

Investor Meeting on Financial Results for 1HFY2020

November 18, 2020

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SUMITOMO MITSUI TRUST HOLDINGS

- ◆ I am Ohkubo from SuMi TRUST Holdings.
- ◆ In this presentation, I will mainly discuss our results for the 1st Half of FY 2020 and our strategy in light of the changing business environment.
- ◆ First, as announced in our press release on September 24th, it was identified that there were some inappropriate handling of tallying of voting rights exercise forms in our stock transfer agency business operations.
I reiterate my deepest apologies for the significant inconveniences caused to many of our client companies, shareholders of those companies, our shareholders, and all those relevant to the capital markets.
- ◆ Currently, the spread of COVID-19 is significantly impacting the society, economy and lives of individuals globally and introducing many changes.
These changes are revealing many latent problems. It can also be acknowledged that a world we assumed will eventually materialize has suddenly appeared in front of us.
For example, with the rapid progress of digitalization, clients are now able to quickly gather information and will demand the most suitable solution for them at that given moment. As such, the cycle of changing needs will only shorten further.
- ◆ Currently, the majority of businesses and service providers are most likely considering these rapid changes in the environment as negative developments. However, I personally believe that this is the coming of a tremendous opportunity for the SuMi TRUST Group to leap into further growth.
From here and on, the determining factors of winners and losers will no longer be volume of operations or company size. It will be “agility” to respond to individual client needs regardless of wholesale or retail with speed as well as “availability of diverse offerings” to provide the most fitting services.
I pride that it is us, the SuMi TRUST Group, above all other financial industry players, that has “agility” and “diverse offerings” deeply rooted in our DNA. I would appreciate your attention to this while you listen to the following presentation.
- ◆ Please turn to page 3.

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< Definitions for terminology used in this presentation >

Consolidated: Sumitomo Mitsui Trust Holdings (consolidated)

Non-consolidated: Sumitomo Mitsui Trust Bank (non-consolidated)

Non-consolidated figures prior to FY 2011: former Chuo Mitsui Trust Bank (non-consolidated) + former Chuo Mitsui Asset Trust Bank (non-consolidated) + former Sumitomo Trust bank (non-consolidated)

Net income: The subject period's "Net income (quarterly net income / mid-year net income)"

< Abbreviations used in this presentation >

HD: Sumitomo Mitsui Trust Holdings

TB: Sumitomo Mitsui Trust Bank

NAM: Nikko Asset Management

TAM: Sumitomo Mitsui Trust Asset Management

Club: Sumitomo Mitsui Trust Club

Net bank: Sumishin SBI Net Bank

SuMi Trust Realty : Sumitomo Mitsui Trust Realty

CBJ: Custody Bank of Japan

< Per share indicators >

Previous fiscal year's per share indicator figures such as "Net Assets Per Share" / "Dividend Per Share (DPS)" are values calculated assuming that the reverse stock split on October 1st 2016 (1 share per 10 shares of common stock) was carried out last fiscal year.



1H FY2020 results showed steady progress with Net business profit before credit costs at ¥141 bn and Net income at ¥80bn, 56% and 57% achievement respectively against the initial forecast

**Acknowledge changes taking place as opportunities and promote optimization of operational processes and sales channels
Improve productivity and expand value added service offerings by leveraging DX**

Accelerated changes taking place in society. Achieve further growth by leveraging “agility” and “multi-functionality” of a specialized trust bank group to the limit

- ◆ This is a summary of what I hope to convey today.
- ◆ Starting with Financial results for the 1st half of FY 2020. Though there was a decline in profits due to impacts from COVID-19, we are seeing a favorable progress with Net business profit before credit costs at 56% and Net income at 57% achievement against the initial forecast, respectively.
- ◆ Next on our initiatives to acknowledge changes as opportunities where we will seek to optimize operational processes as well as branch channels for improving productivity and offering expanded added values.
- ◆ The third is our growth strategy.
As mentioned, COVID-19 reveals and accelerates underlying trends. I will here discuss our strategy that captures this change and leverages the specialized trust bank group’s “agility” and “multi-functionality”.
- ◆ Please see page 6.

1. Financial results for 1HFY2020 and Forecast for FY2020

Summary of financial results for 1HFY2020

- ✓ Effective interest related earnings and expenses improved despite decrease in non-recurring fee due to restriction on marketing activities caused by COVID-19 in 1HFY2020. Although Net business profit and Net income decreased YoY, progress rate against initial forecast stood at 56% and 57% respectively
- ✓ Total credit costs restrained to ¥2bn due to partial reversal of special loan loss provisions related to COVID-19
- ✓ Considering 1HFY2020 progress, full year forecast of Net business profit is revised upward by ¥10bn. Net income is unchanged

<Major KPIs>

(Yen bn)		1HFY19 Actual	1HFY20 Actual	change from 1HFY2019	FY20 Forecast	change from FY2019	change from initial forecast
1	Net business profit before credit costs	154.1	141.0	(13.0)	260.0	(29.0)	+10.0
2	Substantial gross business profit	377.0	358.7	(18.2)	710.0	(32.6)	±0.0
3	SuMi TRUST Bank	236.5	224.9	(11.5)	430.0	(16.5)	+10.0
4	Other group companies	140.5	133.8	(6.6)	280.0	(16.1)	(10.0)
5	Substantial G&A Expenses	(222.8)	(217.6)	+5.1	(450.0)	+3.6	+10.0
6	Net income	106.0	80.0	(25.9)	140.0	(23.0)	±0.0
7	Fee income ratio	53.4%	49.9%	(3.5%)			
8	Overhead ratio	59.1%	60.6%	+1.5%	63.4%	+2.3%	(1.6%)
9	Return on equity	7.96%	6.19%	(1.77%)			
10	Common Equity Tier 1 capital ratio	12.90%	12.42%	(0.48%)			

(*1) Pro-forma figure of 1HFY2020 CET1 Capital Ratio on Finalized Basel III reform basis is 9.6%.

<Per share information>

(Yen)		1HFY19 Actual	1HFY20 Actual	change from 1HFY19	FY20 Forecast	change from initial forecast
11	Earnings per share (EPS)	281	213	(68)	373	± 0
12	Dividend per share (DPS)	75	75	± 0	150	± 0

(Yen)		FY19	1HFY20	change from FY19
13	Net assets per share (BPS)	6,822	6,948	+125

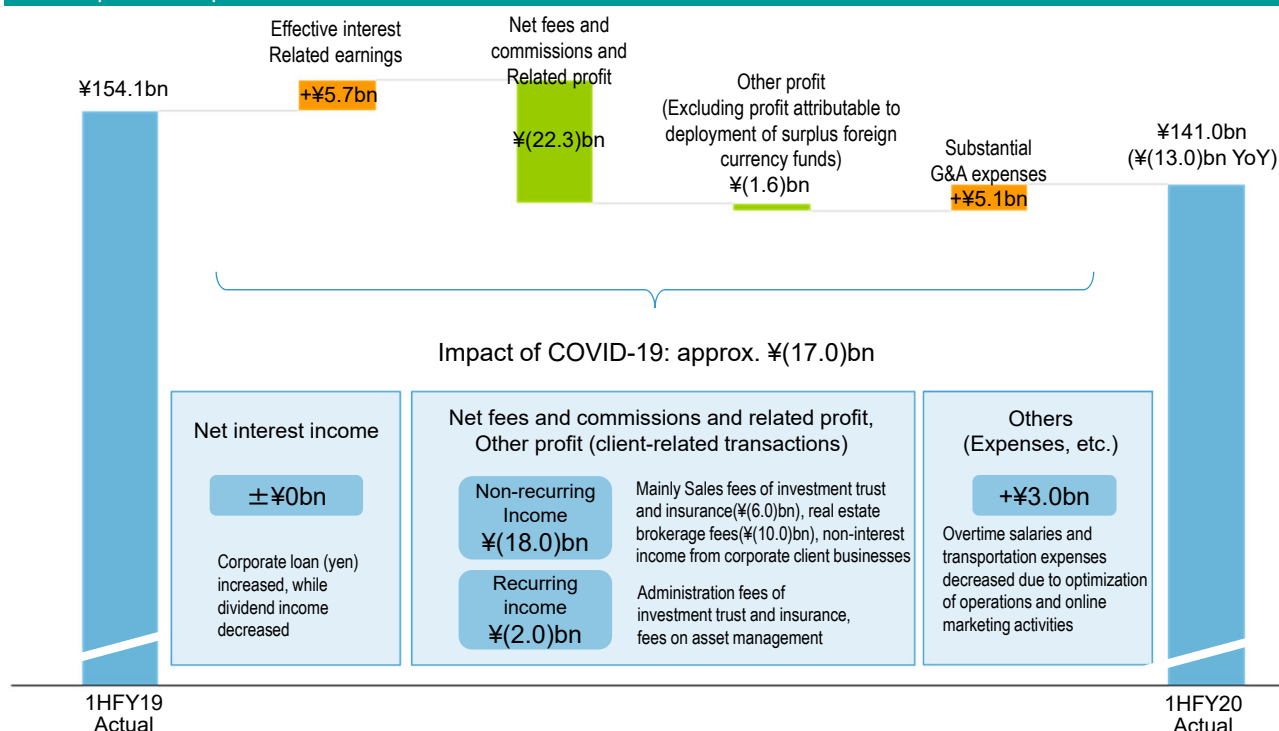
<Shareholders' return>

	FY19 Actual	FY20 Forecast
14 Dividend payout ratio	34.5%	40.2% (*2)
15 Total payout ratio	44.3%	

(Reference: Shareholder Return Policy announced on May 2020)
Aim to raise a consolidated dividend payout ratio to around 40% in or around FY2022

Net business profit

- ✓ Net business profit decreased mainly in non-recurring income such as sales fees of investment trust and real estate brokerage fees due to restrictions on marketing activities, while effective interest related earnings and expenses improved

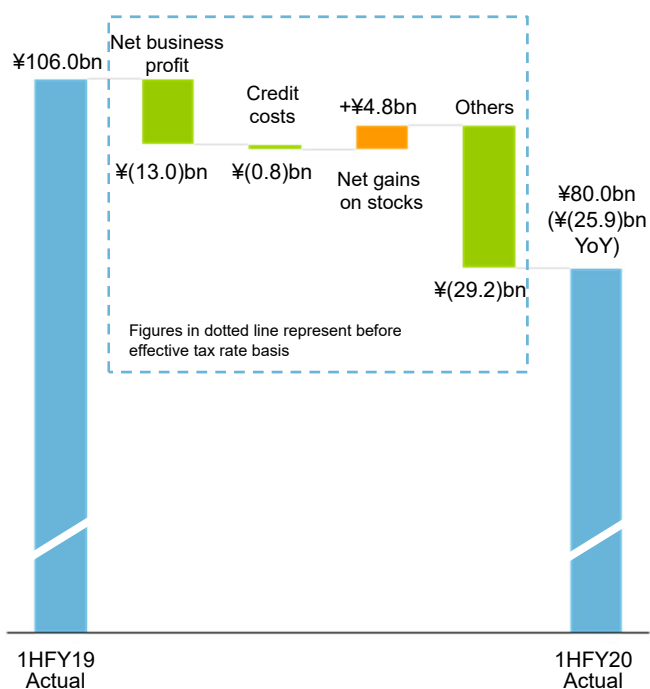


- ◆ I will start with Financial results for the 1st half.
- ◆ Net business profit before credit costs declined by 13 billion yen YoY.
- ◆ Restrictions on sales activities had negative impact resulting in reduced non-recurring income in areas such as investment management consulting and real estate brokerage. However, overall COVID-19 shock impact was less than assumed at the beginning of the year at negative 17 billion yen. This is owing to recovery in recurring income and improvements on the expense side.
- ◆ Though we do not assume a huge impact on recurring income in the 2nd half, impact the non-recurring income such as investment management consulting fees and others are expected to linger throughout the 2nd half.
- ◆ Please go to page 7.

Net income

- ✓ Net income decreased mainly due to incremental of losses on stock-related derivatives, while efforts were made to increase net gains on stocks

Major factors of change



✓ Total credit cost

**¥(0.8)bn
YoY**

- 1HFY2020 credit costs restrained to ¥(2.0)bn due to reversal of approx. ¥8.0bn against special loan loss provisions of approx. ¥25.0bn posted previous year

✓ Net gains on stocks

**+¥4.8bn
YoY**

- Reduction of strategic shareholdings progressed in 2Q (*1)

✓ Others (Other net non-recurring profit, Extraordinary profit)

**¥(29.2)bn
YoY**

- Net losses on stock related derivatives (¥(12.6)bn YoY (*2))
- Posted system costs related to regulatory compliance ahead of schedule (¥(4.5)bn YoY), etc.

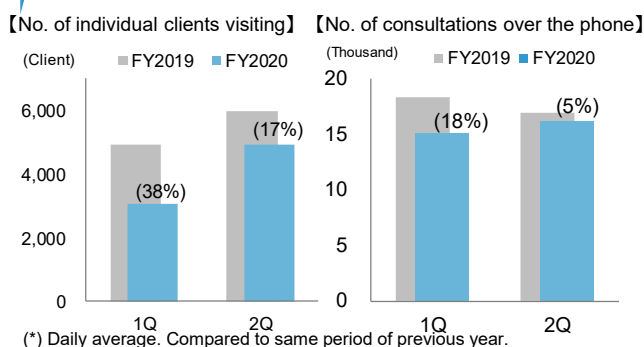
(*1) Reduction in 1HFY2020
¥(8.0)bn (Cost base), [Net gain on sales: Approx. ¥11.0bn](#)

(*2) Overview of profit in 1HFY2020
Hedging of stock price risk: Approx. [¥\(5.0\)bn](#)
(Transferred to AFS securities (bear-type investment trust) in 2Q)
Global Markets Business (Investments): Approx. ¥(6.0)bn
(Reduced risk amount in 2Q)

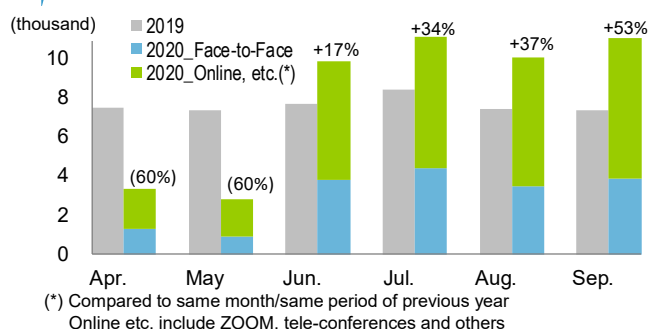
- ◆ Net income was 80 billion yen.
- ◆ Due to loss from stock-related derivatives, Other net non-recurring profit / Extraordinary profit was down by 29.2 billion yen before tax. However, owing to restrained credit costs, we are at 57% progress rate against the full year forecast of 140 billion yen.
- ◆ Please go to page 8.

Impact of COVID-19 on business environment

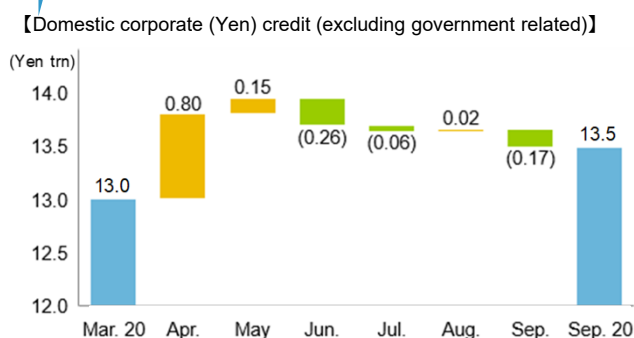
Number of clients visiting branches decreased. Online consultation fully in progress from 2HFY2020



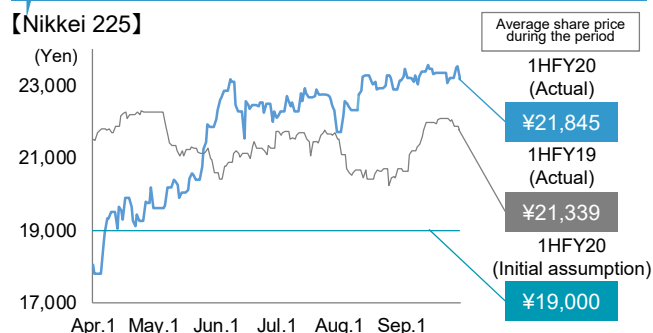
Corporate real estate business client contacts increased with use of online etc.



Peak out of COVID-19 related loans



Share price level exceeded initial assumption

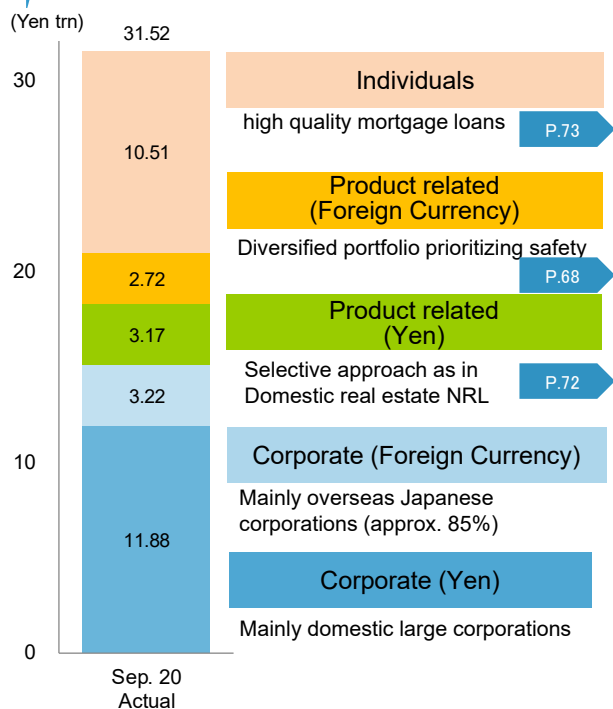


- ◆ This is a summary of COVID-19 impact on the businesses.
- ◆ Though volume of individual clients' physical visits to our branches have not recovered to previous fiscal year levels, client contacts in the real estate business area has turned to a rising trend since June.
- ◆ Particularly in real estate, brokerage transaction candidates are ramping up at levels exceeding the previous year. Therefore, I expect to see recovery in the 2nd half.
- ◆ Please go to page 10.

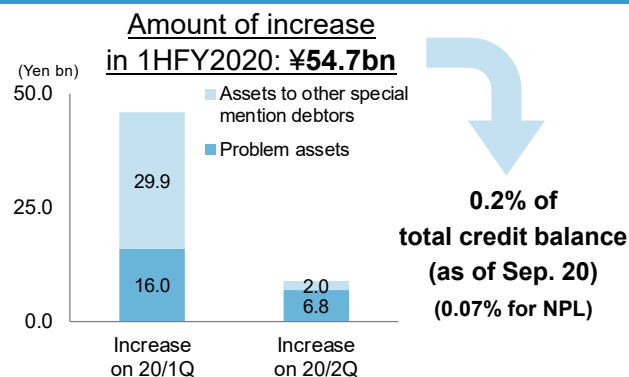
Credit portfolio

✓ Maintained high quality credit portfolio. Sufficient credit cost provisions

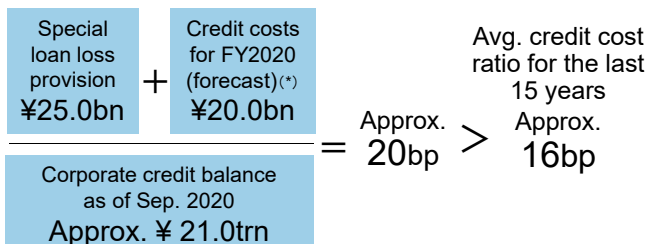
Summary of credit portfolio



Assets below special mention debtors (change from Mar. 2020)



Provisions for credit costs (FY2020)



(*) Revised figures after revision of FY2020 forecast in Nov. (Reference) Initial plan in May: ¥ 30bn

Forecast for FY2020

✓ Taking 1H results into consideration, partially revised forecasts for FY2020

(Yen bn)	FY20 Forecast	Change from initial plan
Net business profit before credit costs	260.0	+10.0
· o/w SuMi TRUST Bank	180.0	+10.0
Total credit costs	(20.0)	+10.0
Net gains on stocks	20.0	-
Other net non-recurring profit	(60.0)	(20.0)
Ordinary profit	200.0	-
· o/w SuMi TRUST Bank	150.0	(50.0)
Net income	140.0	-
· o/w SuMi TRUST Bank	110.0	-

Major Points

【Net business profit before credit costs】

Revised upward by ¥10.0bn by reflecting progress of each business segment in SuMi TRUST Bank

【Total credit costs】

Revised full year forecast to ¥(20.0)bn taking into consideration of 1H actual results

【Other net non-recurring profit】

Decreased full year forecast by ¥(20.0)bn due to 1H actual as well as looking ahead to investment opportunities and reviewing assets etc. in new-normal

【Net income】

No change

【(Reference) Impact of COVID-19 on forecast for FY2020(*)】

Total impact amount in 1H was within initial forecast but uncertainty still remains

Revised the breakdown of the impact on 2H
However, Net business profit before credit costs and Net income are unchanged.

(*) Impact assessed against our original medium term management plan set before COVID-19, on the assumption that

(Yen bn)	Impact of COVID-19 (revised)		Change from initial forecast
	1H Actual	2H Forecast	
Net business profit before credit costs	(30.0)	(17.0)	(13.0)
Net interest income and related profit	(1.0)	0.0	(1.0)
Non-recurring fee income	(30.0)	(18.0)	(12.0)
Recurring fee income	(3.0)	(2.0)	(1.0)
Costs	4.0	+3.0	+1.0
Credit costs	(10.0)	-	(10.0)
Net gains on stock	(10.0)	-	(10.0)
Net income	(40.0)	(12.0)	(28.0)

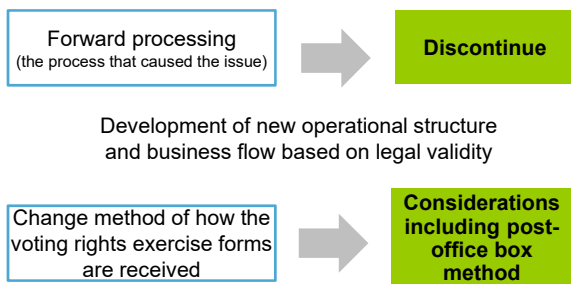
- ◆ We have reviewed our full year forecast for FY 2020, accounting for actual results of the 1st half.
- ◆ Specifically, we increased Net business profit before credit costs by 10 billion yen.
- ◆ Further, Total credit costs estimate has been reduced by 10 billion yen to negative 20 billion yen.
- ◆ On the other hand, Other net non-recurring profit was reduced by 20 billion yen in light of losses from stock-related derivatives as well as investments and asset replacement in preparation for “new normals”. As a result, Net income remains unchanged at 140 billion yen.
- ◆ Please go to page 12.

2. Tallying of voting rights exercise forms in Stock transfer agency services business

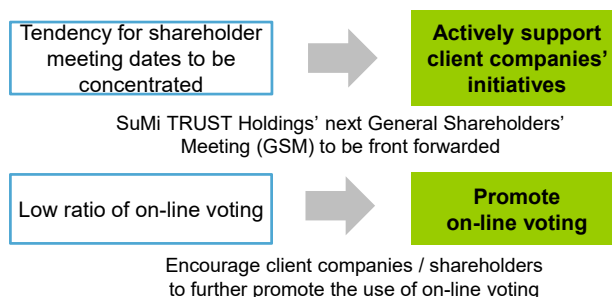
Tallying of voting rights exercise forms in Stock transfer agency services business

✓ Improving operations and actively implementing measures to address underlying issues

Measures for addressing recent issues

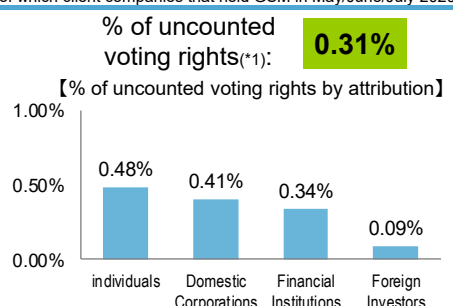


Measures and actions for addressing underlying issues



Status of uncounted voting rights

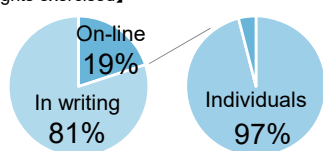
(of which client companies that held GSM in May/June/July 2020)



(*1) % of uncounted voting rights out of the total number of voting rights of client companies

Status of voting (*2)

【Breakdown of method of voting rights exercised】

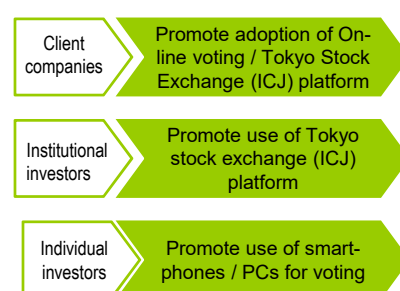


【Main make up of voting rights exercised in writing】

Individuals 97%

(*2) Based on number of shareholders, our client companies that held GSM in May/June/July 2020)

Points for promoting on-line voting



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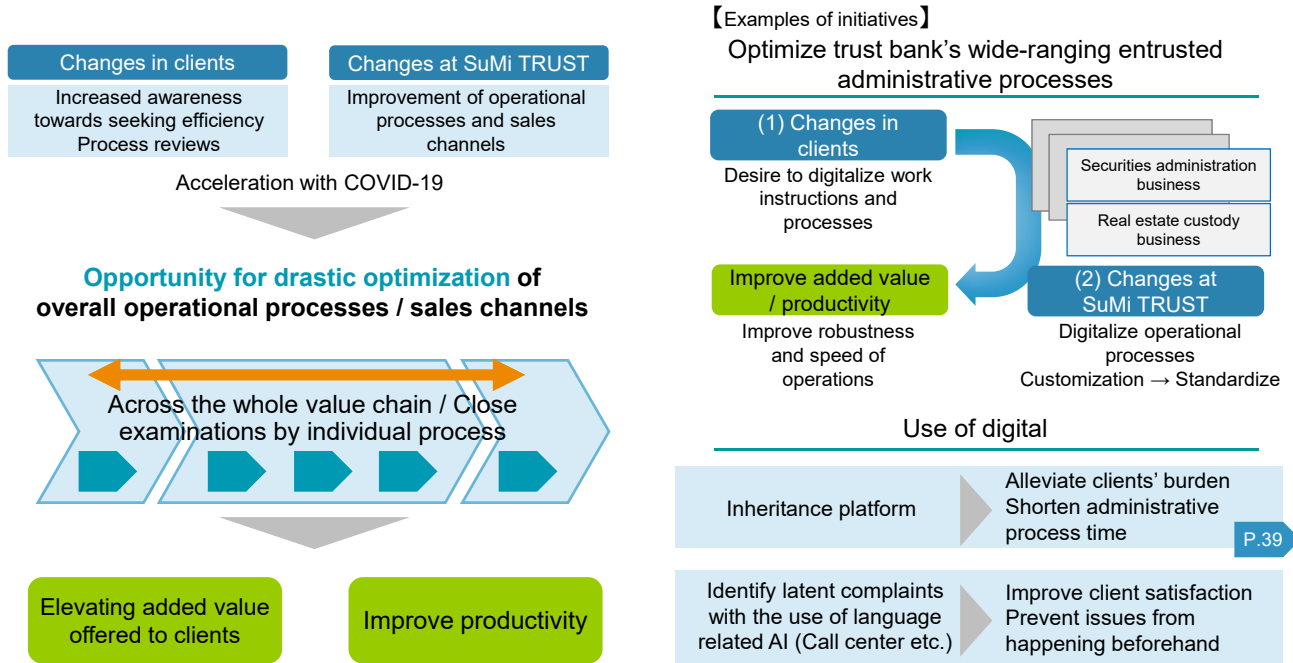
- ◆ As for tallying of voting rights exercise forms in the stock transfer agency business noted in the outset, we decided to discontinue “forward processing” which was the problem and are working to develop a new operation flow. We intend to report on measures to prevent reoccurrence as well as improved procedures for the future as soon as possible.
- ◆ On the other hand, a drastic reform will require promotion of on-line voting, specifically expanding its use among individual shareholders. We will move ahead with progressing in this direction under the support of many relevant parties including our client companies.
- ◆ Please go to page 14.

