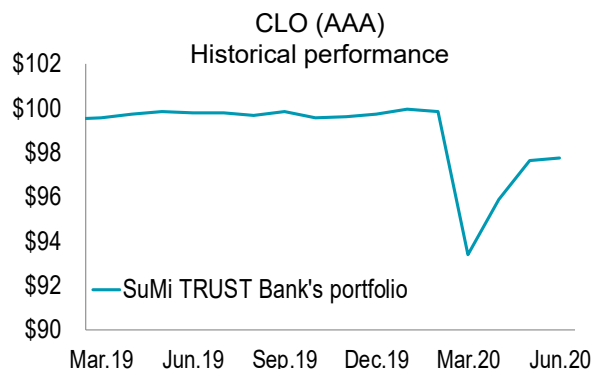


	Jun. 2020 Balance	Change from Mar. 2020
Project finance	6.4	0.2
Aircraft finance	3.6	(0.1)
Overseas real estate NRL	2.7	0.1
Other credit securities	3.0	(0.6)

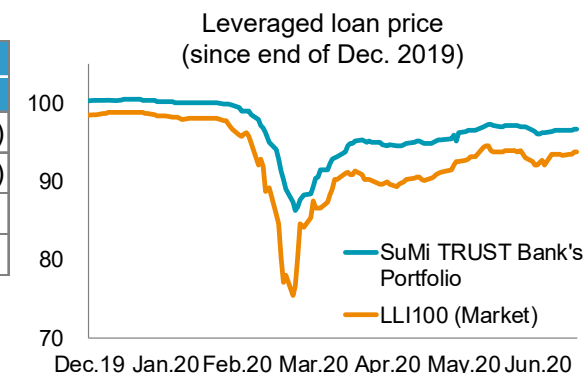
## CLO / Leveraged loans

CLO (AAA) and leveraged loan prices are on a recovery trend

(USD mn)	Mar. 2020	Jun. 2020	Change
CLO	4,837	4,855	17
US	4,495	4,502	6
EU	342	353	10



(USD mn)	Mar. 2020	Jun. 2020	Change
Leveraged loans	1,605	1,558	(47)
US	1,374	1,319	(55)
EU	230	238	7
High yield bonds	-	-	-

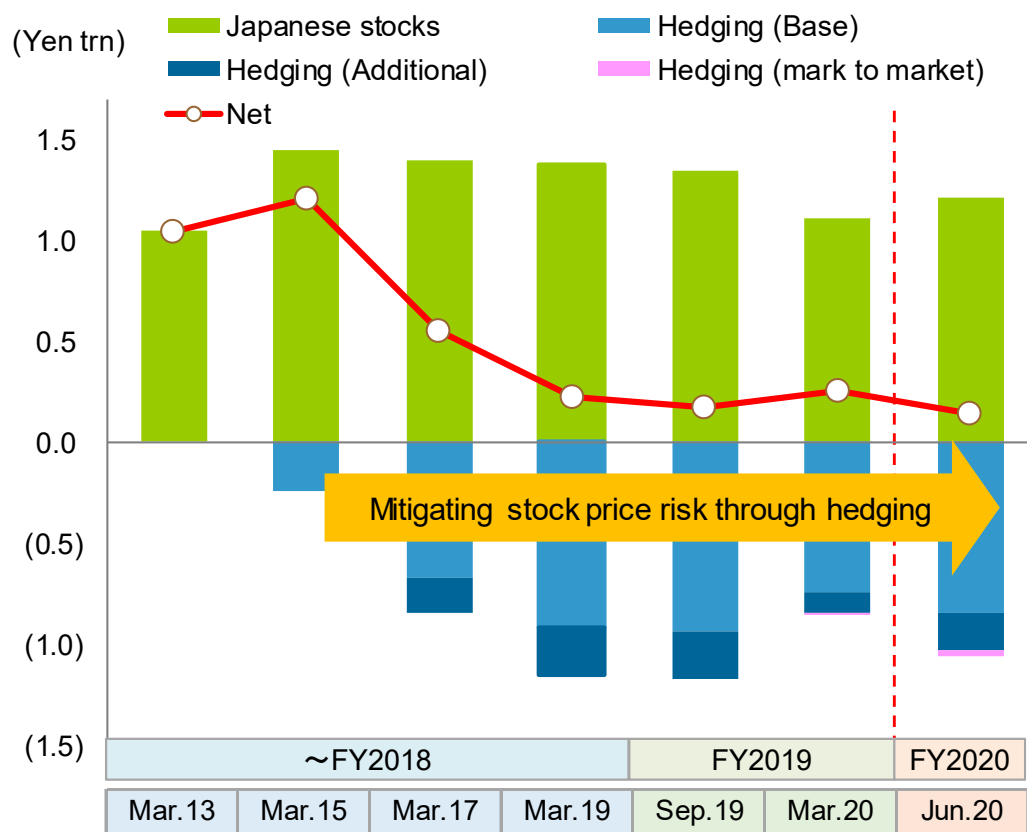


# Stock price risk, Interest rate risk

- ✓ Continue restrained approach towards both stock price and interest rate risks by utilizing hedge positions and restraining volume.
- ✓ For share price fluctuation risk of strategic shareholdings, mark to market derivatives were partially used to mitigate.  
Hedging ratio at the end of June 2020 : about 90%.

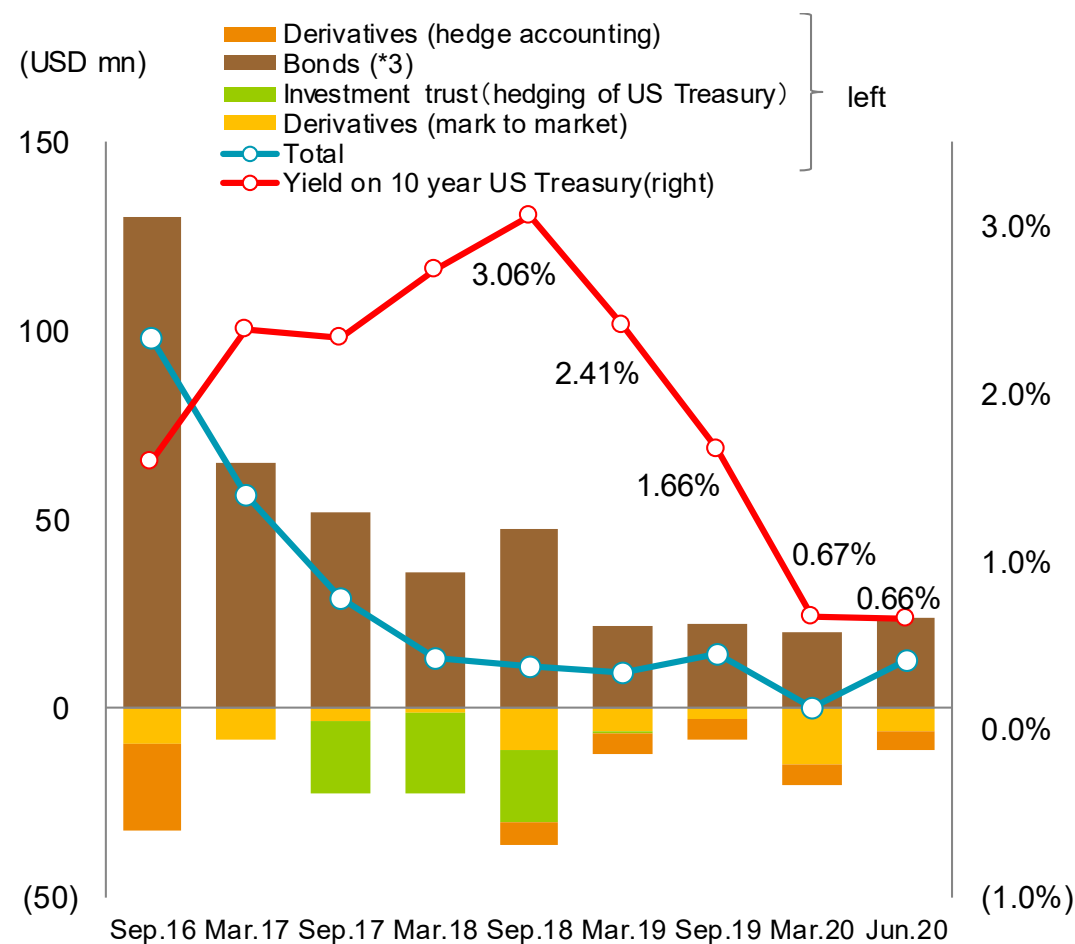
## Hedge positions against strategic shareholdings (\*1)

