



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Investor Meeting on Financial Results for FY2020

May 21, 2021

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SUMITOMO MITSUI TRUST HOLDINGS

- ◆ I am Takakura, installed as President of Sumitomo Mitsui Trust Holdings (hereinafter; SuMi TRUST) as of this April.
- ◆ I will place importance on “dialogue” with the markets in managing the business by solidly responding to the stakeholders’ voices starting with those of the investors. Thank you for your support in advance.
- ◆ I would like to explain according to the presentation material.
- ◆ Please turn to page 2.

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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 FY2011: 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

TAM: Sumitomo Mitsui Trust Asset Management NAM: Nikko Asset Management

< 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.



Executive Summary

FY2020 results displayed “resilience” against shocks with ramp up in recurring income, recovery of non-recurring income in the 2H, restrained credit costs and others

Social challenges revealed / accelerated
Growth opportunity for the SuMi TRUST Group by promoting problem solving placing “trust functions” as the core

Promoting a capital light business model
Reduction of strategic shareholdings and optimization of hedging transactions to improve capital efficiency

- ◆ These are the “three focal points” I hope to share with you today.
- ◆ The first is our FY2020 financial results. In short, I believe we were able to display “resilience” against shocks despite the negative impacts from COVID-19.
- ◆ The second is awareness on the surrounding environment and strategies. Under this environment where social challenges are ever more revealed and necessity to address to those challenges are accelerated, we believe this is a favorable opportunity for us, SuMi TRUST to grow by leveraging our “trust ” capabilities in resolving issues. I will discuss the roles we intend to play along with our strategies regarding this topic later.
- ◆ The third is promotion of a capital light business model. Here, I will discuss our policy shift regarding strategic shareholdings and others.
- ◆ I will now start with financial results for FY2020. I will only discuss the highlights today since our financial results have been disclosed on the 13th.
- ◆ Please turn to page 6.

1. Summary of FY2020

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 2HFY20 as well as temporary factors such as profit on investment in partnership reflecting rise of stock prices (posted as part of Effective interest related earnings)
- ✓ Net income decreased YoY due to impairment of software assets looking ahead of new normal, partially realized unrealized gains/losses of both strategic shareholdings as well as hedging transactions, improved hedging positions (achieved FY20 Forecast)
- ✓ As for FY21, net business profit expected to decrease to ¥280.0bn mainly due to non-recurrence of temporary positive factors, despite assumption of gradual recovery of fee related businesses. Net income expected to increase to ¥155.0bn due to non-recurrence of losses on net gains on stocks posted in FY20. Dividend on common share expected to increase by ¥10 YoY to ¥160 per share, equivalent to consolidated payout ratio of 38.7%

<Major KPIs>		(Yen bn)		FY19	Forecast	FY20	change from	change from	FY21	change from
				Actual		Actual	FY19	Forecast	Plan	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)	+9.0	+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%)	(*)		

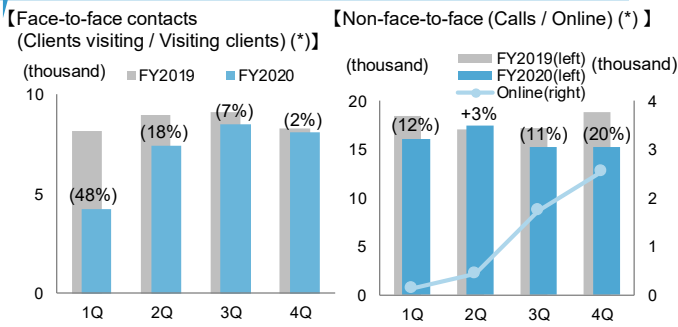
(*) Pro-forma figure of March 2021 CET1 Capital Ratio on Finalized Basel III reform basis is 9.4%.

<Per share information>

		(Yen)		FY19	Forecast	FY20	change from	FY21	change from
				Actual		Actual	FY19	Plan	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%)
				Mar. 20		Mar. 21	change from Mar. 20		
12	Net assets per share (BPS)			6,822		7,192	+369		

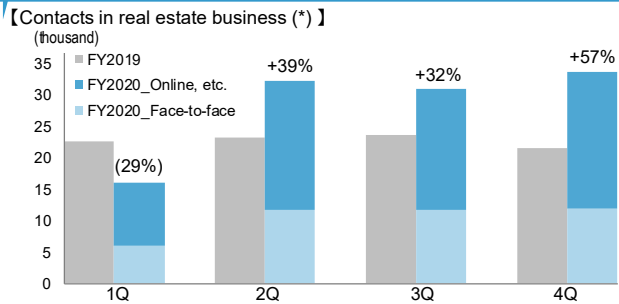
Impact of COVID-19 on business environment

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



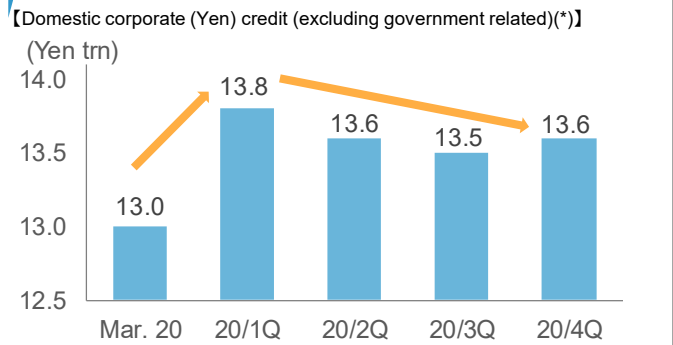
(*) Daily average. Compared to the same period of previous year