3. Optimization of operational processes, sales channels and cost structure reform

Optimization of operational processes and sales channels

- ✓ Acknowledge changes to clients' intentions / process reviews as opportunities and optimize operational processes and sales channels

Return improved added value benefits to clients while materializing efficiency and cost reduction

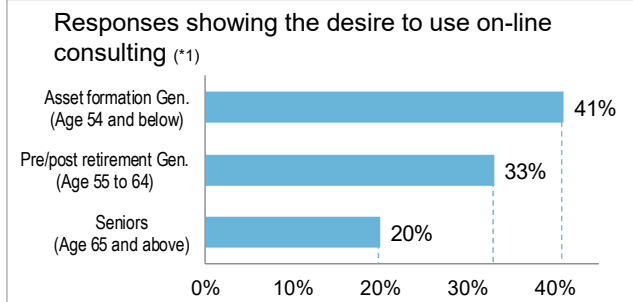
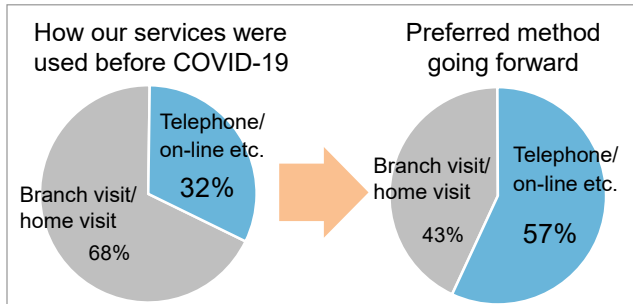


- ◆ From here, I will share our initiatives on elevating productivity and value-added offerings through optimization of operational processes as well as sales channels.
- ◆ Please see page 15.

Optimizing Retail business channel (1/2)

- ✓ Enhance on-line consulting capabilities with clients' preference for on-line consultations as tailwind

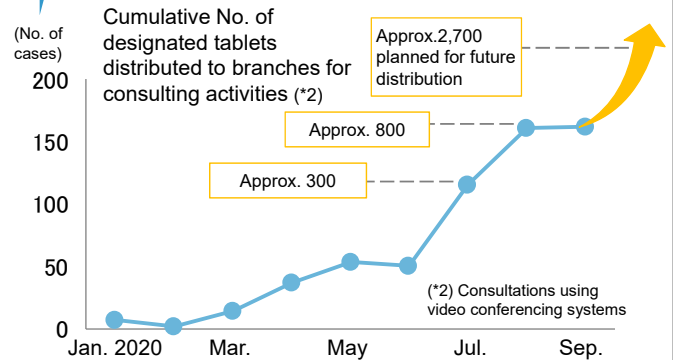
Clients actively preferring to use on-line consultation



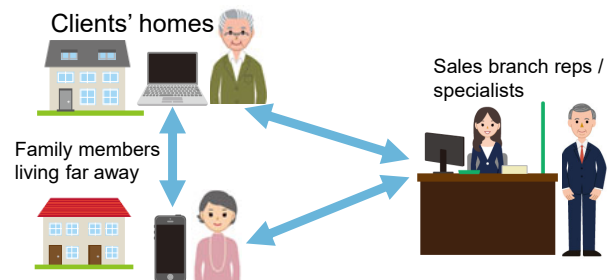
Source: Client survey conducted by SuMi TRUST Bank (August 11-26)

(*1) Consulting using video conferencing systems such as ZOOM

Expanding use of on-line consultation



Respond to needs such as request to have family members living far away attend consultation sessions on inheritance related matters



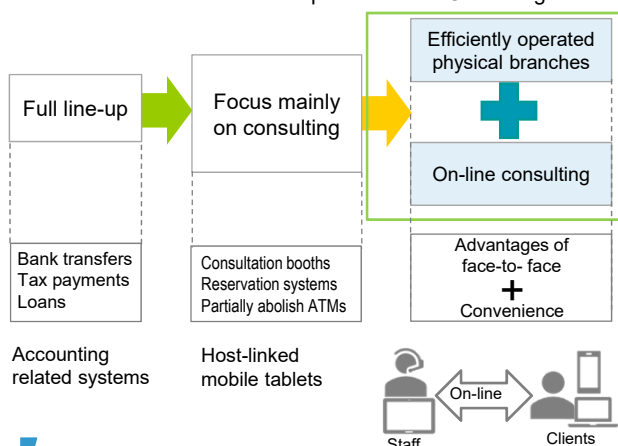
- ◆ Firstly, in the retail business channel, we will advance strengthening of on-line consulting capabilities using digital means.
- ◆ With COVID-19 as the trigger, an increasing number of clients are proactively requesting on-line consulting and we are steadily building our track record in this area.
- ◆ Please move to page 16.

Optimizing Retail business channel (2/2)

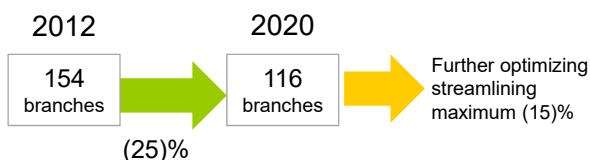
✓ Optimization of existing branch network and enhancement of on-line consulting

Elevate branch sales channels into next stage

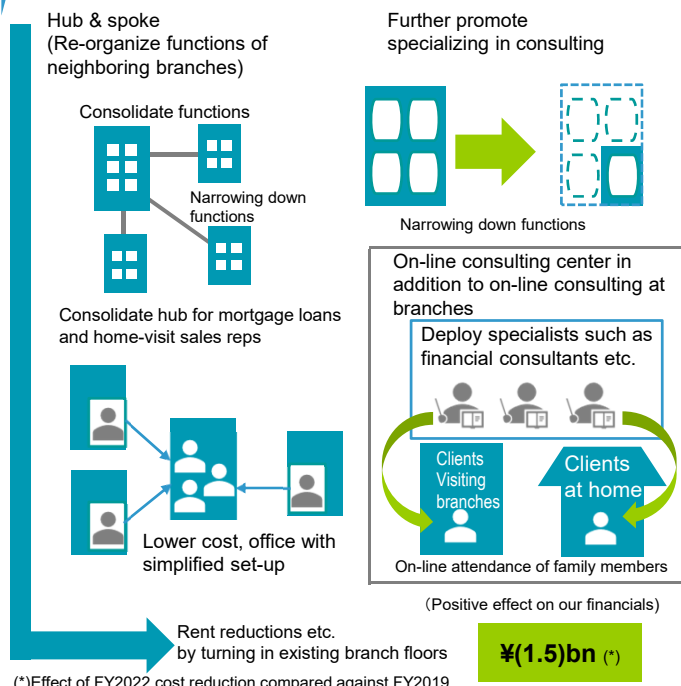
Steps to SuMi TRUST's migration



Optimization of existing branches



Narrowing down / consolidation of branch functions

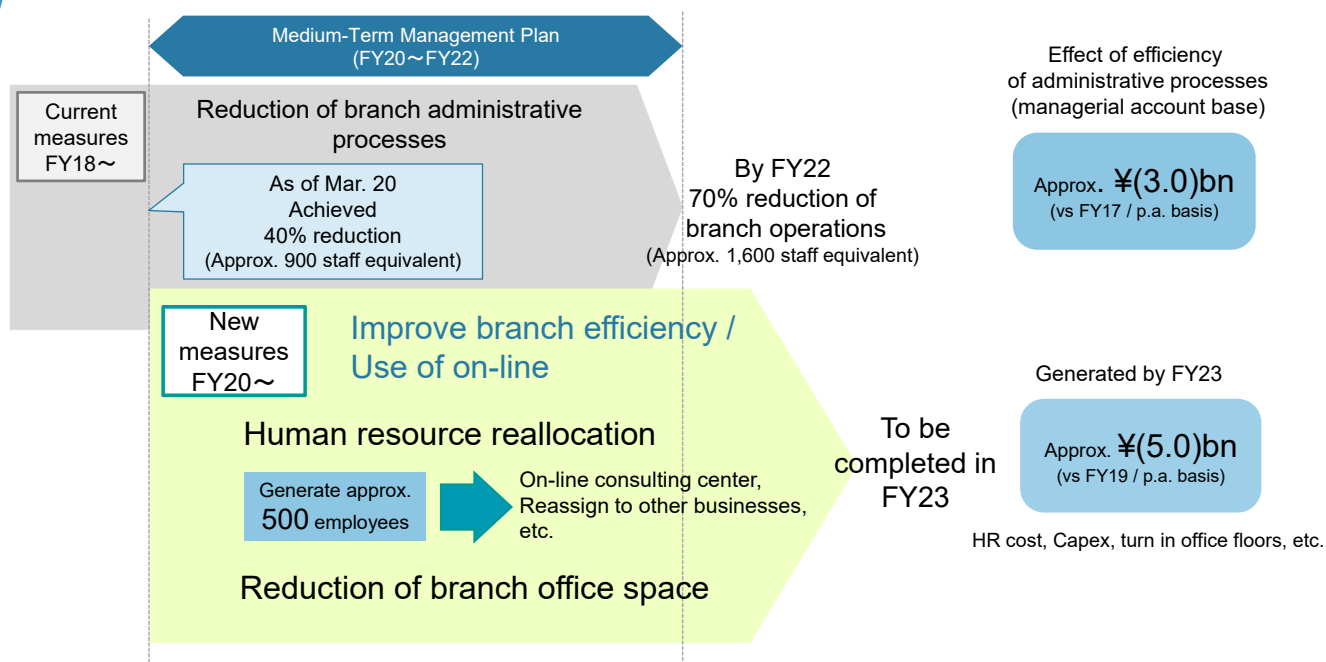


- ◆ The focal points for channel reform are optimization of existing branches and enhancing on-line capabilities.
- ◆ Our branches have already to date worked on reform ahead of industry peers by focusing on being consulting oriented with advance appointment scheduling system, as well as equipping with host linked mobile tablets.
- ◆ We will now take further steps forward to drastically rationalize physical branches and enhance on-line capabilities to overcome physical restrictions such as the number of branches and geographical locations to broadly offer face-to-face consulting which is our area of expertise.
- ◆ Though I will go into more detail later, we will continue to advance initiatives focusing on specific client segments such as establishing virtual branch setups by client attributes rather than geographical regions that are possible only with the unique business model of our group.
- ◆ Rationalization of existing branches will be addressed with speed to reduce cost by approximately 1.5 billion yen annually.
- ◆ Please go to page 17.

(Reference) Enhancing profitability of Retail total solution services business

- ✓ Accomplish cost reduction, on-line consulting, strategic shifting of personnel, through improving efficiency

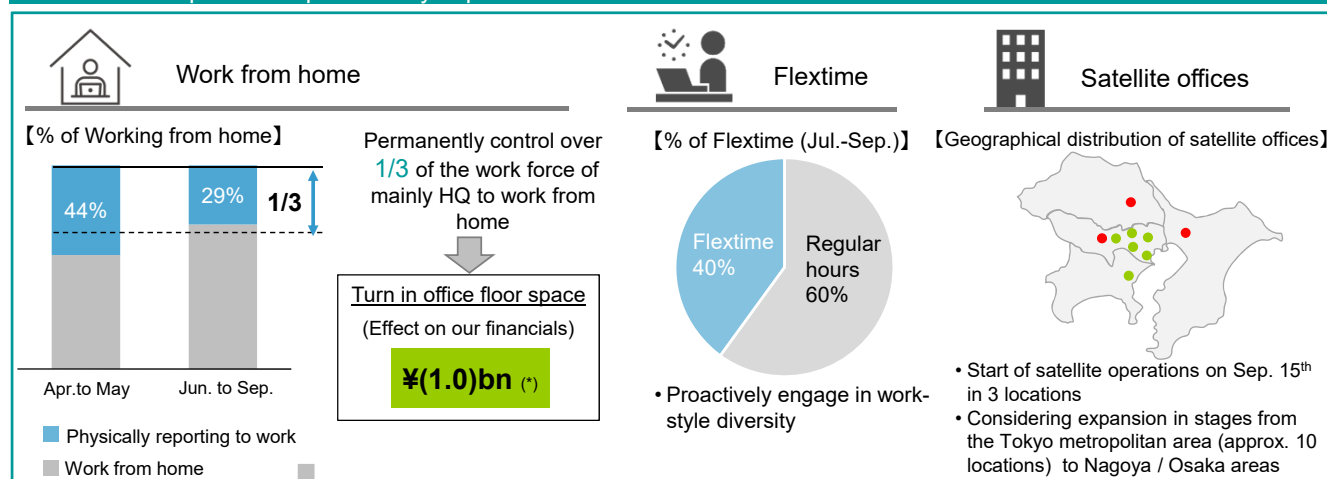
Effects of implemented measures (cost reduction / optimizing human resource allocation)



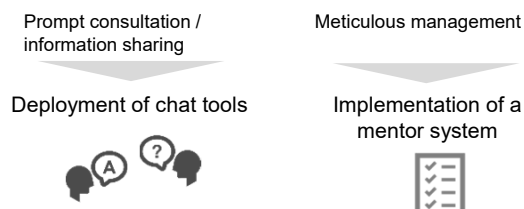
- ◆ This slide is describing our initiatives to strengthen profitability of the Retail total solution services business.
- ◆ We have already been working on drastic reduction of administrative work in the branches to date and are aiming for a rationalization target of 3 billion yen on a managerial accounting basis by FY 2022.
- ◆ We will seek further profitability improvement in our business of approximately 5 billion yen aiming for around FY 2023 with additional measures such as these branch rationalizations and shifting of resource to other business areas.
- ◆ Please see page 18.

Promote work-style diversity / efficiency

✓ With the promotion of diverse work styles, create an environment where diverse talent can work energetically with increased operational productivity improvements



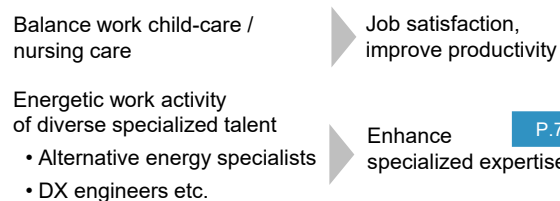
Efficient communication under new work-styles



(*)Effect of FY2022 cost reduction compared against FY2019

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Energetic work activity of diverse talent



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- ◆ We will also further change the way employees work.
- ◆ In addition to promoting various workstyles with the adoption of working from home and use of satellite offices, we plan to turn in office floors in achieving cost reduction of approximately 1 billion yen on accounting basis.
- ◆ Please go to page 19.

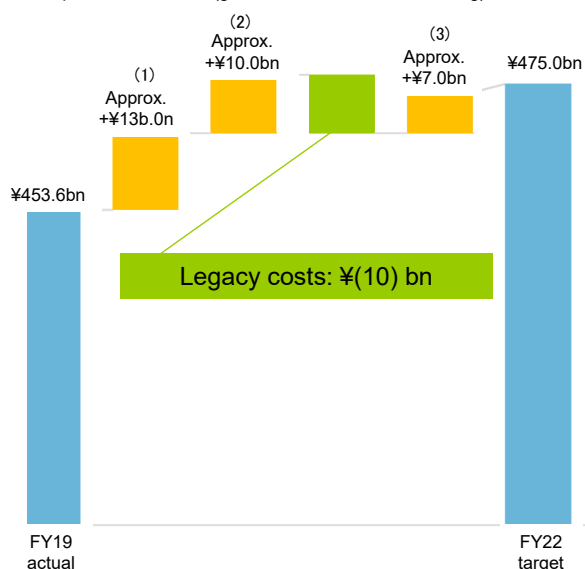
Cost structure reforms

✓ Acknowledge responding to changes as opportunities to seek efficiency / reduce cost and address with speed

Promote reduction of legacy costs to achieve Medium-Term Management Plan targets

【Rough illustration of costs under the Medium-Term Management Plan】

- (1) Increase in expenses from higher gross profit
- (2) System upgrades and regulatory compliance etc.
- (3) Upfront investments (growth areas, future streamlining)



Increase reduction amount by taking opportunity of addressing to changing environment

Further reduction

Further cost reduction from Medium-Term Management Plan targets

Materialized consideration in 1HFY2020

¥(4.0)bn
(*1)

Optimize the Retail business channel (P.17)	Turn in branch floors etc.	¥(1.5)bn (*1)
Promote work-style diversity / efficiency (P.18)	Turn in office floor space	¥(1.0)bn (*1)
Improve efficiency of on-line sales activities etc.	Reduce travel costs etc.	¥(1.5)bn (*1,2)

+ α

Further cost reduction through use of DX and operational review

(*1) Effect of FY2022 cost reduction compared against FY2019

(*2) Reduction from decline in sales activities requiring travel: ¥(2)bn
Increase in telecommunications expenses: +¥0.5bn

- ◆ The Medium-Term Management Plan includes a legacy cost reduction of 10 billion yen. Yet with changes from COVID-19 as the trigger, we have added on more cost reduction initiatives.
- ◆ We will additionally reduce approximately 4 billion yen on accounting basis through rationalization of branches and others.
- ◆ In addition to this 4 billion yen, we will seek further cost reduction through various initiatives.
- ◆ Please see page 21.

<Reference> Additional cost reduction measures responding to changing environment (Summary)

Reduction of branch floor space

Consider downsizing / merging while working to specialize in consulting

¥(1.5)bn

Reduction of space mainly in areas used for administrative work

Specialize in consulting

Reduction (*2)



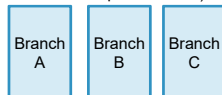
On-line consultation centers



Consolidate hub for out-of-branch direct client visits/ loan related operations



Satellite office (appx 450 seats equivalent mainly in the metropolitan areas)



Work from home



Overall effect of cost reduction ¥(4.0)bn

Turn in floor space of office buildings

Increase the % of those working from home (1/3 of the office building work-force)

¥(1.0)bn

Reduce the number of seats in office building by 30%

Promote shift to free addresses

Reduction



Decline in sales activities requiring travel

¥(1.5)bn

Travel expense etc.: ¥(2.0)bn
Communication cost etc.: +¥0.5bn



(*1) Effect of FY2022 cost reduction compared against FY2019

(*2) Hold back new set up costs by converting part of the branches that prove difficult to turn in into satellite offices etc.

4. Growth strategy leveraging “agility” and “multi-functionality”, responding to the accelerated changes taking place in the environment

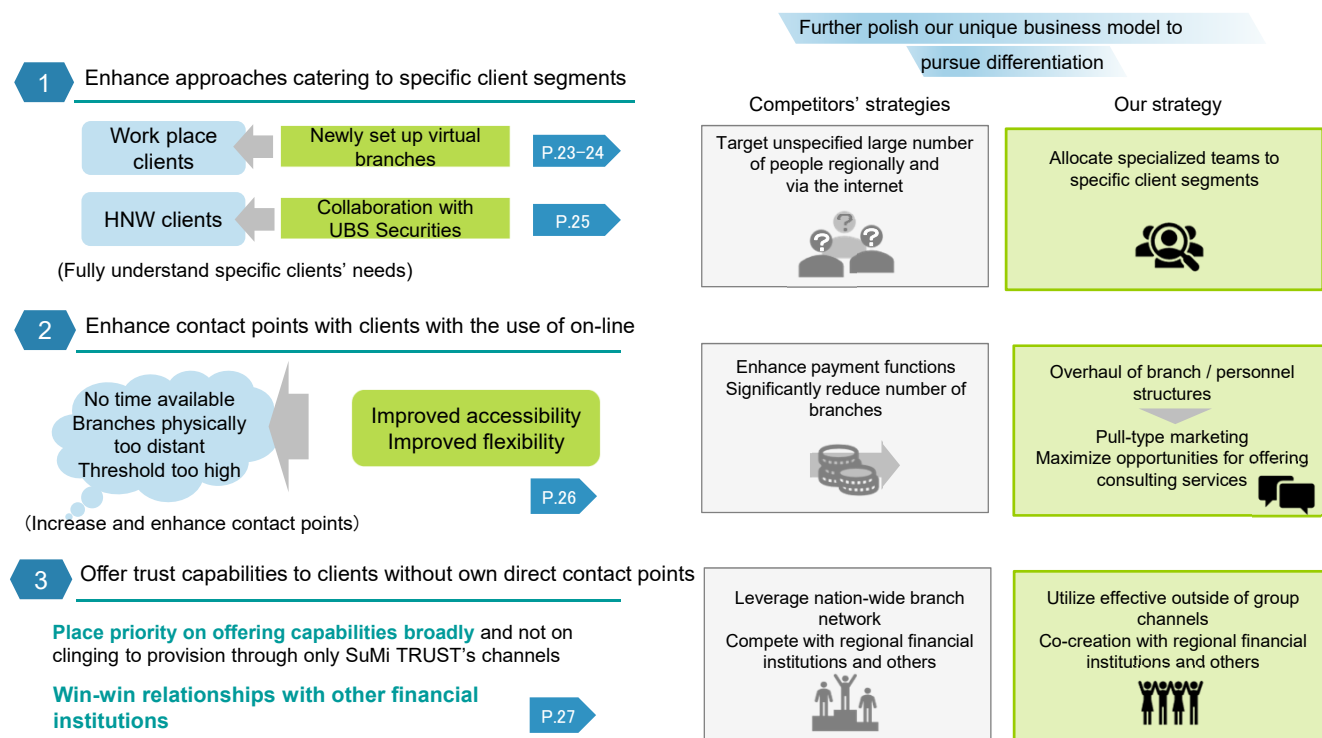
Highlights

1. Provision of added value to individual clients (3 strategies)
2. Growth of the asset management business
3. Business branching out of ESG
4. Digital business of specialized trust bank group

- ◆ Moving on to discussing the growth strategy leveraging the “agility” and “multi-functionality” only available with us as a specialized trust bank group that fully accounts for the accelerated changing environment.
- ◆ Please go to page 22.

Provision of added value to individual clients (3 strategies)

✓ Unwavering confidence in consulting capabilities and highly specialized functions. Agile approach catering to specific client attribution



- ◆ One of the major axis in our growth strategy is the 3 strategies relating to providing added value to our individual clients.
- ◆ The focal point is taking the most suitable approach for each client category by strategically applying the strengths of our high-quality consulting capabilities and broad ranging specialized knowledge to the full as a specialized trust bank group.
- ◆ The first strategy is to strengthen our targeted approach to specific client segments. We will newly establish a specialized sales organization which has no geographical limitations for clients with clear known attributes such as employees of our client companies or the High net worth and place focus on their specific needs.
- ◆ The second is face-to-face consulting using on-line approaches to fully display our strengths.
- ◆ The third is promoting collaboration with regional financial institutions. We will provide trust capabilities to an even broader range of clients while further developing a win-win relationship with them.
- ◆ Please go to page 23.

Provision of added value to individual clients (Work place clients 1/2)

- ✓ Leverage specialized expertise of the pension / retirement benefit plans to support asset formation and life planning

Understand client attributes in detail through work place market

Newly set up specialized **virtual branches**

Efficient delivery

of

High added value

to

High profile clients

Increased awareness towards asset formation of both corporates / employees acting as tailwind

(1) High profile clients

Employees of our client companies that are **mainly major corporates**

Overwhelmingly large client base

Workers' asset formation / savings(*)
Approx. 410 K individuals
(Approx. 260K open SuMi TRUST accounts)

Members of corporate DC plans provided
Approx. 1.55 mn individuals
(No.1 domestic share)

Focus on clients with higher potential for business engagements

No appointed sales reps from our branch
Approx. 220K individuals (Balance of ¥440bn)

Those who open SuMi TRUST's accounts
Approx. 130K individuals

(*)Employee savings scheme with periodical deduction from salaries

Effectively offer added value in areas where our strengths can be leveraged

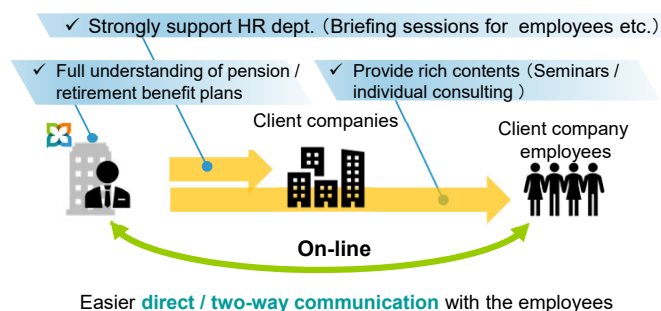
(2) High added value

Well versed in pension / retirement benefit plans by company through historical program operation / management experience

Provision of added value based on highly specialized expertise

(3) Provide effectively

Approach **client groups** through managed programs / offered seminars **Direct / two-way communication** with the use of on-line

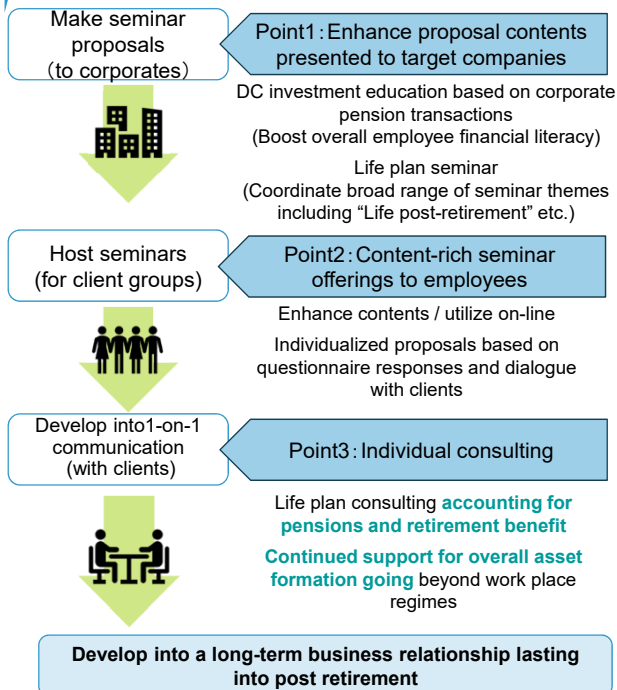


- ◆ As mentioned before, we have newly set up a specialized virtual branch for the work place business.
- ◆ We have a high-profile client base made up of blue-chip company employees with 410 thousand clients through asset accumulation /installment savings and 1.55 million through DC pension plan. The biggest strength here is that we have a thorough understanding of our client companies' pension and retirement benefit plans. However, we had been unable to fully penetrate this segment to date.
- ◆ In addition, the spread of on-line consulting is proving to be a tailwind in laying the ground for engaging in measures that are not bound by region or bank branches that clients designate for payments and thus resulting in improved efficiency. However, within the backdrop of increasing awareness for asset formation, the spread of on-line consulting is acting as a tailwind in laying the ground for expanding provision of efficient consulting which is our strength, unbound by region or bank branches that clients designate for payments.
- ◆ We will offer meticulous life planning consulting services to clients on-line, basing off of each of the clients' corporate retirement and pension schemes.
- ◆ This is very well received by companies interested in supporting their employees' asset formation. Further, more employees are accessing to this service since they feel comfortable contacting us with specialized knowledge either by telephone or on-line without needing to go through their HR department.
- ◆ Please see page 24.

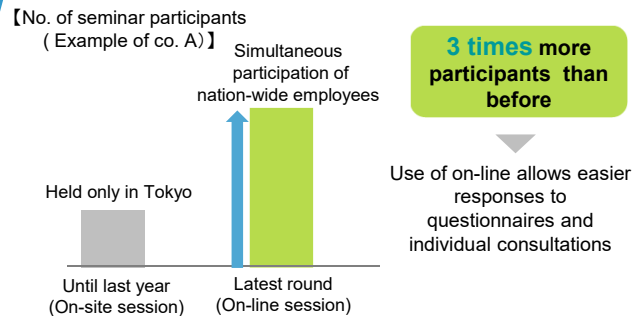
Provision of added value to individual clients (Work place clients 2/2)

✓ Develop opportunities for one-on-one communication through approaches leveraging our strength in identifying client profiles

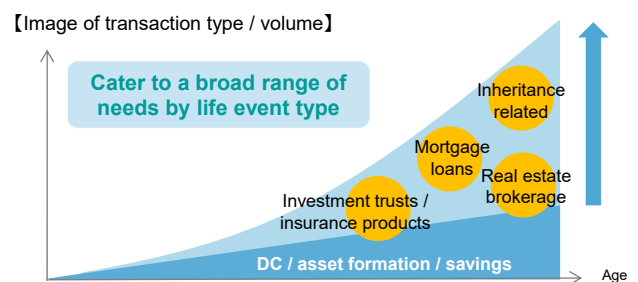
Virtual branches focusing on client attributes



Improve seminar efficiency with the use of on-line



Expand scope of business by supporting clients' life events

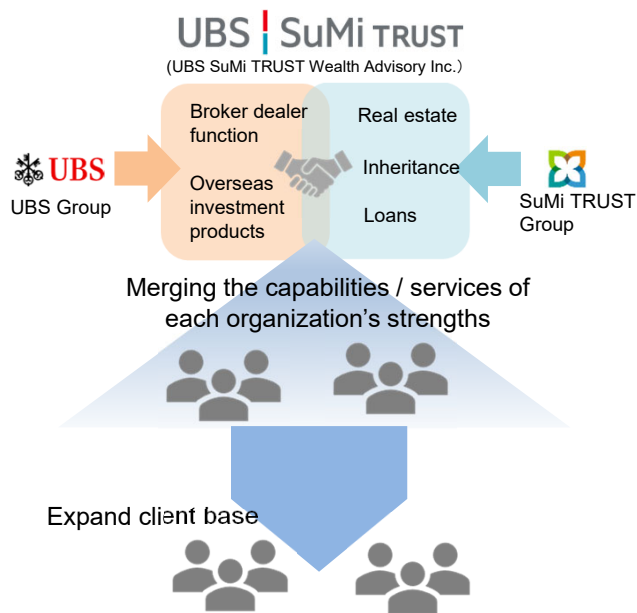


- ◆ We are already seeing positive results from seminars using on-line approaches.
- ◆ As shown on the right, a certain client company used to hold seminars for employees in the Tokyo area only in the past. However, when they conducted the seminar on-line this year, the number of participants tripled with nation-wide attendance at once.
- ◆ As shown, with clients coming to us for consulting from their days in the work force, I believe the breadth and volume of business with retail clients will grow.
- ◆ Please go to page 25.

