



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for FY2020

May 13, 2021

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Definitions of terms in this document

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

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

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

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

Accounting for Business combination related to Management Integration

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

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

# Summary of financial results for FY2020

- ✓ Net business profit increased YoY despite approx. ¥(18.0)bn impact of COVID-19, due to steady recurring income and recovery of non-recurring fee income in 2H FY20 as well as temporary factors such as profit on investment in partnership reflecting rise of stock price (posted in Effective interest related earnings)
- ✓ Net income decreased YoY due to impairment of software assets towards the new normal and improvement of hedge position by partially realizing unrealized gains/losses of both strategic shareholdings as well as hedging transactions (Forecast is achieved)
- ✓ Forecast for FY21, net business profit is expected to decrease to ¥280.0bn mainly due to disappearance of temporary positive factors despite assumption of gradual recovery of fee related businesses, while net income is expected to increase to ¥155.0bn due to non recurrence of losses on net gains on stocks posted in FY20. The dividend on common share is expected to increase YoY by ¥10 to ¥160 per share, resulting in the consolidated payout ratio of 38.7%

## <Major KPIs>

	(Yen bn)	FY19 Actual	Forecast	FY20 Actual	change from H FY19	change from Forecast	FY21 Plan	change from FY20
1	Net business profit before credit costs	289.0	260.0	294.7	+5.6	+34.7	280.0	(14.7)
2	Substantial gross business profit	742.6	710.0	739.2	(3.3)	+29.2	740.0	+0.7
3	Substantial G&A Expenses	(453.6)	(450.0)	(444.5)	+9	+5.5	(460.0)	(15.4)
4	Net income	163.0	140.0	142.1	(20.8)	+2.1	155.0	+12.8
5	Fee income ratio	54.6%		52.9%	(1.7%)			
6	Overhead ratio	61.1%	63.4%	60.1%	(1.0%)	(3.3%)	62.2%	+2.1%
7	Return on equity	6.25%		5.41%	(0.84%)			
8	Common Equity Tier 1 capital ratio	12.62%		12.12%	(0.50%)	(*)		

(\*) Pro-forma figure of March 2021 CET1 Capital Ratio on Finalized Basel III reform basis is 9.4%.

## <Per share information>

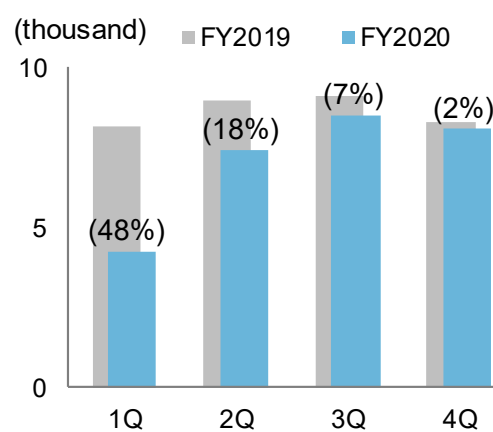
	(Yen)	FY19 Actual	Forecast	FY20 Actual	change from FY19	FY21 Plan	change from FY20
9	Earnings per share (EPS)	434	373	379	(54)	413	+34
10	Dividend per share (DPS)	150	150	150	± 0	160	+10
11	Dividend payout ratio	34.5%	40.2%	39.5%	+5.0%	38.7%	(0.8%)
	(Yen)	Mar. 20		Mar. 21	change from Mar. 20		
12	Net assets per share (BPS)	6,822		7,192	+369		

# Impact of COVID-19 on business environment

## Contacts with individual clients complemented by non-face-to-face contacts

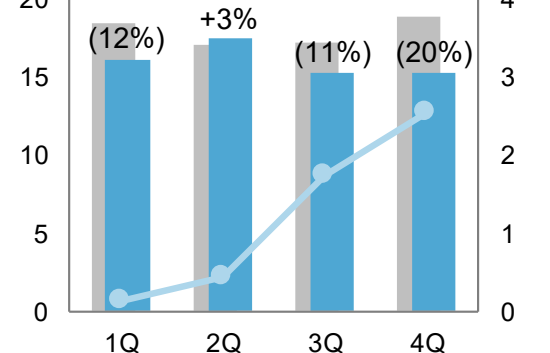
### 【Face-to-face contacts (Clients visiting / Visiting clients) (\*)】

(thousand) ■ FY2019 ■ FY2020



### 【Non-face-to-face (Calls / Online) (\*)】

(thousand) ■ FY2019(left) ■ FY2020(left) ● Online(right)

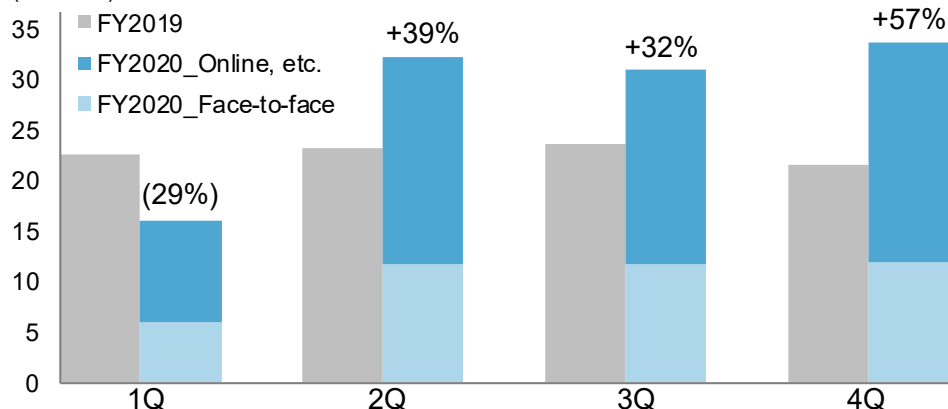


(\*) Daily average. Compared to the same period of previous year

## Use of online, etc. established in corporate real estate business

### 【Contacts in real estate business (\*)】

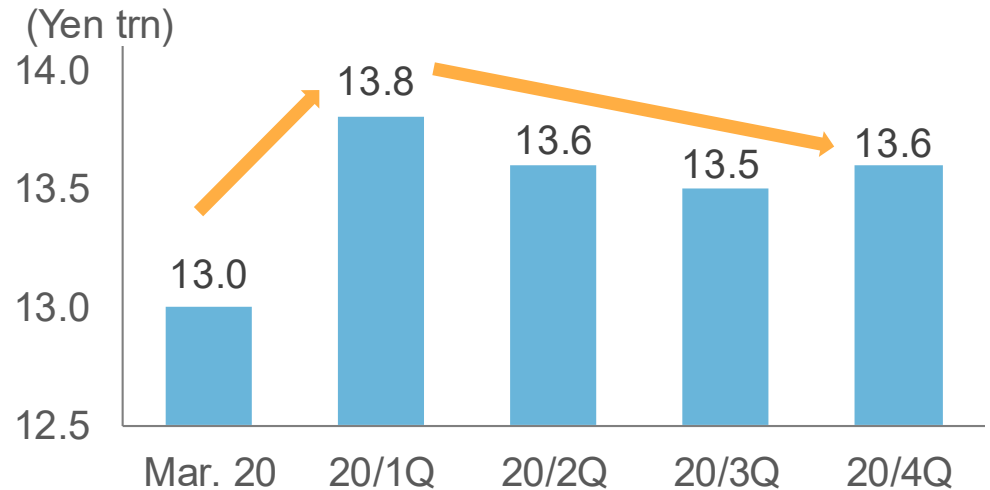
(thousand)



(\*) Compared to same month of previous year  
Online etc. include ZOOM, tele-conferences and others

## Peak out of COVID-19 related credit

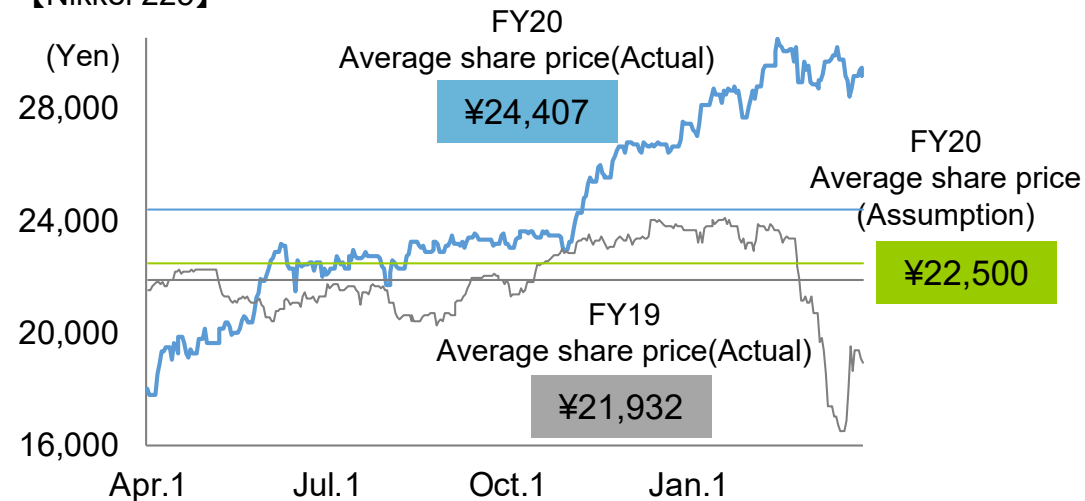
### 【Domestic corporate (Yen) credit (excluding government related)(\*)】



(\*) Quarterly figures are average of month-end balance included in each quarter

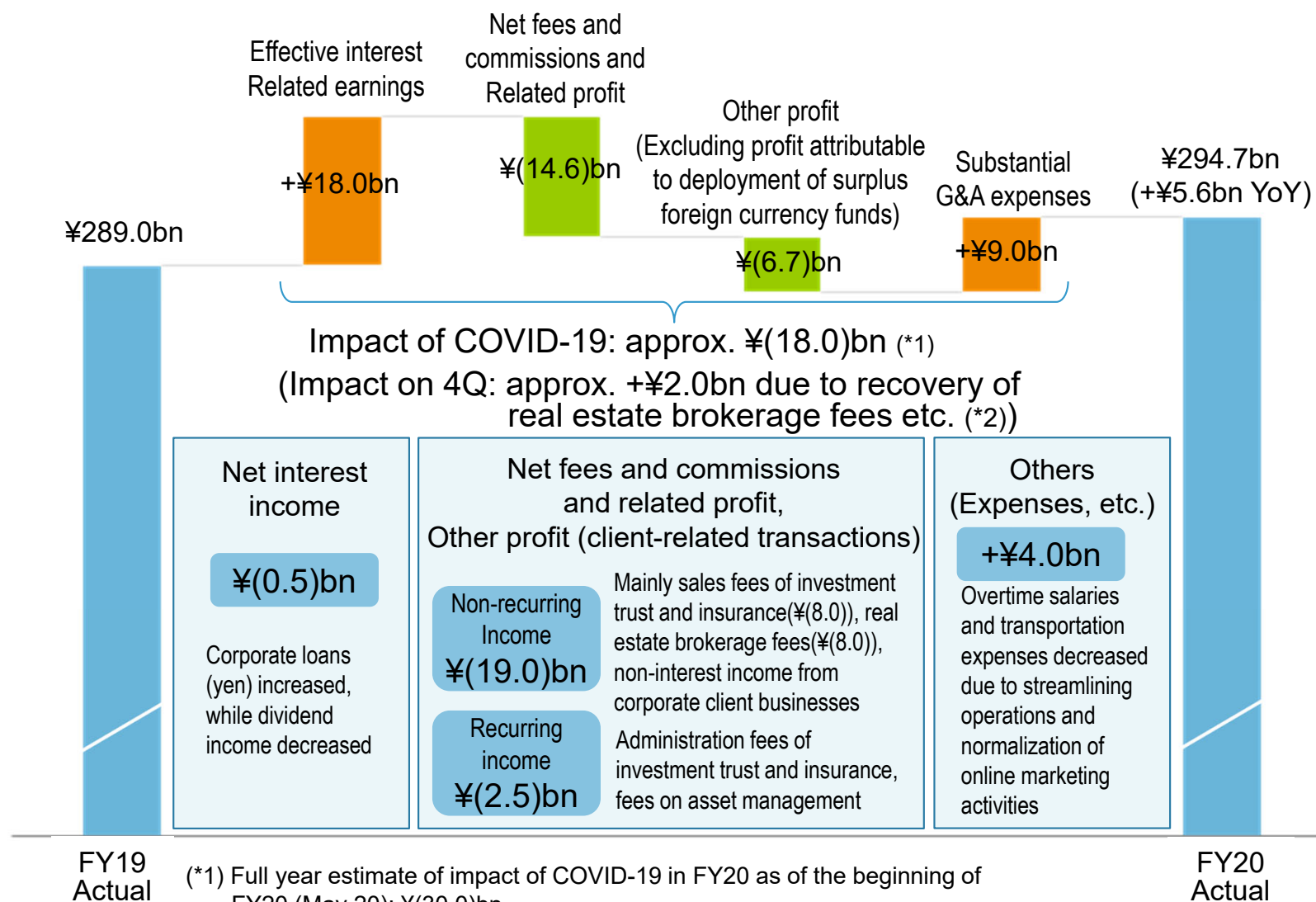
## Share price level exceeded assumption