Base	Maintain current ratio 65% basically
Additional	Adjust volume within 0-35% (*2)



(\*1) Hedge ratio against fair value of strategic shareholdings (\*2) Contrarian to stock prices (Hedge ratio to rise if stock prices rise) (\*3) Held by Global Markets

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





# Overview of profits

(Yen bn)		FY19 1Q	FY20 1Q	Change	FY20 Forecast
1	Net business profit before credit costs (*1)	59.4	63.1	3.7	250.0
2	Substantial gross business profit (*1)	170.6	168.9	(1.6)	710.0
3	Effective interest related earnings (*2)	58.1	64.4	6.2	
4	Net fees and commissions and related profit	97.3	86.3	(10.9)	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	15.1	18.2	3.1	
6	Substantial G&A expenses (*1)	(111.1)	(105.8)	5.3	(460.0)
7	Total credit costs	(2.2)	(1.8)	0.4	(30.0)
8	Net gains on stocks	6.0	1.0	(5.0)	
9	Other net non-recurring profit	(2.2)	(21.9)	(19.6)	
10	Ordinary profit	60.9	40.3	(20.6)	200.0
11	Extraordinary profit	(0.0)	(0.2)	(0.1)	
12	Income before income taxes	60.9	40.0	(20.8)	
13	Total income taxes	(17.2)	(11.1)	6.0	
14	Income attributable to non-controlling interests	(1.0)	(0.4)	0.6	
15	Net income	42.5	28.5	(14.0)	140.0
16	Earnings per share (EPS) (Yen)	112	76	(36)	
17	Number of shares issued (mn shares) (*3)	377.8	374.5	(3.2)	
(Reference)					
18	Net interest income and related profit	35.1	53.8	18.7	
19	Other profit	38.1	28.7	(9.4)	
20	Profit attributable to deployment of surplus foreign currency funds	23.0	10.5	(12.5)	
21	Other	15.1	18.2	3.1	

## Net business profit before credit costs

- Net business profit increased ¥3.7bn YoY. Despite the impact of COVID-19, gross business profit decrease was limited. Substantial G&A expense improved.
- Effective interest related earnings including profit attributable to deployment of surplus foreign currency funds increased ¥6.2 billion YoY, net interest income (International business) improved.
- Net fees and commissions and related profit decreased. Investment management consulting and real estate brokerage related decreased due to decreased marketing activities caused by COVID-19. On the other hand, decrease of recurring income such as asset management/administration business was limited
- Substantial G&A expenses improved by ¥5.3bn YoY, partly due to the impact of decreased marketing activities and decreasing factor linked to gross business profit related to fee income.

## Total credit costs

- Debtor classification of certain borrowers deteriorated. Limited occurrence of total credit costs ¥(1.8)bn partially due to reversal of special loan loss provision of ¥7.0bn

## Net gains on stocks

- Due to limited client contacts, little progress on divestment negotiation. Both reduction amount (cost base) and net gains on strategic shareholdings were small

## Other extraordinary items and corporate taxes total

- Other net non-recurring profit totaled ¥(21.9)bn. Breakdown includes net losses on stock-related derivatives (to hedge stock price risks) ¥(8.7)bn, losses on investment in partnership (fluctuation of PE fund valuations) ¥(3.0)bn, amortization of net actuarial losses/prior service costs ¥(3.0)bn, etc.

(\*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 "Prof it 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.

# Overview of balance sheet

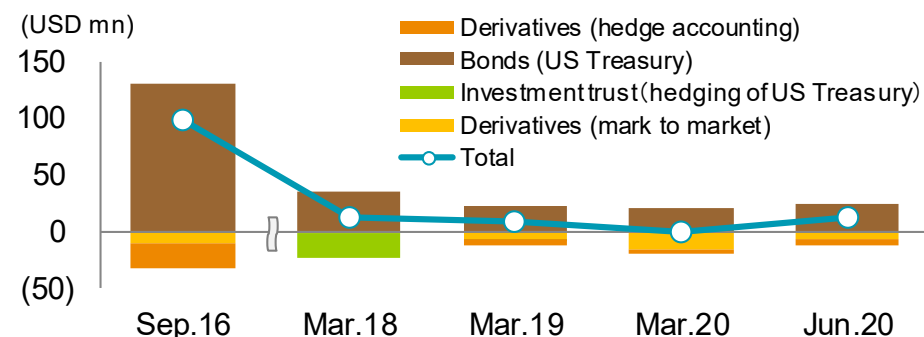
		(Yen bn)		
		Mar. 2020	Jun. 2020	Change
1	<b>Assets</b>	56,500.5	57,599.2	1,098.6
2	Cash and due from banks	13,141.1	14,830.4	1,689.2
3	Securities	6,437.5	6,156.8	(280.7)
4	Loans and bills discounted	29,703.3	30,559.0	855.6
5	Other assets	7,218.3	6,052.8	(1,165.5)
6	<b>Liabilities</b>	53,909.6	55,024.1	1,114.5
7	Deposits and NCD	36,549.2	39,209.8	2,660.6
8	Borrowed money from trust account	4,750.2	3,414.1	(1,336.1)
9	Other liabilities	12,610.1	12,400.1	(210.0)
10	<b>Total net assets</b>	2,590.9	2,575.0	(15.8)
11	Total shareholders' equity	2,334.3	2,334.5	0.1
12	Total accumulated OCI	220.8	204.9	(15.9)
13	Minority interests, etc.	35.6	35.5	(0.1)
14	Net assets per share (BPS) (Yen)	6,822	6,780	(42)
15	Number of shares issued (mn shares) (*)	374.5	374.5	0.0

(Reference)

16	Loan-deposit ratio (SuMi TRUST Bank)	81.7%	78.4%	(3.3%)
17	NPL ratio (SuMi TRUST Bank)	0.3%	0.3%	0.0%

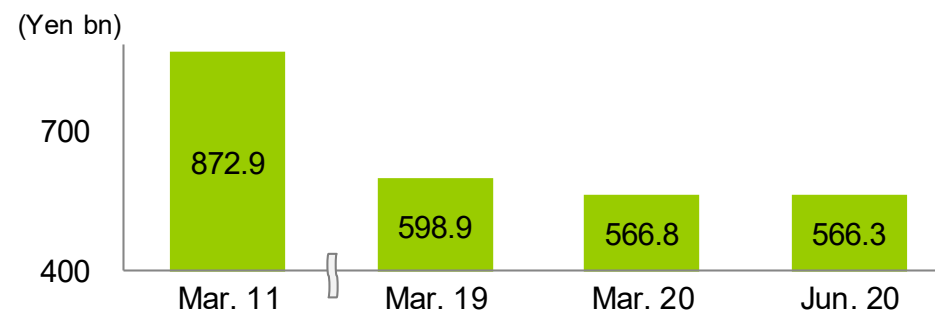
(\*) Number of common shares issued (excluding treasury stocks) as of the date above

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

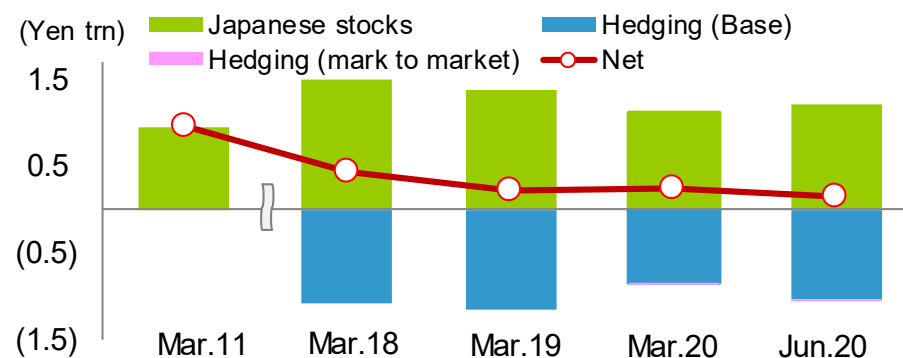


## Strategic shareholdings

### Balance of strategic shareholdings (Cost base)



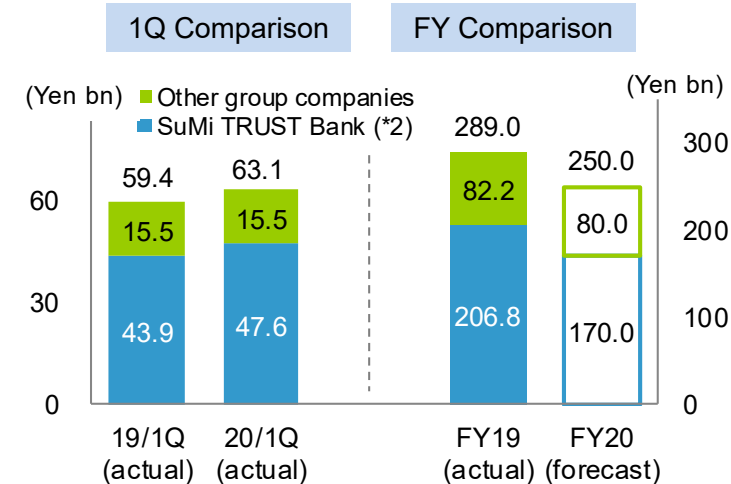
### Hedge positions against strategic shareholdings