Provision of added value to individual clients (Collaboration with UBS Group)

- ✓ Merge the strengths of the Sumi Trust Group and the UBS Group to offer new services and expand the customer base

Provide a wide range of services by complementing both group's capabilities



Collaboration road map

Progress as initially planned despite partial delay in sales/marketing activities due to COVID 19 impact

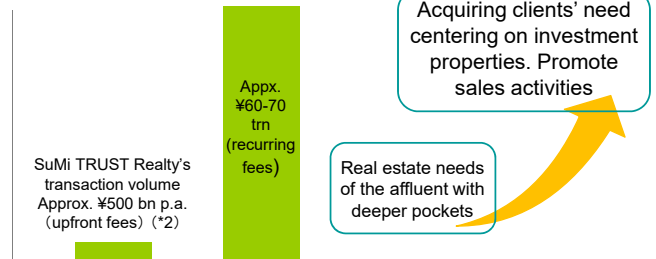
Jan. 2020 Operational start of the marketing JV company

Aim Autumn 2021 Establishment of the securities company (Carve out of UBS Securities Japan Co., Ltd.'s wealth management capability)



Collaborative activities in real estate

【Real estate owned by Japanese affluent (*1)】



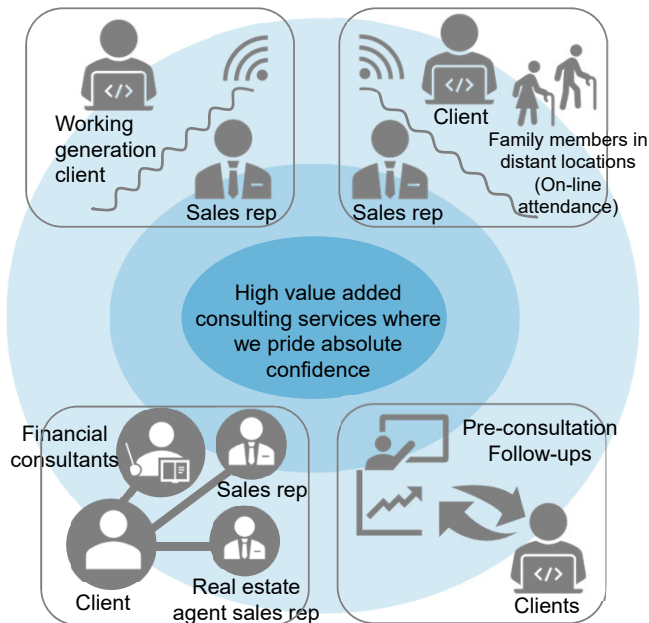
(*1)Source: "World Wealth Report2017" by Capgemini
(*2)FY2019 Actual

- ◆ Collaboration with UBS did not quite develop as planned in the 1st half due to the spread of COVID-19.
- ◆ However, the real estate business where we pride our strength showed needs in the order exceeding our expectation even under constrained sales activities, making us recognize the strong potential of this business.
- ◆ Please see page 26.

Provision of added value to individual clients (SuMi TRUST branch clients)

✓ Increased opportunity in offering high value added consulting services with on-line face-to-face approaches

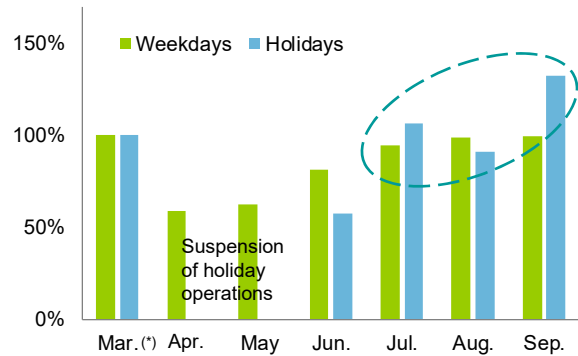
Increase client contact points with clients with the use of on-line



Increase consulting opportunities through enhanced flexibility

【Recovery in client visits on holidays / outside regular business hours (2020)】

Strong needs for consulting services on holidays / outside regular business hours



(*)Holiday (Mar.) is average of Nov.2019 ~ Mar.2020

Overcoming
time / location
limitations

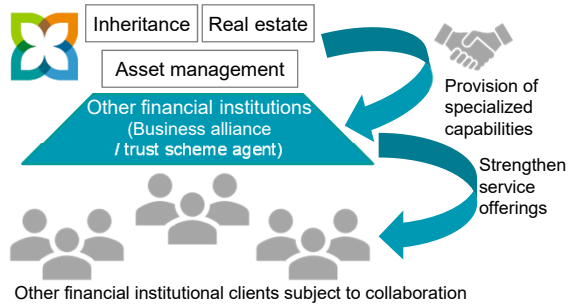
Expand provision of on-line
consulting opportunities

- ◆ We will enhance on-line face-to-face consulting availability for our branch clients as well.
- ◆ As shown on the right, we already have an acknowledgement of the strong needs for consulting in the sales branches on holidays. Therefore, on-line availability should surely expand the potential of catering to more clients.
- ◆ Please go to page 27.

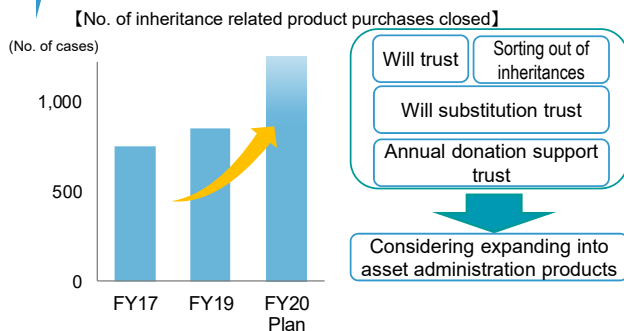
Provision of added value to individual clients (Collaboration with other financial institutions)

✓ Further broadly offer specialized trust capabilities to clients of our alliance financial institutions

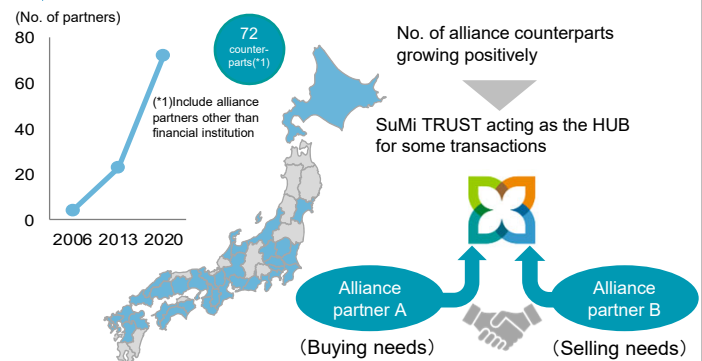
Build win-win relationships through collaboration



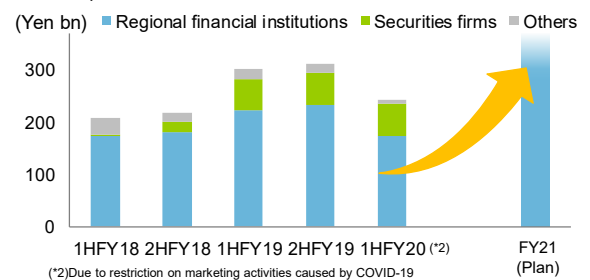
Widening spread of inheritance related products



Real estate business solution



【Value of real estate transaction information acquired from alliance partners】

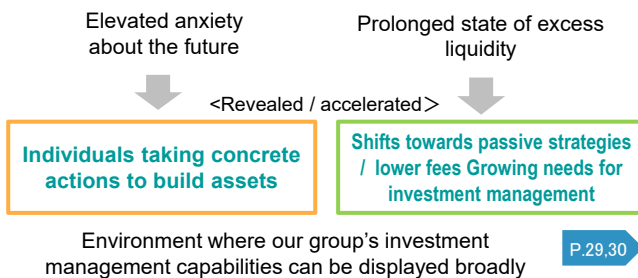


- ◆ Win-win collaborations with other financial institutions are also progressing steadily.
- ◆ Products offered are not remaining limited to inheritance but expanding into areas such as asset administration products for the elderly.
- ◆ In addition to the increased number of alliances, we are seeing an increase in the amount of information provided owing to the build-up of successful transactions. We are seeing cases where we match the buy and sell needs of different alliance partners to put together transactions.
- ◆ Please see page 28.

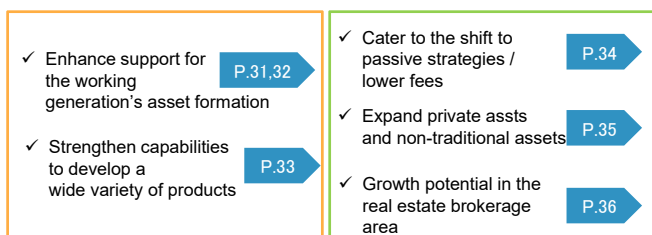
Growth of the Asset management business

- ✓ Aim for further growth by responding to investor expectations based on the changing environment through provision of various investment management capabilities

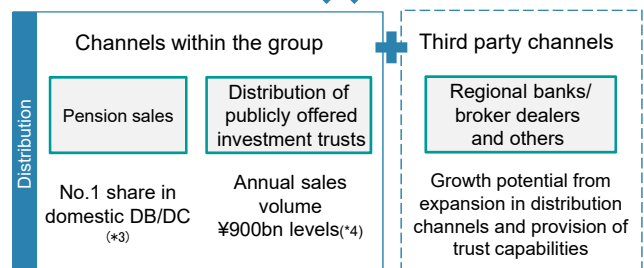
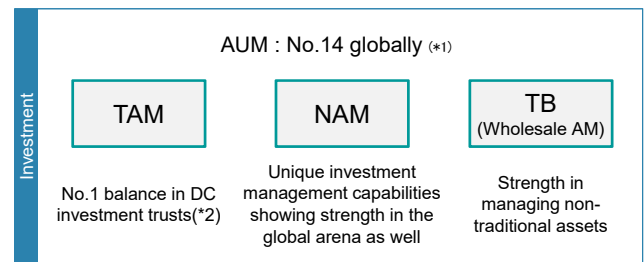
Trends observed in the asset management business and growth potentials



Concrete initiatives for growth



Unique business model enabling growth



(*1) Source: INVESTMENT&PENSIONS EUROPE2019 (as of Dec. 19)

(*2) As of Mar. 20

(*3) Market ranking based on balance (DB), number of membership (DC)/DB, as of Mar. 20

(*4) Average sales volume through FY17 to FY19

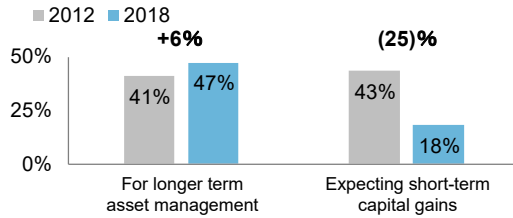
- ◆ The second axis for growth is the asset management business.
- ◆ The need for “asset formation of individuals” is growing further centered around the working generation. In addition, the lingering “excess liquidity” environment is resulting in limitations to traditional investment management and thus needs for diversifying the strategies is also increasing.
- ◆ Please go to page 33.

Growth of the Asset management business (Environment for accelerating expansion of individuals' asset formation)

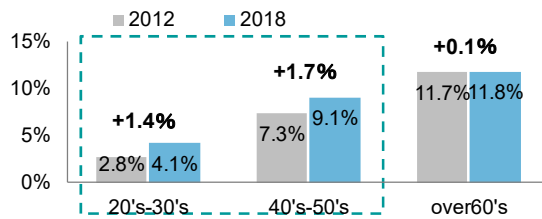
✓ Steady changes and flow to growth in the individuals' asset formation

Changes in awareness / attitude towards asset formation

【Shifts in the reason for purchasing investment trusts (*1)
(multiple answers possible)】



【Shifts in % of investment trusts held by age category (*1)】

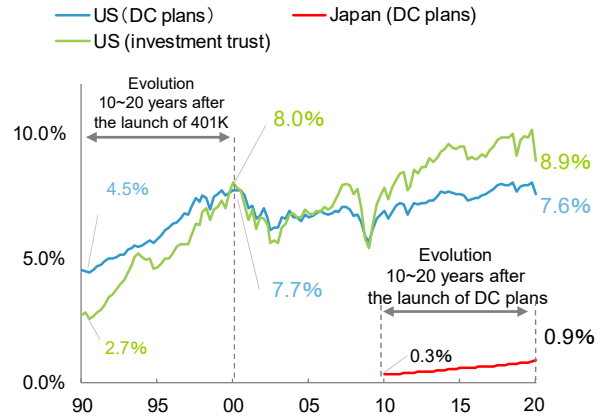


Growth in investment trust purchases
mainly around the working generation

(*1) Developed by HD based on JSDA's "National survey on securities investment"

Heightening investment appetite rooting from DC plans

【% of assets in household finances (US vs. Japan) (*2)】



Expectation for increased investor appetite
with the penetration of DC plans

(*2) Developed by HD based on BOJ's "The Flow of Funds Accounts Statistics (the FFA)" and FRB's "Financial Accounts" data (Some assumed values included)

Growth of the Asset management business (Environment for accelerating diversification of investment management)

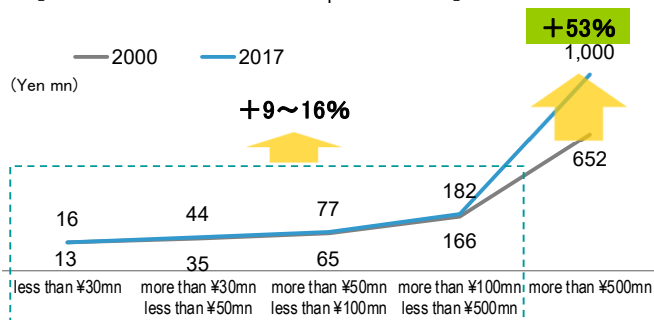
- ✓ Diversity in investment management promoted by increased risk assets held among individuals and continued needs for investment management by financial institutions

Status of growth in assets held by individuals)

【Evolution of no. of household by pure financial assets balance brackets (*1)】

	(number of households)				
	less than ¥30mn	more than ¥30mn Less than ¥100mn	more than ¥50mn less than ¥100mn	more than ¥100mn less than ¥500mn	more than ¥500mn
2017	42.03mn	7.20mn	3.22mn	1.18mn	+84K
Change from 2000	+4.42mn	+1.45mn	+660K	+410K	+18K

【Shift in net financial asset value per household】

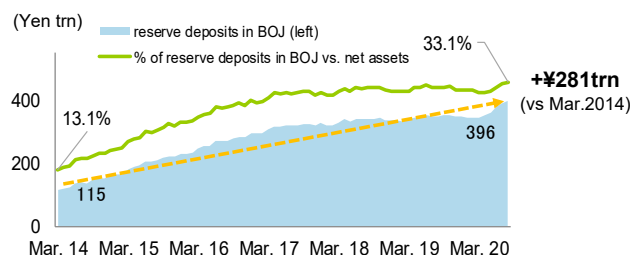


**Investment needs of the HNW
that have higher risk tolerance growing**

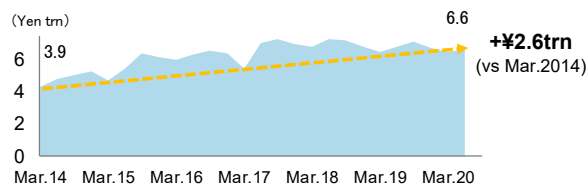
(*1) Developed by HD based on Nomura Research Institute Ltd.'s news release on Dec. 18, 2018

Challenging environment for domestic financial institutions' investment management continuing

【Evolution of reserve deposits in BOJ of domestic banks (Banking accounts) (*2)】



【Shift in Japanese life insurers' cash and deposits balance (*3)】



**Needs for diversifying investments increasing
under the low interest rate environment**

(*2) Developed by HD based on BOJ "Assets and Liabilities of Domestically Licensed Banks (Bank Accounts)"

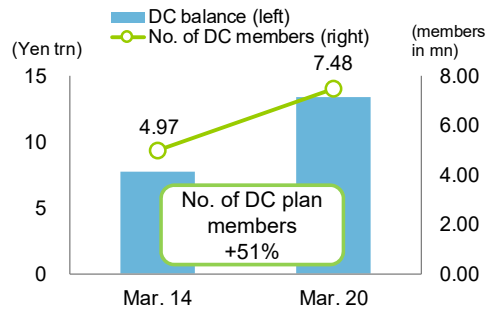
(*3) Developed by HD based on BOJ "the Flow of Funds Accounts Statistics (the FFA) "

Growth of the Asset management business (Track record of contributions to individuals' asset formation 1/2)

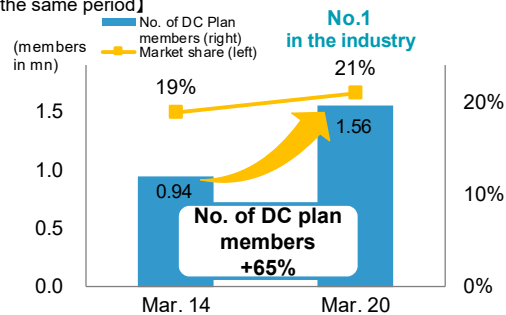
- ✓ Contributing to asset formation of the working generation through our DC plans that pride No.1 share in the industry

Expansion of base exceeding speed of market growth

【Shift in overall no. of DC plan members and balance】

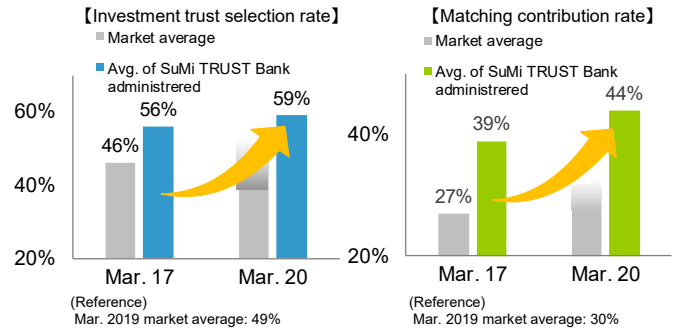


【SuMi TRUST's client companies' DC plan members during the same period】



Asset formation supported by elevated financial literacy

- Investment trust selection rate above market average owing to high quality investment education



- Enhance investment education offerings for the younger generation

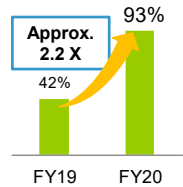
Early education has significant impact on later asset formation awareness

- ✓ Proactively applied on-line approaches for investment education and the effect has been confirmed

Example of Co. A

(One of the companies with top ranking no. of members)

% of matching contribution among newly hired employees increased significantly FY on FY

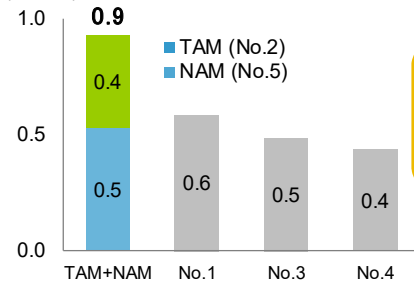


Growth of the Asset management business (Track record of contributions to individuals' asset formation 2/2)

✓ Offer a wide variety of attractive investment products through various channels

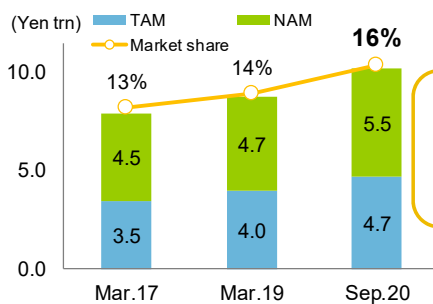
Grow market share in publicly offered Investment trusts

【Net launched value of publicly offered investment trusts (FY 2019)】
(Yen trn)



Total of both TAM / NAM together at **more than 1.5 X** of the no.1 player in the industry

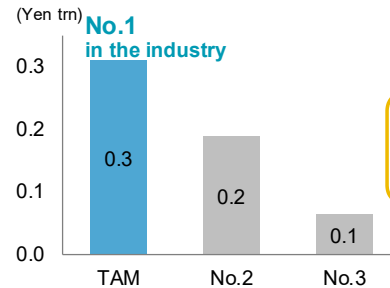
【AUM of publicly offered investment trusts】



Share increased to **more than 15%** with steady growth in AUM (Sep. 020)

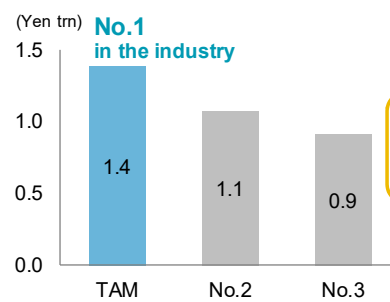
Prominence as a top player also in DC space

【Net increase in investment trusts (value terms) through DC plans (FY2019)】 (*)



More than 1.5 X of the no.2 player in the industry

【Net assets balance of investment trusts through DC plans (Mar. 2020)】 (*)



Approx. 1.3 X of the no.2 player in the industry

Growth of the Asset management business (Provide products to support individuals' asset formation)

- ✓ Offer core and satellite investment products using each company's strength

Sumitomo Mitsui Trust Asset Management (Core)

Expand **long-selling product** line-up that are core to individuals' long term asset formation

Enhance supply of continuing investment products (DC, iDeco etc.)

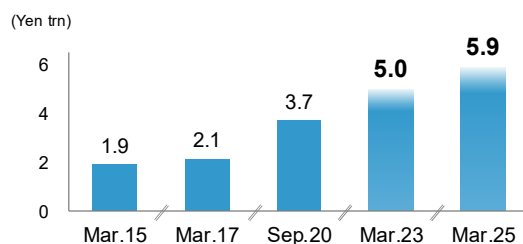
Develop long-selling products (ESG related, impact investing etc.)



Sowing seeds for the future

- ✓ Strengthen research capabilities (Utilize alternative data, ESG research)
- ✓ Globalize impact investment strategies
- ✓ Develop next generation balance-type investment strategies

【AUM target for funds long-selling funds (*1)】



(*1) AUM of funds running over 5 years and above

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Nikko Asset Management (Satellite)

Rolling out an even wider variety of "cutting-edge products" by leveraging **equity investment / alliance strategies** as well

Global in-house investment capabilities



Unique investment strategies of equity investment / alliance counterparts

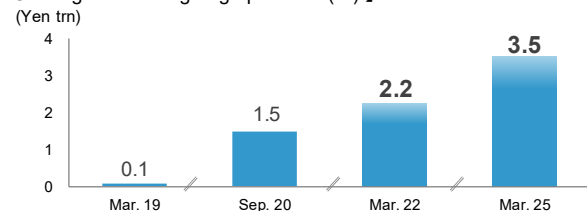
ARK INVEST(US)
Alliance since 2016

Specialize in cutting-edge technology areas (such as genome, mobility etc.)
Growth of AUM to USD29.8bn since 2013
Growth in AUM of collaboration fund to US\$12.5bn (*2)

Rongtong Fund Management Co., Ltd. (China)
Investment since 2007

Medium sized asset manager in high growth China
Growth of AUM to ¥3.9trn in the past 5 years (approx. +30% (*3))

【AUM target for cutting-edge products (*4)】



(*2) As of Sep. 20 (*3) As of Jun. 20

(*4) Funds that NAM considers to be advanced in its product concept or design (Example: Digital transformation equity fund, Global 3 x triple asset fund etc)

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- ◆ Our group's SuMi TRUST Asset Management mainly offers core category products whereas Nikko Asset Management offers satellite category products. The two together enables us to offer a broad range of investment products across core and satellite areas to support the growing needs of "the individuals' asset formation".
- ◆ SuMi TRUST Asset Management will enhance its long selling publicly offered investment trusts with track records of more than five years and Nikko Asset Management will strengthen provision of cutting edge products through unique products launched together with its invested counterparts.
- ◆ Please see page 34.

Growth of the Asset management business (Respond to shifts into passive strategies / lower fees)

✓ Extend growth in ETF areas. Promote cost reduction by seeking efficiency

Rolling out the ETF business into Asian markets (NAM)

Advantages to listing on the local market

- ✓ Improved product competitiveness through **lowering cost**
- ✓ Leverage **strong distribution capabilities of local broker dealers**

Track record in the domestic market(*1)

**No.2
In
Japan**

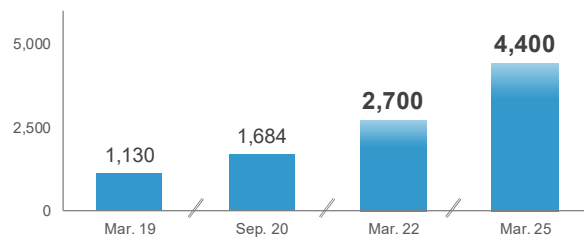
AUM: **¥9.6trn**
Listed ETFs: 28

Global investment management / sales structure

Capabilities for developing edgy products
Support available for local distributors / investors

【AUM target of listed ETF for in the foreign markets (*2)】

(USD mn)



Singapore listing of a China Bond ETF in Nov. 2020 under collaboration with ICBC

(*1) As of Sep.20 (*2) assuming mainly Singapore and Hongkong market

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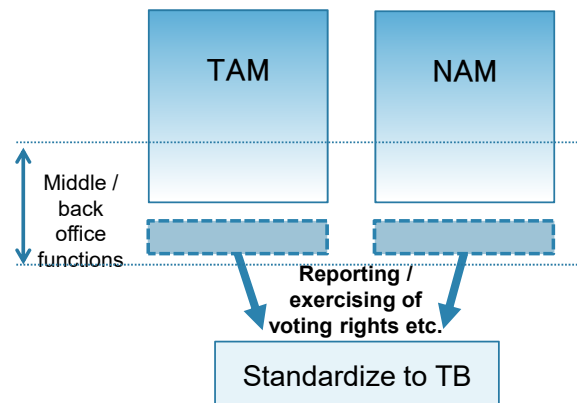
34

Cost reduction through standardization of operational functions

Cost reduction
Squeeze out resource

Specialize in areas of each company's forte

- ✓ Reinforce product development and distribution support structures
- ✓ Expand investment management capacity
- ✓ Upgrade added value offered to investors through improved operational efficiency



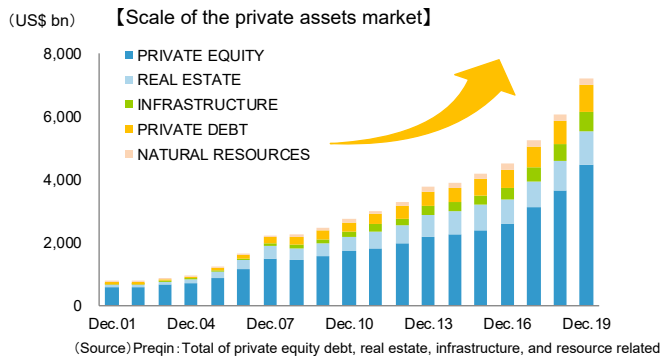
SUMITOMO MITSUI TRUST HOLDINGS

- ◆ We will also reinforce our ability to cope with the low interest rate and low fee environment.
- ◆ Nikko Asset Management already prides a No.2 position in the domestic ETF market with an AUM of 9.6 trillion yen under management in the domestic ETF space, but aims to grow its profitability by increasing its AUM in the growing Asian ETF markets such as Singapore and HK in the future.
- ◆ Further, we will work on standardizing and integrating operational areas across the two asset management companies in the group to seek cost reduction as well.
- ◆ Please go to page 35.