### 【Nikkei 225】



# Net business profit

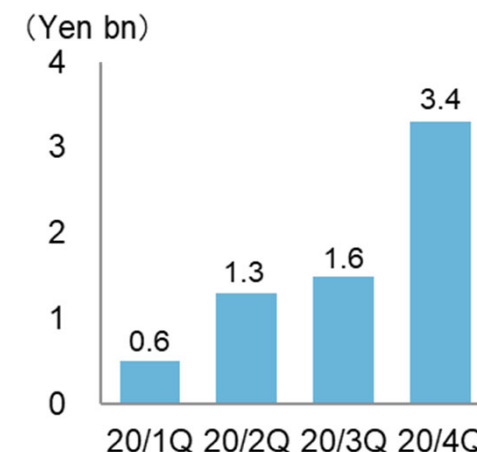
- ✓ The negative impact of COVID-19 has greatly reduced since 4Q and finally remained at ¥18.0bn far below the initial forecast of ¥30.0bn



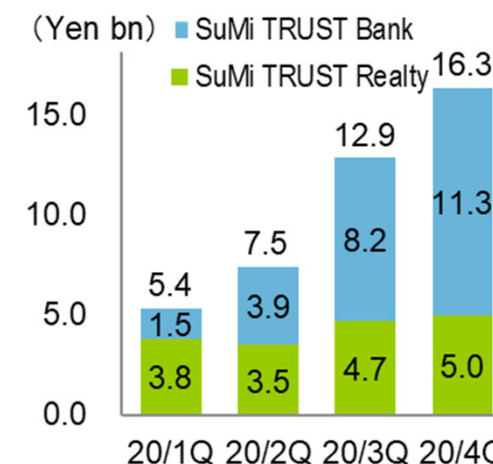
(\*1) Full year estimate of impact of COVID-19 in FY20 as of the beginning of FY20 (May 20): ¥(30.0)bn

(\*2) Breakdown of impact in 4Q: non-recurring income +¥1.5bn, others(expenses etc.) +¥0.5bn  
Non-recurring profit of +1.5bn is due to recovery of real estate brokerage fees.

## Sales fees of investment trust and insurance

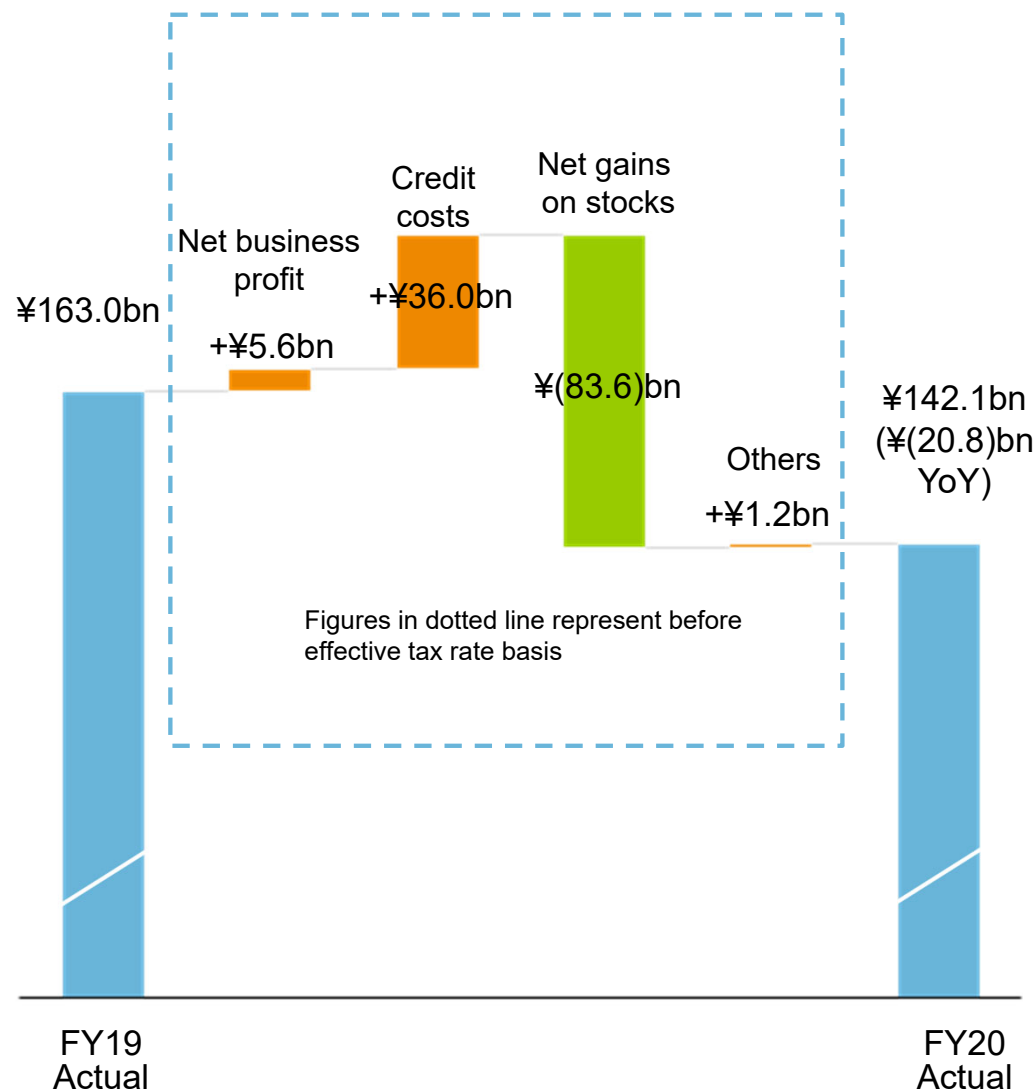


## Real estate brokerage fees



# Net income

✓ Targeted net income of ¥140.0bn was achieved despite YoY decrease in net gains on stocks



## Major factors of change

✓ **Total Credit Cost (FY19:¥(43.8)bn ⇒FY20:¥(7.8)bn)**

**+¥36.0bn  
YoY**

- Credit cost restrained mainly due to no recognition of FY19 special loan loss provision (approx. ¥25.0bn) and the partial reversal of special loan loss provision (approx. ¥12.0bn), against new occurrence of credit cost.

✓ **Net gains on stocks (FY19:+¥40.1bn ⇒FY20:¥(43.5)bn)**

**¥(83.6)bn  
YoY**

- Reduction of strategic shareholdings (\*1)
- Partial realization of unrealized gains/losses of both strategic shareholdings as well as hedging transactions reflecting of rise of stock price. (Please see page 7 for details)

✓ **Others (Other net non-recurring profit, Extraordinary profit) (FY19:¥(44.6)bn ⇒FY20:¥(43.3)bn)**

**+¥1.2bn  
YoY**

- Net losses on stock related derivative transactions of ¥(12.6)bn (YoY approx. ¥(20.0)) (\*2)
- Impairment losses on software assets based on the profit forecast of retail total solution services towards new normal of approx. ¥(20.0)bn YoY etc.
- One-time profit on decrease of accumulated retirement benefit obligations based on the change of HR system such as extension of retirement age. (approx. ¥37.0bn)

(\*1) Cost basis reduction amount in FY2020 is approx. ¥25.0bn.

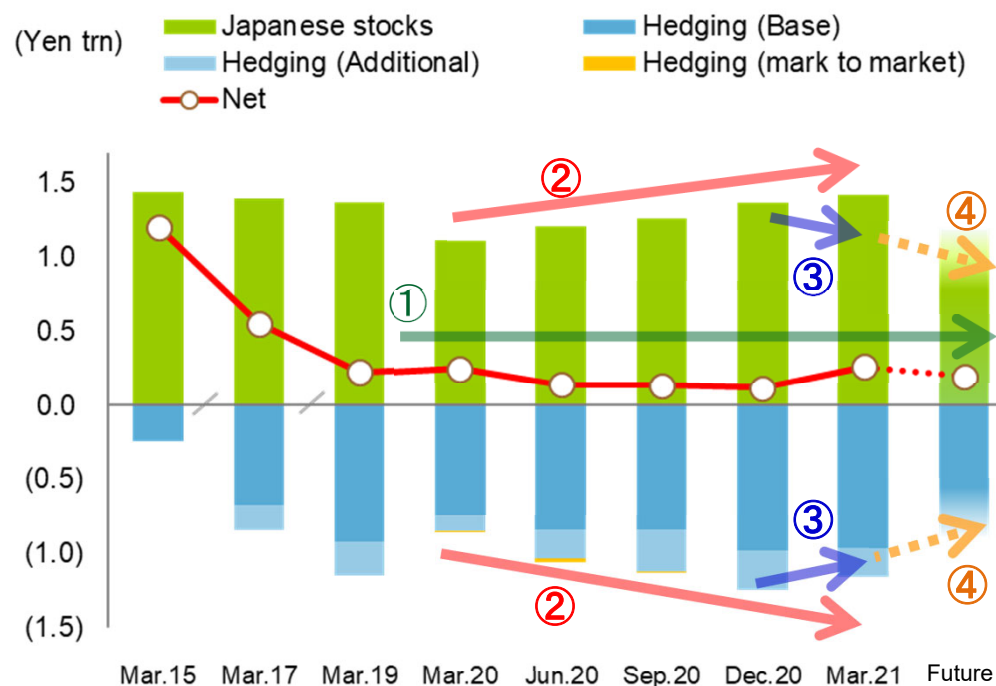
(\*2) Breakdown of ¥(12.6)bn:

- 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)

# Strategic shareholdings and hedging transactions

- ✓ Partial realization of unrealized P/L of both strategic shareholdings and hedging transactions against expanded gross unrealized P/L

## Status of hedging transactions for strategic shareholdings



% hedged (*1)	Investment management policy	Status as of March 2021
Base portion	Maintain around 65% levels in principle	Approx. 65%
Additional portion	Adjust amount of hedging accounting for stock price levels (*2)	Approx. 15%

(\*1) Hedge ratio against fair value of strategic shareholdings

(\*2) Contrary trading against stock price (i.e. increased % of hedging in accordance to rising stock price). According to management policy revised on Mar. 2021, expect no further increase of hedge position even if stock price rises going forward, and hedging range reduced from 0-20% to 0-14%.

(\*3) Due to mismatching between the strategic shareholdings' portfolio held by our Group and the index (Nikkei 225 and TOPIX) that hedging transactions use for hedging reference.

## Backdrop/evolution of improvement of hedge position

① Continue controlling net stock price risks through effective hedging transactions

② Increased gross unrealized gains/losses of strategic shareholdings and hedging transactions from rising stock prices (occurrence of tracking errors(\*3) as well)

Improving hedge position by partially realizing unrealized gains/losses of both strategic shareholdings as well as hedging transactions

- Strategic shareholdings ...**approx. ¥93bn**  
(Gains from divestment (sale): approx. ¥30bn  
Realization of unrealized gains (buy back): approx. ¥63bn)
- Hedging transactions ...**approx. ¥(135)bn**

(Unrealized PL Mar. 21: Strategic shareholdings ¥816.1bn,  
Hedging transactions ¥(373.7)bn, Net ¥442.3bn)

## ④ Future policy

**Reduce strategic shareholdings**  
(See page 28 for details)

Revised policy: In principle, we shall not hold any "Strategic shareholdings as a conventional stable shareholder."  
Promote cost basis reduction of ¥100bn (market value basis ¥250bn) across the next 2 years.