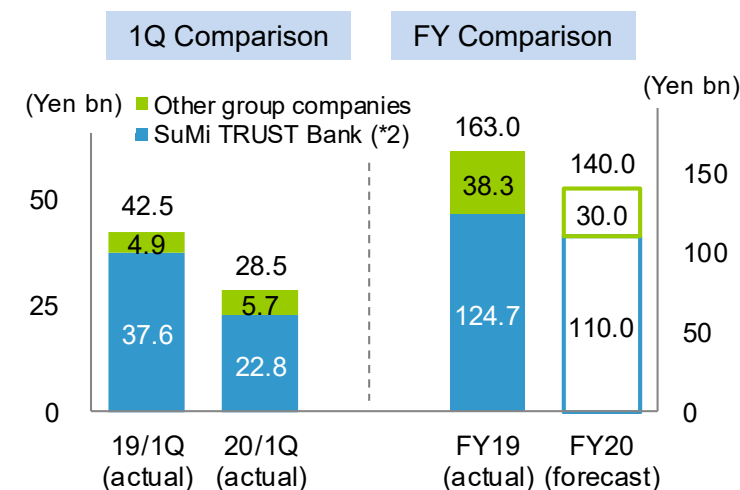
# Profit by group company

		FY19	FY20	Change
		1Q	1Q	
		(Yen bn)		
1	Net business profit before credit costs (*1)	59.4	63.1	3.7
2	o/w SuMi TRUST Bank (*2)	43.9	47.6	3.7
3	SuMi TRUST AM	3.5	2.6	(0.9)
4	Nikko AM (*3)	3.6	3.4	(0.2)
5	SuMi TRUST Realty	1.4	0.8	(0.5)
6	SuMi TRUST Panasonic Finance (*3)	2.4	2.6	0.2
7	SuMi TRUST Loan & Finance	2.9	2.8	(0.0)
8	SBI Sumishin Net Bank (*3)	2.1	2.4	0.3
9	SuMi TRUST Guarantee (*3)	2.8	2.9	0.0
10	SuMi TRUST Club	0.9	0.4	(0.4)
11	Effect of purchase accounting method	(0.6)	0.0	0.7
12	Net income (*1)	42.5	28.5	(14.0)
13	o/w SuMi TRUST Bank (*2)	37.6	22.8	(14.8)
14	SuMi TRUST AM	2.5	1.8	(0.6)
15	Nikko AM (*3)	2.2	2.1	(0.1)
16	SuMi TRUST Realty	0.9	0.5	(0.3)
17	SuMi TRUST Panasonic Finance (*3)	1.0	1.1	0.0
18	SuMi TRUST Loan & Finance	1.9	1.9	0.0
19	SBI Sumishin Net Bank (*3)	1.3	1.7	0.3
20	SuMi TRUST Guarantee (*3)	1.9	2.0	0.0
21	SuMi TRUST Club	0.3	0.4	0.0
22	Effect of purchase accounting method	0.1	0.1	(0.0)

## Breakdown of Net business profit before credit cost



## Breakdown of Net income



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

(\*2) Since FY2020, dividend from group companies aimed to improve capital efficiency is included (no adjustment) (Same for P13 and P14) (\*3) Consolidated basis

# Profit by business segment

		FY19/1Q Net business profit before credit costs  (Yen bn)	Substantial gross business profit		Substantial G&A expenses	FY20/1Q Net business profit before credit costs	
				Change			Change
1	Total	59.4	168.9	(1.6)	(105.8)	63.1	3.7
2	Retail total solution services	6.8	41.0	(7.0)	(38.4)	2.6	(4.1)
3	SuMi TRUST Bank	2.3	28.3	(4.4)	(29.9)	(1.5)	(3.9)
4	Other group companies	4.4	12.7	(2.5)	(8.5)	4.1	(0.2)
5	Wholesale financial services (*2)	27.4	45.2	(0.4)	(18.4)	26.8	(0.6)
6	SuMi TRUST Bank	20.8	31.2	(0.8)	(11.5)	19.7	(1.1)
7	Other group companies	6.6	13.9	0.3	(6.9)	7.0	0.4
8	Stock transfer agency services	7.1	13.5	1.1	(5.4)	8.1	1.0
9	SuMi TRUST Bank	6.7	8.6	1.0	(0.9)	7.7	1.0
10	Other group companies	0.4	4.9	0.1	(4.5)	0.3	(0.0)
11	Real estate	4.0	7.1	(2.8)	(5.5)	1.6	(2.3)
12	SuMi TRUST Bank	2.5	3.0	(1.8)	(2.3)	0.7	(1.8)
13	Other group companies	1.4	4.1	(1.0)	(3.2)	0.9	(0.5)
14	Fiduciary services	15.7	40.5	(1.3)	(25.5)	15.0	(0.7)
15	SuMi TRUST Bank	7.0	13.0	0.5	(5.5)	7.4	0.3
16	Other group companies	8.7	27.5	(1.8)	(20.0)	7.5	(1.1)
17	o/w Asset management business (*3)	7.3	18.7	(1.1)	(12.6)	6.1	(1.1)
18	Global markets (*4)	10.5	15.4	1.3	(3.4)	11.9	1.4

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

(\*4) Substantial gross business profit and net business profit includes net gains/losses on stock related derivatives which is posted as "other non-recurring profit"

(1QFY19: ¥0.3bn, 1QFY2020: ¥(4.5)bn, YoY change: ¥(4.9)bn)

# Overview of profit (SuMi TRUST Bank)

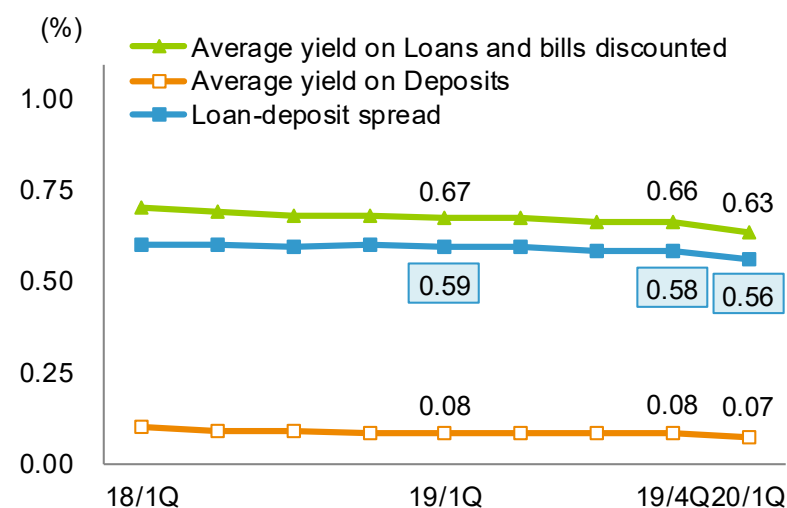
(Yen bn)		FY19 1Q	FY20 1Q	Change
1	Net business profit before credit costs	43.9	47.6	3.7
2	Gross business profit	103.9	106.4	2.4
3	Effective interest related earnings	56.7	62.5	5.8
4	Net interest income and related profit	33.6	52.0	18.3
5	Profit attributable to deployment of surplus foreign currency funds	23.0	10.5	(12.5)
6	Net fees and commissions and related profit	40.5	33.6	(6.8)
7	Net trading profit	8.1	1.1	(6.9)
8	Net trading profit	16.1	9.2	(6.9)
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	(8.0)	(8.0)	(0.0)
10	Net gains on bonds	2.4	8.2	5.8
11	Net gains from derivatives	(3.8)	0.9	4.7
12	General and administrative expenses	(60.0)	(58.7)	1.2
13	Total credit costs	(1.1)	(1.7)	(0.5)
14	Other non-recurring profit	6.3	(17.7)	(24.0)
15	o/w Net gains on stocks	6.1	0.2	(5.9)
16	Amortization of net actuarial losses	(1.4)	(3.0)	(1.6)
17	Ordinary profit	49.0	28.1	(20.9)
18	Extraordinary profit	(0.0)	(0.2)	(0.1)
19	Income before income taxes	48.9	27.8	(21.1)
20	Total income taxes	(11.2)	(5.0)	6.2
21	Net income	37.6	22.8	(14.8)