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



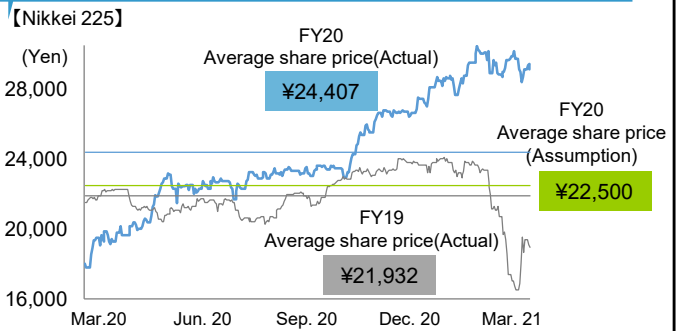
(*) Compared to same month of previous year
Online etc. include ZOOM, tele-conferences and others

Peak out of COVID-19 related credit



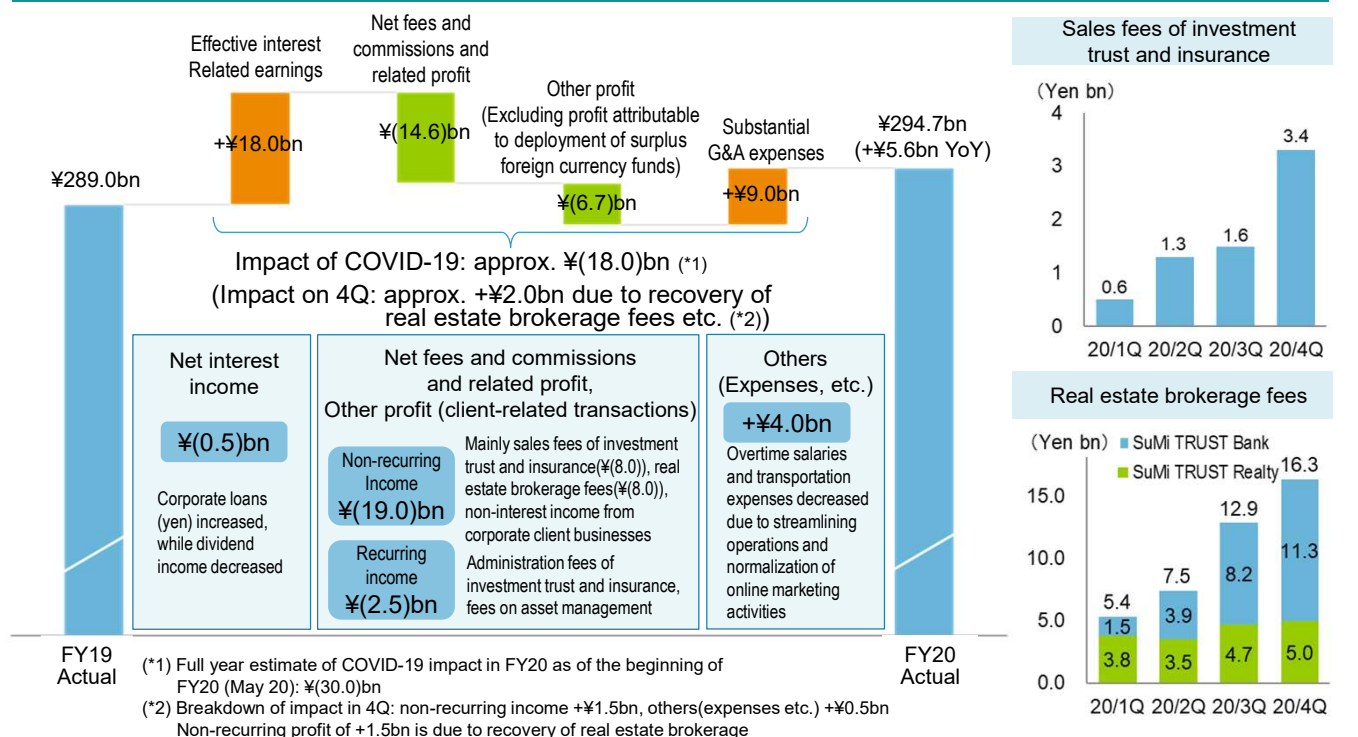
(*) Quarterly figures are average of month-end balance included in each quarter

Share price level exceeded assumption



Net business profit

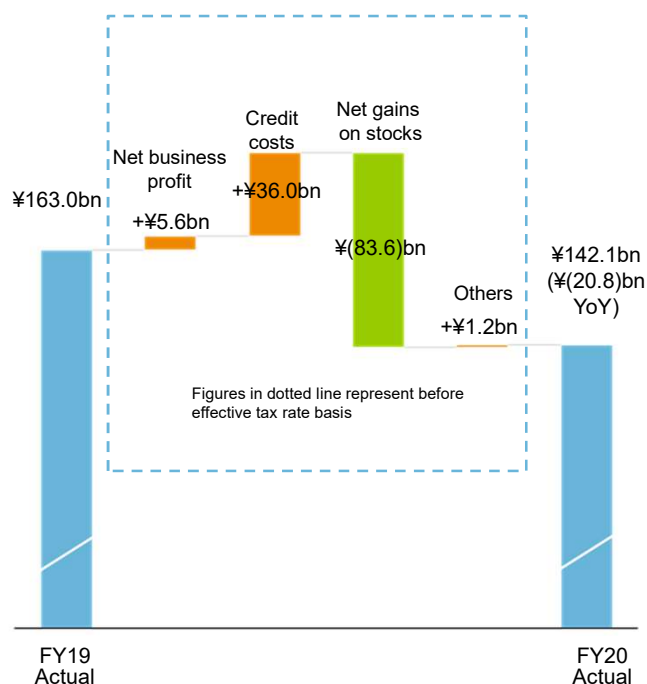
- ✓ Negative impact of COVID-19 substantially reduced in 4Q and remained at ¥18.0bn, lower than FY20 initial forecast of ¥30.0bn



- ◆ Although there were some positive one-off factors, net business profit before credit costs, underpinned by resilient recurring income and substantial recovery of non-recurring fee income in the 2HFY2020 as you can see in the graph on the right hand side, has offset negative impact of COVID-19, and increased by 5.6 billion yen YoY.
- ◆ Regarding net income, I will focus “net gains on stocks”, where there was a significant change.
- ◆ Please skip a page to page 8.