**Reconsider % of hedging**

Reduce hedging amount according to reduction of strategic shareholdings  
Together with reducing tracking errors



# Overview of profits

	(Yen bn)	FY19	FY20	Change
1	Net business profit before credit costs (*1)	289.0	294.7	5.6
2	Substantial gross business profit (*1)	742.6	739.2	(3.3)
3	Effective interest related earnings (*2)	271.3	289.4	18.0
4	Net fees and commissions and related profit	405.8	391.1	(14.6)
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	65.3	58.6	(6.7)
6	Substantial G&A expenses (*1)	(453.6)	(444.5)	9.0
7	Total credit costs	(43.8)	(7.8)	36.0
8	Net gains on stocks	40.1	(43.5)	(83.6)
9	Other net non-recurring profit	(27.6)	(60.2)	(32.5)
10	Ordinary profit	257.6	183.1	(74.5)
11	Extraordinary profit	(16.9)	16.8	33.7
12	Income before income taxes	240.7	200.0	(40.7)
13	Total income taxes	(75.6)	(56.0)	19.5
14	Income attributable to non-controlling interest	(2.0)	(1.7)	0.3
15	Net income	163.0	142.1	(20.8)
16	Earnings per share (EPS) (Yen)	434	379	(54)
17	Number of shares issued (mn shares) (*3)	375.3	374.5	(0.8)
(Reference)				
18	Net interest income and related profit	158.6	260.2	101.5
19	Other profit	178.1	87.8	(90.2)
20	Profit attributable to deployment of surplus foreign currency funds	112.7	29.1	(83.5)
21	Other	65.3	58.6	(6.7)

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

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

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

## Net business profit before credit costs

- YoY net business profit turned positive from ¥(4.0)bn in 3Q to +¥5.6bn.
- Effective interest related earnings increased YoY by ¥18.0 due to improvement on domestic profit of loans and deposits and temporary profits related to investment in partnership etc.
- Net fees and commissions and related profit decreased YoY by ¥14.6bn due to restrictions on marketing activities of investment management consulting and real estate brokerage in 1H. Saw recovery in 2H.
- Substantial G&A expenses decreased YoY by ¥9.0bn due to normalization of online marketing activities, decrease of income related expenses in group companies, etc.

## Total credit costs

- Total credit costs of ¥(7.8)bn due to reversal of the special provisions of approx. +¥12.0bn against new occurrence of credit cost and additional special loan loss provision of approx. ¥(5.0)bn based on uncertainty about the future.

## Net gains on stocks

- YoY net gains on stocks was ¥(43.5)bn due to improvement of hedge position by partially realizing unrealized gains/losses of both strategic shareholdings as well as hedging transactions of approx. +¥93.0bn and losses on sales of hedging bare funds of approx. ¥(135.0)bn under rising stock price. (please see page 7 for details)

## Other net non-recurring profit

- Losses on stock related derivatives of approx. ¥(13.0)bn, Write-off of actuarial differences of approx. ¥(12.0)bn, Write down of goodwill of approx. ¥(11.0)bn, Early depreciation of software assets of approx. ¥(8.0)bn

## Extraordinary profit

- One-time profit on decrease of accumulated retirement benefit obligations based on the change of HR system such as extension of retirement age of approx. ¥37.0bn
- Impairment losses on software assets based on the profit forecast of retail total solution services towards new normal of approx. ¥(20.0)bn



# Overview of balance sheet

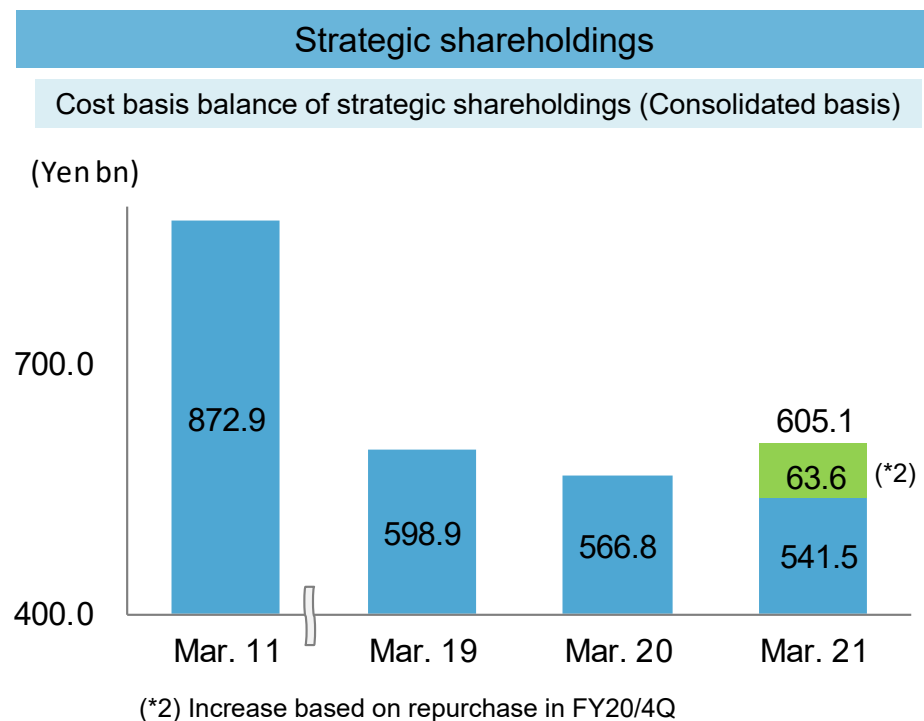
	(Yen bn)	Mar. 20	Mar. 21	Change
1 Assets		56,500.5	62,163.8	5,663.3
2 Cash and due from banks		13,141.1	18,488.7	5,347.5
3 Securities		6,437.5	6,983.4	545.8
4 Loans and bills discounted		29,703.3	30,506.9	803.5
5 Other assets		7,218.3	6,184.6	(1,033.7)
6 Liabilities		53,909.6	59,441.3	5,531.6
7 Deposits and NCD		36,549.2	40,628.2	4,079.0
8 Borrowed money from trust account		4,750.2	4,915.2	164.9
9 Other liabilities		12,610.1	13,897.8	1,287.6
10 Total net assets		2,590.9	2,722.5	131.6
11 Total shareholders' equity		2,334.3	2,416.0	81.6
12 Total accumulated OCI		220.8	277.7	56.8
13 Minority interests, etc.		35.6	28.7	(6.8)

14 Net assets per share (BPS) (Yen)	6,822	7,192	369
15 Number of shares issued (mn shares) (*1)	374.5	374.5	0.0

(Reference)

16 Loan-deposit ratio (SuMi TRUST Bank)	81.7%	75.6%	(6.1%)
17 NPL ratio (SuMi TRUST Bank)	0.3%	0.4%	0.1%

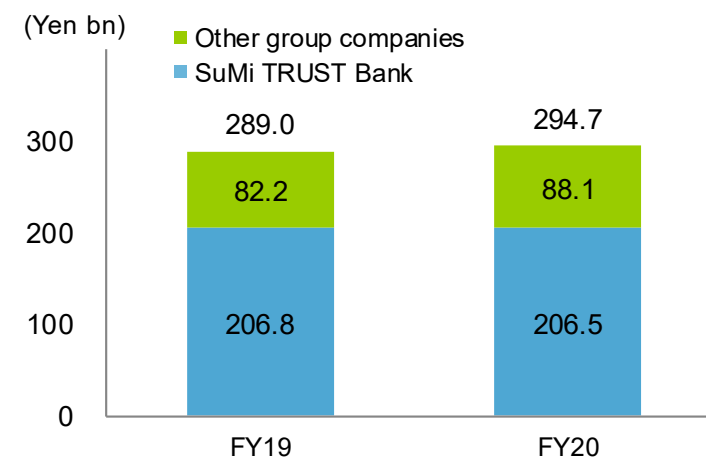
(\*1) Number of common shares issued (excluding treasury stocks) as of the date above



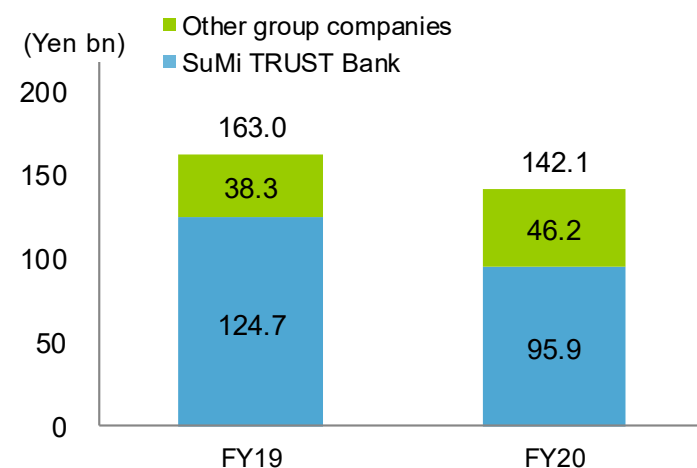
# Profit by group company

	(Yen bn)	FY19	FY20	Change
1 Net business profit before credit costs (*1)		289.0	294.7	5.6
2 o/w SuMi TRUST Bank		206.8	206.5	(0.2)
3 SuMi TRUST AM		14.4	10.2	(4.1)
4 Nikko AM (*2)		14.8	19.3	4.4
5 SuMi TRUST Realty		5.9	3.6	(2.3)
6 SuMi TRUST Panasonic Finance (*2)		9.9	10.5	0.6
7 SuMi TRUST Loan & Finance		12.1	11.1	(0.9)
8 SBI Sumishin Net Bank (*2)		9.7	10.5	0.7
9 SuMi TRUST Guarantee (*2)		11.5	11.4	(0.0)
10 SuMi TRUST Club		0.6	1.8	1.1
11 Effect of purchase accounting method		(2.7)	0.3	3.1
12 Net income (*1)		163.0	142.1	(20.8)
13 o/w SuMi TRUST Bank		124.7	95.9	(28.7)
14 SuMi TRUST AM		9.1	6.9	(2.1)
15 Nikko AM (*2)		8.7	12.3	3.5
16 SuMi TRUST Realty		4.0	2.3	(1.7)
17 SuMi TRUST Panasonic Finance (*2)		0.3	4.7	4.3
18 SuMi TRUST Loan & Finance		8.2	7.6	(0.5)
19 SBI Sumishin Net Bank (*2)		6.2	6.9	0.6
20 SuMi TRUST Guarantee (*2)		7.8	7.8	0.0
21 SuMi TRUST Club		(10.8)	0.8	11.6
22 Effect of purchase accounting method		3.8	1.0	(2.8)

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) Consolidated basis

# Profit by business segment

		FY19 Net business profit before credit costs	FY20		FY20 Net business profit before credit costs	Change	
			Substantial gross business profit	Change			Substantial G&A expenses
(Yen bn)							
1	Total	289.0	739.2	(3.3)	(444.5)	294.7	5.6
2	Retail total solution services	22.8	177.6	(15.1)	(162.0)	15.5	(7.3)
3	SuMi TRUST Bank	7.3	122.7	(7.7)	(123.9)	(1.2)	(8.5)
4	Other group companies	15.5	54.8	(7.4)	(38.0)	16.7	1.2
5	Wholesale financial services (*1)	132.5	207.7	1.5	(75.6)	132.1	(0.3)
6	SuMi TRUST Bank	102.8	148.8	1.7	(46.4)	102.3	(0.4)
7	Other group companies	29.6	58.8	(0.1)	(29.1)	29.7	0.0
8	Stock transfer agency services	18.4	40.3	2.8	(19.4)	20.8	2.3
9	SuMi TRUST Bank	17.6	23.5	2.1	(3.8)	19.7	2.0
10	Other group companies	0.8	16.7	0.7	(15.6)	1.1	0.2
11	Real estate	32.4	49.8	(7.0)	(24.3)	25.5	(6.8)
12	SuMi TRUST Bank	25.8	31.1	(4.2)	(9.8)	21.3	(4.4)
13	Other group companies	6.5	18.6	(2.7)	(14.4)	4.2	(2.3)
14	Fiduciary services (excl. Asset Mgt. business)	36.3	88.8	(1.0)	(54.1)	34.7	(1.6)
15	SuMi TRUST Bank	30.2	54.8	2.5	(23.9)	30.9	0.6
16	Other group companies	6.0	33.9	(3.5)	(30.1)	3.8	(2.2)
17	Asset management business (*2)	29.5	86.9	4.9	(57.1)	29.8	0.2
18	Global markets (*3)	57.5	69.7	(2.8)	(15.3)	54.4	(3.1)