	FY19 1Q	FY20 1Q	Change	
22	Gross business profit	103.9	106.4	2.4
23	Net interest income and related profit	33.6	52.0	18.3
24	Net fees and commissions and related profit	40.5	33.6	(6.8)
25	Net trading profit	16.1	9.2	(6.9)
26	Net other operating profit	13.6	11.4	(2.1)
27	o/w Net gains on foreign exchange transactions	15.0	2.4	(12.5)
28	Profit attributable to deployment of surplus foreign currency funds	23.0	10.5	(12.5)
29	other	(8.0)	(8.0)	(0.0)
30	Net gains on bonds	2.4	8.2	5.8
31	Net gains from derivatives	(3.8)	0.9	4.7
32	Net fees and commissions and related profit	40.5	33.6	(6.8)
33	o/w Investment management consulting	12.0	7.2	(4.8)
34	Asset management/administration	12.4	13.0	0.5
35	Real estate brokerage	3.4	1.5	(1.8)
36	Stock transfer agency services	7.6	8.6	1.0
37	Inheritance related services	0.7	0.5	(0.1)
38	Wholesale credit related	6.3	6.3	0.0
39	Net gains on bonds	2.4	8.2	5.8
40	Domestic bonds	0.8	(0.0)	(0.8)
41	Foreign bonds	1.6	8.3	6.6

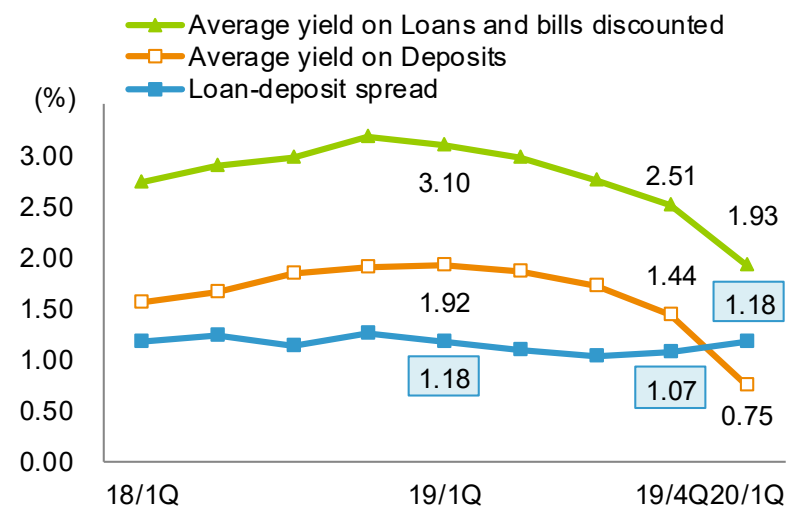
# Net interest income (SuMi TRUST Bank)

		FY20/1Q					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from FY19/1Q	Average Yield	Change from FY19/1Q	Income/Expenses	Change from FY19/1Q
1	Net interest income					47.7	18.1
2	Domestic business			0.36%	(0.02%)	36.1	(0.5)
3	Interest-earning assets	39.77	1.08	0.50%	(0.02%)	50.3	(0.2)
4	o/w Loans and bills discounted	24.35	1.87	0.63%	(0.04%)	38.6	1.1
5	Securities	4.01	0.60	1.00%	(0.34%)	10.0	(1.3)
6	Interest-bearing liabilities	39.30	1.34	0.14%	(0.00%)	(14.1)	(0.3)
7	o/w Deposits	24.90	0.03	0.07%	(0.01%)	(4.7)	0.4
8	Borrowings from trust a/c	3.50	0.22	0.48%	(0.01%)	(4.2)	(0.2)
9	Swaps	---	---	---	---	(0.5)	(0.5)
10	International business			0.34%	0.60%	11.5	18.6
11	Interest-earning assets	13.20	(0.27)	1.30%	(0.91%)	42.8	(31.2)
12	o/w Loans and bills discounted	6.31	(0.16)	1.93%	(1.17%)	30.4	(19.6)
13	Due from banks	2.14	0.04	0.22%	(1.45%)	1.1	(7.5)
14	Securities	2.21	0.07	1.87%	(0.60%)	10.3	(2.8)
15	Interest-bearing liabilities	12.95	(0.22)	0.96%	(1.51%)	(31.2)	49.9
16	o/w Deposits	5.31	(0.33)	0.75%	(1.17%)	(9.9)	17.0
17	NCD / USCP	4.44	(0.78)	0.85%	(1.44%)	(9.4)	20.2
18	Repo	1.51	0.04	0.40%	(2.09%)	(1.5)	7.5
19	Expenses on swaps	---	---	---	---	(7.3)	2.5
20	(+) Trust fees from principal guaranteed trust a/c					4.2	0.2
21	(+) Profit attributable to deployment of surplus foreign currency funds					10.5	(12.5)
22	Effective interest related earnings					62.5	5.8
23	Loan-deposit spread / income in domestic business			0.56%	(0.03%)	33.8	1.6
24	Loan-deposit spread / income in international business			1.18%	0.00%	20.5	(2.5)