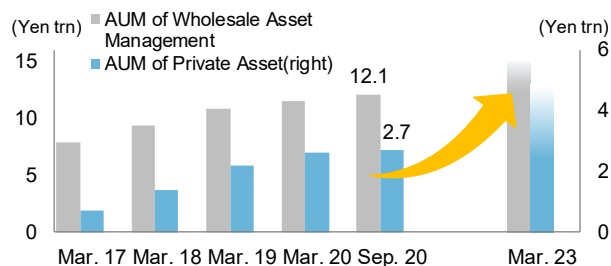
Growth of the Asset management business (Expansion of private assets)

- ✓ Centered around SuMi TRUST Bank, Offer a wide variety of investment opportunities by strengthening private asset initiatives

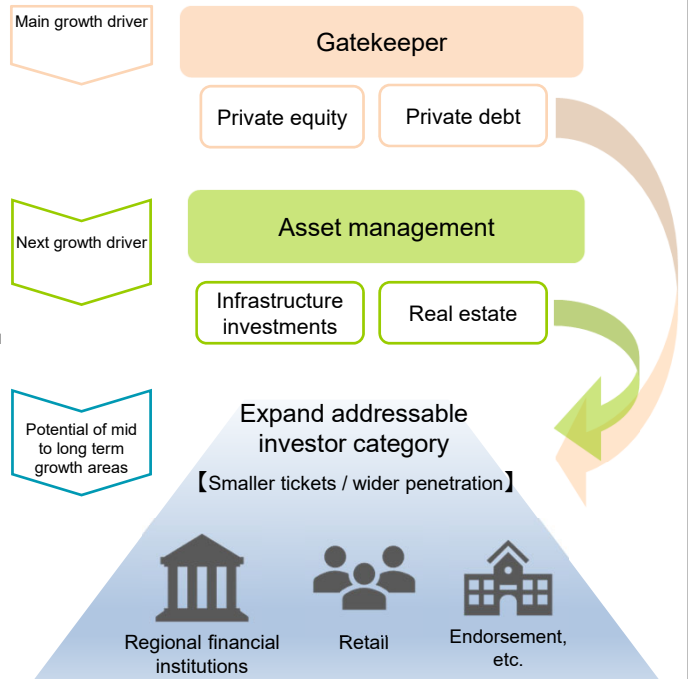
AUM of private assets



【AUM of wholesale asset management】



Direction of growth



- ◆ Investment management needs will diversify and investments into private assets in particular will surely continue to grow.
- ◆ We already offer private equity as a gate keeper centered around SuMi TRUST Bank's Wholesale asset management business and the AUM has grown to 2.7 trillion yen.
- ◆ From here and on, we intend to enhance our asset management capabilities in infrastructure investments and real estate. Further, our plan is to in the future generate smaller ticket opportunities and widely spread private asset investments to help grow the market as well.
- ◆ Please see page 36.

Growth of the Asset management business (Utilize the wide-ranging real estate related business capabilities)

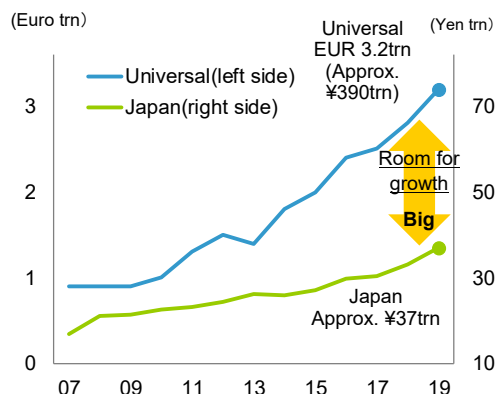
✓ Responding to increasing real estate investment needs due to excess liquidity / low interest rates

Offer a wide variety of capabilities to heightening real estate investment needs of both domestic and overseas investors

	Overseas	Japan
COVID-19 risk	Big	Small
Political risk	Big	Small

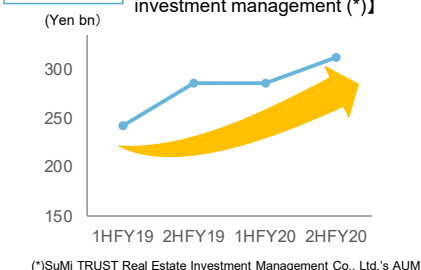
Amplified appetite to invest into Japan

【Size of global real estate funds / investment】



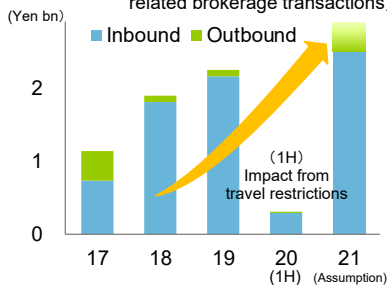
(Source) Universal : ANREV, INREV and NCREIF
Japan : SuMi TRUST Research Institute Co., Ltd.

Investment management 【Track record for sub-advised investment management (*)】



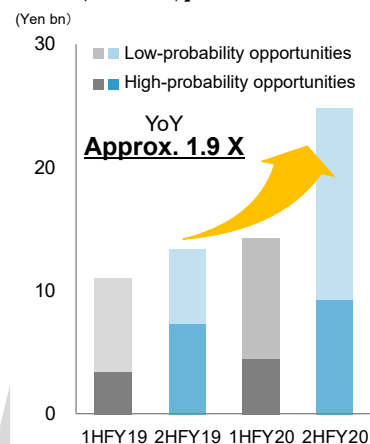
(*) SuMi TRUST Real Estate Investment Management Co., Ltd.'s AUM

Brokerage 【Track record for overseas related brokerage transactions】



Increase in the number of real estate brokerage transaction flows

【Opportunities for real estate brokerage transactions (value base)】



Seller: Selling needs due to overhaul of corporate assets / work-styles

Buyer: Buying needs due to excess liquidity, low interest rate environment

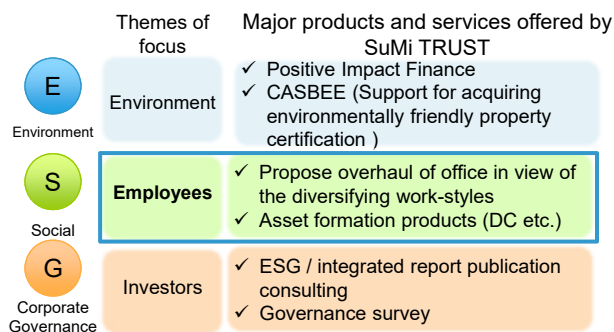
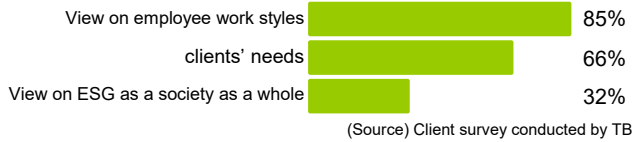
- ◆ Real estate is an area that is increasingly gaining attention as a private asset. Since we have real estate capabilities in areas such as asset management and brokerage, we can expect business opportunities in a variety of areas to grow.
- ◆ In addition to domestic investors' needs, investment appetite of overseas investors is also on the rise since Tokyo is increasingly attractive compared to other overseas cities due to the spread of COVID-19.
- ◆ Though investors' property on-site visits are not yet possible due to overseas travel restrictions, there are many inquiries coming in. Further, we are even seeing cases where fast deciding business owner type investors buy without onsite visits.
- ◆ The 1st half was unfavorable for the brokerage business but property information availability is at higher levels year on year.
- ◆ Please see page 37.

Business branching out of ESG (1/2)

- ✓ Responding to further heightening corporate interest in ESG by diverse trust capabilities with COVID-19 as the motive

Increasing interest in employee work-styles relating to the “S” area

【Change of environment / values caused by COVID-19 shock】

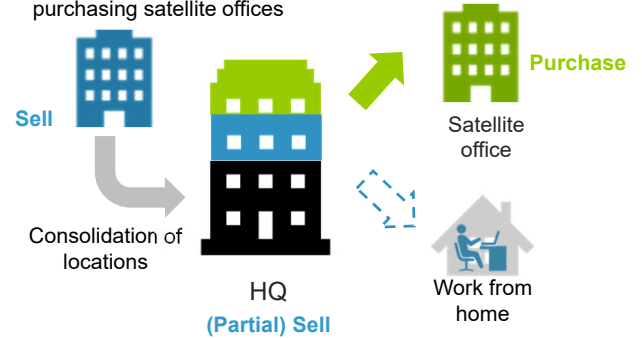


Providing solutions to corporates employees

- Overhaul of office / production sites in view of the diversifying work-styles

⇒ Real estate brokerage / consulting

Respond to needs such as consolidation of locations, selling (part of) HQ property, purchasing satellite offices



- Enhance support for employee's asset formation
- ⇒ Work Place Business

P.23,24

- ◆ ESG is another growth area where we can leverage our multi-functionality.
- ◆ Corporate interest is spanning across “G” for governance, “E” for environment to “S” for society. And in particular, interest in work environment for the employees is on the rise.
- ◆ We are able to cater to various needs such as needs for reconsidering office styles, locations, space, or welfare and benefits package for the employees starting with pension plans I mentioned before through our broad ranging trust function offerings.
- ◆ Please see page 38.

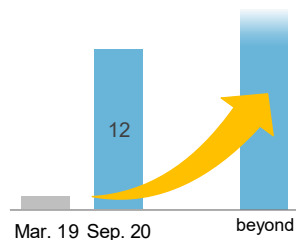
Business branching out of ESG (2/2)

- ✓ Identifying / resolving the various business management challenges through engagements based on advanced initiatives

Advanced solutions that support resolving corporates' challenges

● Positive Impact Finance (PIF)

[Total number of PIF engagements]

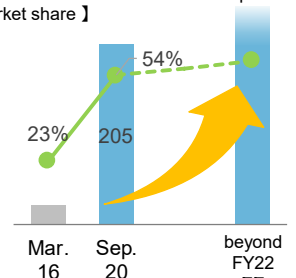


The inaugural "ESG Finance Award" (sponsored by the Ministry of the Environment) Financing category Gold Award (Minister of the Environment Award)



Support application processes for environmentally friendly certifications in real estate (CASBEE real estate etc.)

[No. of CASBEE certifications acquired and market share]

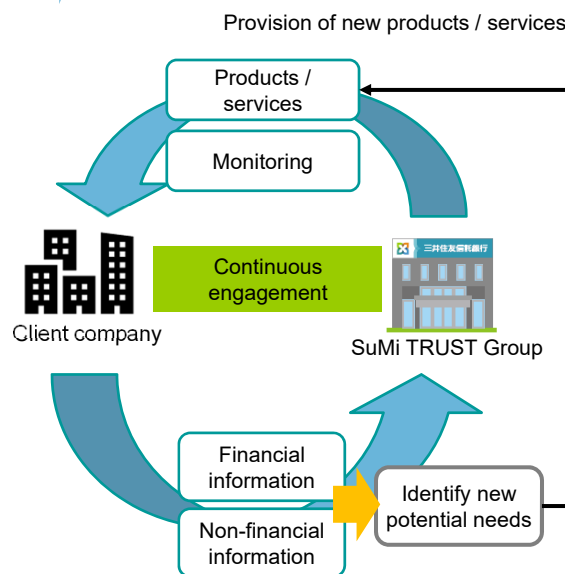


[Example of CASBEE certification]



Round Cross Roppongi (CASBEE Wellness office Acknowledged for pleasant working environment for office workers)

Identify newly emerging needs through engagement

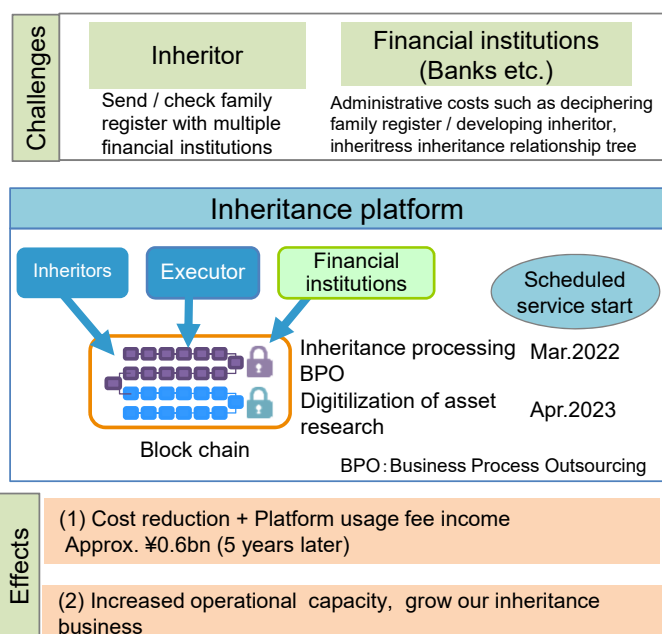


- ◆ We are also enhancing our advanced ESG initiatives in areas such as offering support in applying and obtaining environmentally friendly real estate certifications or engaging in Positive Impact Financing where we were awarded the Minister of the Environment Award last year.
- ◆ Engaging in in-depth dialogue with our client companies on financial and non-financial management issues through these initiatives lead to the next business and provision of services.
- ◆ Please see page 39.

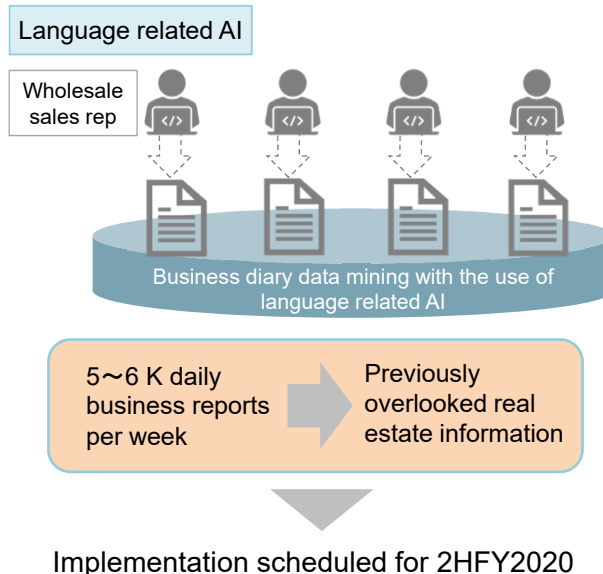
Digital business of a specialized trust bank group

- ✓ Develop business using digital peculiar to trust schemes / steadily advance use of AI as well

Practical implementation of our inheritance platform concept



Efficient identification of real estate business opportunities with the use of AI



- ◆ As for our digital strategy, we will focus our work in areas unique to trust.
- ◆ The inheritance platform will drastically reduce the amount of inheritance related administrative work. PoC under participation from major financial institutions has been completed under our leadership and are now seeing a possible practical implementation in 2022. We expect to see approximately 600 million yen of contribution to profits through cost reduction and usage fee income in 5 years. Further, we can also expect overall volume growth of the inheritance business with increased capacity.
- ◆ Attempts to utilize AI in business is also under way where possibilities of extracting real estate matching information out of wholesale sales reps' daily reports is looking promising.
- ◆ Please see page 43.

5. Medium-Term Management Plan

KPI (Financial target)

	FY19 (Actual)	FY20 (Nov. Forecast)	FY22 (Target)	(For reference) Medium/Long-term Target	
Net business profit	¥289.0bn	¥260.0bn	¥290.0bn		
Net income	¥163.0bn	¥140.0bn	¥190.0bn		
OHR (Overhead ratio)	61.1%	Mid-60% range	Lower 60% range	Upper 50% range	Promote efficiency by enhancing fee business though limited OHR decline
Fee income ratio	54.6%	Mid-50% range	Upper 50% range	Maintain above 60%	Increase stable fee revenue
Common Equity Tier 1 ratio (*1)	9.7%	Upper 9% range	Mid-10% range	Maintain stable 10% range	Maintain prudent level of capital
Return on equity (*2)	6.25%	Mid-5% range	Around 7%	Around 9%	Changed from Shareholder ROE Aim for self-sustaining improvement of ROE
Dividend payout ratio	34.5%	40.2%	About 40%		
[Assumptions of the market]	Mar. 20	Mar. 21	Mar. 23		
10 year JGB	0.02%	0.00%	0.00%		
Nikkei 225	18,917 yen	22,500 yen	23,500 yen		
USD/JPY	108.7	108	109		

(*1) Pro-forma figure on Finalized Basel III reform basis
(*2) Changed from "Shareholder ROE".

The impact of the change: approx. (1%)

6. Initiatives for addressing sustainability

Initiatives for addressing sustainability (Climate change issues)

- ✓ Promote diversified initiatives in various areas to address issues through Group-wide businesses

Promote initiatives for solving issues through business

Sustainable financing long-term goal

FY2021-2030 cumulative total
¥5trn

(Ref) New loan to long-term finance to client companies in FY19: Approx. ¥1.4trn



Policy to focus on transition finance(*1) to support shift to realize zero CO2 society (*1) Financing to LNG ship projects etc.

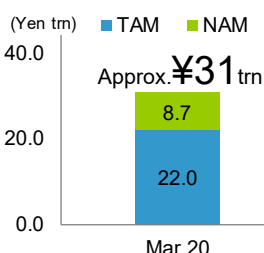
Examples of sustainable finance

Positive Impact Finance

Renewable energy finance
(CO2 reduction of projects we participate: 18.5mn tons p.a.)

Finance for green buildings

• Our group initiatives for addressing climate change [ESG related AUM]



Both TAM, NAM participating in Climate Action 100+, working on co-engagement



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Aim for zero balance in finance to coal-fired power generation

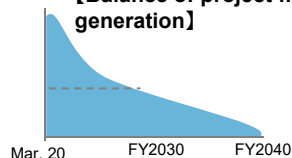
• Policy for investing and financing

In principle, we do not participate in financing for construction of new coal-fired power generations



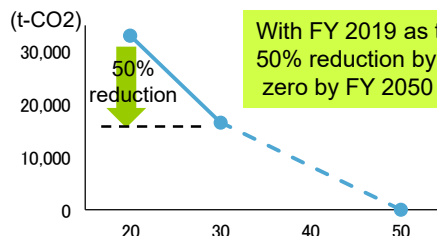
Aim for zero balance in finance to coal-fired power generation

【Balance of project finance to coal-fired power generation】



50% reduction by FY2030 (*2)
Aim for zero by FY2040
(*2) vs Mar. 2020

Aim for zero CO2 emissions through SuMi TRUST Bank activities



With FY 2019 as the benchmark, 50% reduction by FY 2030 and zero by FY 2050

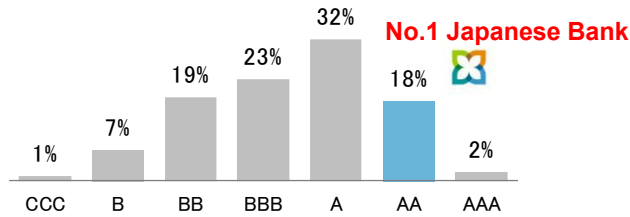
- ◆ As for initiatives on sustainability starting with engagements for addressing climate change issues, we will significantly grow financing for renewable energy areas and ESG investments of our asset management companies.
- ◆ In addition, SuMi TRUST Bank itself will bring its CO2 emission to zero by FY 2050.
- ◆ I will lastly touch upon our financial and capital policy.
- ◆ Please go to page 47.

Our Group's status regarding ESG / Sustainability Initiatives

Top class rating for ESG among Japanese banks

● MSCI evaluation

【Rating distribution on banking sector (global)】



● PRI assessment by UN organization

Evaluation of PRI (principles for Responsible Investment) by UNEP FI*
Total No.1 among Japanese banks
5 consecutive years (TAM)

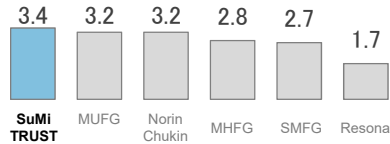


Rating A+

● NPO evaluation

NPO Fair Finance Guide Rating

No.1 among Japanese Banks



Selected ESG indices



2017 Constituent
MSCI ESG
Leaders Indexes



2017 Constituent
MSCI Japan ESG
Select Leaders Index



2017 Constituent
MSCI SRI Indexes

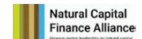
Domestic/International ESG related activities



UNEP Finance Initiatives
(UNEP FI)



The United Nations
Global Compact



Natural Capital
Finance Alliance



Equator Principles

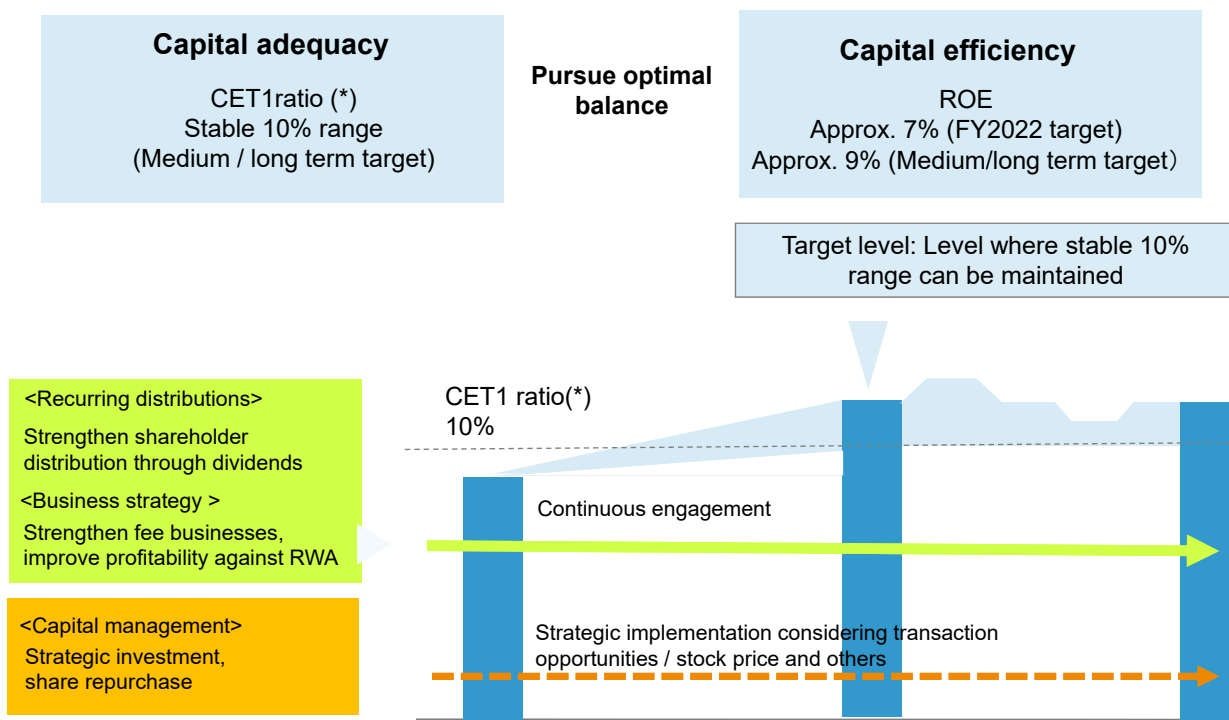


Principles for Financial
Action for 21st Century

7. Financial / Capital policies

Our approach to Capital policy

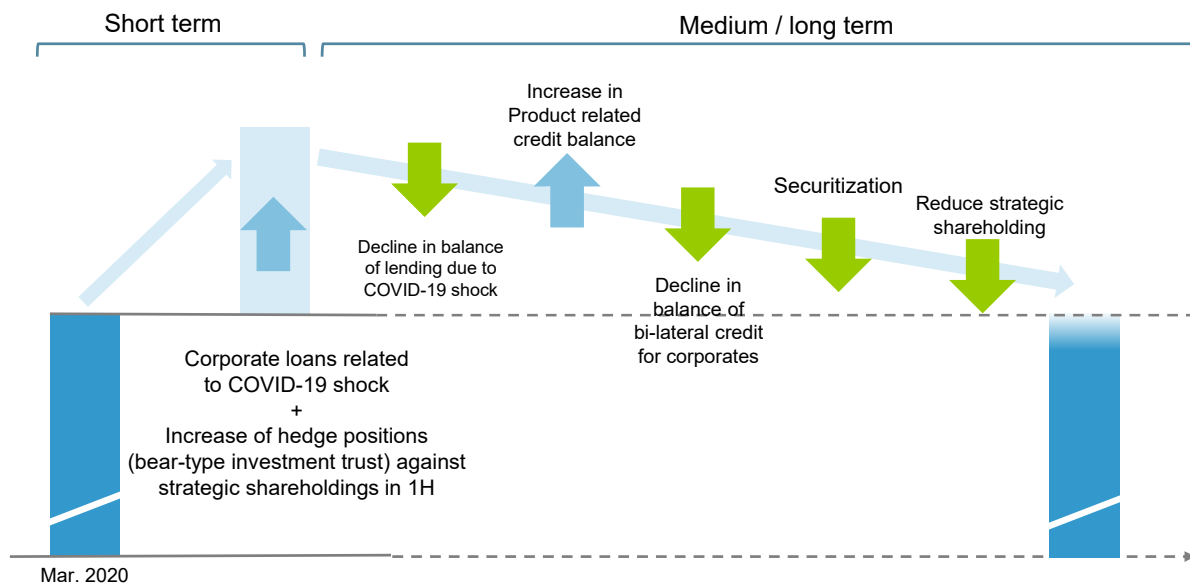
- ✓ Aim for an early achievement of target capital level while considering strategic capital deployments



(*) Finalized Basel III reform basis

Direction of Risk Weighted Assets (RWA)

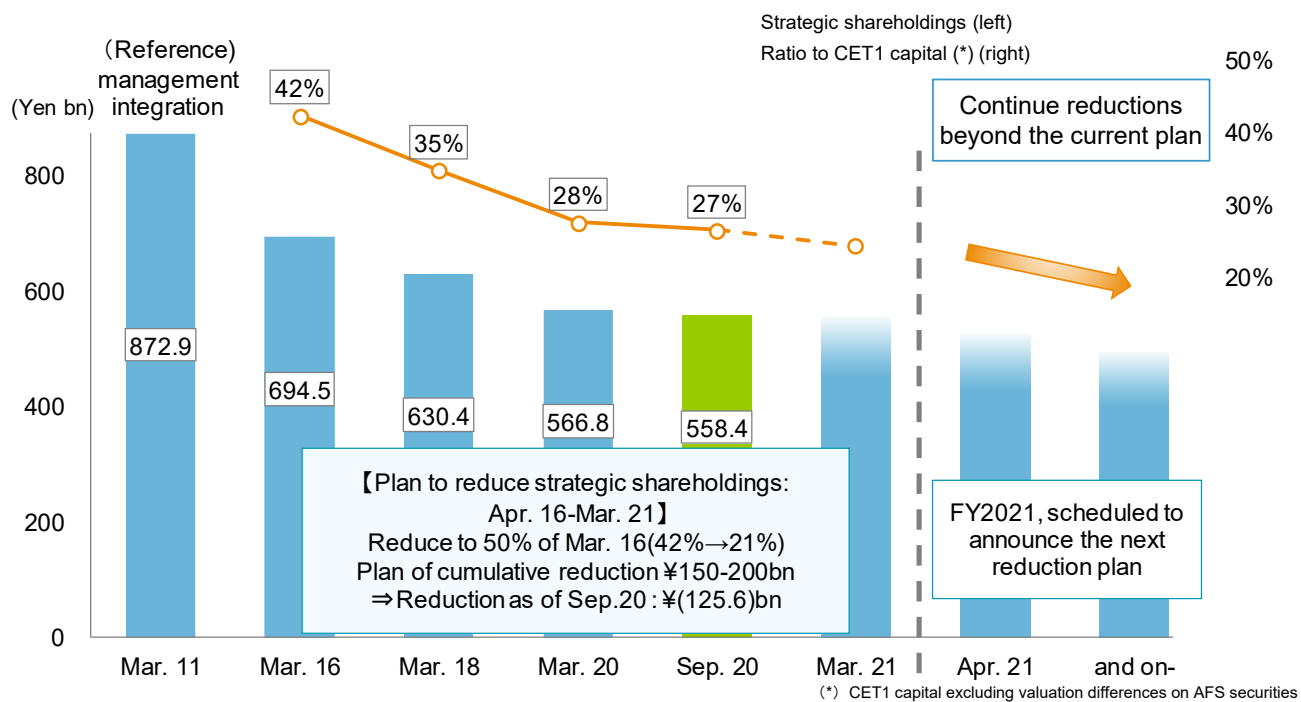
- ✓ Head towards reduction in the medium to long term despite the assumed temporary increase



- ◆ First on risk weighted assets. It has temporarily increased due to impact from COVID-19 related lending. However, by securitization of credits and sales of strategic shareholdings, RWA will be reduced across the medium term.
- ◆ Please go to page 49.