(\*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, JPAM)

(\*3) Substantial gross business profit and net business profit include net gains/losses on stock related derivatives which is posted as "other non-recurring profit"

(FY19: ¥8.5bn, FY20: ¥(6.1)bn, YoY change: ¥(14.6)bn)

# Overview of profit (SuMi TRUST Bank)

	(Yen bn)	FY19	FY20	Change
1	Net business profit before credit costs	206.8	206.5	(0.2)
2	Gross business profit (*)	453.2	451.9	(1.2)
3	Effective interest related earnings	246.8	259.1	12.2
4	Net interest income and related profit	134.1	229.9	95.7
5	Profit attributable to deployment of surplus foreign currency funds	112.7	29.1	(83.5)
6	Net fees and commissions and related profit	174.3	163.9	(10.3)
7	Net trading profit	38.0	16.7	(21.3)
8	Net gains on foreign exchange transactions	102.1	(33.2)	(135.4)
9	Net trading profit (Excluding Profit attributable to deployment of surplus foreign currency funds)	(64.1)	49.9	114.0
10	Net gains on bonds	33.9	(7.8)	(41.8)
11	Net gains from derivatives	(40.0)	22.4	62.4
12	General and administrative expenses	(246.4)	(245.4)	0.9
13	Total credit costs	(34.7)	(6.3)	28.4
14	Other non-recurring profit	4.4	(86.2)	(90.6)
15	o/w Net gains on stocks	16.6	(44.2)	(60.8)
16	Amortization of net actuarial losses	(5.6)	(12.1)	(6.5)
17	Ordinary profit	176.4	114.0	(62.4)
18	Extraordinary profit	1.0	15.6	14.5
19	Income before income taxes	177.5	129.6	(47.8)
20	Total income taxes	(52.8)	(33.7)	19.0
21	Net income	124.7	95.9	(28.7)

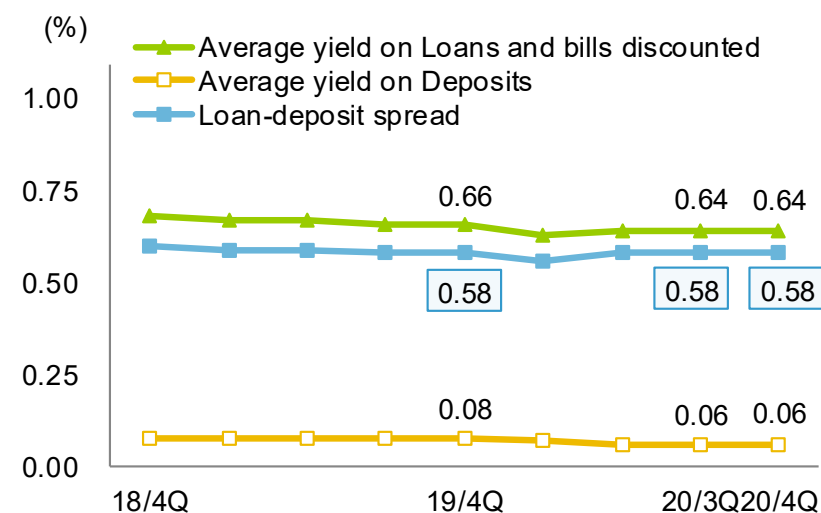
		FY19	FY20	Change
22	Gross business profit	453.2	451.9	(1.2)
23	Net interest income and related profit	134.1	229.9	95.7
24	Net fees and commissions and related profit	174.3	163.9	(10.3)
25	Net trading profit	102.1	(33.2)	(135.4)
26	Net other operating profit	42.5	91.3	48.7
27	o/w Net gains on foreign exchange transactions	48.6	79.1	30.5
28	Profit attributable to deployment of surplus foreign currency funds	112.7	29.1	(83.5)
29	other	(64.1)	49.9	114.0
30	Net gains on bonds	33.9	(7.8)	(41.8)
31	Net gains from derivatives	(40.0)	22.4	62.4
32	Net fees and commissions and related profit	174.3	163.9	(10.3)
33	o/w Investment management consulting	46.0	36.4	(9.6)
34	Asset management/administration	52.3	54.8	2.5
35	Real estate brokerage	29.2	25.0	(4.1)
36	Stock transfer agency services	21.3	23.5	2.1
37	Inheritance related services	4.2	3.9	(0.3)
38	Wholesale credit related	31.4	34.1	2.6
39	Net gains on bonds	33.9	(7.8)	(41.8)
40	Domestic bonds	(0.3)	(1.3)	(0.9)
41	Foreign bonds	34.3	(6.5)	(40.8)

(\*) Other profit within net business profit before credit costs in FY19 and FY20 is ¥0.0bn and ¥(2.3)bn, respectively.

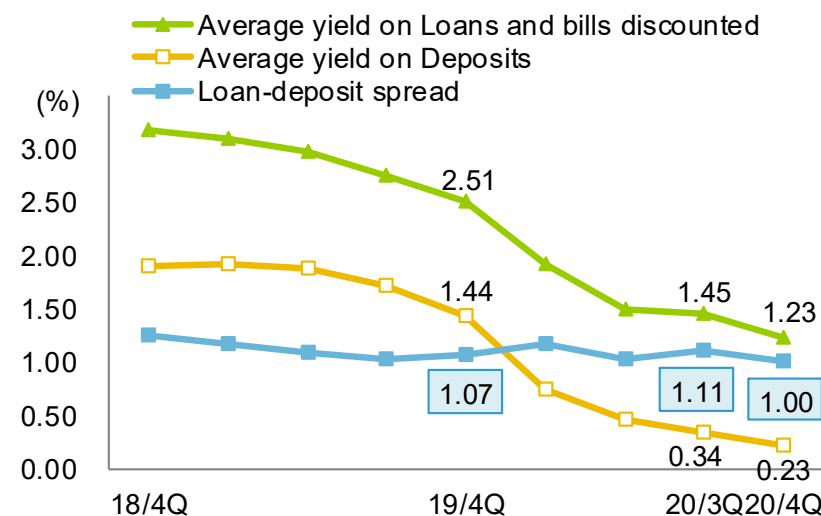
# Net interest income (SuMi TRUST Bank)

		FY20					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from FY19	Average Yield	Change from FY19	Income/Expenses	Change from FY19
1	Net interest income					212.1	94.0
2	Domestic business			0.36%	(0.03%)	154.5	1.4
3	Interest-earning assets	43.23	4.34	0.48%	(0.05%)	208.3	(1.6)
4	o/w Loans and bills discounted	24.36	1.56	0.64%	(0.02%)	156.8	4.9
5	Securities	4.15	0.73	1.09%	(0.42%)	45.4	(6.1)
6	Interest-bearing liabilities	42.81	4.51	0.12%	(0.02%)	(53.7)	3.0
7	o/w Deposits	27.05	2.54	0.06%	(0.02%)	(18.1)	2.6
8	Borrowings from trust a/c	3.71	0.47	0.47%	(0.02%)	(17.6)	(1.7)
9	Swaps	---	---	---	---	(0.6)	0.4
10	International business			0.43%	0.72%	57.5	92.5
11	Interest-earning assets	13.54	(0.38)	1.03%	(0.88%)	139.5	(127.7)
12	o/w Loans and bills discounted	6.18	(0.13)	1.52%	(1.32%)	94.4	(84.9)
13	Due from banks	1.95	0.00	0.19%	(1.25%)	3.8	(24.2)
14	Securities	2.30	(0.05)	1.63%	(0.60%)	37.8	(14.8)
15	Interest-bearing liabilities	13.59	(0.12)	0.60%	(1.60%)	(81.9)	220.3
16	o/w Deposits	5.84	0.04	0.43%	(1.31%)	(25.4)	75.7
17	NCD / USCP	5.25	(0.28)	0.36%	(1.61%)	(19.1)	90.5
18	Repo	1.53	(0.08)	0.23%	(1.86%)	(3.5)	30.4
19	Expenses on swaps	---	---	---	---	(26.8)	14.4
20	(+) Trust fees from principal guaranteed trust a/c					17.7	1.7
21	(+) Profit attributable to deployment of surplus foreign currency funds					29.1	(83.5)
22	Effective interest related earnings					259.1	12.2
23	Loan-deposit spread / income in domestic business			0.58%	0.00%	138.7	7.5
24	Loan-deposit spread / income in international business			1.09%	(0.01%)	68.9	(9.2)

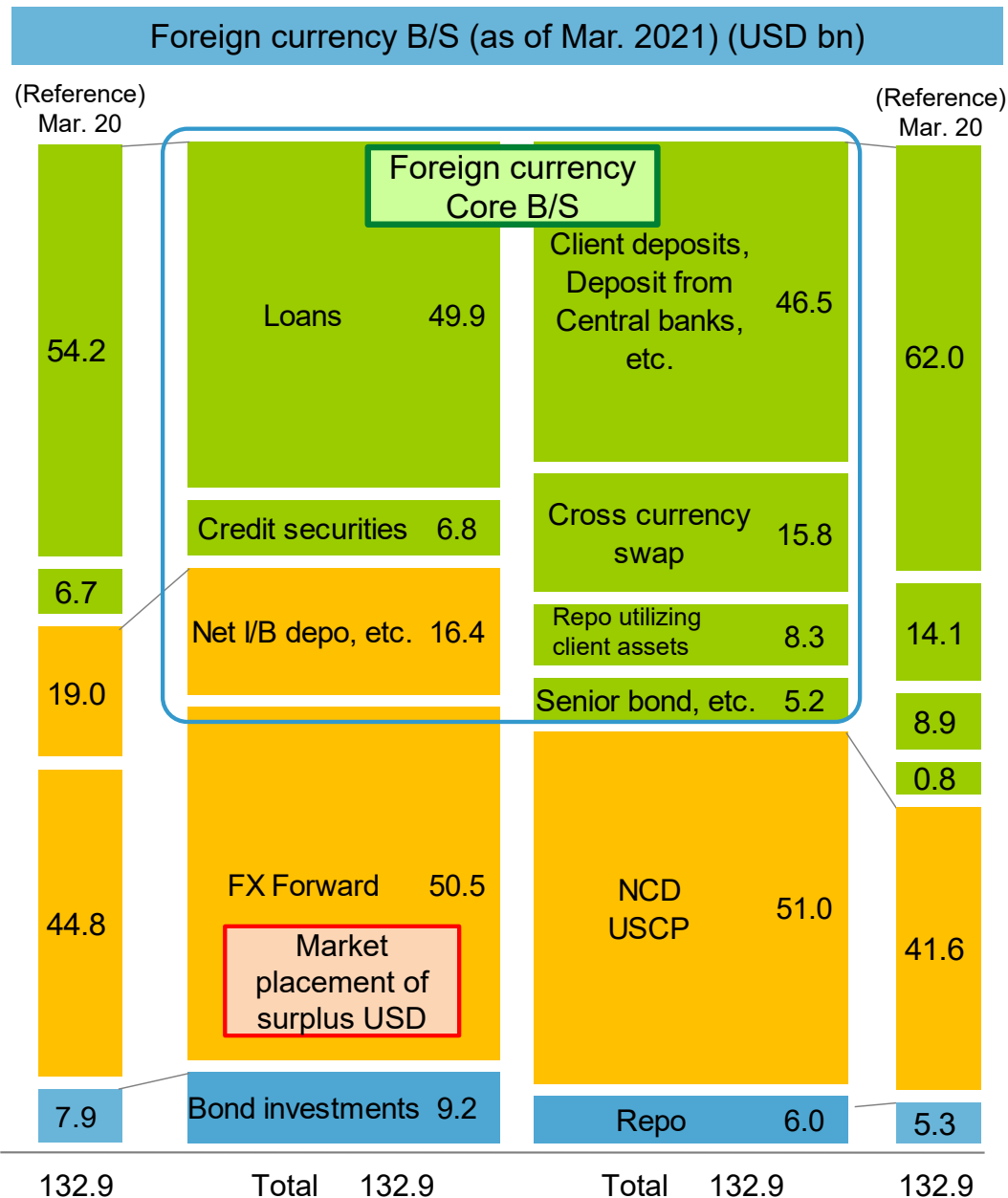
## Domestic loan-deposit spread (quarterly)