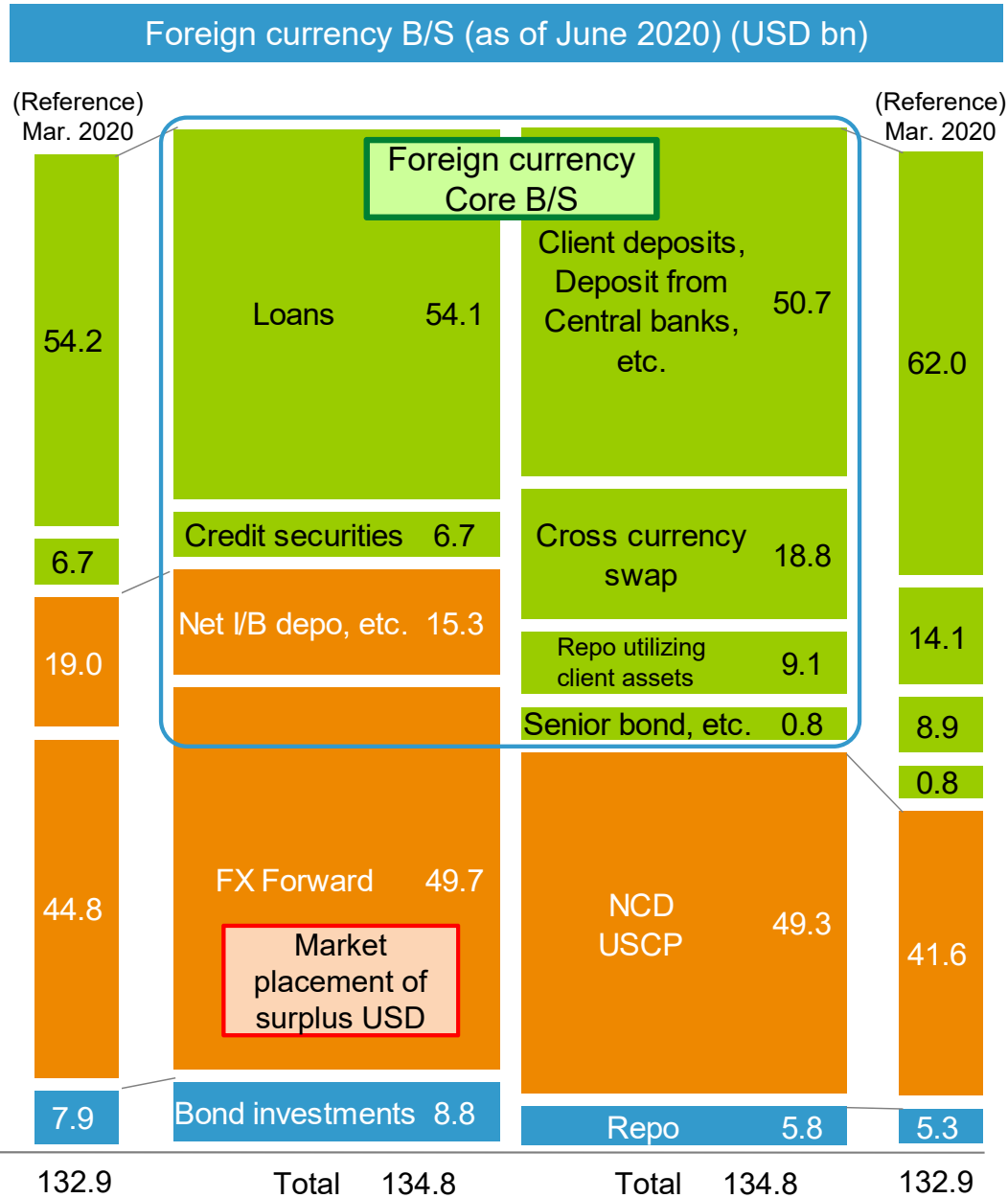
## Domestic loan-deposit spread



## International loan-deposit spread



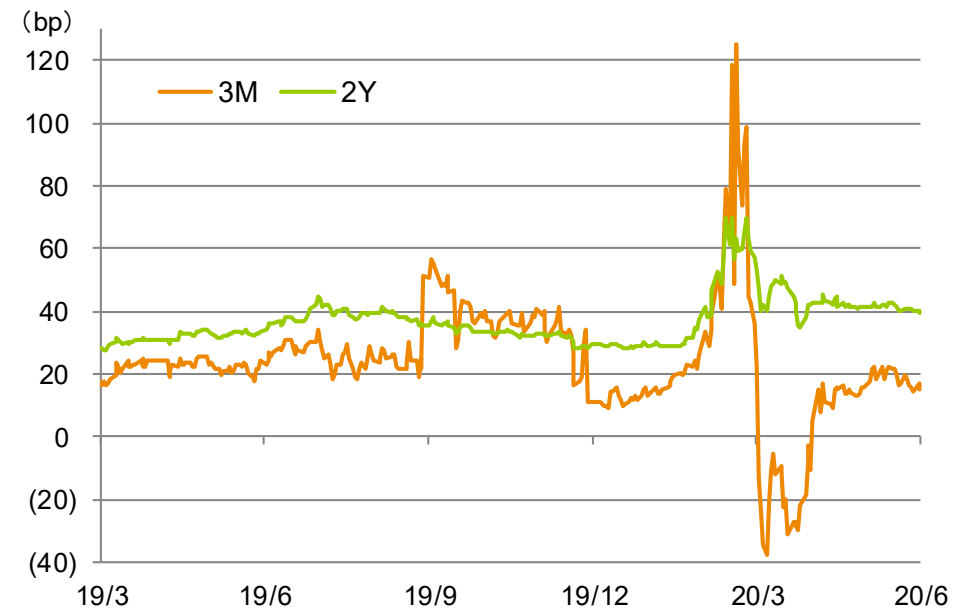
# (Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)



## Foreign currency ALM management

- ◆ Loans and credit investment securities constitute foreign currency core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer, and the funds are utilized as short-term funds in the inter-bank or foreign exchange market. Market turmoil caused by COVID-19 at beginning of 1QFY20 cooled down by liquidity supplied of central banks of each country, and back to normalized investment/funding environment by the end of Jun. 2020.

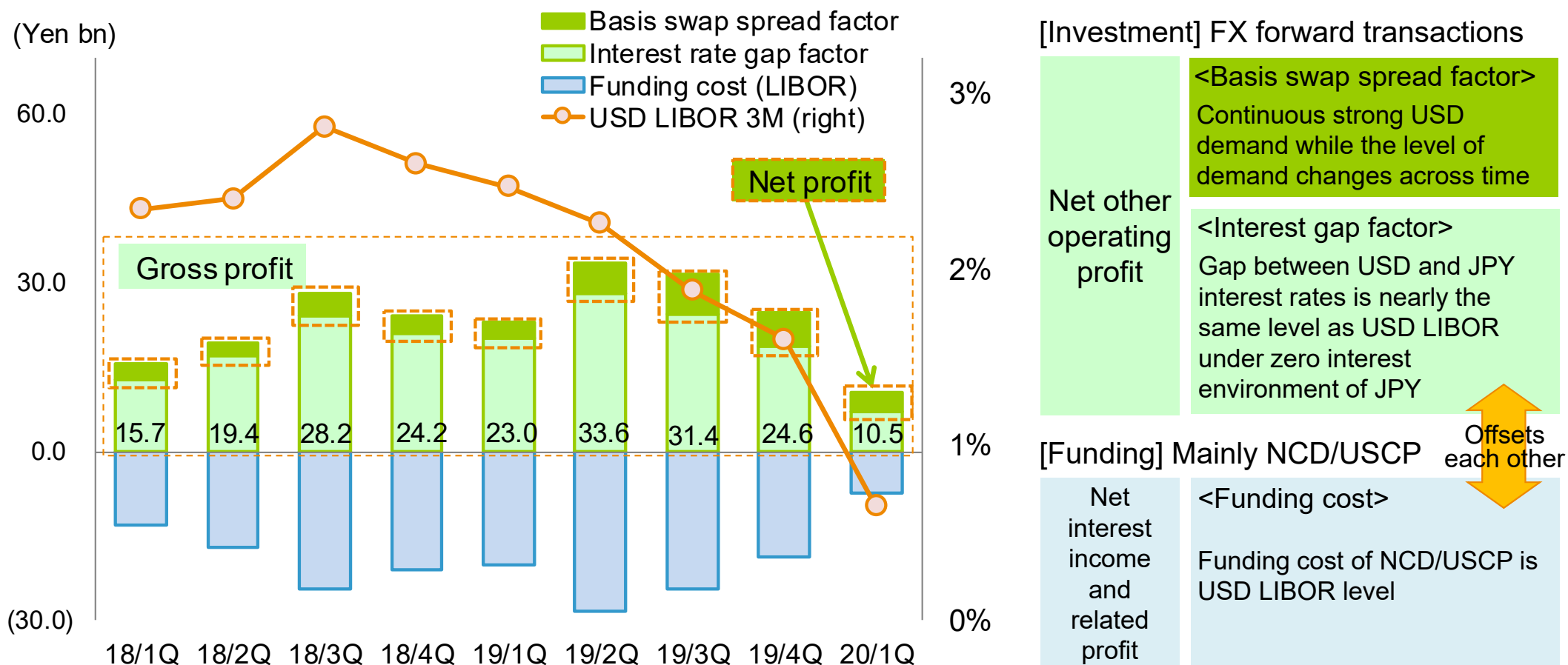
## Basis swap spread (CCS) (USD/JPY)



# 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
- ✓ Gross funding costs and investment profits decreased due to decline in USD LIBOR, but net profit remained at same level YoY

## Profit of market deployment 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

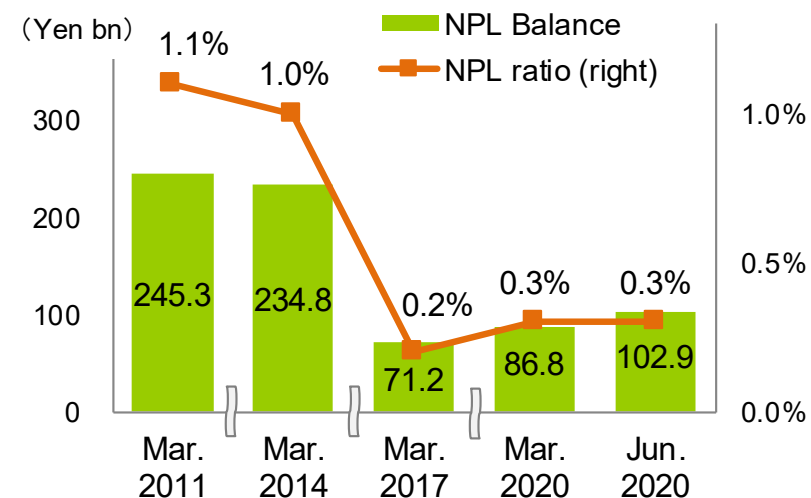
[Total credit costs]		FY19	FY20	Major factors (FY20/1Q)
(Yen bn)		1Q	1Q	
1	SuMi TRUST Bank	(1.1)	(1.7)	
2	General allowance for loan losses	(1.5)	7.1	Downgraded: Approx. (1.0) Upgraded: Approx. +0.0 Reversal of approx. 7.0 out of 19.0 special loan loss provision in 1QFY2020
3	Specific allowance for loan losses	0.3	(7.0)	
4	Recoveries of written-off claims	0.0	0.0	
5	Losses on sales of claims, written-off	(0.0)	(1.8)	
6	Other group companies, etc.	(1.1)	(0.1)	SuMi TRUST Panasonic Finance (0.2) Small reversal out of 6.0 special loan loss provision in 1QFY2020
7	Total	(2.2)	(1.8)	