Net income

- ✓ Achieved targeted net income of ¥140.0bn, 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 non-recurrence of FY19 special loan loss provision (approx. ¥25.0bn) and 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)
- Partially realized unrealized gains/losses of both strategic shareholdings and hedging transactions to address rise of stock prices
(Please see page 8 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 derivatives: ¥(12.6)bn (YoY approx. ¥(20.0)) (*2)
- Impairment losses on software assets based on the profit forecast of retail total solution services looking ahead of new normal: approx. ¥(20.0)bn YoY etc.
- One-time profit on decrease of accumulated retirement benefit obligations based on change of HR system including extension of retirement age: (approx. ¥37.0bn)

(*1) Cost base reduction in FY20: approx. ¥25.0bn

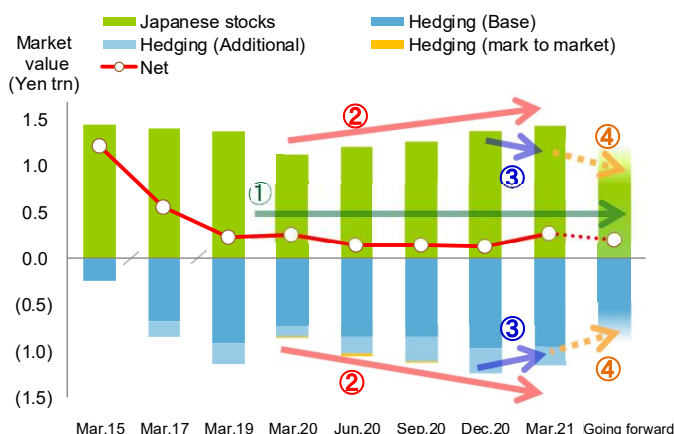
(*2) Breakdown of ¥(12.6)bn:

- 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

- ✓ Partially realized unrealized gains/losses of both strategic shareholdings and hedging transactions, improved hedge positions

Hedge positions against strategic shareholdings



% hedged (*1)	Hedging policy	As of Mar.21
Base	Maintain current ratio of 65% in principal	Approx. 65%
Additional	Adjust volume in consideration of share price (*2)	Approx. 15%

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

(*2) Contrarian to stock price (i.e. hedging ratio rise in accordance to rising stock price). Revised policy in Mar. 21 not to further increase hedge positions even if stock price rises going forward, and hedging range reduced from 0-20% to 0-14%

(*3) Due to mismatch between our strategic shareholdings portfolio and related indices (Nikkei 225 and TOPIX) that hedging transactions use for hedging reference

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Background of implementing improvement of hedge positions

- ① Continue restraining net stock price fluctuation risks through hedging transactions (effectively hedged)
- ② Increased gross unrealized gains/losses of strategic shareholdings and hedging transactions from rising stock prices (tracking errors(*3) occurred as well)
- ③ Improved hedge positions by partially realized unrealized gains/losses of both strategic shareholdings as well as hedging transactions
 - Strategic shareholdings: **approx. ¥93bn**
(Gains on outright sales: approx. ¥30bn, Realized unrealized gains (repurchase): approx. ¥63bn)
 - Hedging transactions: **approx. ¥(135)bn**
(Unrealized gains/losses as of Mar. 21: Strategic shareholdings ¥816.1bn, Hedging transactions ¥(373.7)bn, Net ¥442.3bn)
- ④ Initiatives going forward
 - Reduction of strategic shareholdings**
(See page 49 for details)
Revised policy: In principle, we shall not hold any "Strategic shareholdings as a conventional stable shareholder"
Aim to reduce by ¥100bn (at cost, or roughly ¥250bn at market value) across the next 2 years.
 - Reducing % of hedging**
Reduce hedging volume in accordance with reduction of strategic shareholdings, together with reducing tracking errors

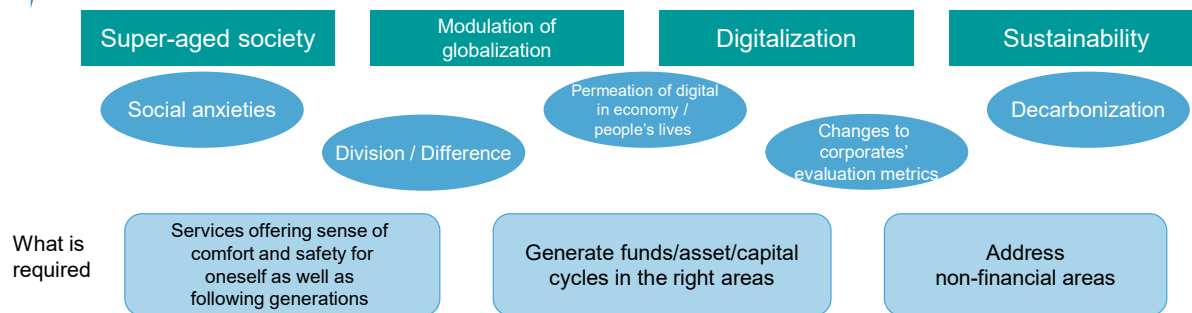
- ◆ SuMi TRUST has continued to restrain risks through hedging transactions against stock price fluctuation of strategic shareholdings. Securing capital by hedging activities is basically effective.
- ◆ However, due to the sudden rise in stock prices, both unrealized gains of underlying stocks and unrealized losses from hedging transactions increased on gross basis. Therefore, while we posted 93 billion yen realized gains from strategic shareholdings, we also realized negative 135 billion yen unrealized losses from hedging transactions to improve hedge position.
- ◆ I explain in details later, but we will further accelerate our reduction of strategic shareholdings, along with reduction of hedging transactions and improvement of hedge position.
- ◆ Next, moving on to what I will aim for as the President. I would like to explain my recognition on the surrounding environments, what to emphasize, and my thoughts on a role of "Trust".
- ◆ Please go to page 10.