## International loan-deposit spread (quarterly)



# (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 from FY20/2Q.

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

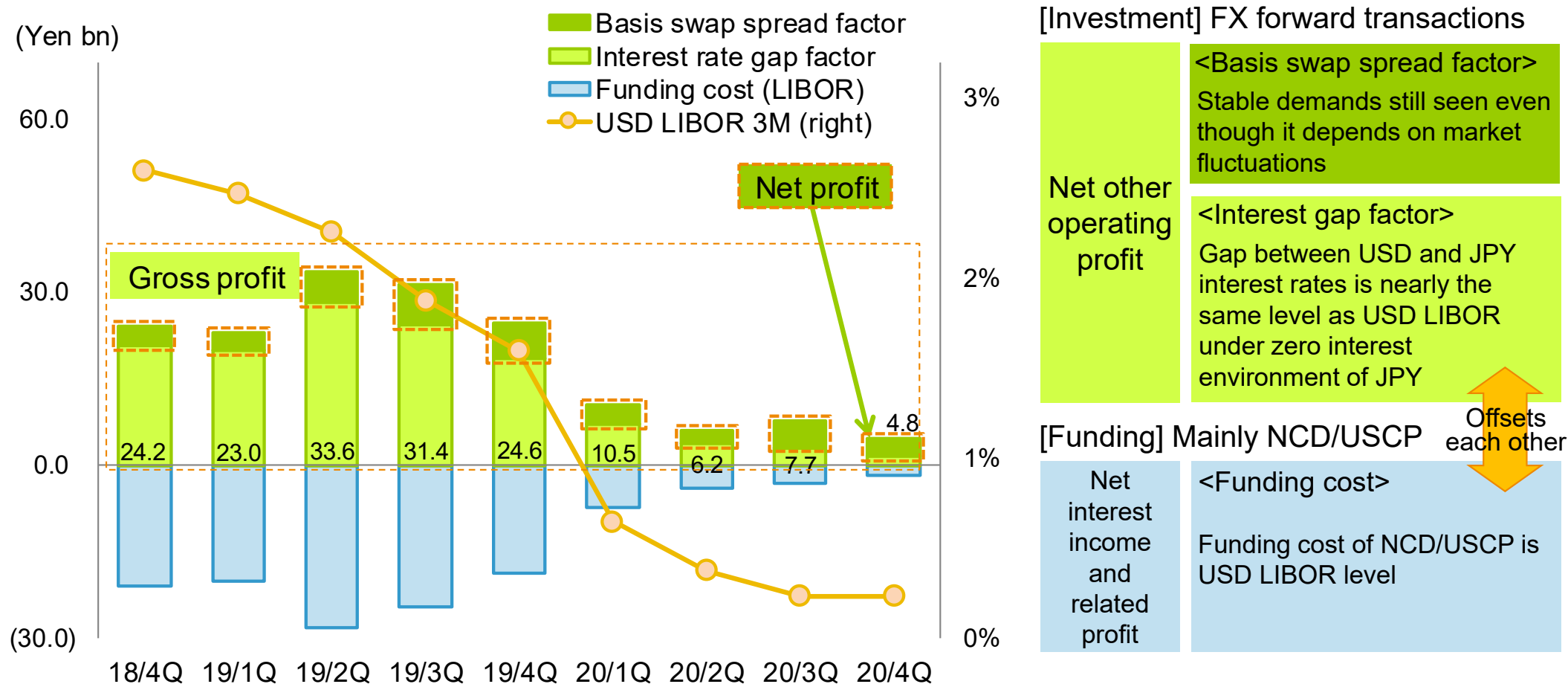




# Profit structure of market deployment of surplus foreign currency

- ✓ 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 and net profit decreased due to basis swap spread factor 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. Figures show gross profits as sum of basis swap spread factor and interest gap factor.

# Total credit costs and problem assets

[Total credit costs]		FY19			FY20	Major factors (FY20)
(Yen bn)			1H	2H		
1	SuMi TRUST Bank	(34.7)	(1.5)	(4.7)	(6.3)	
2	General allowance for loan losses	(33.5)	7.5	(2.7)	4.7	Reversal of special loan provision of approx.10.0 Additional special loan loss provision of approx.5.0 Sum of new occurrence, etc. approx. (11.0)
3	Specific allowance for loan losses	0.1	(6.8)	(1.0)	(7.8)	
4	Recoveries of written-off claims	0.6	0.1	0.2	0.3	
5	Losses on sales of claims, written-off	(1.9)	(2.4)	(1.1)	(3.5)	
6	Other group companies, etc.	(9.0)	(0.5)	(0.9)	(1.5)	SuMi TRUST Panasonic Finance (0.9) (Including reversal of special loan loss provision of approx.2.0)
7	Total	(43.8)	(2.0)	(5.7)	(7.8)	

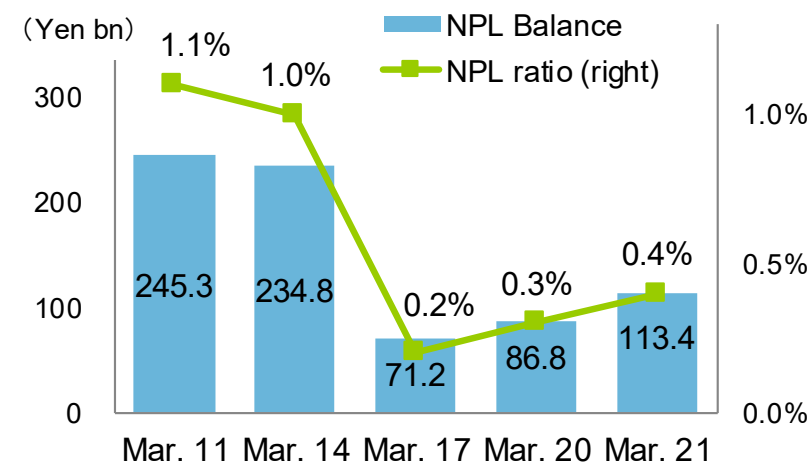
As of March 2021  
Special loan loss  
provision of approx.18.0

[NPL (SuMi TRUST Bank)]		Mar. 21	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 20
(Yen bn)					
8	NPL	113.4	75.5%	47.8%	26.6
9	NPL ratio (ratio to Total loan balance)	0.4%	---	---	0.1%
10	Bankrupt and practically bankrupt	21.5	100.0%	100.0%	12.0
11	Doubtful	44.5	90.2%	81.1%	5.3
12	Substandard	47.4	50.7%	11.3%	9.3
13	Other special mention debtors	504.0	---	---	79.4
14	Ordinary assets	30,570.3	---	---	624.7
15	Total loan balance	31,187.7	---	---	730.7

(\*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	
		Mar. 21	Change from Mar. 20	Mar. 21	Change from Mar. 20
1	Available-for-sale securities	5,920.5	609.5	467.1	(30.4)
2	Japanese stocks	605.1	38.3	816.1	272.3
3	Japanese bonds	2,341.7	327.6	0.7	(1.1)
4	Others	2,973.5	243.5	(349.6)	(301.6)
5	Held-to-maturity debt securities	328.2	(1.7)	16.3	5.9

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

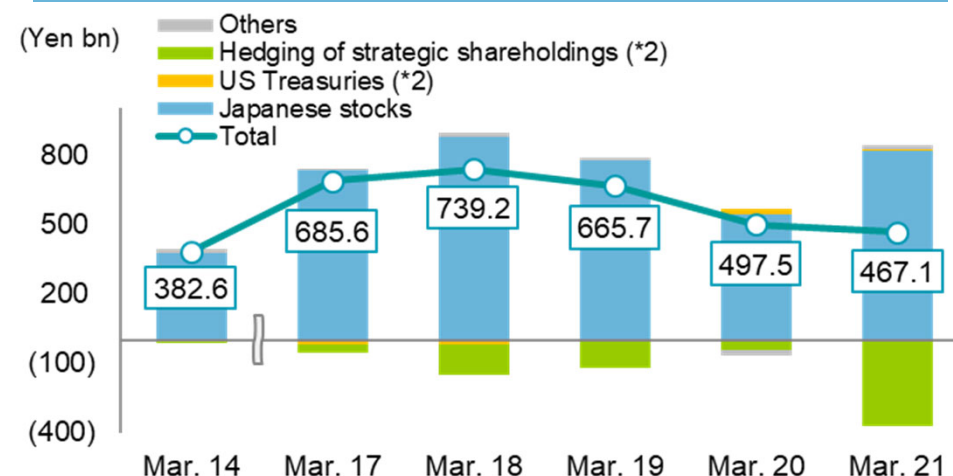
6	Available-for-sale securities	5,731.3	469.2	486.3	(33.7)
7	Japanese stocks	575.5	38.3	843.3	272.3
8	Japanese bonds	2,341.7	268.6	0.7	0.0
9	o/w Government bonds	1,644.2	281.6	(1.8)	(1.7)
10	Others	2,814.0	162.1	(357.7)	(306.1)
11	Domestic investment	71.1	8.5	2.4	1.0
12	International investment	1,476.2	197.6	8.7	9.6
13	o/w US Treasury	662.2	312.7	6.7	(16.1)
14	Others (Investment trust, etc.)	1,266.5	(43.9)	(368.8)	(316.8)
15	o/w for hedging of strategic shareholdings (*1)	1,174.9	(19.9)	(373.7)	(327.3)

(\*1) Of which hedging effect under capital regulation is recognized: Costs ¥951.5bn,  
Unrealized gains/losses ¥(306.5)bn

## [Held-to-maturity debt securities with fair value (SuMi TRUST Bank)]

16	Held-to-maturity debt securities	328.1	56.8	16.3	6.0
17	o/w Government bonds	117.9	(0.3)	15.7	(2.1)
18	International investment	134.3	23.1	0.1	8.1

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



(\*2) SuMi TRUST Bank

## Reduction of strategic shareholdings (\*3)

	(Yen bn)	1H		1H	2H	1-3Q
19	Reduction amount	3.7	21.3	8.0	16.9	24.9

(Ref.) Cumulative reduction since merger(from FY11 to FY20): ¥356.7bn

(Ref.) Cumulative reduction based on current plan(from FY16 to FY20): ¥142.6bn

(Total reduction includes agreed amount: Approx. ¥160.0bn)

(\*3) Cost basis. Excludes 4QFY20 increase due to improvement of hedge position

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

(Yen bn)		10BPV (*5)		Duration (years) (*5)	
		Mar. 21	Change from Mar. 20	Mar. 21	Change from Mar. 20
20	JPY	6.2	2.6	3.2	0.9
21	Others	3.3	1.1	4.4	0.2