[NPL (SuMi TRUST Bank)]		Jun. 2020	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2020
(Yen bn)					
8	NPL	102.9	77.6%	51.8%	16.0
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	0.0%
10	Bankrupt and practically bankrupt	22.8	100.0%	100.0%	13.3
11	Doubtful	45.4	91.1%	82.2%	6.1
12	Substandard	34.7	45.3%	11.7%	(3.4)
13	Other special mention debtors	454.5	---	---	29.9
14	Ordinary assets	30,686.6	---	---	741.0
15	Total loan balance	31,244.0	---	---	787.0

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

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

### Total Balance and ratio of NPL



# Securities portfolio

[Securities with fair value]		Costs		Unrealized gains/losses	
		Jun. 2020	Change from Mar. 2020	Jun. 2020	Change from Mar. 2020
(Yen bn)					
1	Available-for-sale securities	5,055.9	(255.0)	475.5	(22.0)
2	Japanese stocks	566.3	(0.4)	640.7	96.9
3	Japanese bonds	1,651.1	(362.9)	1.8	(0.0)
4	Others	2,838.4	108.3	(167.0)	(118.9)
5	Held-to-maturity debt securities	327.1	(2.9)	16.0	5.6

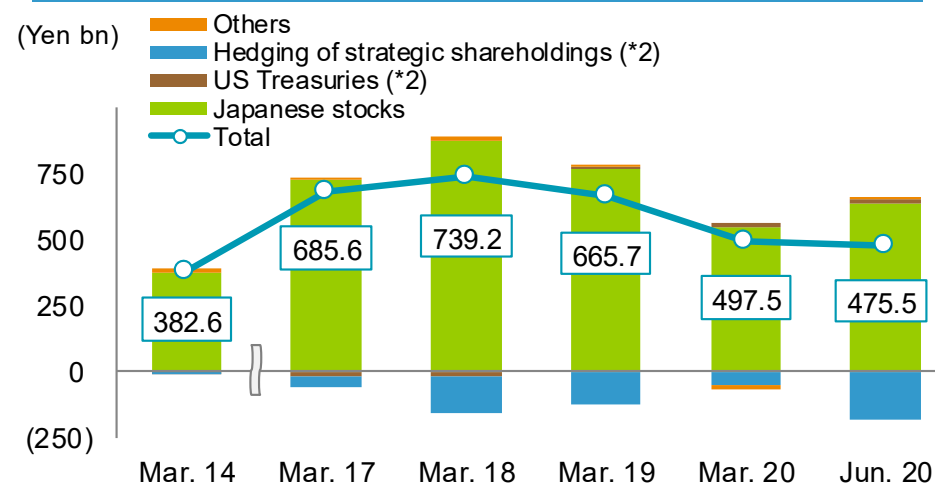
## [Securities with fair value (SuMi TRUST Bank)]

6	Available-for-sale securities	5,003.0	(259.0)	496.5	(23.5)
7	Japanese stocks	536.7	(0.4)	668.6	97.6
8	Japanese bonds	1,708.5	(364.5)	0.6	0.0
9	o/w Government bonds	948.5	(414.1)	(0.6)	(0.5)
10	Others	2,757.7	105.9	(172.7)	(121.1)
11	Domestic investment	61.2	(1.3)	1.2	(0.1)
12	International investment	1,341.4	62.7	8.2	9.1
13	o/w US Treasury	378.3	28.8	13.9	(8.9)
14	Others (Investment trust, etc.)	1,355.0	44.5	(182.2)	(130.1)
15	o/w for hedging of strategic shareholdings (*1)	1,248.6	53.7	(183.0)	(136.6)

(\*1) Of which hedging effect under capital regulation is recognized: Costs JPY1039.2bn,  
Unrealized gains/losses JPY(166.8)bn

16	Held-to-maturity debt securities	269.8	(1.4)	15.8	5.6
17	o/w Government bonds	118.2	(0.0)	17.3	(0.4)
18	International investment	110.2	(1.0)	(1.8)	6.1

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



(\*2) SuMi TRUST Bank

## Reduction of strategic shareholdings (\*3)

(Yen bn)	FY19		FY20
	1H	2H	1Q
19 Reduction amount	3.7	17.6	21.3

(Ref.) Cumulative reduction since merger(from FY11 to 1QFY20): ¥332.0bn

Cumulative reduction based on current plan(from FY16 to FY20): ¥117.9bn

(\*3) Purchase cost of listed shares

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

(Yen bn)	10BPV (*5)		Duration (years) (*5)	
	Jun. 2020	Change from Mar. 2020	Jun. 2020	Change from Mar. 2020
20 JPY	3.3	(0.2)	2.8	0.5
21 Others	2.9	0.7	4.6	0.4

(\*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

# Fee business: Investment management consulting

- ✓ Total sales volume decreased ¥113.5bn YoY to ¥147.9bn due to restriction on marketing activities caused by COVID-19.
- ✓ Revenues decreased ¥4.8bn YoY, due to decrease in sales fees as well as administration fees (Administration fees for fund wraps and SMAs are calculated based on fair value as of March 2020)

## Income for distributor of investment products

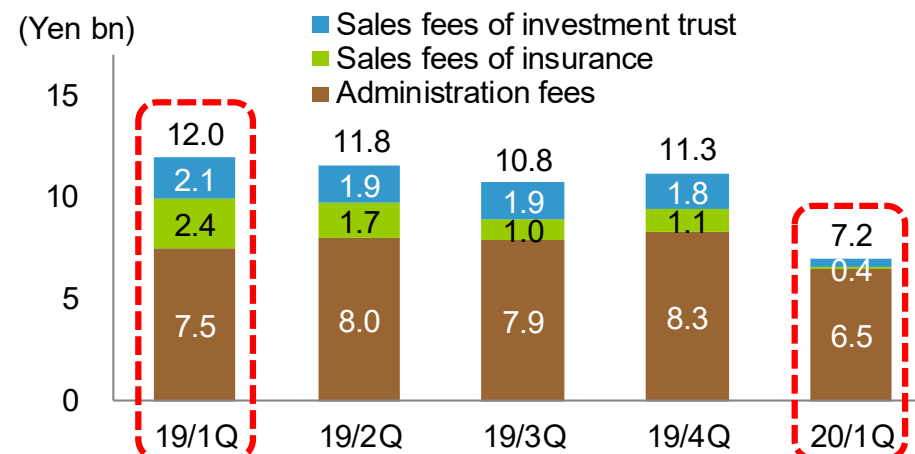
	(Yen bn)	FY19	FY20	Change
		1Q	1Q	
1	Income total	12.0	7.2	(4.8)
2	Sales fees of investment trust	2.1	0.4	(1.6)
3	Sales fees of insurance	2.4	0.1	(2.2)
4	Administration fees	7.5	6.5	(0.9)