Reduction of strategic holdings

✓ Strive to obtain divestment agreement to continue the reduction beyond FY2021

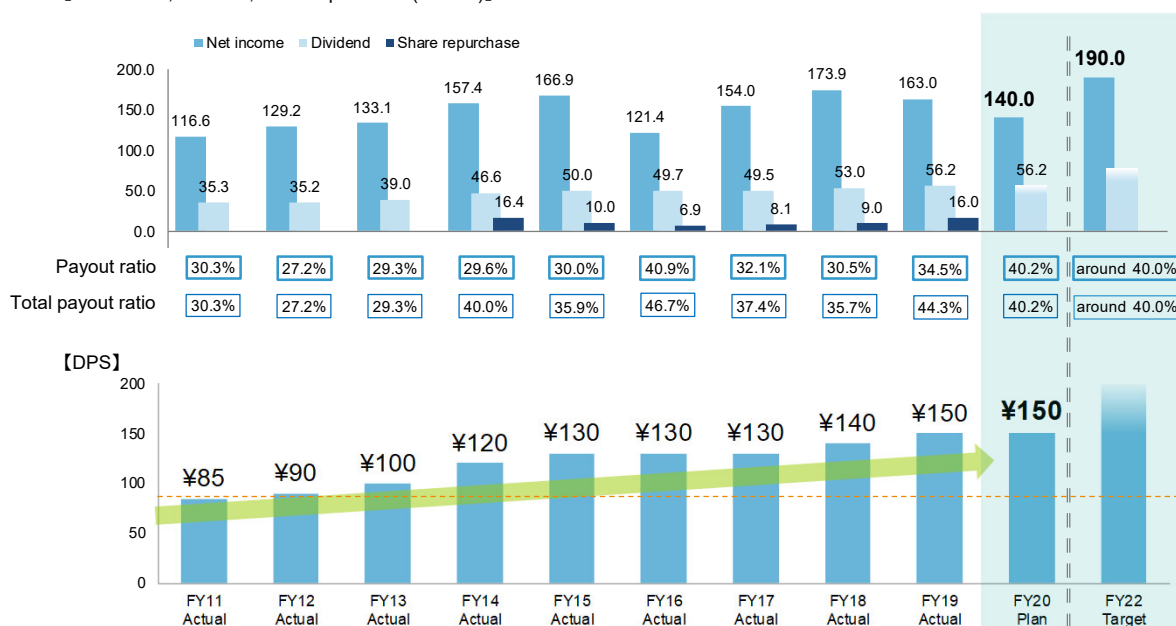


Direction of shareholder returns

- ✓ To aim for 40% payout ratio in FY2022 by raising payout ratio

Enhance shareholder return through stable growth of profit and by raising payout ratio. Will conduct share repurchase flexibly considering capital efficiency

【Net income, dividend, share repurchase (Yen bn)】



- ◆ As for shareholder returns, we will enhance returns through dividends, having a payout ratio of 40% in mind.
- ◆ Though we are not planning share repurchase in FY 2020 at this juncture, our policy to repurchase flexibly by considering the balance with capital adequacy and capital efficiency remains unchanged in consideration of the outlook for FY 2021 and beyond and other factors.
- ◆ This concludes my presentation.
- ◆ As mentioned in the outset, we will acknowledge the accelerated changes taking place in the society as opportunities and advance our own reform with speed. At the same time, we will materialize growth by leveraging “agility” and “multi-functionality” that are our strengths as a specialized trust bank group.
- ◆ We look forward to your continued support. Thank you.

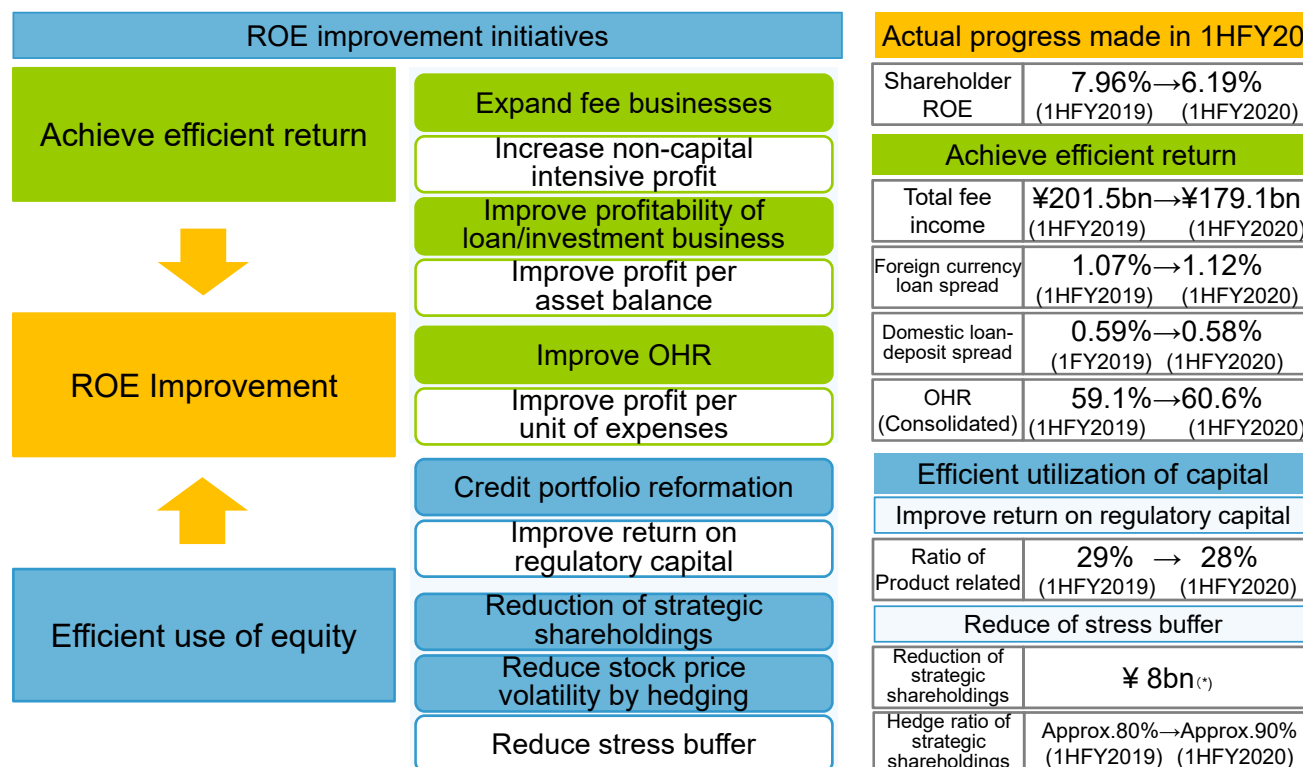
Appendix

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2. Efforts of each business segment to improve ROE	...P.53~
3. Medium-Term Management Plan	...P.54~
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5. Real estate business	...P.62~
6. Corporate business	...P.63~
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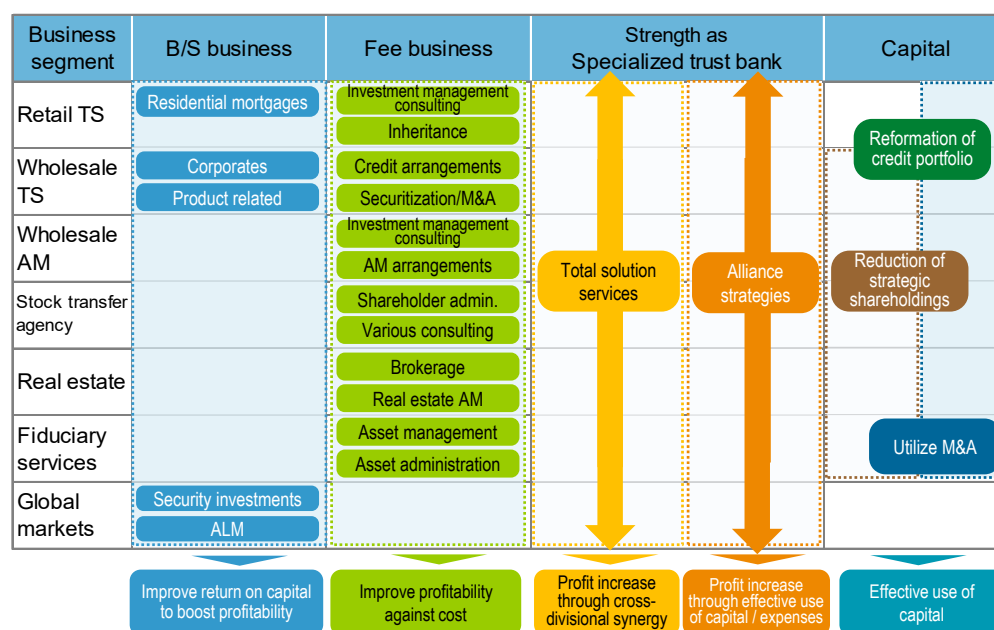
Initiatives to improve ROE



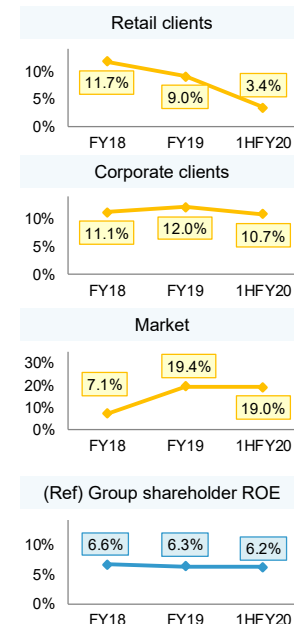
(*) Cumulative reduction during previous Medium-Term Management Plan period. Cumulative reduction based on current plan (from FY16 to FY20): ¥125.6bn

Efforts of each business segment to improve ROE

- ✓ To improve B/S profitability through strengthening fee business and credit portfolio reformation
- ✓ Creation of growth areas through crossing and merger of businesses and advance alliance strategies



ROE by business segments(*)

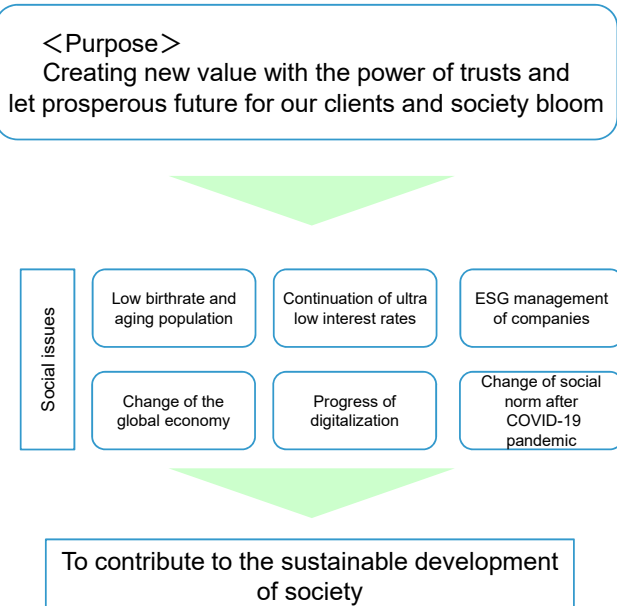


(*)ROE by business segment: Managerial accounting basis. Retail clients: Retail TS and SuMi TRUST Realty. Corporate clients: Wholesale TS, Wholesale AM, Stock transfer agency, Real estate (excluding SuMi TRUST Realty) and Fiduciary businesses. Market: Global Markets. Each segment's net business profit 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)

Medium-Term Management Plan (1)

- ✓ The 3 years positioned as a period for expanding the business foundation for materializing the next leap into a sustainable / stable growth

The role our group should play and what we aim for



Themes to be addressed proactively

Individual clients



- Asset administration suited for Japan's aging society and asset formation of individuals
- Asset administration services with preparedness for dementia and others
- Asset formation support for the working generation

Corporate clients



- Sustainable growth of the Japanese economy and corporations (addressing both financial and non-financial issues)
- Support enhancing corporate governance and others

Investor clients



- Diverse range of investment opportunities and development of the investment Chain
- Enhance investment product development capabilities (traditional assets +α)
- Provision of added value in each investment process

Medium-Term Management Plan (2)

Three basic strategies for “balanced creation of both social value and economic value”

(1) Strengthening our business portfolio

Strengthen the foundation for a sustainable / stable growth

Strengthen the
business
foundation

Establish new
growth areas

Strategic resource
mix

(2) Capital strategy

Efficient use of the balance sheet and capital

Improve balance
sheet efficiency

Balanced capital
adequacy and
efficiency

Strengthen
shareholder return
through dividends

(3) Sophistication of business quality

Power to support business creation / reinforcement

Service quality that
maximizes client
value

Strengthen group
governance

Prudent risk
management

Nurture human
resources capable of
creating added value

【Image for enhancing the business portfolio】

(1) Strengthen the business foundation

Expand total solution offerings to existing clients
Acquire new clients and AUM through our group's areas of strength

Traditional areas of
business (*)

Private
banking

Asset formation
generation
(Work place)

Promote business
with innovative
companies

Asset
management
solution

Growth potential areas
through crossing and
merging approaches

(2) Establish new growth areas

Crossing and merging businesses and capabilities where
our group has traditionally been strong
Establish a business responding to newly emerging social
challenges and client needs

Dynamic shift of resources to
growth areas

Group's management resource

(3) Strategic resource mix

Flexibly combine the group's management resource including use of
capital and invest into areas requiring concentrated focus
Balance optimal resource allocation and maximized use of capital to
strengthen / promote efficiency of business makeup

(*) Retail TS services business, Wholesale business, Real estate business, Stock
transfer agency services business, Global markets business

(Ref.) Earnings target for FY2022

		FY19 Actual	FY22 Target	Change from FY19
	(¥bn)			
1	Net business profit	289.0	290.0	0.9
2	Substantial gross business profit	742.6	765.0	22.3
3	Substantial G&A expenses	(453.6)	(475.0)	(21.3)
4	Total credit costs	(43.8)	(20.0)	23.8
5	Net gains on stocks	40.1	30.0	(10.1)
6	Other non-recurring profit	(27.6)	(30.0)	(2.3)
7	Ordinary profit	257.6	270.0	12.3
8	Net income	163.0	190.0	26.9

[Reference]

		FY19 Actual	FY22 Target	Change from FY19
	(\bn)			
9	Substantial gross business profit	742.6	765.0	22.3
10	Retail total solution services (*1)	192.7	196.0	3.2
11	Wholesale financial services (*2)	206.1	208.0	1.8
12	Stock transfer agency services	37.4	39.0	1.5
13	Real estate	56.9	62.0	5.0
14	Fiduciary services (*3)	171.7	179.0	7.2
15	Global markets	72.5	66.0	(6.5)

(*1) Including business segments such as private banking and Work place

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

(*3) Including Asset management business

(*4) Adjustments for general and administrative expenses of headquarters, etc. made to figures of each business segments

KPI (Client base)

		FY19 (Actual)	1HFY20 (Actual)	FY22 (Target)	Definition of KPI
Client base (Pre-Best Partner)	Individual	260k clients	267k clients	290k clients	To increase the number of clients with whom we have a strong relationship, as a result of which the client chooses us as their "Best Partner"(*1) over the long term, as a precursor, to increase the number of "Pre-Best Partner" client base
	Corporate	590 firms	590 firms (*2)	720 firms	
Responding to society after COVID-19 (individual clients using non- face to face channels (*3))		1.85mn clients	1.93mn clients	2.38mn clients	Corresponding to changes in society and methods of communication due to corona shock, improve convenience for clients and our productivity.

(*1) "Best Partner" is the clients' perspective of our positioning

(*2) Determined benchmarking against FY end

(*3) Clients using direct banking and Life Guide

Client base(Pre-Best Partner)

By offering both individuals and corporations further added value created by the trust bank group, expand "type of transactions" and "depth and volume of transactions" to strengthen ties with our client base, increasing clients who would value us as their "Best Partner."

Individual clients using non-facing channels

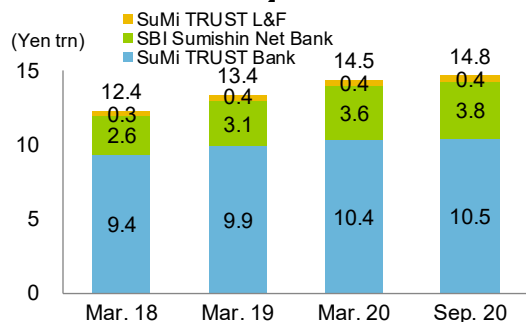
In addition to non-face-to-face transactions using internet banking, strive to strengthen our services as a trust bank to offer telephone banking consultation for clients who have difficulty using the internet and web-based consultation of defined contribution pension plans for asset formation generation clients (company plan members).

Retail Business : Residential mortgage 1/2

✓ Steady ramp up of high-quality mortgage loan balance owing to efficient marketing

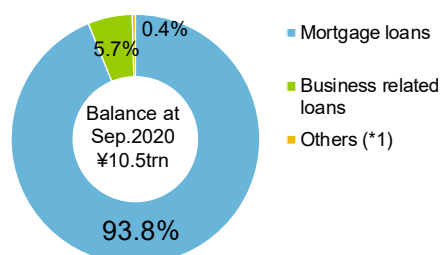
Steady ramp up of balance

【Balance of loans to individuals】



More than 90% of loans to individuals are mortgage loans

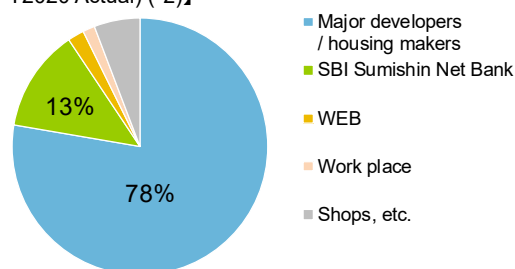
【Breakdown of loans to individuals】



(*1) Consumer loans, overdrafts, etc.

Efficient marketing structure (Mortgage loan)

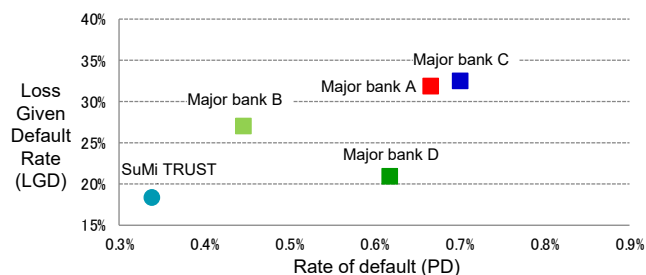
【Breakdown of channels for sourcing new loans (1HFY2020 Actual) (*2)】



(*2) 1HFY19 results

High-quality client base

【PD / LGD distribution (As of Sep.2020)】

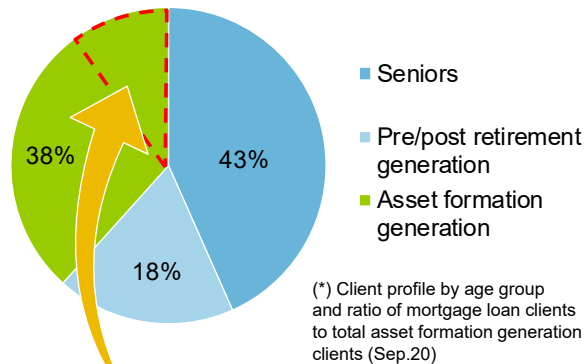


Retail Business : Residential mortgage 2/2

- ✓ Expand the client base into the asset formation generation and bridge into continuing business by using residential mortgage as the point-of-entry

Mortgage loan is an effective contact point with clients in the asset formation category

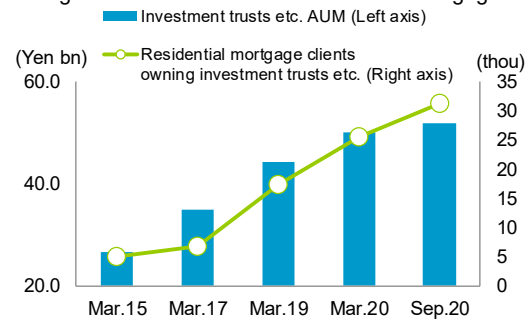
【Client Attribute of residential mortgage (*)】



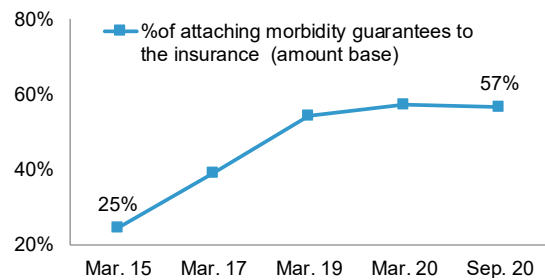
For around 1/4 clients in the asset formation generations start business with us from residential mortgage loans

Expand other transactions with mortgage clients

【No. owning investment trusts out of residential mortgage clients】



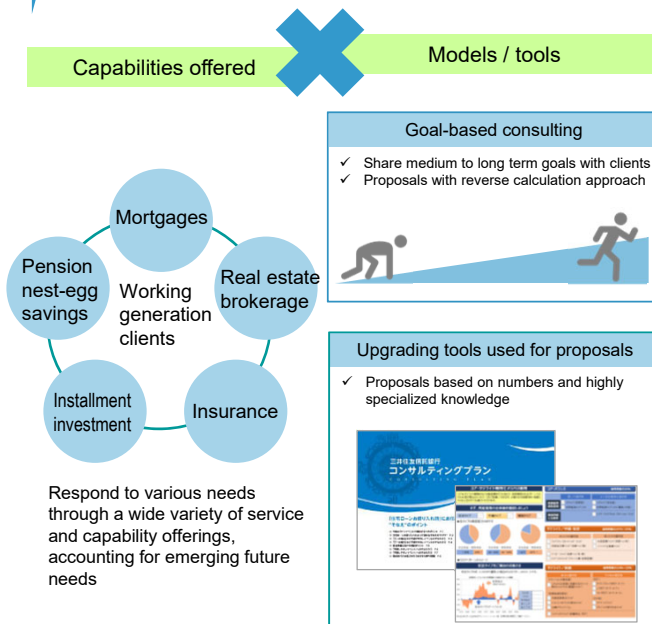
【% of residential mortgage clients attaching morbidity guarantees to the insurance】



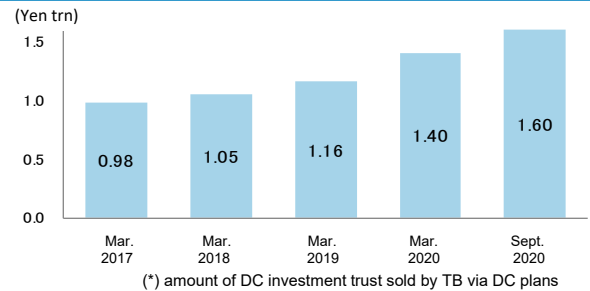
Retail business (Initiatives for the working generation)

- ✓ Support asset formation by offering suitable consulting across both the asset as well as liability side while paying attention to clients' life plan

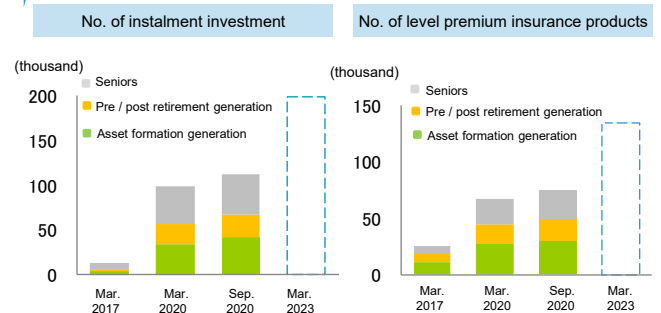
Support the working generation's medium to long term asset formation



AUM of DC investment trusts (*)



Support future preparedness of the working generation

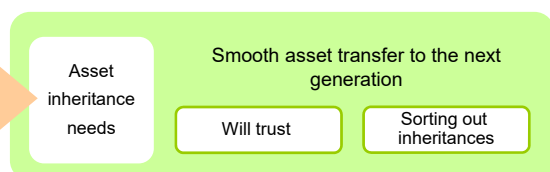
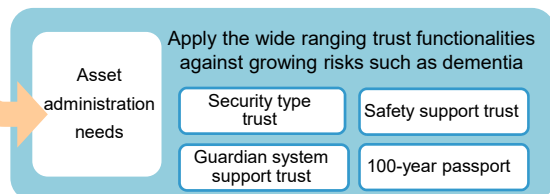


Retail business (2)

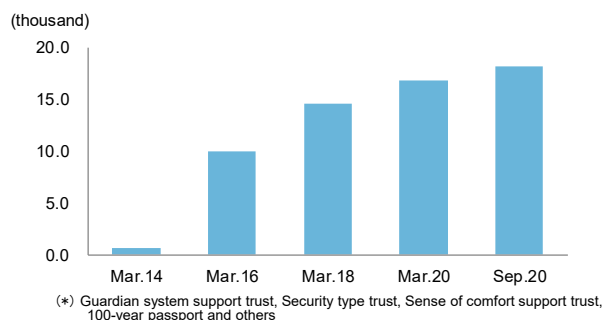
✓ Growing asset administration / inheritance needs of seniors with coming of "100-year life"

Initiatives for addressing senior clients' needs

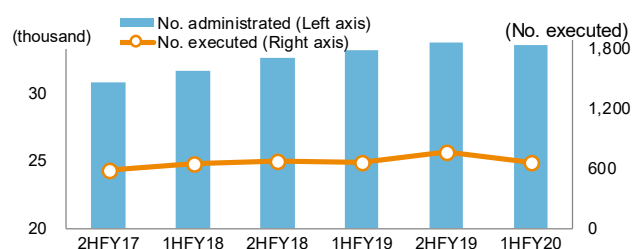
Address to challenges clients are facing in an aging society with the "power of trust"



No. of asset administration type products handled



No. of will trusts administered and executed

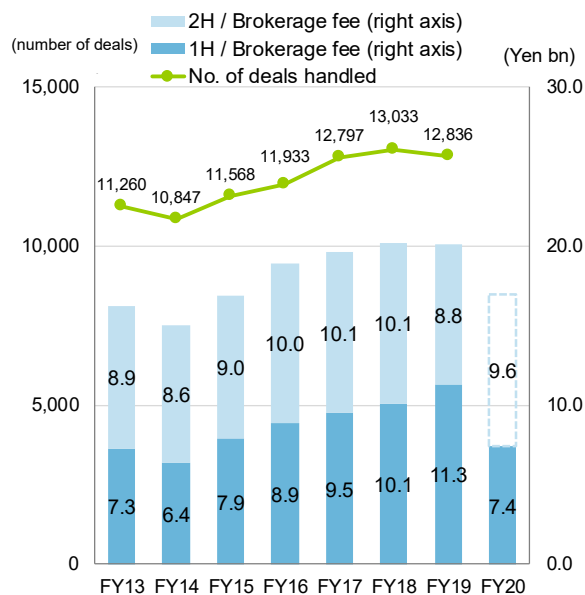


Real Estate Business

✓ Decline in profits due to COVID 19 in 1H. Plan for same levels YoY in 2H with recovering activity volume

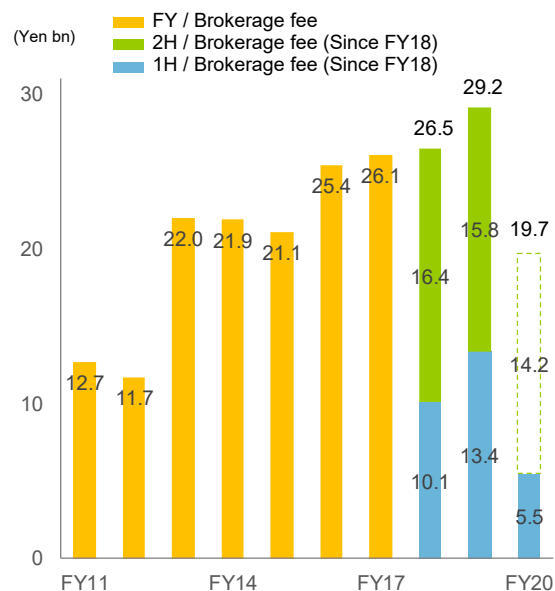
Plan for same levels as last year for the 2H with normalization of activities