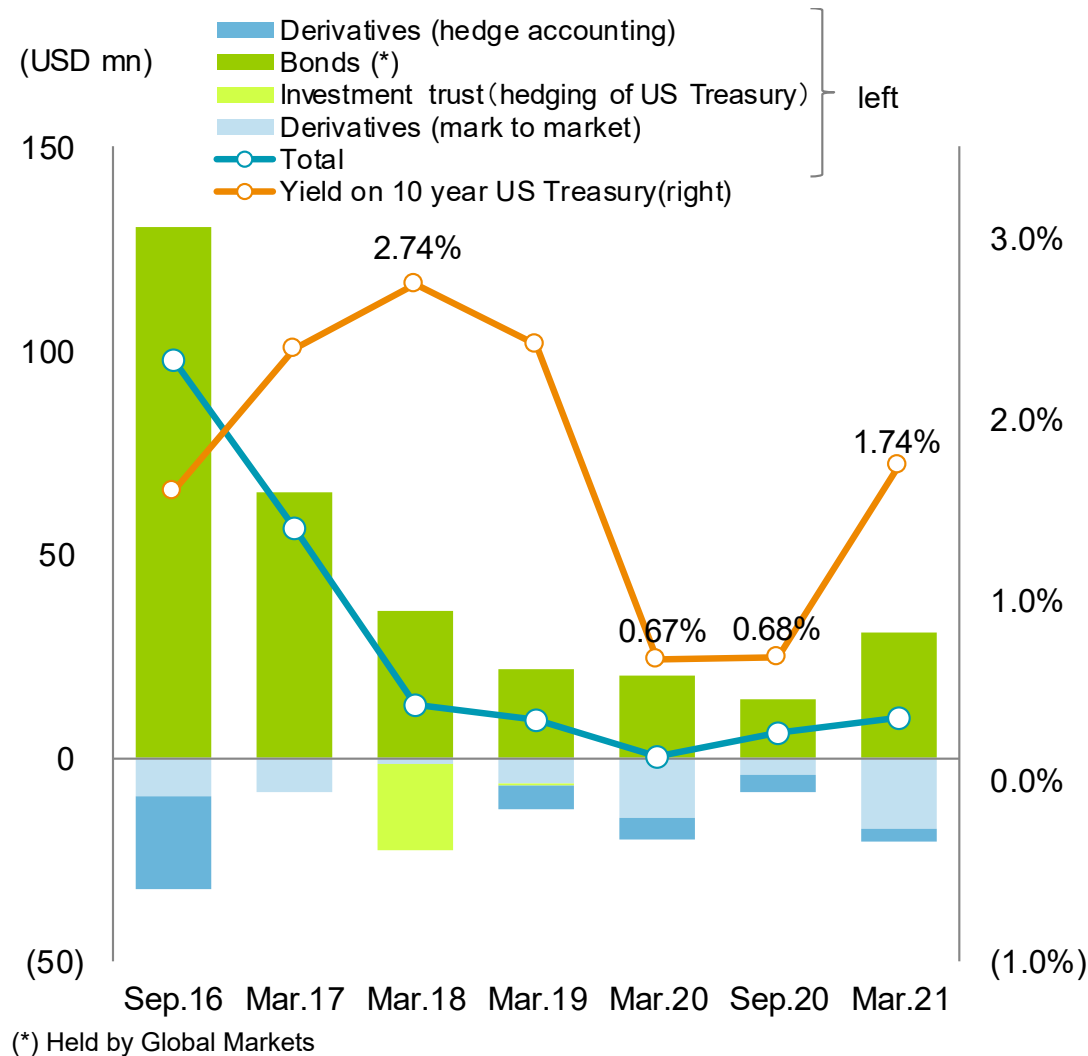
(\*4) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

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

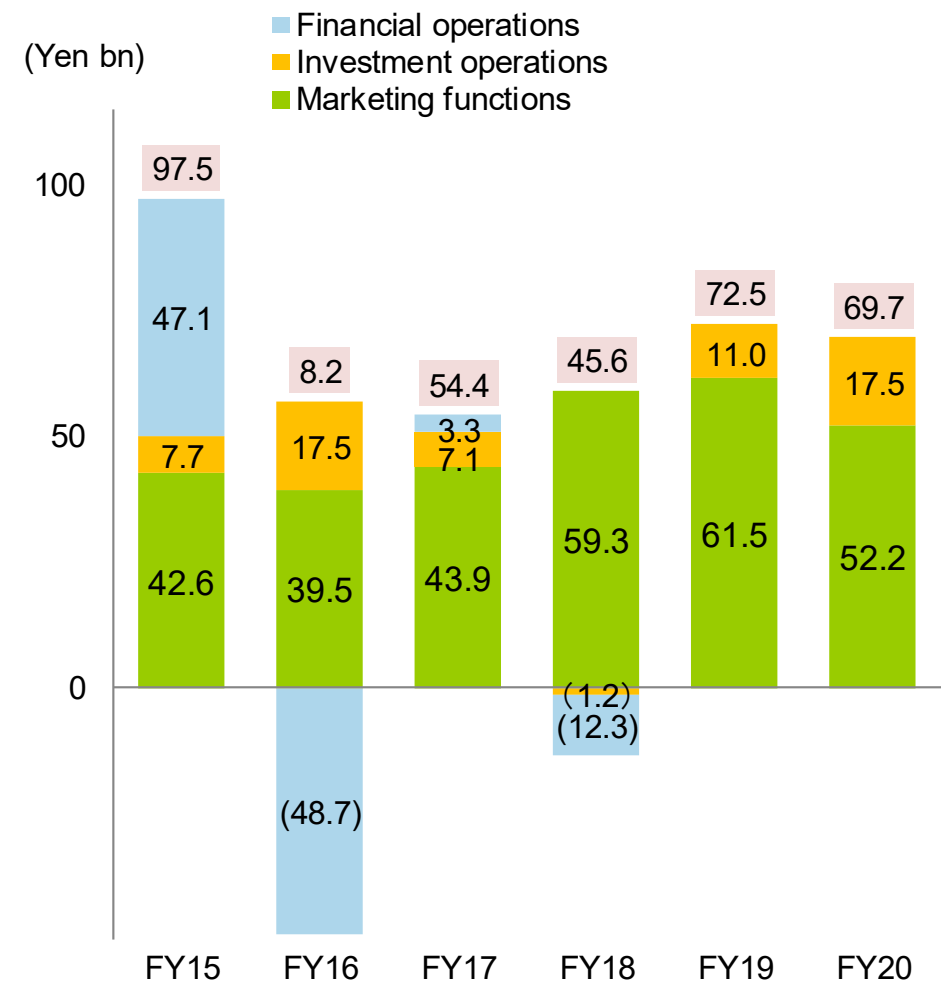
# Interest rate risk

- ✓ Continued restrained approach towards US interest rate risks
- ✓ Global Markets' profitability from Marketing functions maintains stability

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



Global Markets business profit



# Capital

- ✓ Common Equity Tier 1 capital ratio: DOWN 0.50 percentage point from Mar. 2020 to 12.12% due to increase in risk-weighted assets, mainly increased in corporate credit related to COVID-19 and bear-type investment trust (additional) reflecting rise of stock market, etc.
- ✓ Pro-forma CET1 capital ratio on Finalized Basel III: DOWN approx. 0.3 percentage point to 9.4%, mainly due to increase in market value of shareholdings
- ✓ Leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

## <Capital and total risk-weighted assets>

	(Yen bn)	Mar. 20	Mar. 21	Change
1	Total capital ratio	17.23%	15.76%	(1.47%)
2	Tier 1 capital ratio	14.47%	13.51%	(0.96%)
3	Common Equity Tier 1 capital ratio	12.62%	12.12%	(0.50%)
4	Total capital	3,283.1	3,190.9	(92.1)
5	Tier 1 capital	2,758.1	2,736.7	(21.4)
6	Common Equity Tier 1 capital	2,404.8	2,455.1	50.2
7	Instruments and reserves	2,528.2	2,666.6	138.4
8	Accumulated other comprehensive income (*1)	220.8	277.7	56.8
9	Regulatory adjustments	(123.3)	(211.5)	(88.1)
10	Additional Tier 1 capital	353.3	281.5	(71.7)
11	Tier 2 capital	524.9	454.2	(70.7)
12	Total risk-weighted assets	19,053.9	20,243.3	1,189.4
13	Credit risk	16,778.2	17,843.7	1,065.5
14	Market risk	1,334.5	1,427.2	92.7
15	Operational risk	941.2	972.3	31.1

(\*1) Valuation differences on Available-for-Sale Securities (Mar. 2021): ¥329.4bn

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

## < Major factors of change in capital adequacy ratios>

### [Capital]

#### (1) Common Equity Tier 1 capital: +¥50.2bn

- Net income: +¥142.1bn
- Dividend: ¥(56.2)bn
- Unrealized gains/losses of AFS: ¥(22.0)bn

### [Risk-weighted assets]

#### (2) Credit risk: +¥1,065.5bn

- Increase of corporate credit (corporate loans, commitment line etc.) : approx. ¥310.0bn
- Increase of bear-type investment trust (additional) for hedge position against strategic shareholdings: approx. ¥270.0bn

## < Major factors of change in liquidity coverage ratio >

### (3) Total high-quality liquid assets: +¥3,640.1bn

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

## <Other ratios required in prudential regulations>

	(Yen bn)	Mar. 21	Change from Mar. 20
16	Leverage ratio (*2)	5.53%	---
17	Including current account with the Bank of Japan	4.16%	(0.48%)
18	Tier 1 capital	2,736.7	(21.4)
19	Total exposure (*2)	49,441.2	---
20	Including current account with the Bank of Japan	65,672.7	6,347.3
21	Liquidity coverage ratio (*3)	166.5%	37.3%
22	Total high-quality liquid assets	18,052.4	3,640.1
23	Net cash outflows	10,841.4	(308.7)

# Fee business: Investment management consulting

- ✓ Total Sales volume decreased YoY due to restriction of marketing activities caused by COVID-19, but sales volume recover to almost same level as 4QFY19. Total balance increased YoY mainly due to rising market values
- ✓ Total income decreased by ¥9.6bn YoY mainly due to decrease of sales fees

## Income from marketing of investment products

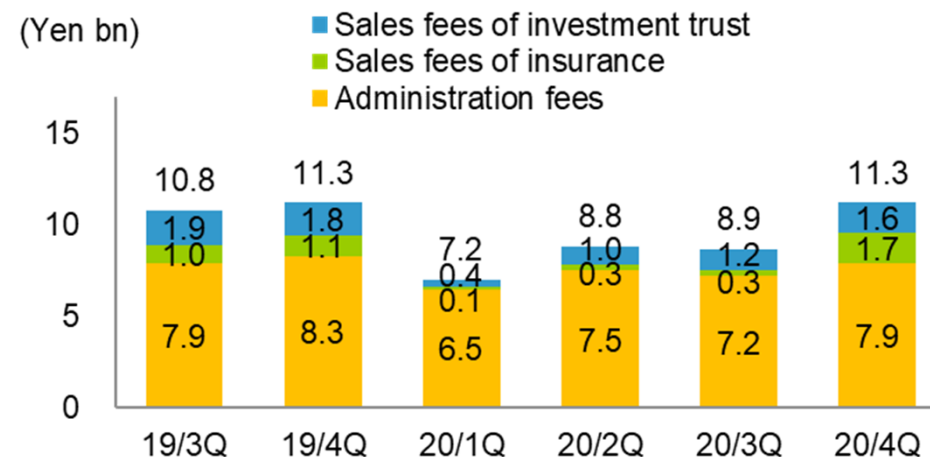
	(Yen bn)	FY19	FY20	Change
1 Income total		46.0	36.4	(9.6)
2 Sales fees of investment trust		7.9	4.4	(3.4)
3 Sales fees of insurance		6.3	2.6	(3.6)
4 Administration fees		31.8	29.3	(2.5)

## Sales volume / balance

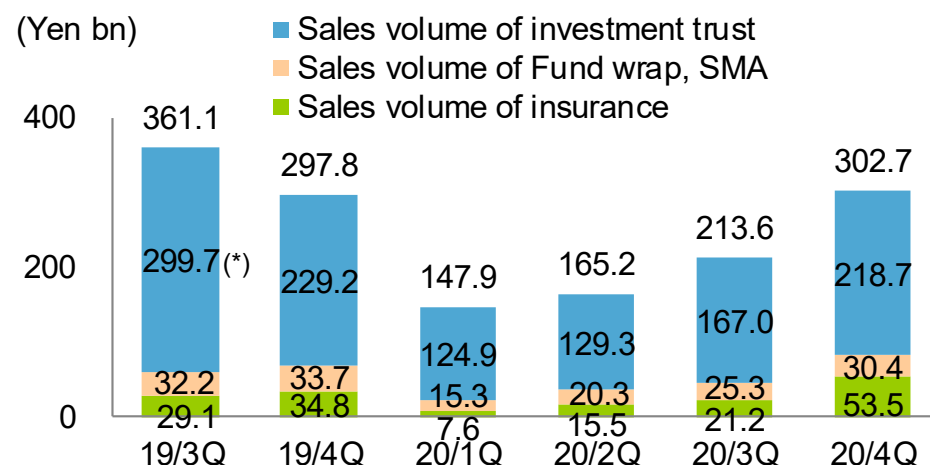
	(Yen bn)	FY19	FY20	Change
5 Sales volume total		1,255.4	829.6	(425.8)
6 Investment trust		952.0	640.0	(311.9)
7 Fund wrap, SMA		127.4	91.5	(35.8)
8 Insurance		176.0	98.0	(77.9)