2. What the new management aims to achieve

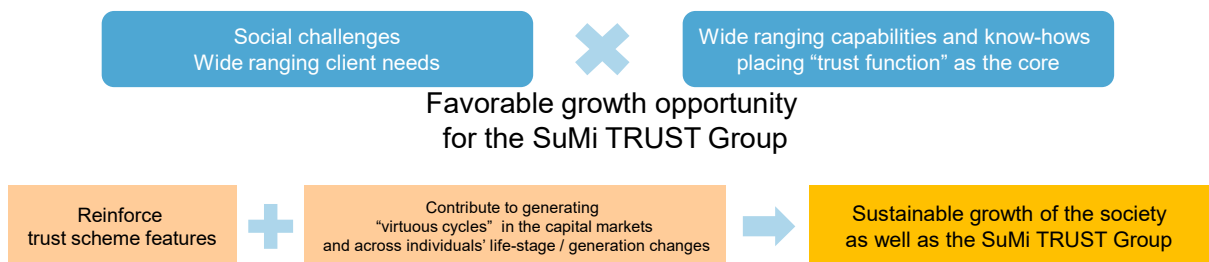
Environmental awareness / Our vision

- ✓ Contribute to solving social issues, generating “cycles” among individuals’ life-stage / generation changes, “cycles” in the capital markets. Aim for Sustainable growth.

Awareness on the surrounding environment (Social challenges revealed / accelerated)



Our vision



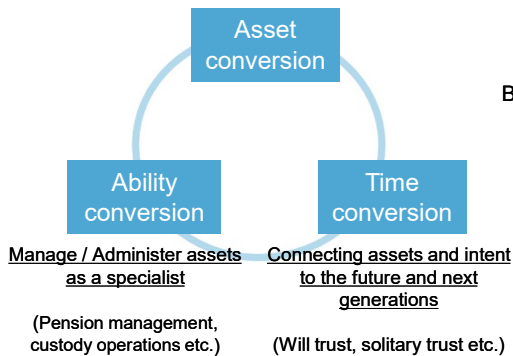
- ◆ In the wake of the spread of COVID-19 revealed the social challenges originally existed, and necessity to address to these challenges are accelerated.
- ◆ Social anxieties grew, digitalization permeated our daily lives and the economy, and sustainability initiatives such as decarbonization is progressing.
- ◆ At times like these, I believe that “sense of comfort and safety”, “circulation of funds”, “non-financial issues” become keywords regarding what are being called for. I acknowledge this environment as the growth opportunity for the SuMi TRUST Group.
- ◆ The Group can provide various solutions by leveraging the features of trust functions. The society as well as the Group grow sustainably by contributing to generating virtuous cycles among individuals’ life-stage and generation changes as well as in the capital markets through leveraging the power of trust. Such is the vision the Group will aim to achieve.
- ◆ Please go to page 11.

Widening role of “trust” (Track-record (1): Funds /Asset /Capital cycles)

✓ Widening role of “trust” related products and services in generating “cycles” in the capital markets

Broad and flexible capabilities available through “trust”

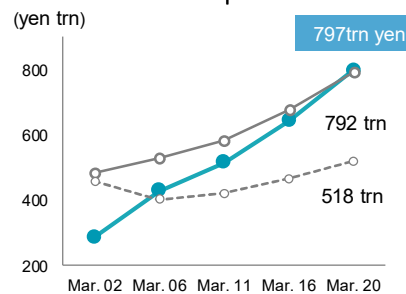
Liquidity and added value of assets boosted with trust schemes, also contributing to financial inclusion
(Investment trusts, REITs, etc.)



Growth exceeding lending/deposit

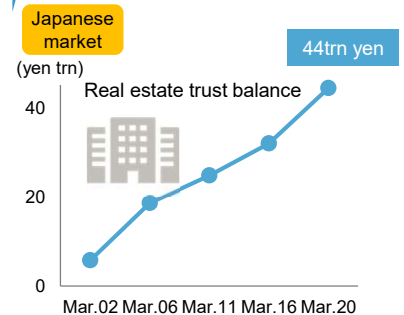
Japanese market	Balance	Growth rate (vs Mar.02)
Trust balance (*1)	797trn yen	265%
National bank deposit balance	792trn yen	200%
National bank loan balance	518trn yen	113%

Balance of trust growing to a scale exceeding balance of deposits

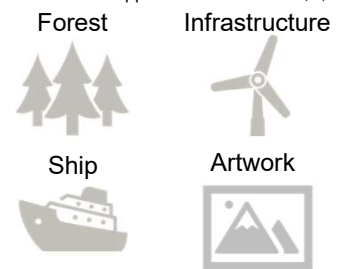


(*1) Money trust+trusts other than money trust (excluding re-trust schemes)
(Source) Based on BOJ's "The flow of Funds Accounts Statistics (the FFA)" and Trust Companies Association of Japan's "Current state of trusts under management"

Expansion in target assets



Assets with trust application track-record (*2)



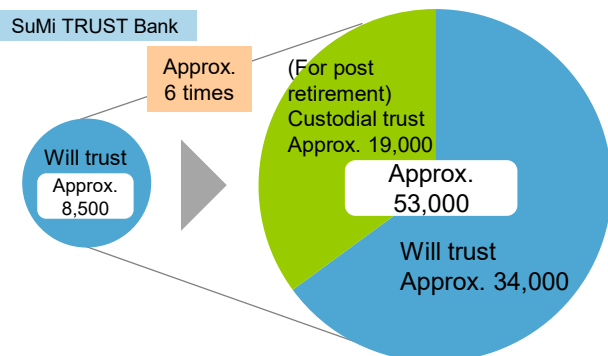
(*2) Including collaterals such as various rights under management"

- ◆ It is indeed a fact that roles of trust schemes are expanding in the society.
- ◆ As shown in the center chart, balance of trust schemes in Japan is 797trillion yen, expanding to levels that exceed the balance of bank deposits.
- ◆ Further, trust schemes are extremely flexible structures.
- ◆ As you can see in the right hand side, its application is spreading to areas other than funding such as real estate, forestry, shipping, infrastructure and they are contributing to generating cycles and boosting values of such assets.
- ◆ Please turn to page 12.