## Sales volume / balance

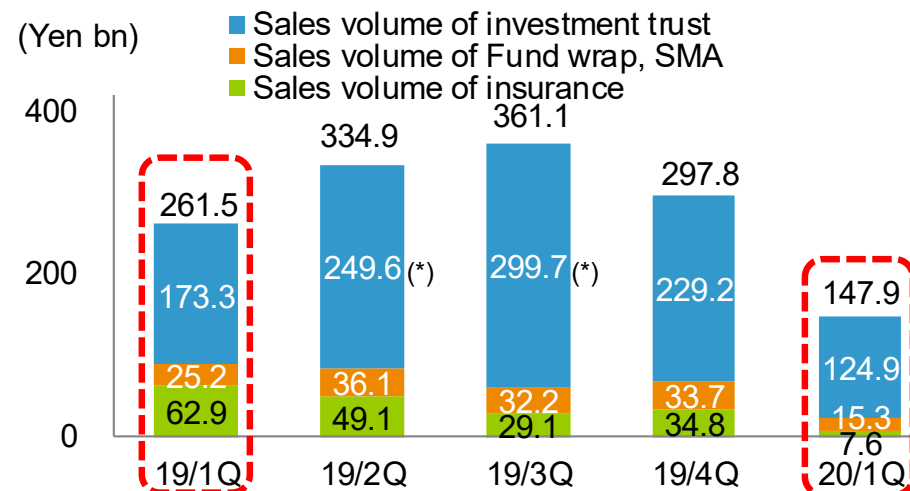
	(Yen bn)	FY19	FY20	Change
		1Q	1Q	
5	Sales volume total	261.5	147.9	(113.5)
6	Investment trust	173.3	124.9	(48.4)
7	Fund wrap, SMA	25.2	15.3	(9.8)
8	Insurance	62.9	7.6	(55.2)

	(Yen bn)	Mar. 2020	Jun. 2020	Change
9	Balance total	6,018.1	6,369.1	350.9
10	Investment trust	2,778.1	3,035.9	257.8
11	Fund wrap, SMA	801.7	851.4	49.6
12	Insurance	2,438.3	2,481.7	43.4
13	Wrap Selection	1,635.0	1,729.1	94.1

## 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)

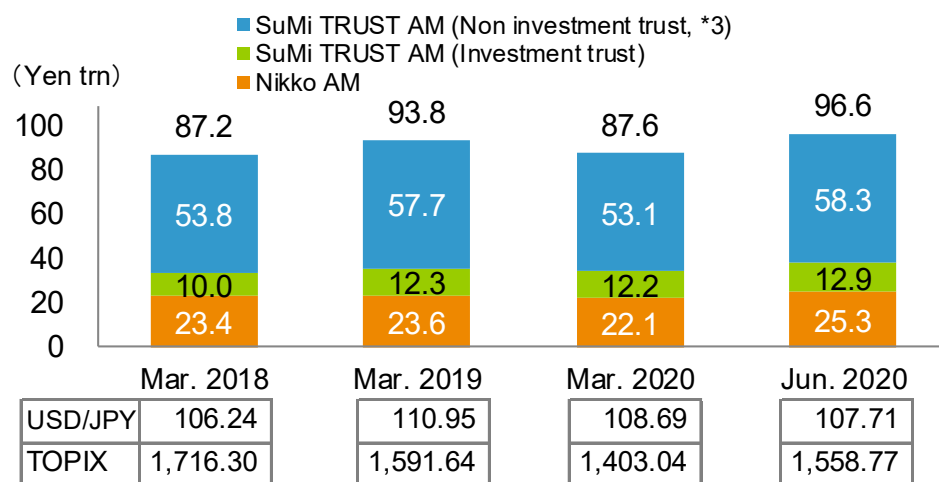
- ✓ AUM increased by ¥9.0trn to ¥96.6trn from March 2020 due to recovery of market value and cash inflow
- ✓ AUC increased for each asset category in both domestic and overseas from March 2020 due to recovery of market value and steady increase of new contracts

## Assets under management (AUM)

		Mar. 2020	Jun. 2020	Change
	(Yen trn)			
1	Assets under management (*1)	87.6	96.6	9.0
2	SuMi TRUST AM	65.4	71.2	5.8
3	Investment trust	12.2	12.9	0.6
4	Non investment trust (*2)	53.1	58.3	5.1
5	Corporate pension trust	13.1	13.6	0.4
6	Public pension trust	9.7	10.7	1.0
7	Discretionary investment	30.2	33.9	3.6
8	Nikko AM	22.1	25.3	3.2

(\*1) Categorized by entity actually managing asset

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



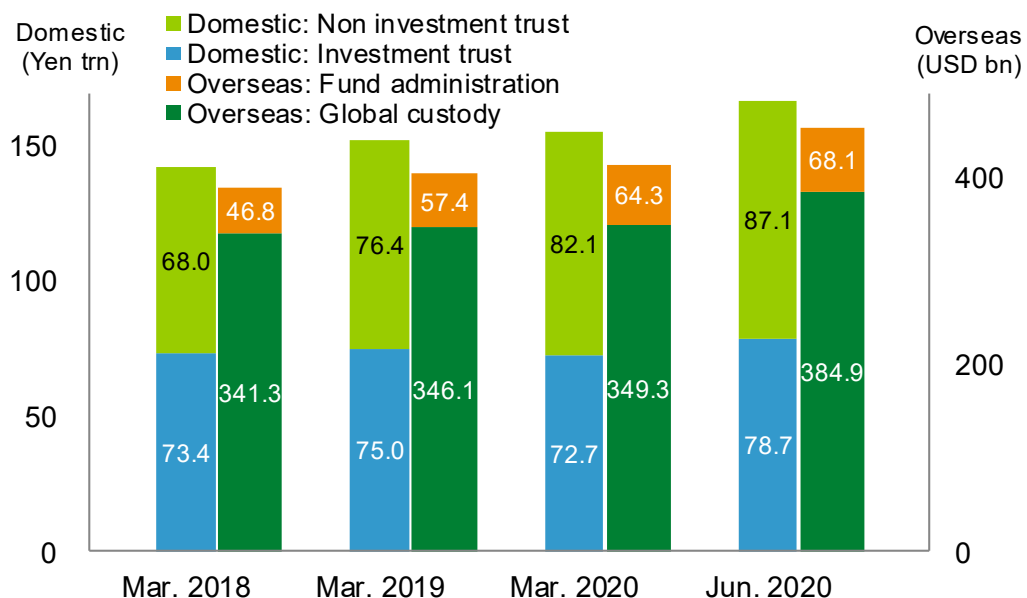
(\*3) Managed by SuMi TRUST Bank until the end of Mar. 2018

## Assets under custody/administration (AUC)

		Mar. 2020	Jun. 2020	Change
	(Yen trn)			
9	[Domestic] Investment trust (*4)	72.7	78.7	5.9
10	Non investment trust (*4)	82.1	87.1	5.0
	[Overseas] (USD bn)			
11	Global custody (*5)	349.3	384.9	35.5
12	Fund administration	64.3	68.1	3.8

(\*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

- ✓ Brokerage fees from corporate clients (SuMi TRUST Bank): Decreased ¥1.8bn YoY, due to restriction on marketing activity caused by COVID-19
- ✓ Brokerage fees from retail clients (SuMi TRUST Realty): Decreased ¥1.0bn due to restriction on client contacts

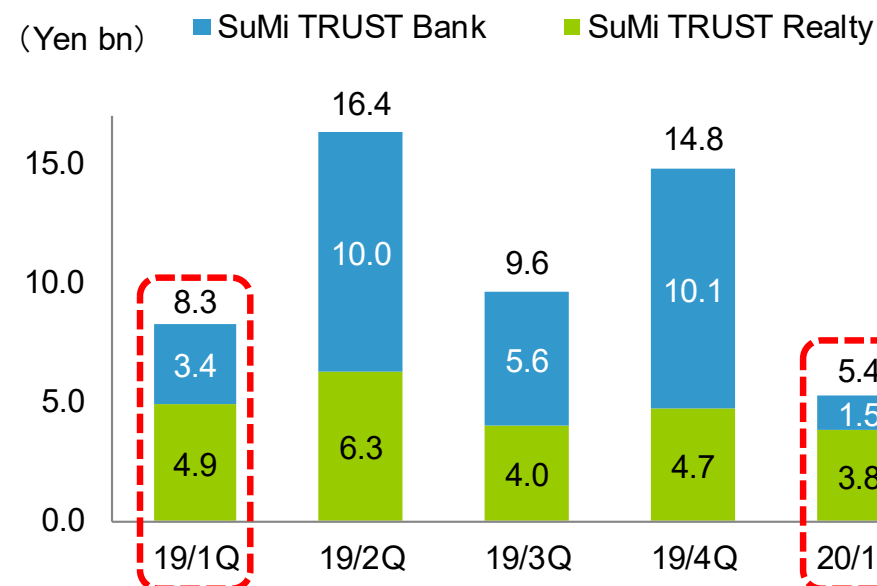
## Income (group base)