【Track record for SuMi TRUST Realty's real estate brokerage】



Expect recovery trend in 2H due to recovery in sales activities

【Track record for Corporate real estate brokerage fees】



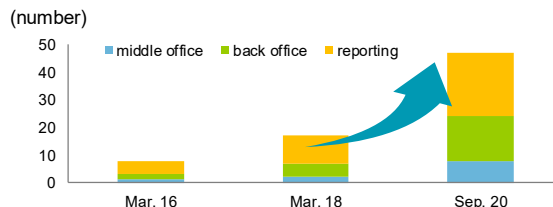
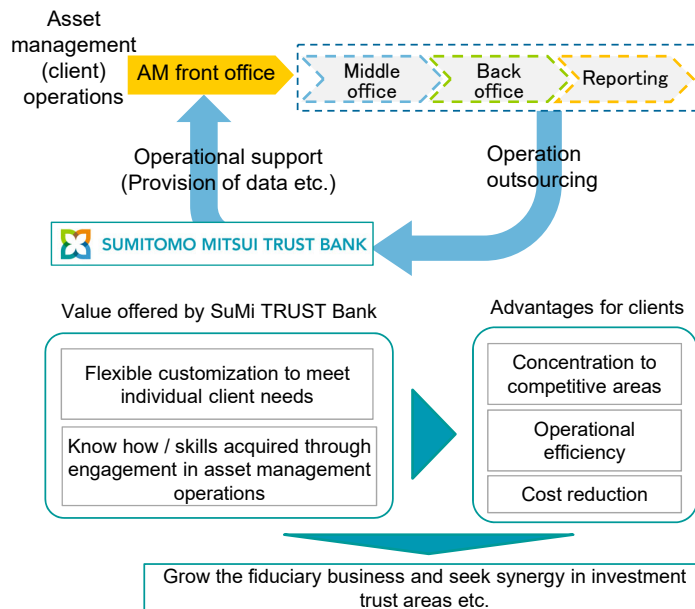
Investor related business (Asset administration)

- ✓ Provide efficiency and added value by leveraging scale advantages of the trust bank's strengths in administration / custody

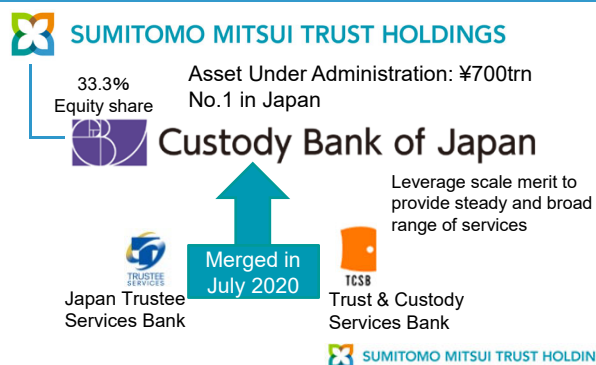
Provision of high value-added services by JABIS

JABIS (Japan Asset Information Services)
Out-sourcing service for securities administration

Expand client base through accurate and efficient back office operations as well as flexible and highly specialized reporting operations



Provision of services by trust banks specialized in asset administration



SBI Sumishin Net Bank

- ✓ Demonstrating the strengths of on-line banking to the maximum under the COVID-19 turmoil. Steadily expanding the client base

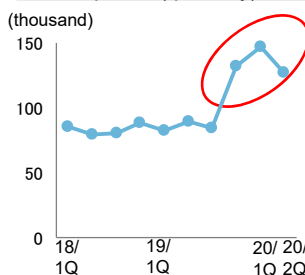
Accelerated acquisition of accounts amid COVID-19 turmoil

No. of accounts in 1HFY2020
(Total of wholesale and retail)

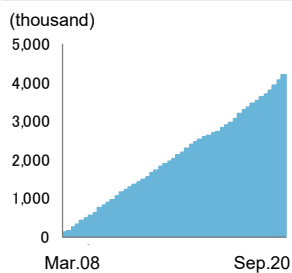
+270k accounts

4.2mn accounts

No. of corporate accounts opened (quarterly)

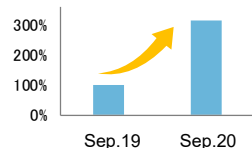


Number of accounts



Number of corporate accounts opened

Rapid rise in account opening applications with shifts to on-line
More than 3 times of same month of last year



(*)Comparison as Sep.2019 figures being 100 percent

NEOBANK® initiatives



住信SBIネット銀行
Offer broad ranging financial services through our partner companies

Partner companies

Enables responding to our clients' financial services needs



Provide banking functions such as payment, deposit etc.

Provide bank products and functions

Fees corresponding to services provision

CCC

T-POINT members:
Approx. 70 mn individuals

YAMADA DENKI

Point members:
Approx. 60 mn individuals

JAL

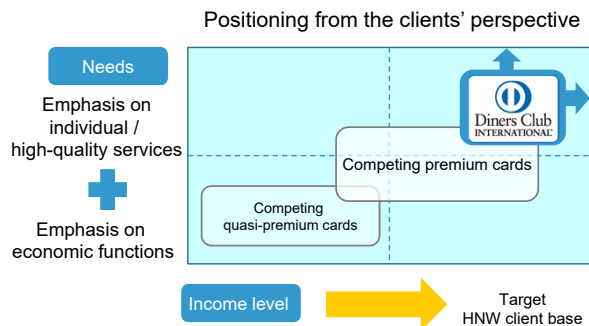
Mileage members
Approx. 30 mn individuals

Ring-fence clients by providing financial services

✓ Focus on initiatives to boost added value as Diners “Club”

Direction of initiatives

Focus on growing membership by upgrading the premium services offered



Work on initiatives to boost added value as a premium card

Strengthen concierge services

Grow the membership base through client introductions

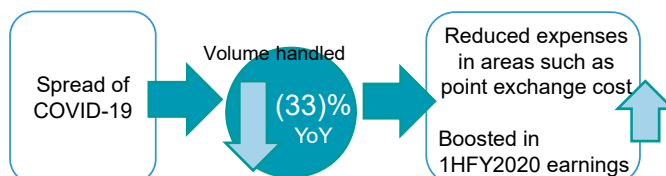
Strengthen ancillary services

P&L and others

(Yen bn)	FY18 actuals	FY19 actuals	FY20 1H actuals
Net business profit	0.9	1.5	1.3
Net income	(*)1 1.4	(*)2 0.2	1.0

(*)1 Include the impact of adoption of Consolidated Tax Return Filing Regime (Approx. ¥3.0bn)

(*)2 Excluding the impact of loss of approx. ¥(6.4)bn recorded from impairment loss of goodwill and approx. ¥(2.6)bn recorded from impairment loss of intangible fixed assets



Assuming continuation of a challenging environment in the 2H despite the most recent recovery trends in volume handled

Group collaboration

Co-host seminars for HNW clients



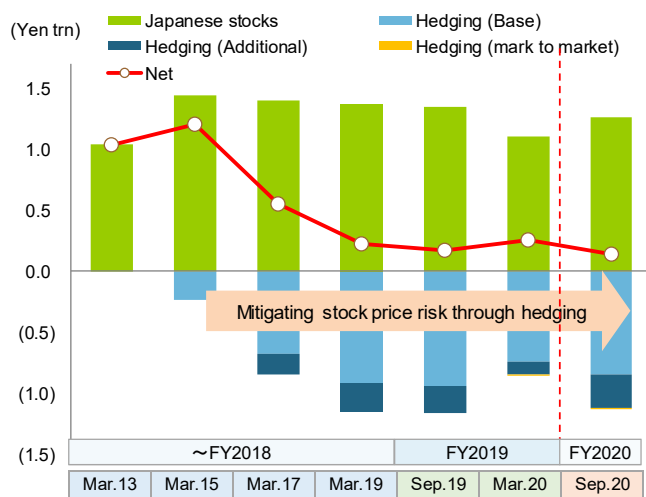
UBS | SuMi TRUST

Stock price risk, Interest rate risk

- ✓ Share price fluctuation risk of strategic shareholdings restrained by hedge positions, with hedging ratio at the end of Sep 2020: about 90%
- ✓ Continued restrained approach towards US interest rate risks

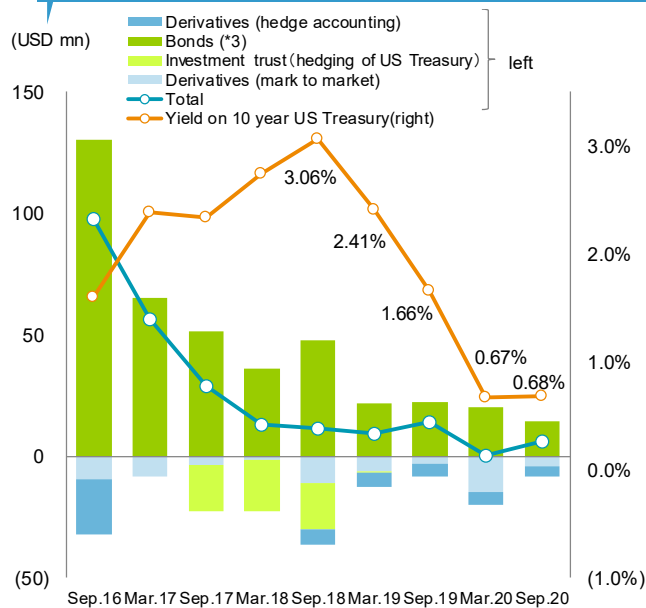
Hedge positions against strategic shareholdings (*1)

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)



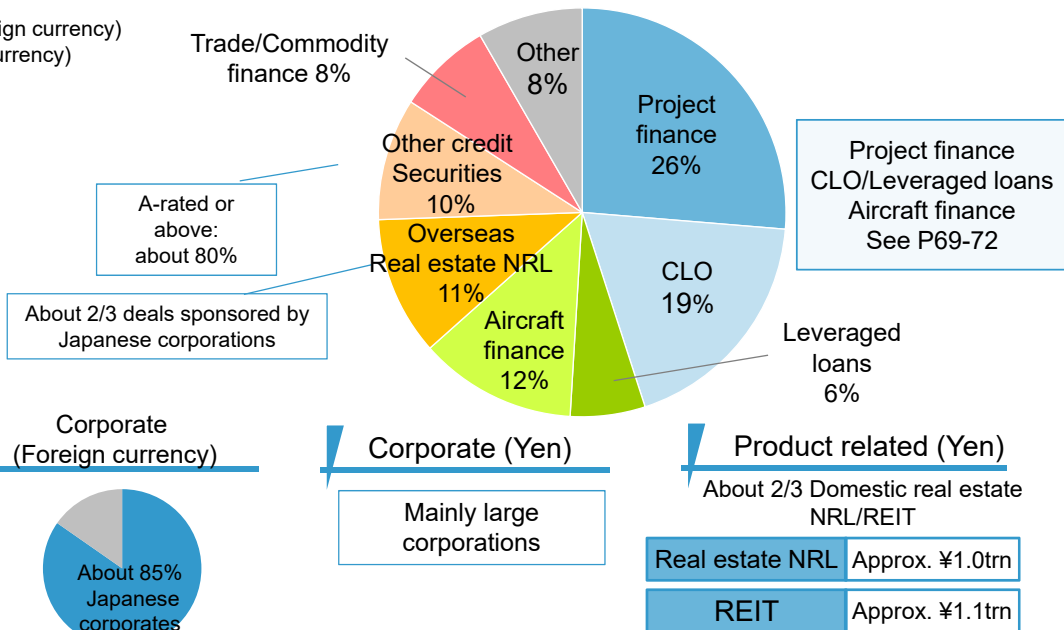
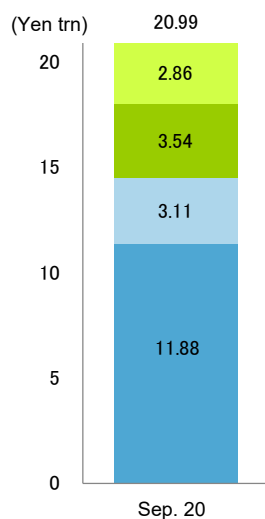
Credit risk (Overview of Corporate lending/investment)

- ✓ Corporate loans portfolio mainly large corporates and Japanese affiliated companies
- ✓ Foreign currency product lending is mostly non-Japanese credit but diversified, credit risk conscious portfolio

Product related (Foreign currency)

Wholesale credit portfolio

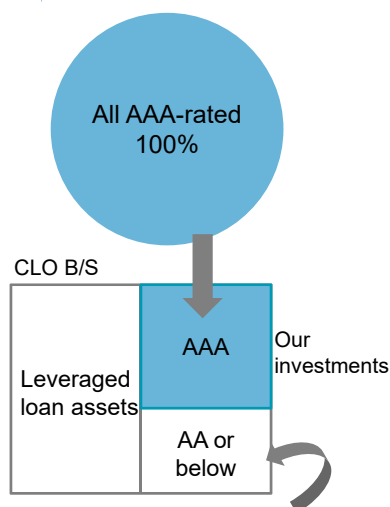
- Product related (Foreign currency)
- Corporate (Foreign currency)
- Product related (Yen)
- Corporate (Yen)



Credit risk (CLO)

✓ All holdings rated AAA, price fall has been limited in comparison to Lehman shock

Credit rating distribution



Balance

(By region)

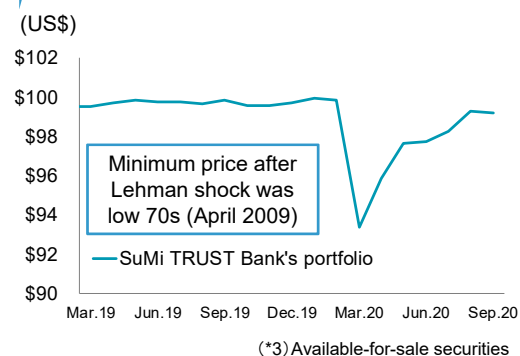
(US\$ Mn)	Mar. 20	Sep. 20	Chg
CLO (*1)	3,377	4,837	1,459
US	3,128	4,495	1,366
EU	249	342	93

(By type)

(US\$ Mn)	Sep. 20	Unrealized gains/losses
CLO (*2)	488,139	(3,704)
Available-for-sale	384,562	(3,170)
Held-to-maturity	103,577	(533)

(*1) Includes Loan-type (*2) Securities only

Historical performance (*3)



Held-to-maturity portion has been funded with matching 5-year CCS
US\$ liquidity risk mitigation measures taken

Credit risk (Leveraged loans)

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

Balance

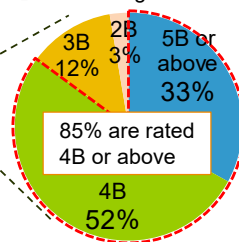
(US\$ Mn)	Mar. 20	Sep. 20	Chg
Leveraged loans (*1)	1,605	1,528	(77)
US	1,374	1,279	(95)
EU	230	249	18
High yield bonds	—	—	—

【Definition of 4B】

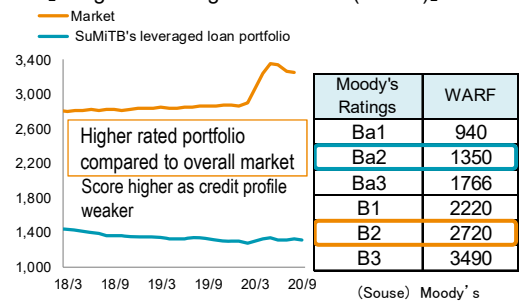
Leveraged loans are usually rated by Moody's and S&P. As there are cases when ratings are split, we rate by Counting the sum Bs of two rating agencies (i.e.) If Moody's: Ba1 and S&P: BB+, then 4B

Credit rating (*2)

【Credit rating distribution】

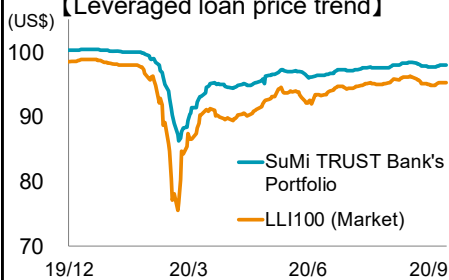


【Weighted Average Risk Factor (WARF)】



Historical performance (*2)

【Leveraged loan price trend】

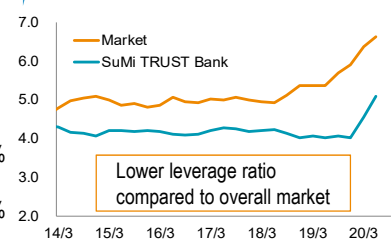


Per exposure diversification (*2)

Amount per transaction	Industry diversification
3B or above: \$5-10mn	Industries likely to be affected by Covid-19 (Ratio% below 4B)
2B or below: \$3-4mn	【Retailer】 SuMi TRUST Bank 1.3% vs Market 3.4% 【Oil&Gas】 SuMi TRUST Bank 1.3% vs Market 3.2%

(*1) Secured loans with floating rates funded by companies rated BB+/Ba1 or lower, includes fund investments
(US: \$110M / Europe: \$249M) (*2) US Leveraged loans (Proprietary investments)

Total leverage ratio (*2)



Credit risk (Aircraft Finance / Overseas Project Finance)

✓ Selective transactions prioritizing safety and diversification

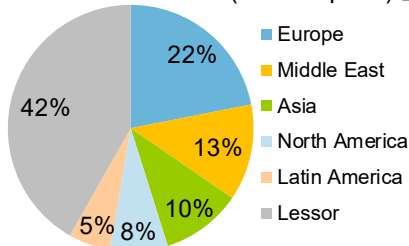
Aircraft Finance

Selective transactions for high quality lessee / lessor

Sep. 20 Balance US\$3,620M, (170)M vs Mar. 20

Ratio vs total corporate portfolio Approx. 2%

【Diversification of aircraft portfolio
(as of Sep. 20)】



Exposure exceeds
USD100mn for
only 3 airlines

Large exposure to
Europe/ME/Asia,
mainly flag carriers

LCC ratio Approx. 9%

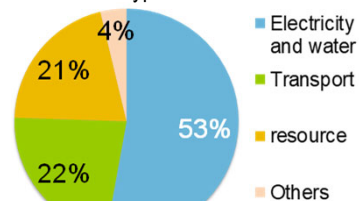
Overseas(foreign currency) Project Finance

ECA guarantee, stable CF from long-term sales
contract with high quality off-takers

Sep. 20 Balance US\$6,777M

Ratio vs total corporate portfolio Approx. 3%

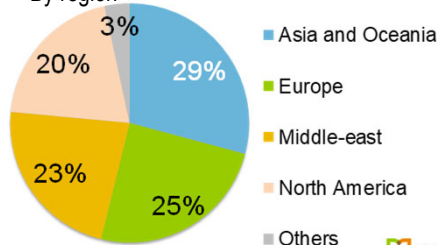
<Transaction type>



Public,
infrastructure
based
transactions

Limited number
of deals with
market price risk
(Below 5% of
Overseas PF)

<By region>



Approx. 22%
ECA covered

Credit risk (Domestic real estate NRL / REIT)

✓ Maintaining conservative portfolio management focusing on Low LTV

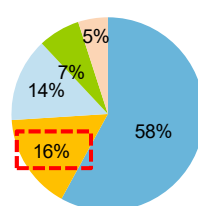
Outstanding loans to Domestic real estate NRL

(Yen bn)	Mar. 20	Sep. 20	Change
Real estate NRL etc.	2,110.4	2,183.7	73.2
Real estate NRL (*1)	1,023.2	1,031.0	7.7
REIT	1,087.2	1,152.7	65.4

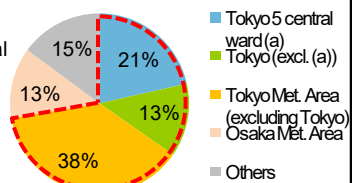
(*1) Including bond-type.

Underlying assets of Real estate NRL (*2)

<by underlying assets>

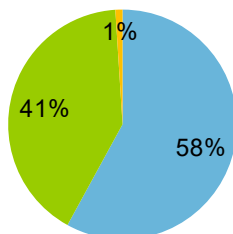


Area distribution of Commercial



LTV (External appraisal base) of Real estate NRL (*2)

- Less than 50%
- 50%-70%
- over 70%

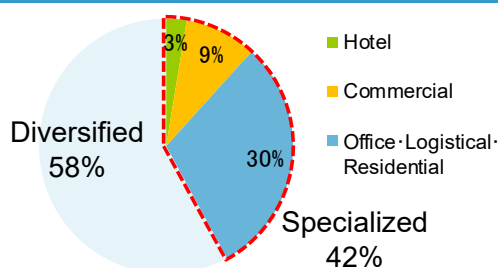


(*2) As of Sep. 20

Operating-type 88%
Development-type 12% (Mainly logistics)

Mainly Tokyo Met. Area

Underlying assets of REIT (*2)

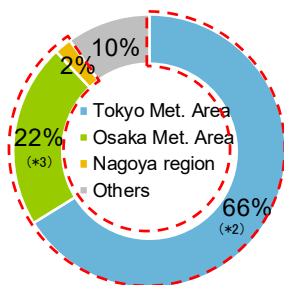


Credit risk (Personal loans)

✓ High quality client base (PD/LGD Lower than peers). Personal business loans managed more conservatively

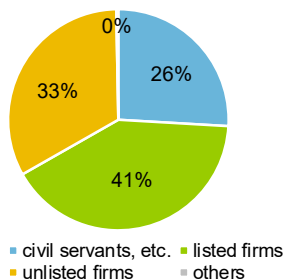
Mortgage loans (*1)

Portfolio focused on metropolitan areas



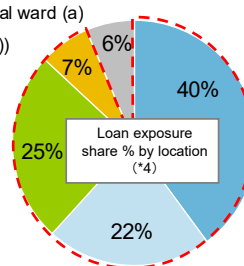
(*1) SuMi TRUST Bank (*2) Tokyo 44% (*3) Osaka 15%

Distribution by work place



Business loans (*4) (¥607.6bn as of Sep. 20, Approx. 6% of loans to individuals)

- Tokyo 23 central ward (a)
- Tokyo (excl. (a))
- Osaka
- Nagoya district
- Others



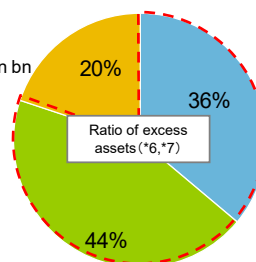
High quality properties in metropolitan areas

3 largest metropolitan areas 94%
With 10mins walk from station about 80%
Occupancy about 90% (*5)

(*4) Balance base

(*5) 1/3 of properties selected per annum, on-site visit to check occupancy

- over 0.3Yen bn
- 0.1~0.3Yen bn
- less than 0.1Yen bn



80% of clients have excess assets of > ¥100mn

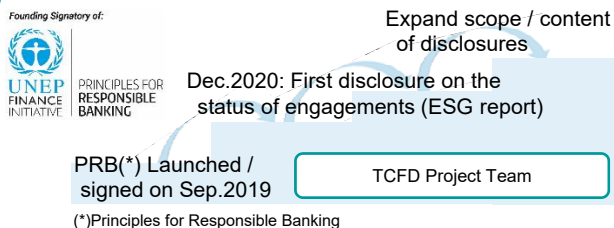
(*6) In-house reporting bases 3-year total

(*7) Client excess assets calculated by deducting total debt from total client assets (including valuation of business loan property)

Initiatives for addressing TCFD

- ✓ Started risk assessment and disclosures that are in line with TCFD recommendations. Working to further advance assessments and expand scope of application.

Step by step advancements in TCFD disclosures and others



【Sector analysis】

Sector	Migration risk	Physical risk	Opportunity
Oil / gas / coal	High	Medium	Medium
Power	High	Medium	Medium
Maritime transportation	Medium	Medium	Medium
Railway	Low	Low	Low
Automobiles & components	Medium	Medium	Medium
Real estate management and development	Low	High	Medium
Chemicals	Medium	Medium	Medium
Paper & forest products	Medium	High	Medium

Scenario analysis of Transition risks

● Scenario analysis on “Electric utilities sector”

Investment style for renewable energy power generation	STEPS scenario(*1)	SDS scenario (*2)
Will not invest	2-3 notches worse	2-3 notches worse
Proactively invest	No change	No change

(*1)Stated Policies Scenario (STEPS): A scenario that reflects future policy changes and targets; equivalent to the 3°C target

(*2)Sustainable Development Scenario (SDS): A scenario in which measures necessary for achieving the 2°C target of the Paris Agreement are implemented

Scenario analysis of Physical risks

● Scenario analysis on “Mortgage loans”

Employed two scenarios:

- (1) RCP 2.6 (2 °C scenario)
- (2) RCP 8.5 (4 °C scenario)

Calculated probability of floods occurring and the rate of change in property value caused by flood-damage

Credit costs of SuMi TRUST Bank mortgage loan

+¥7bn by the year 2100

(vs. Mar. 2020)

Limited impact

Initiatives on Sustainability

✓ Support for important social challenges through educational activities and trust schemes

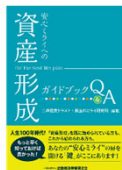
Measures for addressing issues of an super-aged society

● Educational activities through Silver college



Seminars mainly for the senior generation held nation-wide from 2012
Covering a wide range of topics such as money, health, dementia, home etc.

● Educational activities through publications / reports



Explanatory description in QA format on "asset formation" challenges and concerns to live through an era of a "100-year life"



Coordinate and propose ways to use public support programs such as the "Adult guardianship system" etc and supplementary financial products / services

Initiatives for the preservation of natural capital

● Support activities of the National trust in various forms including provision of Social contribution donation trust, Will trust and others.

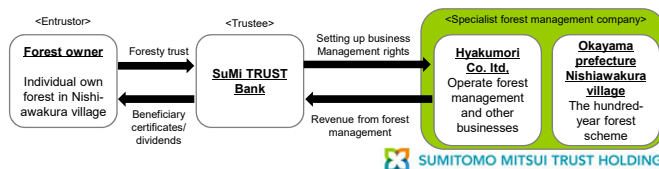
Tsushima Leopard cat forest
Activities to protect rare animals living only on Tsushima in Nagasaki Pref.
Provision of donation program for acquiring trust properties through a social contribution donation trust.



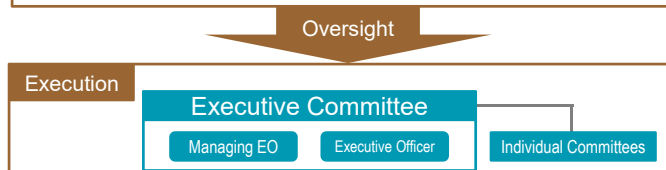
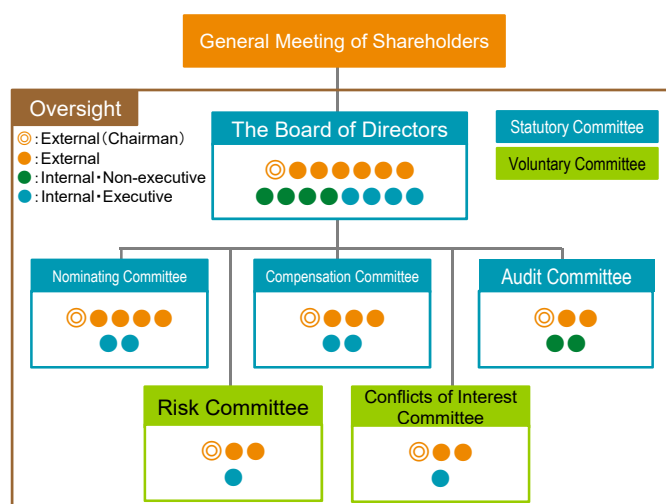
● Entrusted with Forest trust that leads to preservation of forests through restoration of forestry (Aug 1st, 2020, Nishiawakura, Okayama prefecture)



Aim to invigorate the local regions together with restoration of forestry by promotion of building the supply chain



Governance (Corporate governance structure)

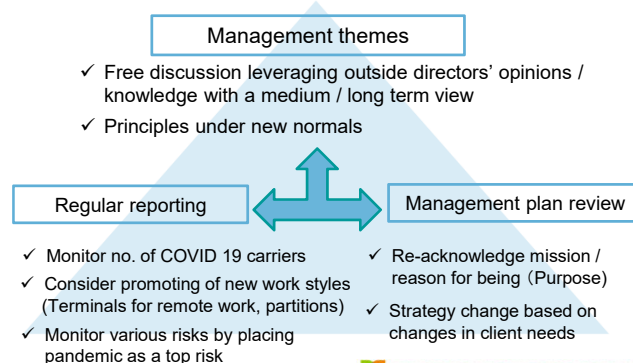


- ✓ The Board of Directors' Meeting and other committees chaired by External Directors
- ✓ Ratio of External directors: 47% (7 out of 15)

Appointing external directors with diversity and expertise

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

Have flexibility in determining agenda items based on the changing environment



Governance: Compensation for directors and executive officers

✓ Compensation system taking into account investors and ESG view point

Enhance discipline through director compensation system

【The president's compensation system(*1)】

	Fixed compensation	Variable compensation	Individual performance linked compensation (*2)	Company performance linked compensation	Stock option(*3)
FY 2017	45%	55%	30%	15%	10%
FY 2019	40%	60%	30%	15%	15%
FY 2020	40%	60%	25%	20%	15%

(*1): Numbers are approximate figures

(*2): Individual-role performance compensation since FY2020

(*3): Stock-compensation-type stock options and share delivery trust

Action taken

- ✓ Increase portion of variable compensation
- ✓ Increase portion linked to company performance
- ✓ Stock option scheme with Malus conditions(*4) adopted (FY 2020)

Aim

Ensure inclusion of investor
Viewpoint to enhance commitment to business performance

(*4) Condition to reduce or clawback rights prior to granting the options in the event of scandals etc.