Widening role of “trust” (Track-record (2): Safe and Secure service)

- ✓ Provide services for sense of security/safety of post retirement and generating funds/asset cycles for the next generation in a super-aged society

Growing needs for inheritance and post retirement asset administration



Mar. 01

Mar. 21

(*1) Total of Chuo Mitsui Trust Bank and Sumitomo Trust Bank's Inheritance trust contracts for Mar. 2001.

(*2) Administrative type trust schemes for March end 2021 include Guardianship system support trust, Security trust, Anshin support trust, 100-year passport and others.

6 fold increase in the number of contracts signed
Growth also seen in “administrative type “ products that provide sense of security for post retirement

Examples of products and services newly developed in the past 5 years

Solitary trust

Offer support in addressing personal issues if something were to happen to solitary individuals. Provide sense of security to various post retirement options.



Security trust

Offer sense of security and safety by making regular payments from the entrusted funds under consent of family members etc.



Medical support donation trust

Trust scheme product that support activities in alignment with themes studied by individual colleges that contribute to the development of advanced medicine.



Provide sense of security and safety by developing trust related products that are in alignment with the times

- ◆ In a super-aged society, the individual's "needs for circulation of funds and assets" will increase.
- ◆ The Group is expanding services which can promote those circulation with "safety" and is also developing new products.
- ◆ Please turn to page 13.

Widening role of “trust” (Track-record (3): Sustainability, Non-financial business)

- ✓ Generating cycles for funds/capital that contribute to decarbonization and support corporates' initiatives for strengthening non-financial areas

Contribution to circulation utilizing group power

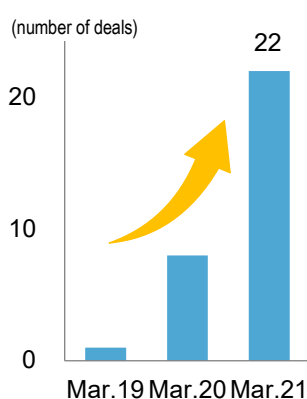
Supporting corporate clients' sustainability initiatives

SuMi TRUST Bank

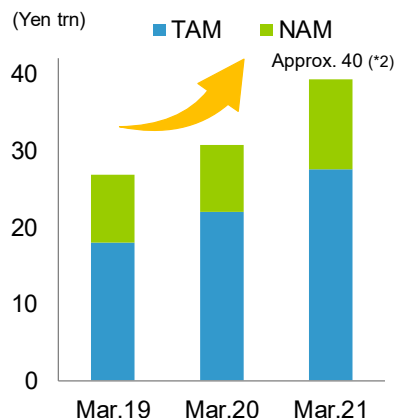
TAM, NAM

SuMi TRUST Bank

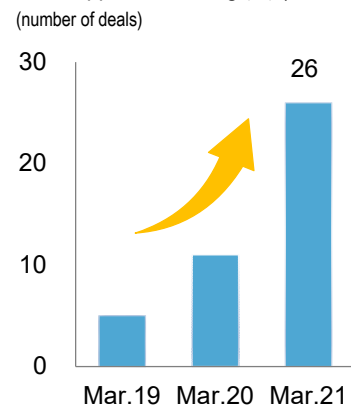
Number of Positive Impact Finance (*1) handled (Cumulative)



ESG related AUM balance



Number of mandates won for Sustainability business management support consulting (*3) (Cumulative)



(*1) Positive Impact Finance(PIF) :Develop evaluation frameworks as well as work continuously with corporates through engagements
(*2) NAM: Balance as of Dec, 20

(*3) Sustainability business management consulting :Includes identification of materiality/impact management etc., reinforcement of business management, information disclosure such as Integrated reporting etc., support for dialogue with investors etc.

- ◆ The circulation of funds and capital that promotes decarbonization and the companies' sustainability initiatives are also areas where the Group is good at.
- ◆ As you can see, our track-record is “steadily expanding”. It is important how we can connect these opportunities into growth.
- ◆ Please see page 14.

(1) Enhance/Sophisticate operational quality (please see P.16~)

Re-strengthen the foundation of “trust” from clients which is the very source of strength of a trust bank group

(2) Accelerate businesses unique to the trust bank group (please see P.20~)

Sustainable growth by contributing to generating “cycles” across individuals’ life-stage / generation changes and in capital markets

(3) Reduction of strategic shareholdings (please see P.46~ for “Capital policy”)

Contribute to generating cycles in capital markets as well as improve SuMi TRUST Group’s capital efficiency

- ◆ There are 3 important business initiatives, all of which lead to strengthening “businesses unique to the trust bank group”.
- ◆ The first is enhancing and sophisticating business operational quality. The situation regarding tallying of voting rights and others that occurred last year damaged the society’s expectations and trust of us. Trust bank group earns the trust which goes beyond the concept of contracts from clients and from society, and we believe is the very source of strength of the trust bank group.
I take last year’s misconduct issues extremely seriously, I will prioritize to re-strengthen the foundation of “trust” from clients.
- ◆ The second is acceleration of businesses unique to the SuMi TRUST Group. We will discuss our initiatives to achieve SuMi TRUST’s sustainable growth together with solving social issues center around the keyword of a “virtuous cycle”.
- ◆ The third is reduction of strategic shareholdings. I will go into details later regarding this topic under the financial capital policy section, but this is the major point where the Group advocates” promoting of our capital light business model”.
- ◆ Please turn to page 17.