		FY19	FY20	Change
(Yen bn)		1Q	1Q	
1	Real estate brokerage fees	8.3	5.4	(2.8)
2	SuMi TRUST Bank	3.4	1.5	(1.8)
3	SuMi TRUST Realty	4.9	3.8	(1.0)
4	Real estate trust fees, etc.	1.4	1.4	(0.0)
5	Net other real estate profit	0.2	0.2	0.0
6	SuMi TRUST Bank	—	—	—
7	Group companies	0.2	0.2	0.0
8	Total	10.0	7.1	(2.8)
9	o/w SuMi TRUST Bank	4.8	3.0	(1.8)

## Assets under management / administration

		Mar. 2020	Jun. 2020	Change
(Yen bn)				
10	Securitized real estate	18,004.0	18,271.4	267.4
11	Assets under custody from J-REITs	15,835.5	16,048.4	212.9
12	Assets under management	554.1	550.8	△ 3.2
13	Private placement funds	285.2	285.2	—
14	J-REITs	268.9	265.6	△ 3.2

## Real estate brokerage fees (quarterly)



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

- ✓ Loans to individuals: Solid progress against full-year plan due to steady execution of applications made prior to COVID-19
- ✓ Corporate credit: Balance of Corporate (Yen) increased in response to the needs of large corporations to address to COVID-19, such as securing cash liquidity on hand and substitution of CP issuance

## Advanced amount and balance for individuals

		FY19	FY20	Change
(Yen bn)		1Q	1Q	
1	Advanced amount of loans to individuals	295.5	247.2	(48.2)
2	o/w Residential mortgage loans	277.5	226.9	(50.5)

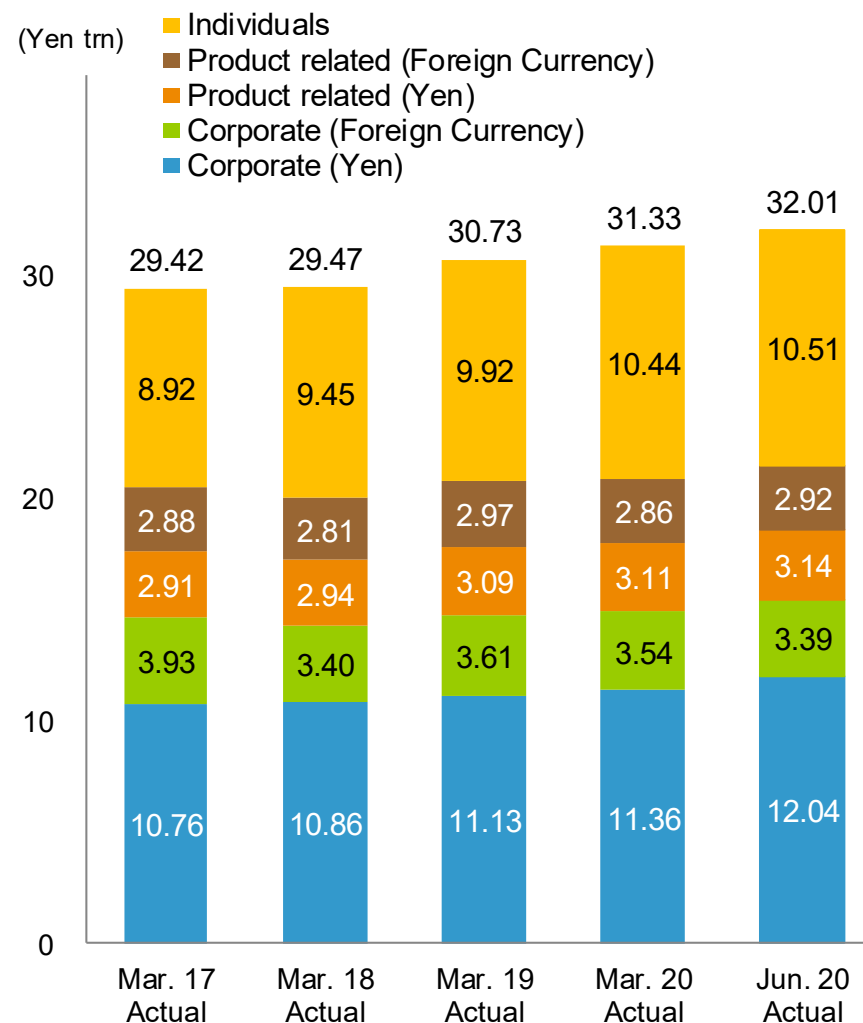
		Mar. 2020	Jun. 2020	Change
(Yen bn)				
3	Balance of loans to individuals	10,443.2	10,516.2	73.0
4	o/w Residential mortgage loans	9,801.0	9,873.1	72.0

## Balance of credit for corporates

		Mar. 2020	Jun. 2020	Change(*)
(Yen bn)				
5	Corporate (Yen)	11,369.5	12,041.4	671.9
6	Corporate (Foreign Currency)	3,548.9	3,392.4	(156.5)
7	Product related (Yen)	3,112.1	3,145.2	33.1
8	Product related (Foreign Currency)	2,862.5	2,920.0	57.4
9	Total balance of credit for corporates	20,893.2	21,499.2	606.0
10	o/w Product related	5,974.6	6,065.3	90.6

(\*) Impact of foreign exchange: Corporate (foreign currency) approx. ¥(12.0)bn, product related (foreign currency) approx. ¥(6.0)bn

## Credit portfolio balance



# Capital

- ✓ Common Equity Tier 1 capital ratio: DOWNS 0.25 percentage points from Mar. 2020 to 12.37% due to increase in risk-weighted assets, mainly increased in loans to corporations related to COVID-19.  
Pro-forma CET1 capital ratio on Finalized Basel III is 9.5%
- ✓ Leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

<Capital and total risk-weighted assets>

		Mar. 2020	Jun. 2020	Change
		(Yen bn)		
1	Total capital ratio	17.23%	16.80%	(0.43%)
2	Tier 1 capital ratio	14.47%	14.18%	(0.29%)
3	Common Equity Tier 1 capital ratio	12.62%	12.37%	(0.25%)
4	Total capital	3,283.1	3,280.8	(2.2)
5	Tier 1 capital	2,758.1	2,768.7	10.5
6	Common Equity Tier 1 capital	2,404.8	2,415.7	10.9
7	Instruments and reserves	2,528.2	2,540.5	12.3
8	Accumulated other comprehensive income (*1)	220.8	204.9	(15.9)
9	Regulatory adjustments	(123.3)	(124.7)	(1.4)
10	Additional Tier 1 capital	353.3	352.9	(0.3)
11	Tier 2 capital	524.9	512.0	(12.8)
12	Total risk-weighted assets	19,053.9	19,523.6	469.7
13	Credit risk	16,778.2	17,284.7	506.5
14	Market risk	1,334.5	1,297.7	(36.8)
15	Operational risk	941.2	941.2	-

(\*1) Valuation differences on Available-for-Sale Securities (Jun. 2020): ¥335.2bn

< Major factors of change in capital >

(1) Common Equity Tier 1 capital: +¥10.9bn

- Net income +¥28.5bn
- Unrealized gains/losses of AFS ¥(16.2)bn

< Major factors affecting risk assets >

(2) Credit risk: +¥506.5bn

- Increase due to corporate credit increased and adjustment of hedge volume against strategic shareholdings

<Other ratios required in prudential regulations>

		Jun. 2020	Chg. from Mar. 2020
		(Yen bn)	
16	Leverage ratio (*2)	5.67%	---
17	Including current account with the Bank of Japan	4.54%	(0.10%)
18	Tier 1 capital	2,768.7	10.5
19	Total exposure (*2)	48,757.8	---
20	Including current account with the Bank of Japan	60,896.3	1,570.9
21	Liquidity coverage ratio (*3)	121.7%	(7.5%)
22	Total high-quality liquid assets	13,694.5	(717.8)
23	Net cash outflows	11,250.6	100.4

(\*2) Calculated according to the revision of Financial Services Agency Notification (effective as of June 30, 2020). For reference, figures on item 17 and 20 are calculated according to the basis applied before the revision.

(\*3) Average figures in 1QFY2020. "Change from Mar. 2020" represents the comparison to figure for 4QFY2019 calculated in the same manner