Compensation system importance on ESG, FD and CS

● Evaluation items for stock option

- Linked to short term business performance
 - Net business profit (consolidated)
 - Net income
- Linked to medium-term business performance
 - Shareholder equity ROE (consolidated)
 - CET1 ratio (consolidated)
 - OHR (consolidated)
 - Status and scores from assessment organizations on ESG related activities etc.
 - Activity status on Fiduciary Duty (FD) and client Satisfaction (CS)

- ✓ Acknowledge ESG, FD, CS as important management matters
- ✓ Apply objective third-party assessments as well

Self- analysis (Quantitative) + Third-party assessment (*5) (Qualitative)

(*5) Limited to ESG related assessment

HR strategy (Enhance talent with specialized skills / knowledge)

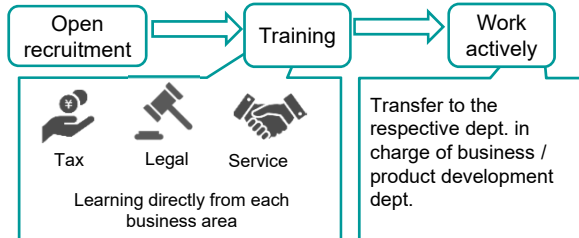
- ✓ Work on strengthening talent pool that has both wide-ranging and specialized capabilities through talent development and recruiting from outside

Develop talent with highly specialized skills and knowledge

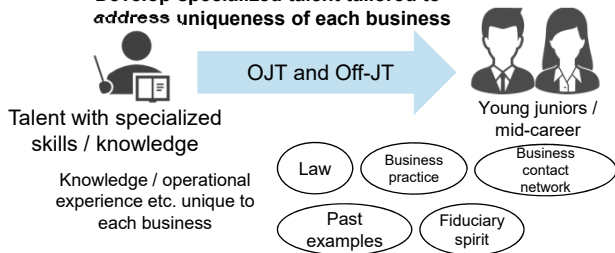


Trust scheme trainee system

A scheme unique to a trust bank where "a high level of specialized knowledge" and "deep understanding of the fiduciary spirit" can be trained in a concentrated way



- Develop specialized talent tailored to address uniqueness of each business



Quickly respond to changes taking place by recruiting talent from outside



Examples of talent recruited from outside

Sustainability

Further develop the sustainable finance area with the recruitment of alternative energy specialists in hydrogen / fuel cells etc.

Digital

Work on advanced developments in areas peculiar to a trust bank group with the recruitment of DX related engineers

HR strategy (Developing IT Literacy, liberal arts knowledge)

✓ Reinforce development of talent that support expansion into various new areas

Enhance digital talent development

● Strengthen IT literacy through Digital Academia



Learning contents available to all employees to access anytime from any place



On-line third-party seminars



Introduction of relevant publications



Video lectures

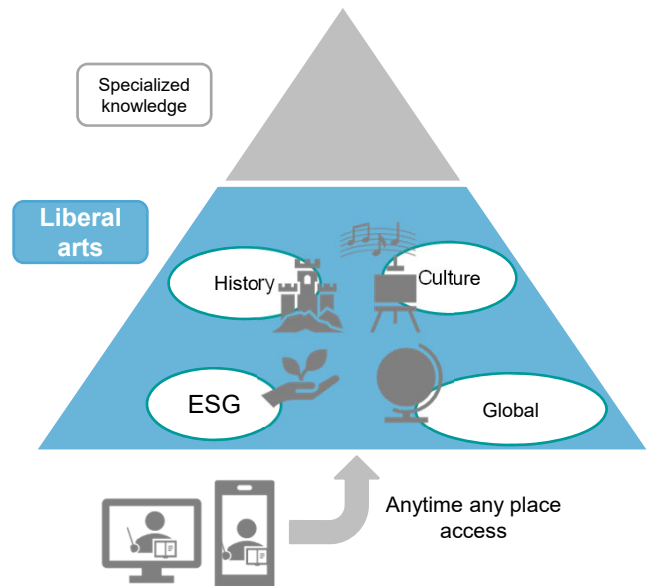
● Utilize Tokyo University of Science's open college

- Data science
- Block chain
- Deep learning and others

Acquire cutting-edge knowledge

Liberal arts education that polish the base of learning

● Liberal arts program offered by Sophia University



Creating the future

- ✓ Motivate employees to enthusiastically generate new products / businesses

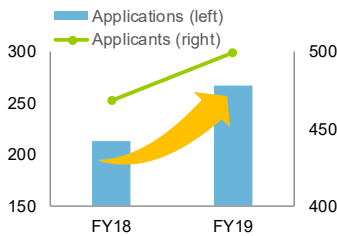
Foster the spirit of taking on challenges to promote development

Future Fes

In-house business competition to promote the spirit of taking on challenge

Award winners commercialize their own business

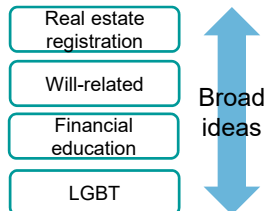
【Applicants and Applications】



Group discussion

Wide variety of award-winning ideas that expand the horizon of business opportunities

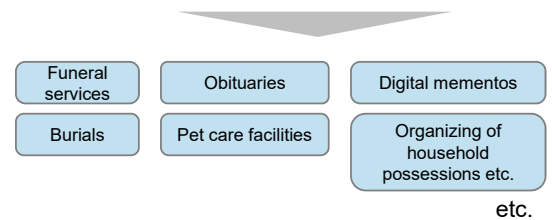
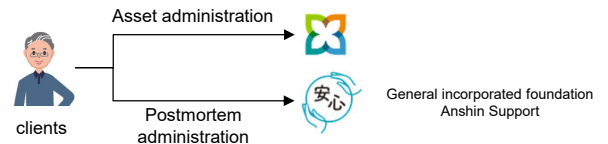
Working to commercialize



New services generated from Future festival

Solitary Trust

Addressing new needs such as digital inheritance (SNS) that responds to various styles of ageing through the power of trust schemes



Financial results for 1HFY2020

Overview of profits

	(Yen bn)	1HFY19	1HFY20	Change	FY20 Forecast
1	Net business profit before credit costs (*1)	154.1	141.0	(13.0)	260.0
2	Substantial gross business profit (*1)	377.0	358.7	(18.2)	710.0
3	Effective interest related earnings (*2)	130.9	136.6	5.7	
4	Net fees and commissions and related profit	201.5	179.1	(22.3)	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	44.5	42.9	(1.6)	
6	Substantial G&A expenses (*1)	(222.8)	(217.6)	5.1	(450.0)
7	Total credit costs	(1.2)	(2.0)	(0.8)	(20.0)
8	Net gains on stocks	5.9	10.8	4.8	
9	Other net non-recurring profit	(7.7)	(36.4)	(28.6)	
10	Ordinary profit	151.1	113.4	(37.6)	200.0
11	Extraordinary profit	0.1	(0.4)	(0.6)	
12	Income before income taxes	151.2	112.9	(38.3)	
13	Total income taxes	(43.4)	(31.8)	11.5	
14	Income attributable to non-controlling interests	(1.7)	(0.9)	0.8	
15	Net income	106.0	80.0	(25.9)	140.0
16	Earnings per share (EPS) (Yen)	281	213	(68)	
17	Number of shares issued (mn shares) (*3)	376.2	374.5	(1.6)	
(Reference)					
18	Net interest income and related profit	74.2	119.9	45.7	
19	Other profit	101.2	59.6	(41.6)	
20	Profit attributable to deployment of surplus foreign currency funds	56.6	16.6	(40.0)	
21	Other	44.5	42.9	(1.6)	

Net business profit before credit costs

- Net business profit decreased ¥13.0bn YoY. Gross business profit decreased mainly due to impact of COVID-19 in non-recurring income. Substantial G&A expense improved.
- Effective interest related earnings including profit attributable to deployment of surplus foreign currency funds increased ¥5.7bn YoY. Net interest income (Domestic business) improved.
- Net fees and commissions and related profit decreased. Despite gradual recovery of marketing activities, delayed contracts in investment management consulting and real estate brokerage due to COVID-19 caused decrease. On the other hand, decrease of recurring income as in asset management / administration business was limited.
- Substantial G&A expenses decreased ¥5.1bn YoY due to impact of decreased marketing activities and reduction in line with gross business profit decrease related to fee income.

Total credit costs

- Despite new occurrence of approx. ¥(10.0), total credit costs restrained to ¥(2.0)bn due to reversal of special loan loss provision of ¥8.0bn

Net gains on stocks

- Reduction of strategic shareholdings (cost base): approx. ¥8.0bn
Net gains on sales of strategic shareholdings: approx. ¥11.0bn

Other extraordinary items and corporate taxes total

- Net losses on stock-related derivatives (to hedge stock price risk) ¥(11.5)bn, amortization of net actuarial losses/prior service costs ¥(5.8)bn, system costs related to regulatory compliance ahead of schedule ¥(4.5)bn, losses on investment in partnership (fluctuation of PE fund valuations) ¥(2.4)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 "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.

Overview of balance sheet

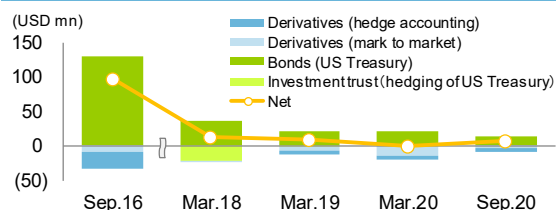
(Yen bn)		Mar. 20	Sep. 20	Change
1	Assets	56,500.5	59,843.6	3,343.0
2	Cash and due from banks	13,141.1	17,498.1	4,356.9
3	Securities	6,437.5	6,739.3	301.7
4	Loans and bills discounted	29,703.3	30,140.3	436.9
5	Other assets	7,218.3	5,465.8	(1,752.5)
6	Liabilities	53,909.6	57,205.7	3,296.1
7	Deposits and NCD	36,549.2	41,042.1	4,492.9
8	Borrowed money from trust account	4,750.2	3,517.4	(1,232.8)
9	Other liabilities	12,610.1	12,646.2	36.0
10	Total net assets	2,590.9	2,637.8	46.9
11	Total shareholders' equity	2,334.3	2,385.9	51.5
12	Total accumulated OCI	220.8	216.4	(4.4)
13	Minority interests, etc.	35.6	35.4	(0.1)
14	Net assets per share (BPS) (Yen)	6,822	6,948	125
15	Number of shares issued (mn shares) (*)	374.5	374.5	0.0

(Reference)

16	Loan-deposit ratio (SuMi TRUST Bank)	81.7%	73.6%	(8.1%)
17	NPL ratio (SuMi TRUST Bank)	0.3%	0.4%	0.1%

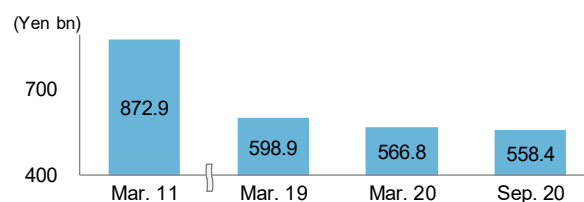
(*) Number of common shares issued (excluding treasury stocks) as of the date above

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

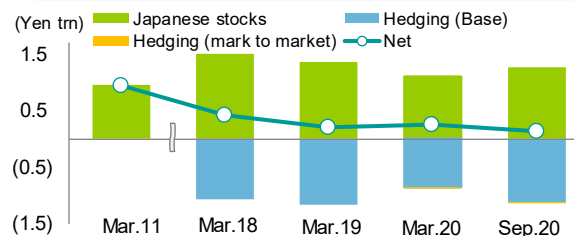


Strategic shareholdings

Balance of strategic shareholdings (Cost base)(Consolidated basis)



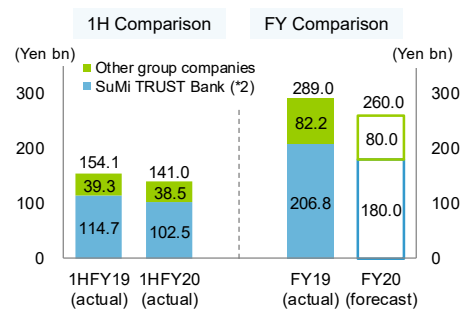
Hedge positions against strategic shareholdings (Fair value)



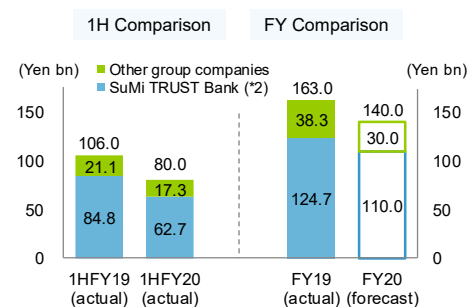
Profit by group company

	(Yen bn)	1HFY19	1HFY20	Change
1 Net business profit before credit costs (*1)		154.1	141.0	(13.0)
2 o/w SuMi TRUST Bank (*2)		114.7	102.5	(12.2)
3 SuMi TRUST AM		7.0	5.6	(1.3)
4 Nikko AM (*3)		7.7	8.1	0.4
5 SuMi TRUST Realty		4.0	0.9	(3.0)
6 SuMi TRUST Panasonic Finance (*3)		5.0	4.9	(0.0)
7 SuMi TRUST Loan & Finance		6.0	5.6	(0.3)
8 SBI Sumishin Net Bank (*3)		4.4	5.0	0.6
9 SuMi TRUST Guarantee (*3)		5.8	5.7	(0.0)
10 SuMi TRUST Club		1.4	1.3	(0.1)
11 Effect of purchase accounting method		(1.3)	0.3	1.7
12 Net income (*1)		106.0	80.0	(25.9)
13 o/w SuMi TRUST Bank (*2)		84.8	62.7	(22.1)
14 SuMi TRUST AM		4.9	3.8	(1.1)
15 Nikko AM (*3)		4.7	5.1	0.3
16 SuMi TRUST Realty		2.7	0.6	(2.0)
17 SuMi TRUST Panasonic Finance (*3)		2.2	2.3	0.0
18 SuMi TRUST Loan & Finance		4.0	3.8	(0.1)
19 SBI Sumishin Net Bank (*3)		2.8	3.3	0.4
20 SuMi TRUST Guarantee (*3)		3.8	3.9	0.0
21 SuMi TRUST Club		0.5	1.0	0.5
22 Effect of purchase accounting method		2.9	(0.7)	(3.6)

Breakdown of Net business profit before credit costs



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 P86 and P87) (*3) Consolidated basis

Profit by business segment

		1H FY19	Substantial	Change	Substantial	1H FY20	Change
		Net business	gross		G&A	Net business	
		profit before	business		expenses	profit before	
		credit costs	profit			credit costs	
(Yen bn)							
1	Total	154.1	358.7	(18.2)	(217.6)	141.0	(13.0)
2	Retail total solution services	12.8	85.2	(12.3)	(79.1)	6.1	(6.7)
3	SuMi TRUST Bank	4.1	58.6	(7.6)	(61.4)	(2.7)	(6.9)
4	Other group companies	8.7	26.5	(4.6)	(17.6)	8.9	0.1
5	Wholesale financial services (*2)	64.3	96.5	(4.1)	(37.1)	59.4	(4.9)
6	SuMi TRUST Bank	50.4	68.7	(3.8)	(23.1)	45.6	(4.8)
7	Other group companies	13.9	27.7	(0.2)	(13.9)	13.8	(0.0)
8	Stock transfer agency services	9.7	21.4	1.9	(10.1)	11.3	1.6
9	SuMi TRUST Bank	9.3	12.6	1.5	(1.8)	10.8	1.5
10	Other group companies	0.4	8.7	0.3	(8.2)	0.4	0.0
11	Real estate	16.0	16.6	(11.8)	(11.7)	4.8	(11.1)
12	SuMi TRUST Bank	11.7	8.4	(8.0)	(4.8)	3.6	(8.1)
13	Other group companies	4.3	8.1	(3.7)	(6.8)	1.2	(3.0)
14	Fiduciary services (excl. Asset Mgt. business)	17.3	42.9	(0.9)	(27.1)	15.8	(1.4)
15	SuMi TRUST Bank	14.2	26.1	0.8	(11.9)	14.2	(0.0)
16	Other group companies	3.0	16.8	(1.8)	(15.1)	1.6	(1.3)
17	Asset management business (*3)	14.8	40.0	0.2	(26.2)	13.8	(0.9)
18	Global markets (*4)	34.4	36.0	(5.6)	(7.5)	28.5	(5.8)

(*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 (consolidated), Nikko AM (consolidated), Sky Ocean AM, JPAM)

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

(1H FY2019: ¥1.0bn, 1H FY2020: ¥(6.3)bn, YoY change: ¥(7.3)bn)

Overview of profit (SuMi TRUST Bank)

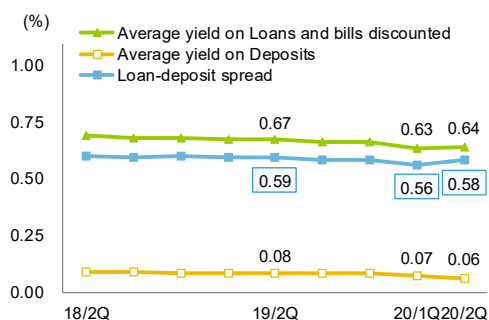
(Yen bn)		1HFY19	1HFY20	Change			1HFY19	1HFY20	Change
1	Net business profit before credit costs	114.7	102.5	(12.2)	22	Gross business profit	236.5	224.9	(11.5)
2	Gross business profit	236.5	224.9	(11.5)	23	Net interest income and related profit	64.8	108.9	44.1
3	Effective interest related earnings	121.5	125.6	4.1	24	Net fees and commissions and related profit	86.6	72.0	(14.5)
4	Net interest income and related profit	64.8	108.9	44.1	25	Net trading profit	42.7	17.5	(25.1)
5	Profit attributable to deployment of surplus foreign currency funds	56.6	16.6	(40.0)	26	Net other operating profit	42.3	26.3	(15.9)
6	Net fees and commissions and related profit	86.6	72.0	(14.5)	27	o/w Net gains on foreign exchange transactions	40.7	9.2	(31.5)
7	Net trading profit	26.8	10.1	(16.6)	28	Profit attributable to deployment of surplus foreign currency funds	56.6	16.6	(40.0)
8	Net gains on foreign exchange transactions	42.7	17.5	(25.1)	29	other	(15.9)	(7.4)	8.4
9	Net trading profit	(15.9)	(7.4)	8.4	30	Net gains on bonds	19.5	13.5	(5.9)
10	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	19.5	13.5	(5.9)	31	Net gains from derivatives	(18.0)	4.3	22.3
11	Net gains on bonds	(18.0)	4.3	22.3	32	Net fees and commissions and related profit	86.6	72.0	(14.5)
12	Net gains from derivatives	(121.7)	(122.4)	(0.6)	33	o/w Investment management consulting	23.8	16.0	(7.7)
13	General and administrative expenses	0.3	(1.5)	(1.8)	34	Asset management/administration	25.3	26.1	0.8
14	Total credit costs	(0.1)	(16.6)	(16.5)	35	Real estate brokerage	13.4	5.5	(7.9)
15	Other non-recurring profit	2.2	11.7	9.4	36	Stock transfer agency services	11.1	12.6	1.5
16	o/w Net gains on stocks	(2.8)	(6.1)	(3.2)	37	Inheritance related services	2.2	1.5	(0.6)
17	Amortization of net actuarial losses	114.9	84.2	(30.6)	38	Wholesale credit related	14.3	15.3	0.9
18	Ordinary profit	0.1	(0.5)	(0.6)	39	Net gains on bonds	19.5	13.5	(5.9)
19	Extraordinary profit	115.1	83.7	(31.3)	40	Domestic bonds	1.5	(0.0)	(1.5)
20	Income before income taxes	(30.2)	(21.0)	9.2	41	Foreign bonds	17.9	13.5	(4.4)
21	Total income taxes	84.8	62.7	(22.1)					
	Net income								

(*) Other profit within net business profit before credit costs in 1HFY19 and 1HFY20 is 0.0 and ¥(0.7)bn respectively.

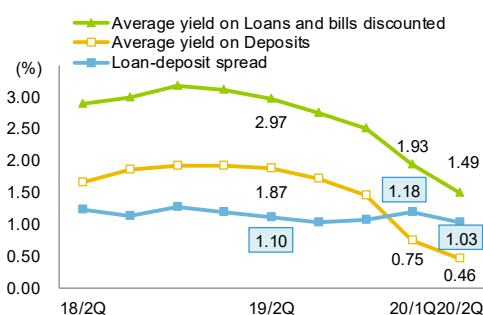
Net interest income (SuMi TRUST Bank)

		1H FY20					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from 1H FY19	Average Yield	Change from 1H FY19	Income/ Expenses	Change from 1H FY19
1	Net interest income					100.2	43.2
2	Domestic business			0.37%	(0.03%)	76.9	0.4
3	Interest-earning assets	41.65	2.88	0.50%	(0.04%)	104.9	0.2
4	o/w Loans and bills discounted	24.32	1.84	0.63%	(0.04%)	77.9	2.4
5	Securities	3.95	0.59	1.20%	(0.35%)	23.9	(2.1)
6	Interest-bearing liabilities	41.33	3.14	0.13%	(0.01%)	(28.0)	0.1
7	o/w Deposits	26.34	1.53	0.07%	(0.01%)	(9.4)	0.9
8	Borrowings from trust a/c	3.58	0.40	0.48%	(0.01%)	(8.7)	(0.9)
9	Swaps	---	---	---	---	(0.8)	(0.4)
10	International business			0.34%	0.66%	23.3	42.8
11	Interest-earning assets	13.12	(0.71)	1.13%	(0.96%)	74.7	(69.8)
12	o/w Loans and bills discounted	6.16	(0.20)	1.72%	(1.32%)	53.1	(43.7)
13	Due from banks	1.97	(0.01)	0.21%	(1.43%)	2.0	(14.2)
14	Securities	2.19	(0.12)	1.61%	(0.75%)	17.7	(9.5)
15	Interest-bearing liabilities	12.91	(0.65)	0.79%	(1.62%)	(51.4)	112.7
16	o/w Deposits	5.46	(0.12)	0.60%	(1.30%)	(16.5)	36.6
17	NCD / USCP	4.86	(0.68)	0.57%	(1.60%)	(13.9)	46.4
18	Repo	1.47	(0.10)	0.31%	(2.10%)	(2.3)	16.8
19	Expenses on swaps	---	---	---	---	(14.3)	7.1
20	(+) Trust fees from principal guaranteed trust a/c					8.7	0.8
21	(+) Profit attributable to deployment of surplus foreign currency funds					16.6	(40.0)
22	Effective interest related earnings					125.6	4.1
23	Loan-deposit spread / income in domestic business			0.56%	(0.03%)	68.4	3.4
24	Loan-deposit spread / income in international business			1.12%	(0.02%)	36.6	(7.0)

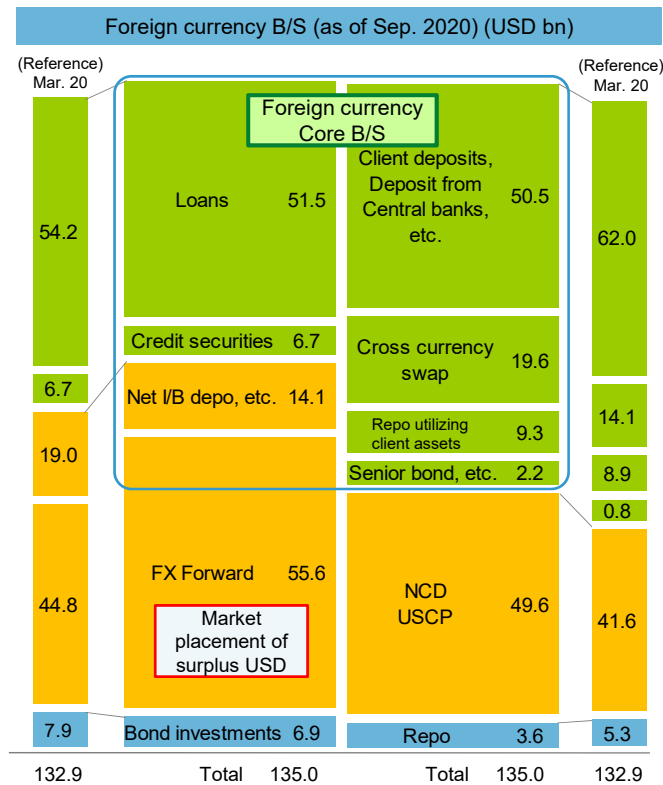
Domestic loan-deposit spread



International loan-deposit spread



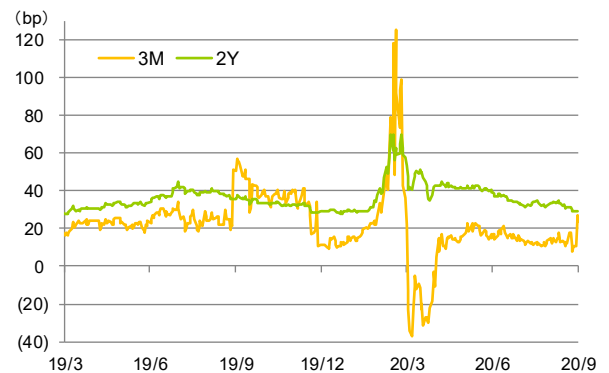
(Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)



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 1HFY20 cooled down by liquidity supplied of central banks of each country, and back to normalized investment/funding environment by the end of Sep. 2020.