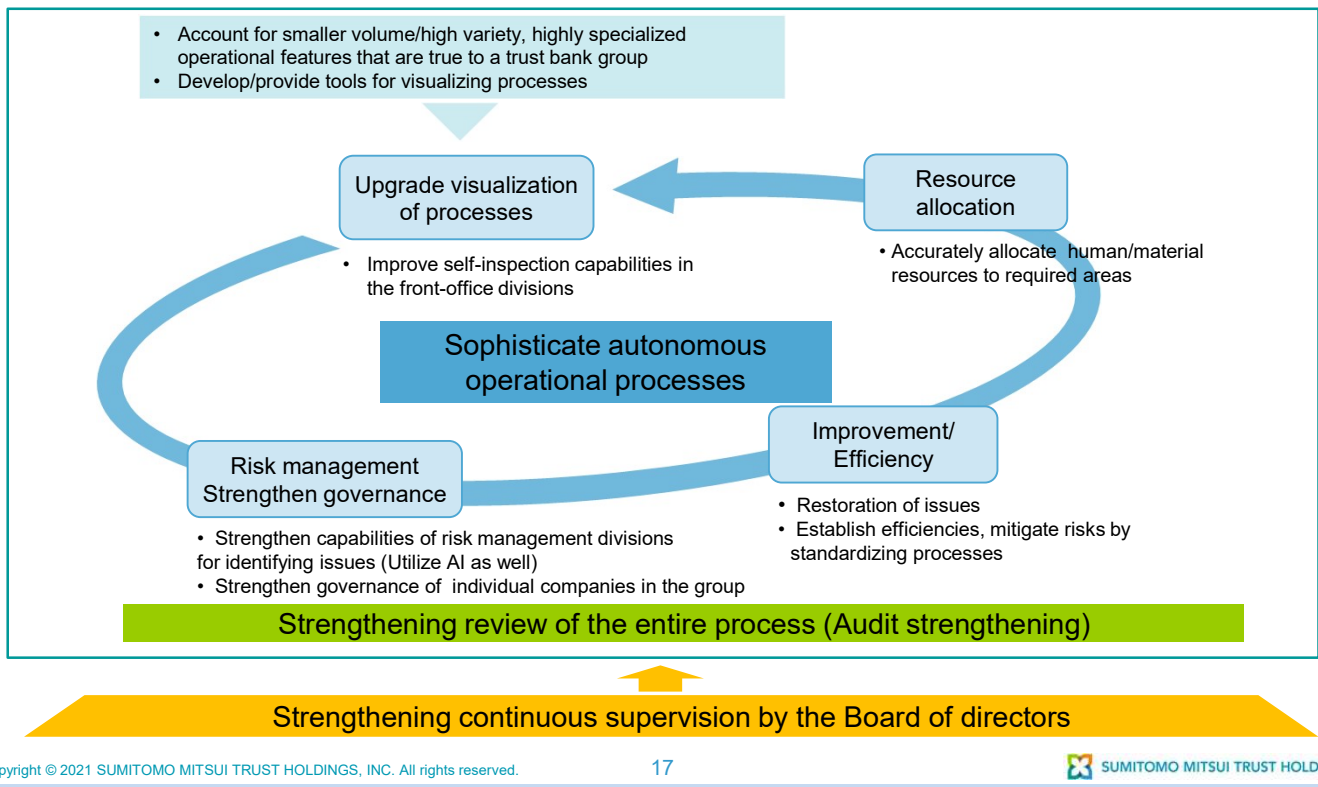
3. Important business initiatives

(1) Enhance / Sophisticate operational quality

Re-strengthen the foundation of “trust” from clients which is the very source of strength of a trust bank group

Enhance / Sophisticate operational quality (1) (Overall)

- ✓ Reinforce initiatives for autonomous improvements to operational processes for sophisticating operational quality to respond to clients' "trust"

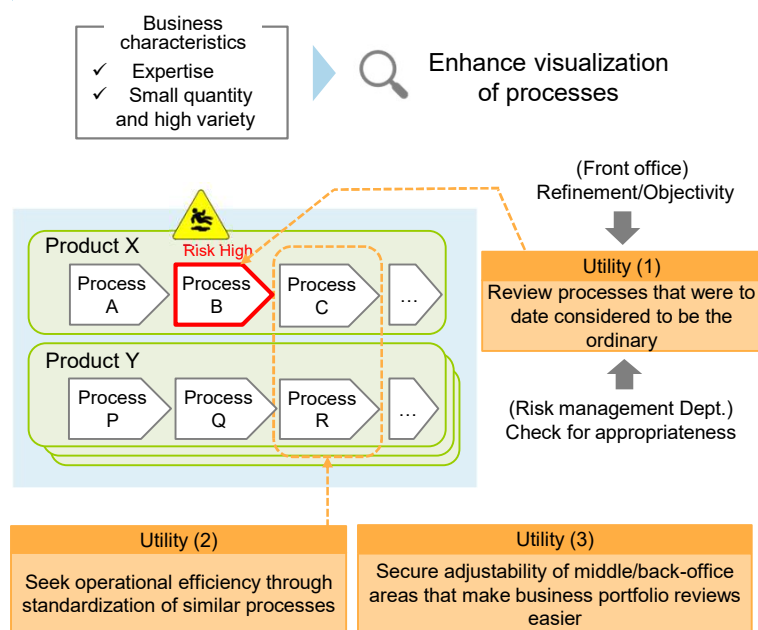


- ◆ The group provides services to many clients both directly and indirectly through trust related businesses.
- ◆ For example, the SuMi TRUST Group has an AUM of approximately 43 trillion yen just with publicly offered investment trusts and offer services to 5.5 million in total under DB and DC schemes. This shows that the Group is indeed the social infrastructure.
- ◆ In addition, I believe that even higher level of business operational quality is required as a bearer of "trust".
- ◆ Based on these points, we will enhance the structure not only to find out and improve business issues but also to enable continuous risk management and autonomous improvements for enhancing and sophisticating business operational quality.
- ◆ Please go to page 18.