	(Yen bn)	Mar. 20	Mar. 21	Change
9 Balance total		6,018.1	6,896.4	878.3
10 Investment trust		2,778.1	3,533.0	754.9
11 Fund wrap, SMA		801.7	918.7	117.0
12 Insurance		2,438.3	2,444.6	6.3
13 Wrap Selection		1,635.0	1,843.2	208.2

## Income from marketing (quarterly)



## Sales volume (quarterly)



(\*) Including the impact of large allocation transfer from DB to DC (Approx. ¥140bn)



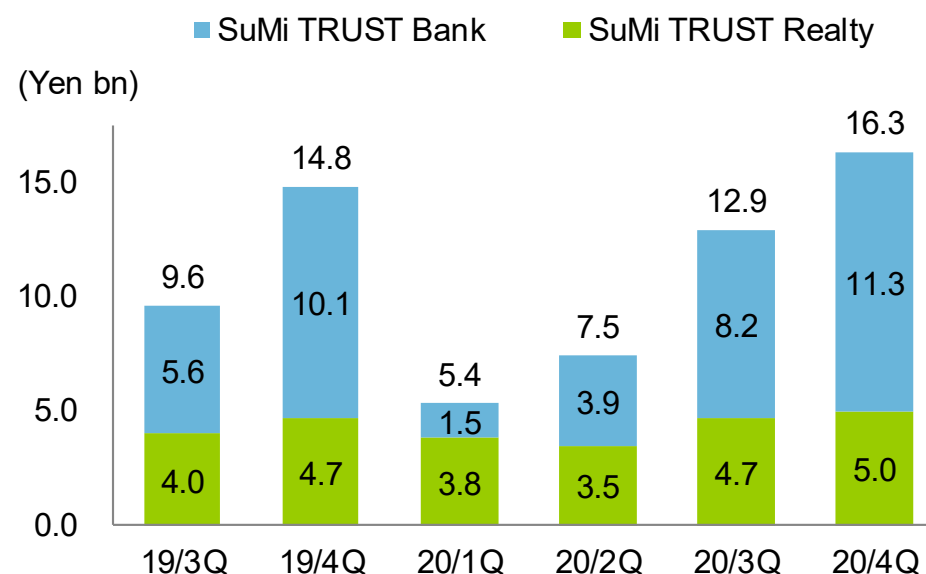
# Fee business: Real estate

- ✓ Brokerage fees from corporate clients (SuMi TRUST Bank): Increased by capturing end of term sales needs of corporate clients including some pipelines for FY21
- ✓ Brokerage fees from retail clients (SuMi TRUST Realty) : also grew steadily
- ✓ Total profit on real estate business in 2HFY2020 marked a record high of 2H profit

## Income (group base)

		FY19	FY20	Change
	(Yen bn)			
1	Real estate brokerage fees	49.3	42.2	(7.0)
2	SuMi TRUST Bank	29.2	25.0	(4.1)
3	SuMi TRUST Realty	20.0	17.2	(2.8)
4	Real estate trust fees, etc.	6.2	6.1	(0.1)
5	Net other real estate profit	1.3	1.4	0.0
6	SuMi TRUST Bank	—	—	—
7	Group companies	1.3	1.4	0.0
8	Total	56.9	49.8	(7.0)
9	o/w SuMi TRUST Bank	35.4	31.1	(4.2)

## Real estate brokerage fees (quarterly)



## Assets under management / administration

		Mar. 20	Mar. 21	Change
	(Yen bn)			
10	Securitized real estate	18,004.0	20,047.4	2,043.3
11	Assets under custody from J-REITs	15,835.5	16,785.3	949.8
12	Assets under management	554.1	613.1	58.9
13	Private placement funds	285.2	341.5	56.3
14	J-REITs	268.9	271.6	2.6

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

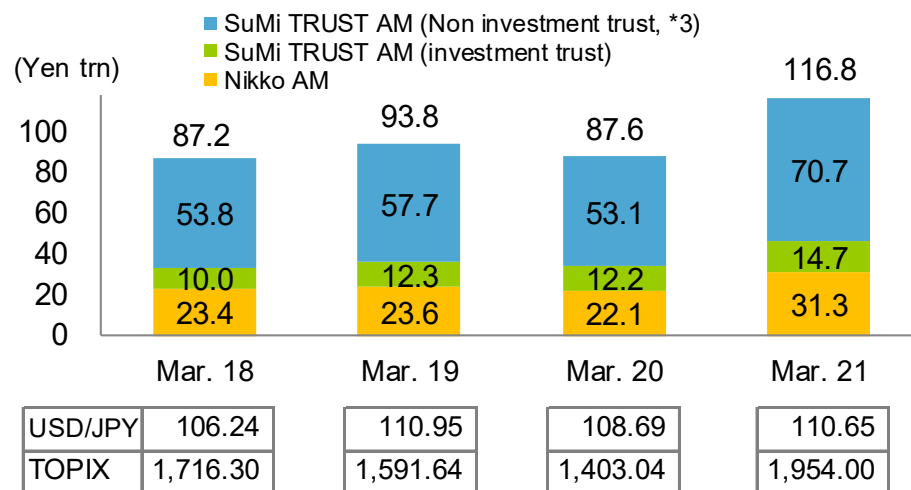
- ✓ AUM increased by ¥29.1trn to ¥116.8trn YoY due to recovery of market value and increasing cash inflows
- ✓ AUC also increased YoY in all of asset categories mainly due to recovery of market value of custody assets

## Assets under management (AUM)

	(Yen trn)	Mar. 20	Mar. 21	Change
1 Assets under management (*1)		87.6	116.8	29.1
2 SuMi TRUST AM		65.4	85.5	20.0
3 Investment trust		12.2	14.7	2.4
4 Non investment trust (*2)		53.1	70.7	17.5
5 Corporate pension trust		13.1	14.6	1.4
6 Public pension trust		9.7	12.9	3.1
7 Discretionary investment		30.2	43.2	12.9
8 Nikko AM		22.1	31.3	9.1

(\*1) Categorized by entity actually managing asset

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



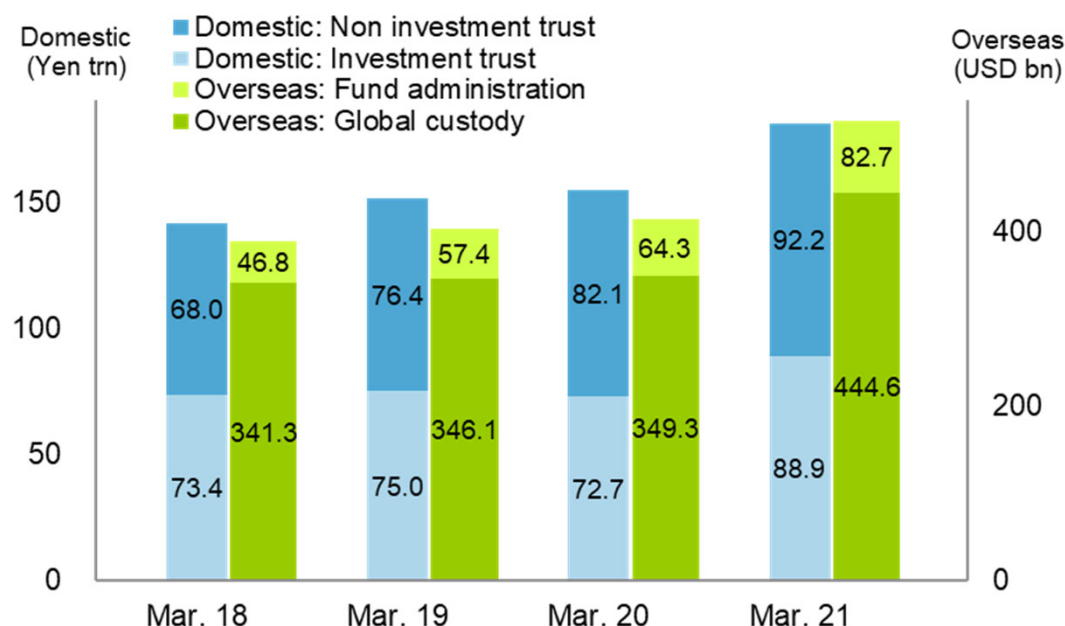
(\*3) Managed by SuMi TRUST Bank until the end of Mar. 18

## Assets under custody/administration (AUC)

	(Yen trn)	Mar. 20	Mar. 21	Change
[Domestic]				
9 Investment trust (*4)		72.7	88.9	16.1
10 Non investment trust (*4)		82.1	92.2	10.1
[Overseas]	(USD bn)			
11 Global custody (*5)		349.3	444.6	95.2
12 Fund administration		64.3	82.7	18.4

(\*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.)



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

- ✓ Loans to individuals: Solid progress against full-year target by steady execution of residential mortgage loans even under COVID-19
- ✓ Corporate credit: Corporate (Foreign currency) decreased due to selective transactions considering profitability. Corporate (Yen) increased due to increased loan demands related to COVID-19

## Advanced amount and balance for individuals

		FY19	FY20	Change
(Yen bn)				
1	Advanced amount of loans to individuals	1,308.8	1,227.7	(81.1)
2	o/w Residential mortgage loans	1,204.0	1,125.5	(78.5)

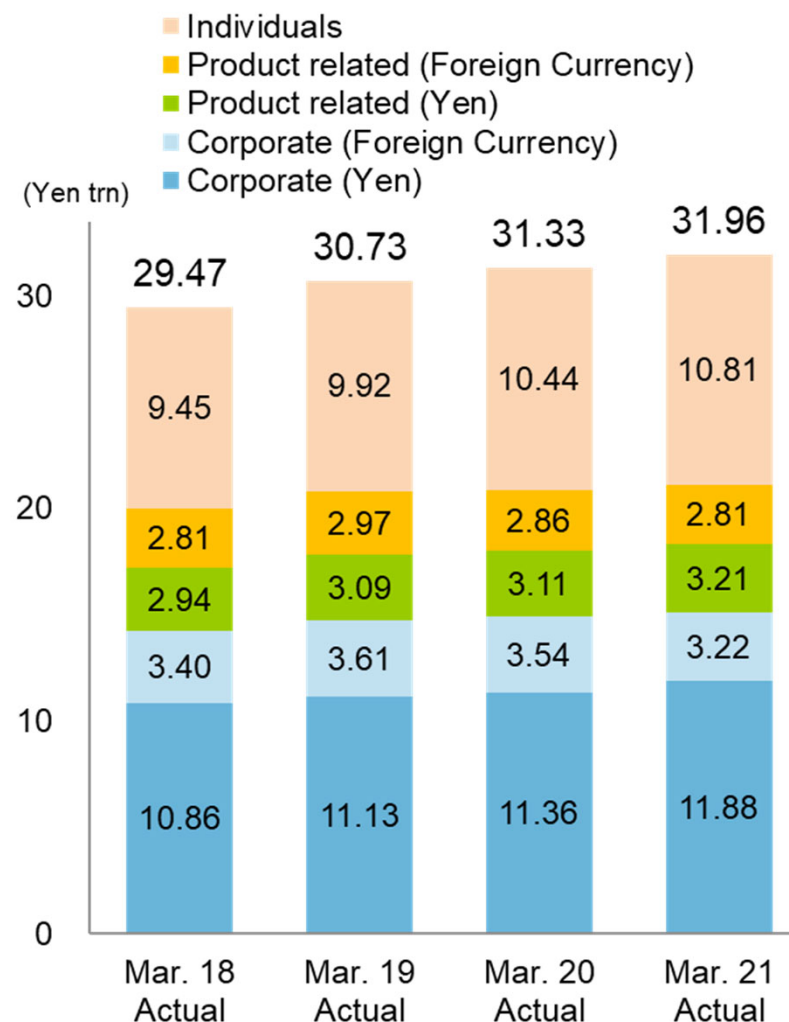
		Mar. 20	Mar. 21	Change
(Yen bn)				
3	Balance of loans to individuals	10,443.2	10,819.6	376.4
4	o/w Residential mortgage loans	9,801.0	10,141.8	340.7

## Balance of credit for corporates

		Mar. 20	Mar. 21	Change (*)
(Yen bn)				
5	Corporate (Yen)	11,369.5	11,885.4	515.8
6	Corporate (Foreign Currency)	3,548.9	3,225.4	(323.5)
7	Product related (Yen)	3,112.1	3,217.5	105.3
8	Product related (Foreign Currency)	2,862.5	2,812.7	(49.8)
9	Total balance of credit for corporates	20,893.2	21,141.1	247.8
10	o/w Product related	5,974.6	6,030.2	55.5