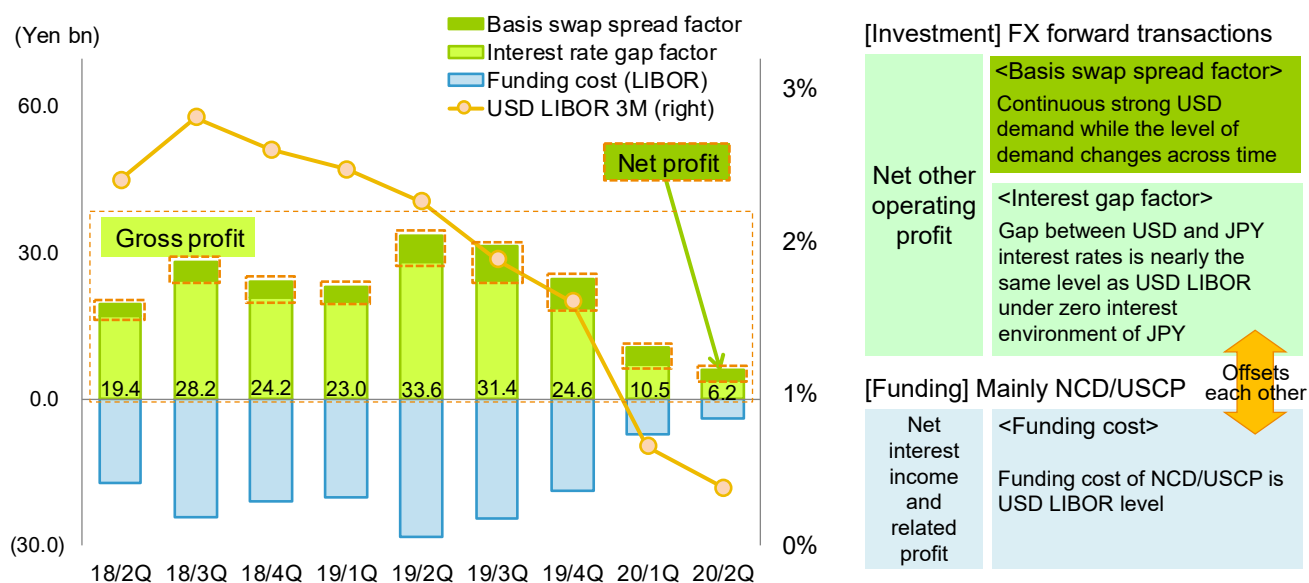
Basis swap spread (CCS) (USD/JPY)



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

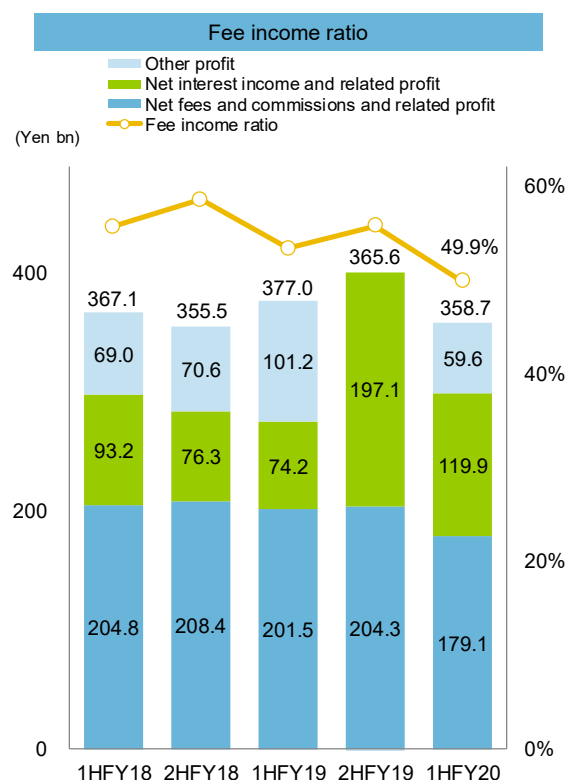
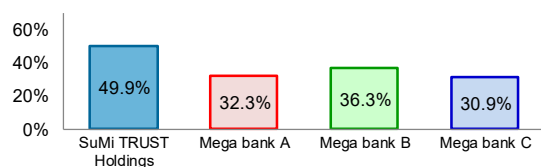
Net fees and commissions and related profit

	(Yen bn)	SuMi TRUST Bank		SuMi TRUST Group (*1)	
		1HFY20	Change from 1HFY19	1HFY20	Change from 1HFY19
1 Net fees and commissions and related profit		72.0	(14.5)	179.1	(22.3)
2 Investment trust and insurance sales		16.0	(7.7)	16.0	(7.7)
3 Card		-	-	16.7	(4.9)
4 Asset management / administration		26.1	0.8	82.4	0.5
5 Profit		44.7	0.2	91.9	0.1
6 Fees paid out for outsourcing		(18.5)	0.6	(9.4)	0.3
7 Stock transfer agency services		12.6	1.5	21.3	1.9
8 Profit		18.1	1.6	21.3	1.9
9 Fees paid out for outsourcing		(5.4)	(0.1)	-	-
10 Real estate		8.4	(8.0)	16.6	(11.8)
11 Others (Loan arrangement fees, etc.)		8.6	(1.0)	25.8	(0.2)
12 Fee income ratio (*2)		(32.0%)	(4.6%)	(49.9%)	(3.5%)

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

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

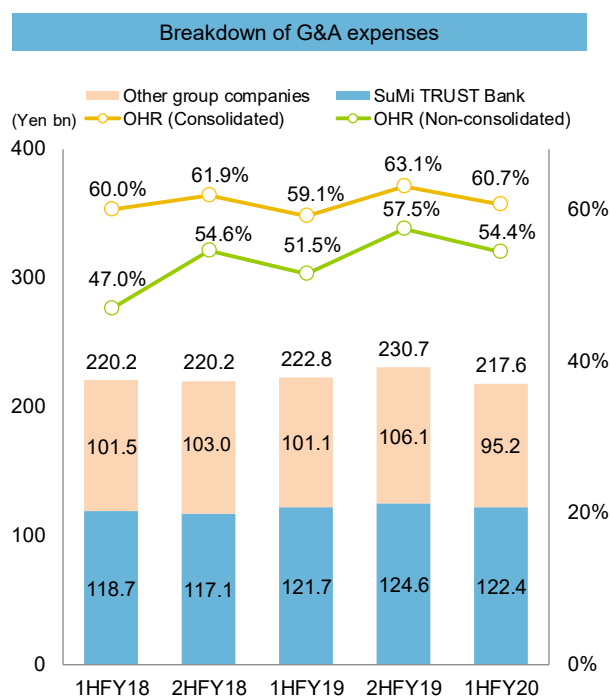
Comparison of fee income ratio between major banks



Expenses

[SuMi TRUST Group]		(Yen bn)	1HFY19	1HFY20	Change
1	Personnel expenses		(99.3)	(98.6)	0.6
2	Non-personnel expenses excluding taxes		(114.1)	(109.3)	4.8
3	Taxes other than income taxes		(9.4)	(9.7)	(0.2)
4	Substantial G&A expenses		(222.8)	(217.6)	5.1
5	Overhead ratio		59.1%	60.7%	+1.6%

[SuMi TRUST Bank]		(Yen bn)	1HFY19	1HFY20	Change
6	Personnel expenses		(53.7)	(53.5)	0.2
7	Salaries etc.		(50.0)	(49.9)	0.0
8	Retirement benefit expenses		4.8	5.1	0.3
9	Others		(8.5)	(8.7)	(0.1)
10	Non-personnel expenses excluding taxes		(61.4)	(62.2)	(0.8)
11	IT system related costs		(23.4)	(24.0)	(0.6)
12	Others		(38.0)	(38.1)	(0.1)
13	Taxes other than income taxes		(6.5)	(6.7)	(0.1)
14	G&A expenses		(121.7)	(122.4)	(0.6)
15	Overhead ratio		51.5%	54.4%	+2.9%



Total credit costs and problem assets

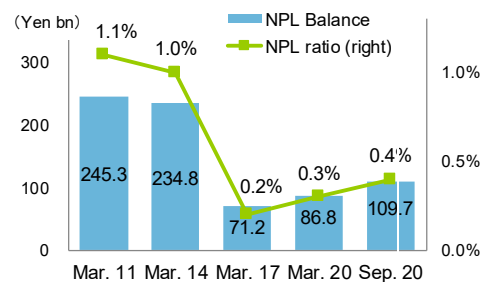
[Total credit costs]		1H FY19	1H FY20	Major factors (1H FY20)
(Yen bn)				
1	SuMi TRUST Bank	0.3	(1.5)	
2	General allowance for loan losses	(2.8)	7.5	Reversal of special loan provision of 7.5 Sum of new occurrence, etc. approx. (9.0)
3	Specific allowance for loan losses	3.1	(6.8)	
4	Recoveries of written-off claims	0.1	0.1	
5	Losses on sales of claims, written-off	(0.1)	(2.4)	
6	Other group companies, etc.	(1.5)	(0.5)	SuMi TRUST Panasonic Finance (0.2) Small reversal out of 6.0 special loan loss provision in 1H FY20
7	Total	(1.2)	(2.0)	

[NPL (SuMi TRUST Bank)]		Sep. 20	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 20
(Yen bn)					
8	NPL	109.7	77.1%	49.5%	22.8
9	NPL ratio (ratio to Total loan balance)	0.4%	---	---	0.1%
10	Bankrupt and practically bankrupt	21.8	100.0%	100.0%	12.3
11	Doubtful	44.2	91.5%	82.9%	5.0
12	Substandard	43.6	51.0%	11.4%	5.6
13	Other special mention debtors	456.5	---	---	31.9
14	Ordinary assets	30,121.6	---	---	176.0
15	Total loan balance	30,687.8	---	---	230.8

(*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]

	(Yen bn)	Costs		Unrealized gains/losses	
		Sep. 20	Change from Mar. 20	Sep. 20	Change from Mar. 20
1 Available-for-sale securities		5,632.5	321.5	489.3	(8.2)
2 Japanese stocks		558.4	(8.3)	702.0	158.2
3 Japanese bonds		2,338.9	324.8	2.3	0.4
4 Others		2,735.1	5.0	(215.0)	(166.9)
5 Held-to-maturity debt securities		315.4	(14.5)	17.0	6.6

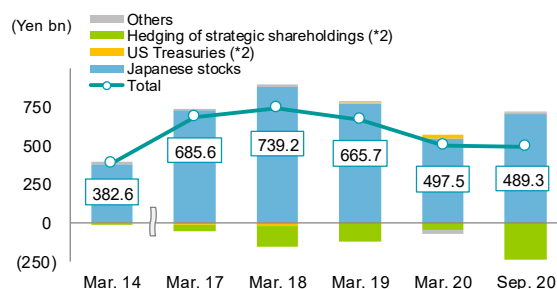
[Securities with fair value (SuMi TRUST Bank)]

6 Available-for-sale securities	5,583.6	321.5	508.3	(11.6)
7 Japanese stocks	530.5	(6.6)	728.1	157.2
8 Japanese bonds	2,394.6	321.5	1.2	0.5
9 o/w Government bonds	1,642.2	279.6	(0.4)	(0.3)
10 Others	2,658.4	6.5	(221.0)	(169.4)
11 Domestic investment	69.7	7.1	1.2	(0.1)
12 International investment	1,207.0	(71.6)	10.6	11.5
13 o/w US Treasury	354.9	5.4	11.9	(10.9)
14 Others (Investment trust, etc.)	1,381.6	71.0	(232.9)	(180.8)
15 o/w for hedging of strategic shareholdings (*1)	1,291.3	96.4	(234.3)	(187.9)

(*1) Of which hedging effect under capital regulation is recognized: Costs JPY1,001.1bn, Unrealized gains/losses JPY(207.2)bn

16 Held-to-maturity debt securities	260.1	(11.1)	16.9	6.6
17 o/w Government bonds	118.1	(0.1)	17.2	(0.6)
18 International investment	108.0	(3.1)	(0.6)	7.3

Unrealized gains/losses of AFS securities with fair value



(*2) SuMi TRUST Bank

Reduction of strategic shareholdings (*3)

	(Yen bn)	FY19		1HFY20
		1H	2H	
19 Reduction amount		3.7	17.6	21.3

(Ref.) Cumulative reduction since merger (from FY11 to 1HFY20): ¥339.8bn
Cumulative reduction based on current plan (from FY16 to FY20): ¥125.6bn

(*3) Purchase cost of listed shares

Securities portfolio of Global markets (*4)

	(Yen bn)	10BPV (*5)		Duration (years) (*5)	
		Sep. 20	Change from Mar. 20	Sep. 20	Change from Mar. 20
20 JPY		4.8	1.2	2.5	0.2
21 Others		1.3	(0.8)	2.9	(1.2)

(*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: DOWN 0.20 percentage points from Mar. 2020 to 12.42% 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 9.6%

✓ Leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

<Capital and total risk-weighted assets>

	(Yen bn)	Mar. 20	Sep. 20	Change
1 Total capital ratio		17.23%	16.99%	(0.24%)
2 Tier 1 capital ratio		14.47%	14.21%	(0.26%)
3 Common Equity Tier 1 capital ratio		12.62%	12.42%	(0.20%)
4 Total capital		3,283.1	3,349.2	66.1
5 Tier 1 capital		2,758.1	2,802.6	44.4
6 Common Equity Tier 1 capital		2,404.8	2,449.8	45.0
7 Instruments and reserves		2,528.2	2,575.2	47.0
8 Accumulated other comprehensive income (*1)		220.8	216.4	(4.4)
9 Regulatory adjustments		(123.3)	(125.4)	(2.0)
10 Additional Tier 1 capital		353.3	352.7	(0.5)
11 Tier 2 capital		524.9	546.6	21.6
12 Total risk-weighted assets		19,053.9	19,711.0	657.1
13 Credit risk		16,778.2	17,393.1	614.9
14 Market risk		1,334.5	1,330.7	(3.8)
15 Operational risk		941.2	987.2	46.0

(*1) Valuation differences on Available-for-Sale Securities (Sep. 2020): ¥345.0bn

< Major factors of change in capital adequacy ratios > [Capital]

(1) Common Equity Tier 1 capital: +¥45.0bn

- Net income +¥80.0bn
- Dividend ¥(28.1)bn
- Unrealized gains/losses of AFS ¥(6.4)bn

[Risk-weighted assets]

(2) Credit risk: +¥614.9bn

- Increase of hedge positions (bear-type investment trust) against strategic shareholdings
- Increase due to corporate credit for mainly domestic large corporations increased

< Major factors of change in liquidity coverage ratio >

(3) Total high-quality liquid assets: +¥3,540.9bn

- Increase of current a/c with BOJ from increased corporate deposits

<Other ratios required in prudential regulations>

	(Yen bn)	Sep. 20	Chg. from Mar. 20
16 Leverage ratio (*2)		5.85%	---
17 Including current account with the Bank of Japan		4.44%	(0.20%)
18 Tier 1 capital		2,802.6	44.4
19 Total exposure (*2)		47,847.5	---
20 Including current account with the Bank of Japan		63,105.1	3,779.7
21 Liquidity coverage ratio (*3)		163.6%	34.4%
22 Total high-quality liquid assets		17,953.2	3,540.9
23 Net cash outflows		10,968.7	(181.4)

(*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 2QFY2020. *Change from Mar. 20* represents the comparison to figure for 4QFY2019 calculated in the same manner

Fee business: Investment management consulting

- ✓ Total sales volume decreased due to restriction on marketing activities caused by COVID-19. Total balance maintained growth trajectory
- ✓ Revenues decreased ¥7.7bn YoY, mainly due to decrease in sales fees

Income from marketing of investment products

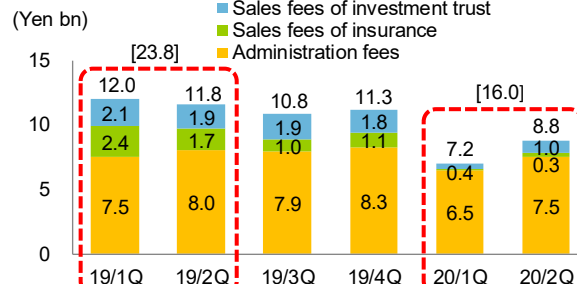
	1H FY19	1H FY20	Change	FY20 Plan
(Yen bn)				
1 Income total	23.8	16.0	(7.7)	34.0
2 Sales fees of investment trust	4.1	1.5	(2.5)	3.5
3 Sales fees of insurance	4.1	0.5	(3.6)	15.0
4 Administration fees	15.6	14.0	(1.5)	290.0

Sales volume / balance

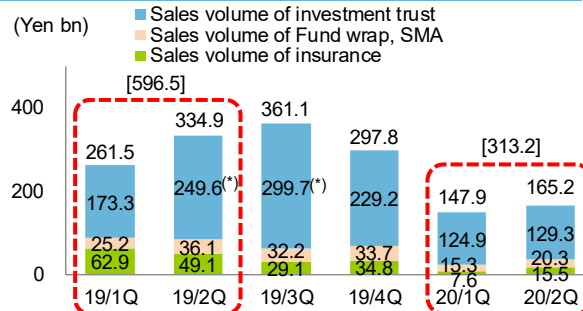
	1H FY19	1H FY20	Change	FY20 Plan
(Yen bn)				
5 Sales volume total	596.5	313.2	(283.2)	700.0
6 Investment trust	423.0	254.2	(168.8)	535.0
7 Fund wrap, SMA	61.3	35.6	(25.6)	95.0
8 Insurance	112.0	23.2	(88.7)	70.0

	Mar. 20	Sep. 20	Change	Mar. 21 Plan
(Yen bn)				
9 Balance total	6,018.1	6,441.5	423.3	6,410.0
10 Investment trust	2,778.1	3,131.3	353.2	3,150.0
11 Fund wrap, SMA	801.7	873.8	72.1	890.0
12 Insurance	2,438.3	2,436.2	(2.0)	2,370.0
13 Wrap Selection	1,635.0	1,762.0	127.0	1,760.0

Income from marketing (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/Asset Management)

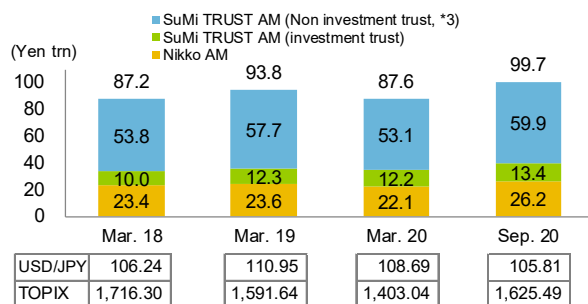
- ✓ AUM increased by ¥12.1trn to ¥99.7trn from March 2020 due to recovery of market value and cash inflow
- ✓ AUC increased for each asset category due to recovery of market value and steady cash inflow to existing funds

Assets under management (AUM)

		Mar. 20	Sep. 20	Change
	(Yen trn)			
1	Assets under management (*1)	87.6	99.7	12.1
2	SuMi TRUST AM	65.4	73.4	7.9
3	Investment trust	12.2	13.4	1.1
4	Non investment trust (*2)	53.1	59.9	6.8
5	Corporate pension trust	13.1	13.8	0.6
6	Public pension trust	9.7	11.2	1.5
7	Discretionary investment	30.2	34.8	4.5
8	Nikko AM	22.1	26.2	4.1

(*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

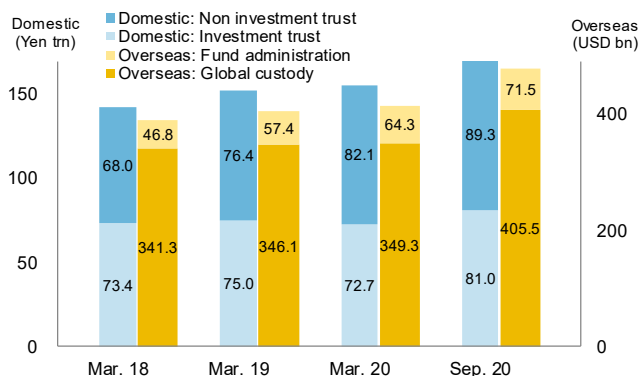
USD/JPY	106.24	110.95	108.69	105.81
TOPIX	1,716.30	1,591.64	1,403.04	1,625.49

Assets under custody/administration (AUC)

		Mar. 20	Sep. 20	Change
	(Yen trn)			
9	Investment trust (*4)	72.7	81.0	8.3
10	Non investment trust (*4)	82.1	89.3	7.2
	(USD bn)			
11	Global custody (*5)	349.3	405.5	56.2
12	Fund administration	64.3	71.5	7.2

(*4) Entrusted balance of SuMi TRUST Bank

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

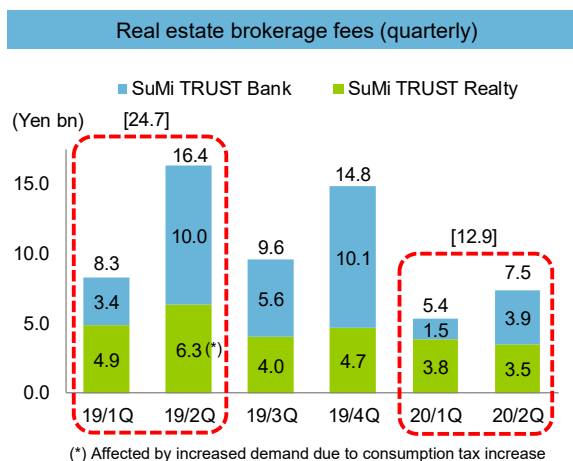


Fee business: Real estate

- ✓ Brokerage fees from corporate clients (SuMi TRUST Bank): Decreased ¥7.9bn YoY, due to restriction on marketing activities caused by COVID-19 as well as due to last year's strong results
- ✓ Brokerage fees from retail clients (SuMi TRUST Realty): Decreased ¥3.8bn due to restriction on client contacts

Income (group base)				
	1H FY19	1H FY20	Change	FY20 Plan
(Yen bn)				
1 Real estate brokerage fees	24.7	12.9	(11.7)	37.0
2 SuMi TRUST Bank	13.4	5.5	(7.9)	20.0
3 SuMi TRUST Realty	11.2	7.4	(3.8)	17.0
4 Real estate trust fees, etc.	3.0	2.9	(0.1)	6.0
5 Net other real estate profit	0.6	0.6	0.0	2.0
6 SuMi TRUST Bank	-	-	-	-
7 Group companies	0.6	0.6	0.0	2.0
8 Total	28.4	16.6	(11.8)	45.0
9 o/w SuMi TRUST Bank	16.5	8.4	(8.0)	26.0

Assets under management / administration			
	Mar. 20	Sep. 20	Change
(Yen bn)			
10 Securitized real estate	18,004.0	18,917.1	913.0
11 Assets under custody from J-REITs	15,835.5	16,163.1	327.5
12 Assets under management	554.1	555.2	1.0
13 Private placement funds	285.2	285.7	0.5
14 J-REITs	268.9	269.5	0.5



(Reference)
 • Deal flow steadily increasing
 • Approx. 1.9 times YoY
 (May take longer time to close, as adjustment of price expectation between buyer and seller is required)

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

- ✓ Loans to individuals: Solid progress against full-year plan due to steady execution of residential mortgage loans amid COVID-19
- ✓ Corporate credit: Loan demands of domestic large corporations related to COVID-19 increased, but Corporate (Foreign Currency) decreased, overall corporate credit remained flatish

Advanced amount and balance for individuals

(Yen bn)		1HFY19	1HFY20	Change	FY20 Plan
1	Advanced amount of loans to individuals	654.2	520.3	(133.9)	1,020.0
2	o/w Residential mortgage loans	613.3	476.4	(136.9)	980.0

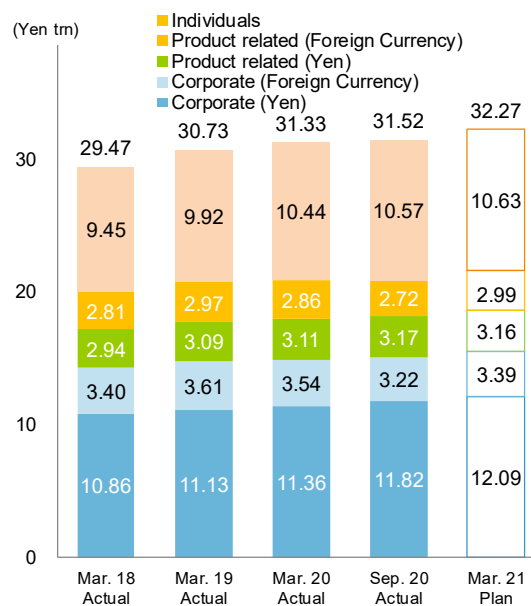
(Yen bn)		Mar. 20	Sep. 20	Change	Mar. 2021 Plan
3	Balance of loans to individuals	10,443.2	10,573.7	130.5	10,600.0
4	o/w Residential mortgage loans	9,801.0	9,922.4	121.3	9,950.0

Balance of credit for corporates

(Yen bn)		Mar. 20	Sep. 20	Change	Mar. 2021 Plan
5	Corporate (Yen)	11,369.5	11,828.3	458.7	12,090.0
6	Corporate (Foreign Currency)	3,548.9	3,222.6	(326.3)	3,390.0
7	Product related (Yen)	3,112.1	3,175.6	63.5	3,170.0
8	Product related (Foreign Currency)	2,862.5	2,724.8	(137.6)	2,990.0
9	Total balance of credit for corporates	20,893.2	20,951.4	58.2	21,640.0
10	o/w Product related	5,974.6	5,900.5	(74.1)	6,160.0

(*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥(50.0)bn,
Product related (Foreign Currency) approx. ¥(30.0)bn

Credit portfolio balance



Forecast for FY2020

Forecast for FY2020

- ✓ Taking 1H results into consideration, forecasts for net business profit revised upward by ¥10.0bn, Net income remain unchanged
- ✓ Forecast for other non-recurring profit increased by ¥(20.0)bn, while forecast for total credit costs decreased

	(Yen bn)	1H Actual	2H Forecast	FY20 Forecast	Change from FY19	Change from initial plan
1	Net business profit before credit costs	141.0	118.9	260.0	(29.0)	10.0 (1)
2	o/w SuMi TRUST Bank	102.5	77.4	180.0	(26.8)	10.0
3	Substantial gross business profit	358.7	351.2	710.0	(32.6)	-
4	o/w SuMi TRUST Bank	224.9	205.0	430.0	(23.2)	10.0
5	Other group companies	133.8	146.1	280.0	(9.4)	(10.0)
6	Substantial G&A Expenses	(217.6)	(232.3)	(450.0)	3.6	10.0
7	o/w SuMi TRUST Bank	(122.4)	(127.5)	(250.0)	(3.5)	-
8	Other group companies	(95.2)	(104.7)	(200.0)	7.2	10.0
9	Total credit costs	(2.0)	(17.9)	(20.0)	23.8	10.0 (2)
10	Net gains on stocks	10.8	9.1	20.0	(20.1)	-
11	Other non-recurring profit	(36.4)	(23.5)	(60.0)	(32.3)	(20.0) (3)
12	Ordinary profit	113.4	86.5	200.0	(57.6)	-
13	o/w SuMi TRUST Bank	84.2	65.7	150.0	(26.4)	(5.0)
14	Net income	80.0	59.9	140.0	(23.0)	- (4)
15	o/w SuMi TRUST Bank	62.7	47.2	110.0	(14.7)	-
16	Dividend per common share (Yen)	75	75	150	±0	-
17	Consolidated dividend payout ratio	---	---	40.2%	5.7%	±0%

【Change from Initial plan】

- Net business profit: +¥10.0bn**
 - SuMi TRUST Bank (Item 4+ Item 7)**
 - Revised upward by reflecting upsides of each business segment in SuMi TRUST Bank
 - Other group companies (Item 5+ Item 8)**
 - Substantial gross business profit and G&A expenses decreased, therefore net business profit in line with initial plan
- Total credit costs: +¥10.0bn**
 - Considering current environment outlook, full-year forecast revised to ¥(20.0)bn, a reduction of ¥(10.0)bn, although actual 1H results was only ¥(2.0)bn
- Other non-recurring profit: ¥(20.0)bn**
 - Revised downward by ¥(20.0)bn from initial forecast of ¥(40.0)bn to ¥(60.0)bn, due to net losses on stock-related derivatives etc., taking into consideration of 1H actual results of ¥(36.4)bn (against initial plan of ¥(20.0)bn) as well as looking ahead to investment opportunities and reviewing assets etc. in new-normal
- Net income: ±¥0bn**
 - Due to lower market visibility, Net income to maintain initial plan despite upward revision of Net business profit before credit costs

(Ref.) Breakdown by business segment

		FY19 Actual	FY20 Plan			
(Yen bn)			1H Actual	2H Plan	FY20 Plan	Change from FY19
1	Net business profit before credit costs	289.0	141.0	118.9	260.0	(29.0)
2	Retail total solution services	22.8	6.1	3.8	10.0	(12.8)
3	SuMi TRUST Bank	7.3	(2.7)	(3.2)	(6.0)	(13.3)
4	Other group companies	15.5	8.9	7.0	16.0	0.4
5	Wholesale financial services (*1)	132.5	59.4	55.5	115.0	(17.5)
6	SuMi TRUST Bank	102.8	45.6	42.3	88.0	(14.8)
7	Other group companies	29.6	13.8	13.1	27.0	(2.6)
8	Stock transfer agency services	18.4	11.3	7.6	19.0	0.5
9	SuMi TRUST Bank	17.6	10.8	7.1	18.0	0.3
10	Other group companies	0.8	0.4	0.5	1.0	0.1
11	Real estate	32.4	4.8	15.1	20.0	(12.4)
12	SuMi TRUST Bank	25.8	3.6	12.3	16.0	(9.8)
13	Other group companies	6.5	1.2	2.7	4.0	(2.5)
14	Fiduciary services	36.3	15.8	15.1	31.0	(5.3)
15	SuMi TRUST Bank	30.2	14.2	14.7	29.0	(1.2)
16	Other group companies	6.0	1.6	0.3	2.0	(4.0)
17	Asset management business (*2)	29.5	13.8	13.1	27.0	(2.5)
18	Global markets	57.5	28.5	21.4	50.0	(7.5)

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

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

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