Enhance / Sophisticate operational quality (2) (Enhancing visualization and framework)

- ✓ Enhance issue identification capabilities and ability to address future strategies through enhancing visualization of processes. Also enhance management readiness for sophisticating quality

Utilities from enhancing visualization of processes



Enhancing management readiness

(Examples of transaction)

(1) Shift operational risk management to the business process management division



Not only respond to risks and issues but also promote optimization of overall processes as well as seek efficiency

(2) Continuous understanding of the gap with clients' expectations



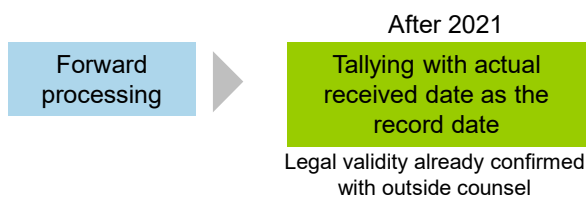
Improve client satisfaction

(*) Periodically conduct client surveys on their evaluation of our company by individual business

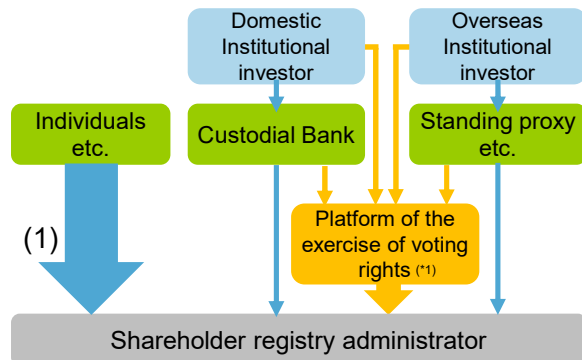
- ◆ Specifically, we will work to enhance of visualization of the processes even further than previously. Through such engagements, the front office divisions will have the opportunity to review ways of doing things that were considered “ordinary” to date on a zero-base, and the risk management departments will be able to enhance the issue identification capabilities.
- ◆ However, this is not the only significance of enhancing visualization. There are also other benefits.
- ◆ The first is improving efficiency by standardizing similar processes among different business lines based on top to bottom visualization.
- ◆ Another is enabling middle and back-office areas to respond with flexibility when reviewing business portfolios by understanding the processes at a granular level. In other words, we believe that these activities will lead to not only just improvements but also enhancements of efficiency, profitability and flexibility against changes.
- ◆ Please go to page 19.

✓ Review operational processes together with promoting electronic proxy voting

Rectify inappropriate operational processes



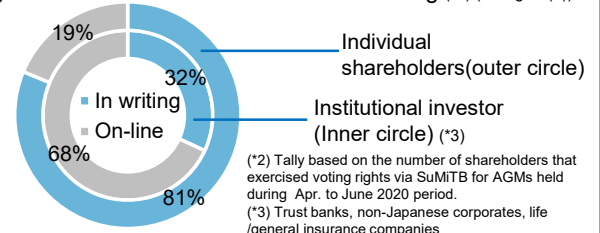
【(Reference)Major flow to exercising of voting rights】



(*1) Services for institutional investors operated by ICJ (JV between the Tokyo Stock Exchange and Broadridge Financial Solutions, Inc)

Measures for promoting electronic proxy voting

High ratio of individual shareholders in writing (*2) (left figure(1))

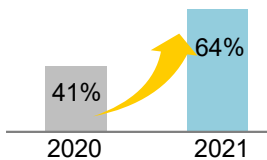


< Support for counterparties' "promotion of retail shareholders' electronic exercising of voting rights" >

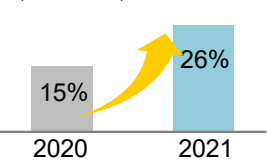
Campaign on exemption of implementation cost for electronic proxy voting