(\*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥110.0bn,  
Product related (Foreign Currency) approx. ¥120.0bn

## Credit portfolio balance



# Forecast for FY2021

- ✓ Based on the expected gradual recovery of fee related businesses, net business profit is expected to be ¥280.0bn as almost the same level as FY20 excluding temporary positive factors in FY20
- ✓ Net income is expected to be ¥155.0bn based on expected increase of credit costs and elimination of unrealized losses on net gains on stocks in FY20
- ✓ The dividend on common share is expected to increase YoY by ¥10 to ¥160 per share, resulting in the consolidated payout ratio of 38.7%

	(Yen bn)	FY20 Actual	1H Forecast	2H Forecast	FY21 Forecast	Change from FY20
1	Net business profit before credit costs	294.7	130.0	150.0	280.0	(14.7) (1)
2	o/w SuMi TRUST Bank	206.5	95.0	100.0	195.0	(11.5)
3	Substantial gross business profit	739.2	360.0	380.0	740.0	0.7
4	o/w SuMi TRUST Bank	451.9	215.0	225.0	440.0	(11.9)
5	Other group companies	287.3	145.0	155.0	300.0	12.6
6	Substantial G&A Expenses	(444.5)	(230.0)	(230.0)	(460.0)	(15.4)
7	o/w SuMi TRUST Bank	(245.4)	(120.0)	(125.0)	(245.0)	0.4
8	Other group companies	(199.1)	(110.0)	(105.0)	(215.0)	(15.8)
9	Total credit costs	(7.8)	(10.0)	(10.0)	(20.0)	(12.1) (2)
10	Net gains on stocks	(43.5)	0.0	0.0	0.0	43.5 (3)
11	Other non-recurring profit	(60.2)	(13.0)	(22.0)	(35.0)	25.2 (4)
12	Ordinary profit	183.1	107.0	118.0	225.0	41.8
13	o/w SuMi TRUST Bank	114.0	80.0	80.0	160.0	45.9
14	Net income	142.1	75.0	80.0	155.0	12.8
15	o/w SuMi TRUST Bank	95.9	55.0	60.0	115.0	19.0
16	Dividend per common share (Yen)	150	80	80	160	+10
17	Consolidated dividend payout ratio	39.5%	---	---	38.7%	(0.8%)

## (\*) Shareholder return policy

- ✓ As a shareholder return policy commensurate with earnings, aim to raise the consolidated dividend payout ratio to around 40% in or around FY2022.
- ✓ Furthermore, securing adequate capital as a precondition, we will conduct tactical share repurchases while considering the balance between capital utilization for medium to long-term profit growth and the effect of repurchases in improving capital efficiency.

## 【Assumptions】

- Net business profit: ¥(14.7)bn YoY
  - Mainly due to expected decrease in gross business profit of SuMi TRUST Bank.
  - Net business profit of other group companies are expected to slightly decrease.
- Total credit costs: ¥(20.0)bn
  - Substantial balance of allowance for losses is ¥(38.0)bn including special loan loss provision of ¥(18.0)bn as of Mar. 2021.
- Net gains on stocks: forecast ¥±0.0 bn
  - Expected profit on sales of strategic shareholdings is fully offset by recognition of unrealized losses on hedging transactions.
- Other non-recurring profit: ¥(35.0)bn
  - Improvement YoY is mainly due to write-off of actuarial differences.

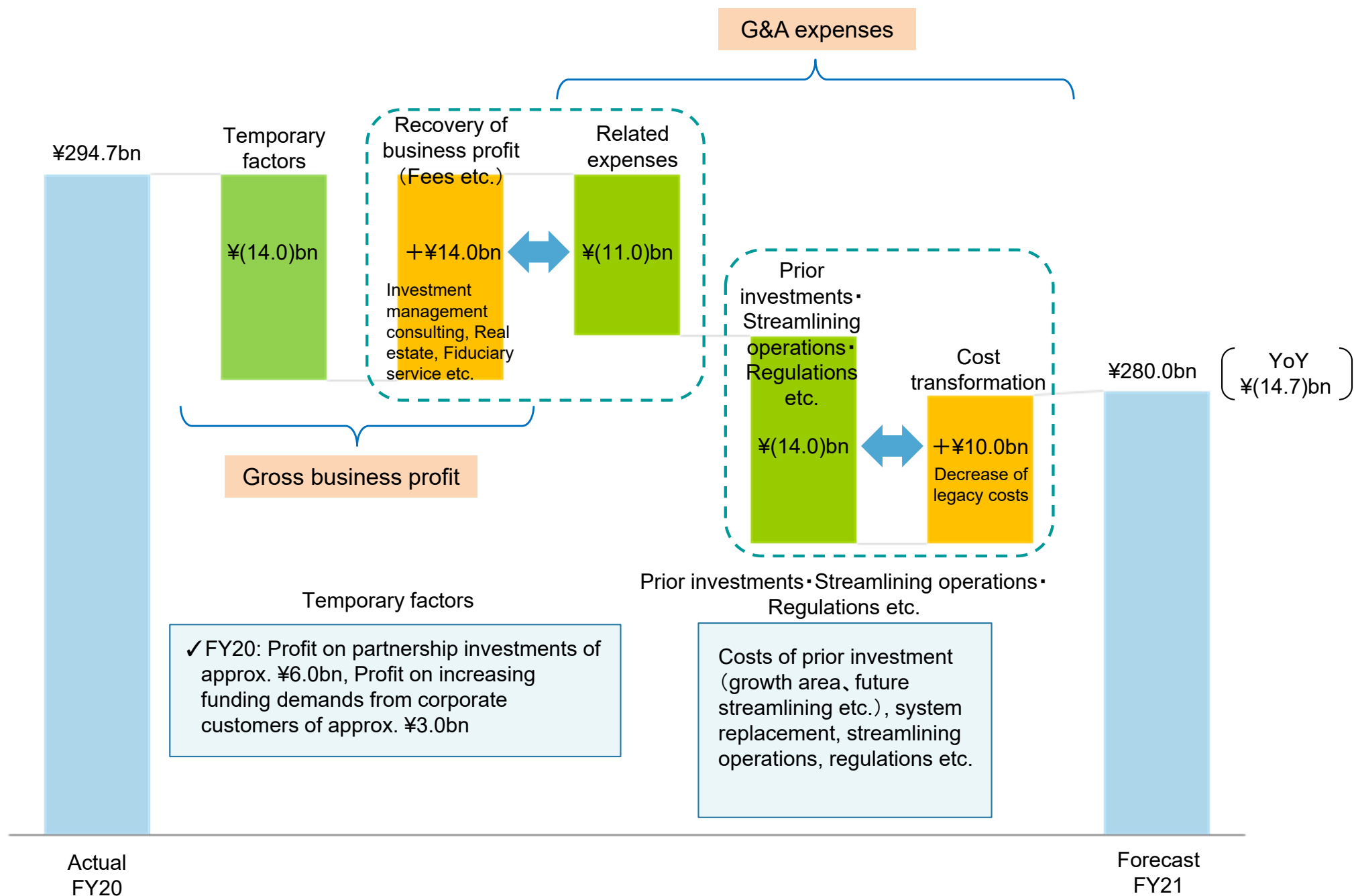
# (Reference) Profit forecast for FY21 by business segment

		FY20 Actual				
			1H Forecast	2H Forecast	FY21 Forecast	Change from FY20
(Yen bn)						
1	Total of net business profit before credit cost	294.7	130.0	150.0	280.0	(14.7)
2	Retail total solution services	15.5	9.0	8.0	17.0	1.4
3	SuMi TRUST Bank	(1.2)	1.0	1.0	2.0	3.2
4	Other group companies	16.7	8.0	7.0	15.0	(1.7)
5	Wholesale financial services (*1)	132.1	50.0	65.0	115.0	(17.1)
6	SuMi TRUST Bank	102.3	38.0	49.0	87.0	(15.3)
7	Other group companies	29.7	12.0	16.0	28.0	(1.7)
8	Stock transfer agency services	20.8	11.0	8.0	19.0	(1.8)
9	SuMi TRUST Bank	19.7	10.0	8.0	18.0	(1.7)
10	Other group companies	1.1	1.0	0.0	1.0	(0.1)
11	Real estate	25.5	10.0	18.0	28.0	2.4
12	SuMi TRUST Bank	21.3	8.0	15.0	23.0	1.6
13	Other group companies	4.2	2.0	3.0	5.0	0.7
14	Fiduciary services	34.7	16.0	17.0	33.0	(1.7)
15	SuMi TRUST Bank	30.9	15.0	16.0	31.0	0.0
16	Other group companies	3.8	1.0	1.0	2.0	(1.8)
17	Asset management business (*2)	29.8	16.0	16.0	32.0	2.1
18	Global markets	54.4	25.0	25.0	50.0	(4.4)

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

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

# (Reference) Forecast for FY21 (YoY net business profit before credit costs)





- ✓ we shall endeavor to utilize our Group's highly specialized proficiencies in areas including asset management, administration and real estate to contribute to "creating a virtuous circle from increased enterprise value leading to increase in household savings, assets and equity."
- ✓ As a trust bank Group, we shall strive to assist the sustainable and stable growth of the Japanese economy and corporations, fostering a healthy capital market and realizing the well-being of our clients and society as a whole.

### 1) Enhancement and sophistication of business operational quality

High business operational quality is the source of our Group's strengths, and recognizing that this is the key element that earns the trust of our clients and society, we shall strive to enhance and sophisticate our operational quality as expected by our stakeholders

### 2) Accelerate businesses unique to the trust bank Group.

Our Group shall strive to offer diverse range of services, with "recirculation" as a keyword, and "trust" function as its core, that realizes high added-value and positive impact for our clients and society, aiming for both social and our Group's sustainable and stable growth

### 3) Reduction of strategic shareholdings

As one of the initiatives to enhance capital efficiency, we intend to accelerate the pace of strategic shareholding reduction. (Please see Page 28 for details)

# Initiatives for reduction of strategic shareholdings

- ✓ Policy change to “NO position of strategic shareholdings as conventional stable shareholder”

Establish the virtuous circle as trust bank group

Circulation of money・assets・capital through  
asset management services



Increase corporate values through providing  
solutions with corporate customers

## Initiatives based on the new reduction policy

### (1) Dialogue with those corporate customers whom strategic shareholdings the company has.

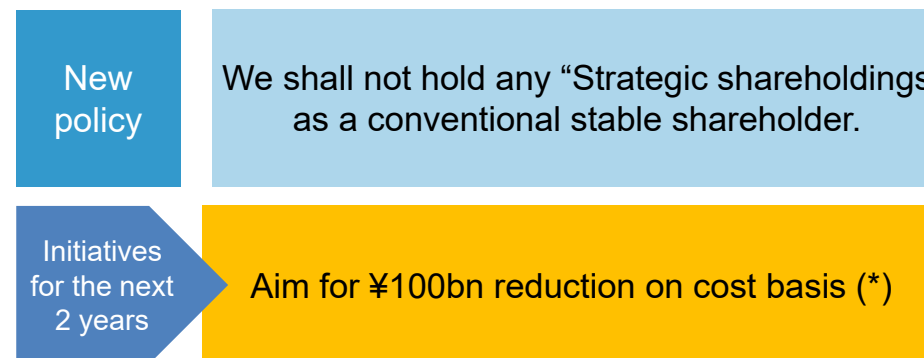
- Accelerate reduction of strategic shareholdings by providing tailor-made solutions and promoting mutual understanding with customers

### (2) Policy of exercising voting rights on strategic shareholdings

- Aim to announce the policy for dialogue that contributes to boosting corporate values at FY21 mid term earnings. (Assuming enforcement of the new policy from FY 2022 June AGM)

### (3) Immediate prospect of reduction of strategic shareholdings

- Aim to Promote cost basis reduction of ¥100bn (market value basis ¥250bn) across the next 2 years.
- Promote dialogue with customers under management and enhance monitoring structures for reduction progress at the BOD.



(\*)For names that saw book value increase (book value increase: approx. ¥60.4bn) due to improvement of hedge position in FY2020, book values prior to the increase will be applied.