Consulting on incentivizing retail clients for promoting electronic proxy voting

【Adopt ratio of on-line service (Mar. AGM)】



【Use ratio of on-line service (Mar. AGM)】

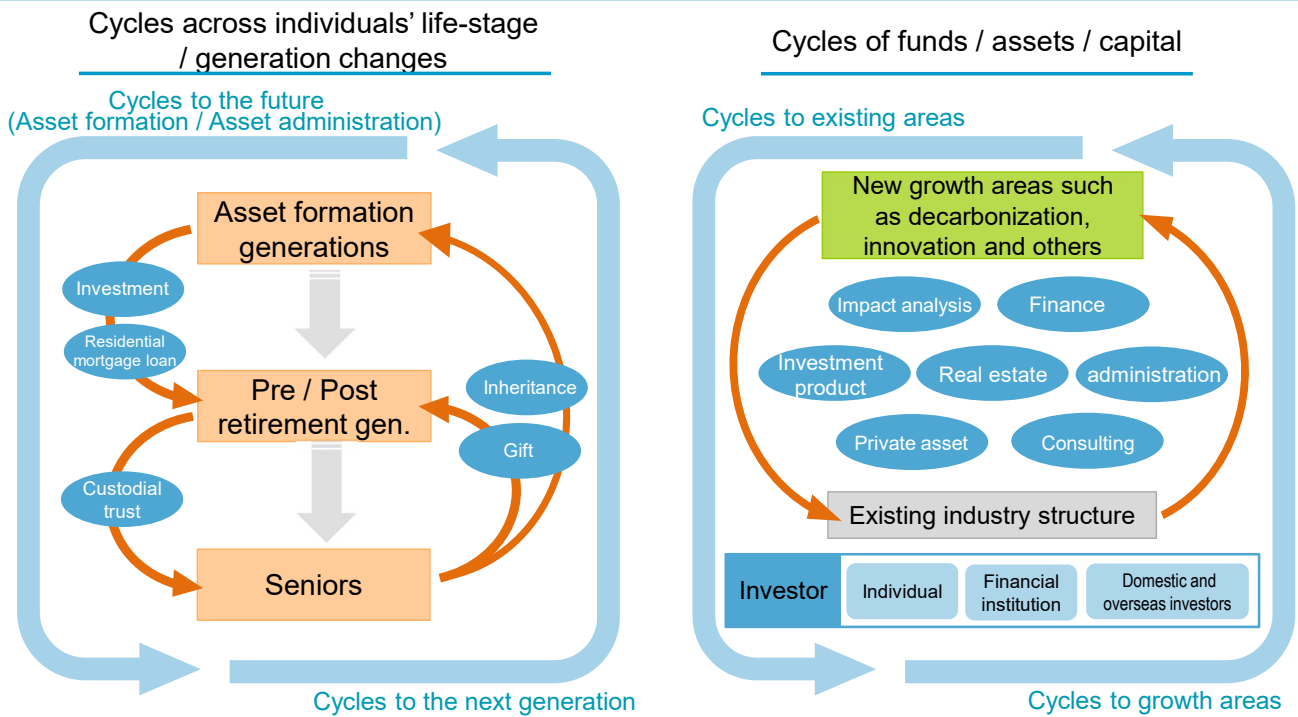


- ◆ Regarding the tallying of voting rights issue at our stock transfer agency businesses, we have rectified inappropriate processes. And, we are taking measures to promote electronic exercising of voting rights.
- ◆ Specifically, in order to promote the electronic exercise of voting rights for individual shareholders, whose proportion of exercising voting rights in writing is extremely high, we are proceeding with measures through incentives to our client issuer companies so that they will adopt the service form of smart exercise using smartphones.
- ◆ Favorable results from these initiatives are already seen. Adopt ratio of electric exercise of voting rights by client issuer companies who held their annual general meeting of shareholders in March this year have increased from 41% to 64%. Actual rate of electronic exercise of voting rights has also increased from 15% to 26% due to the promotion among individual shareholders.
- ◆ Please go to page 20.

(2) Accelerate businesses unique to the trust bank group

Sustainable growth by contributing to generating “cycles” across individuals’ life-stage / generation changes and capital markets

- ◆ Next moving on to acceleration of businesses unique to the trust bank group.
- ◆ The key word here is “cycle”.
- ◆ Please see page 21.



By contribution to generating virtuous cycles, aim for sustainable growth of SuMi TRUST Group as well

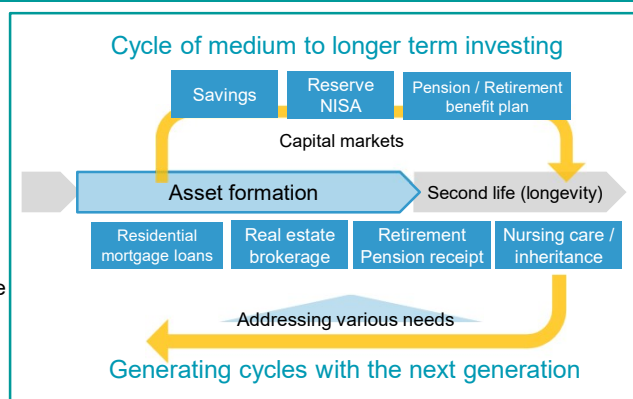
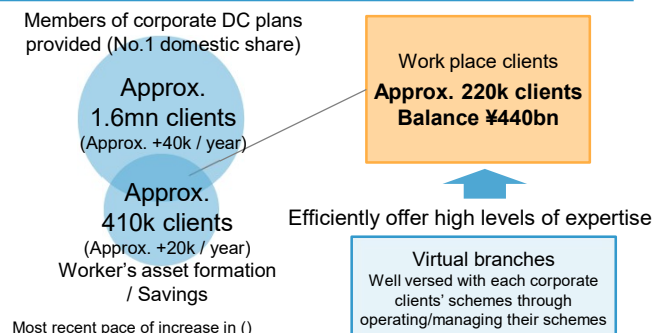
...Value provided by our group

- ◆ By leveraging the capabilities of the Group to the full, we can contribute to the various virtuous cycles.
- ◆ In the retail arena, we will accelerate among life-stage and inter-generation cycles of individual clients, and for corporate clients and capital markets, we will accelerate cycles of funding, assets, and capital. Such cycles will transfer funds to appropriate places where necessary, such as growth areas of post-retirement, next generation and decarbonization, which will lead to solving social issues.
- ◆ We are involved in circulation of capital market in various forms as asset management, custody, pension, stock transfer agency services business, etc.
- ◆ We believe that proactively contributing to these virtuous cycles itself will lead to the Group's sustainable growth
- ◆ Please see page 22.

Retail business: Asset formation generations (Work Place Business (1))

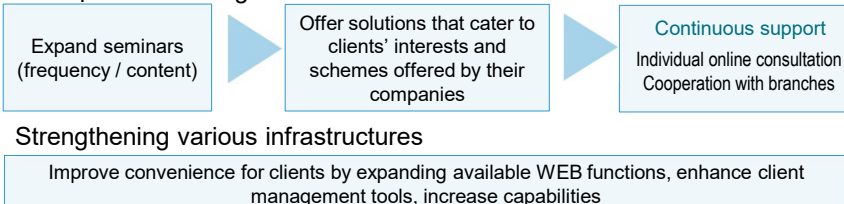
- ✓ Expand Work place business based on transactions with corporate clients
- ✓ Efficient/effective marketing through virtual branches

Providing added-value by establishing specialized divisions in high-quality clients



Various initiatives for connecting solving clients' issues to SuMi TRUST Group's growth

Efficient / Medium to longer term follow-ups that were difficult to conduct made possible through use of virtual branches



- Develop into various transactions such as real estate brokerage, mortgages and others
- Develop into transactional relations for clients' second life
- Offer added value to business owners and support identifying / solving newly emerging challenges

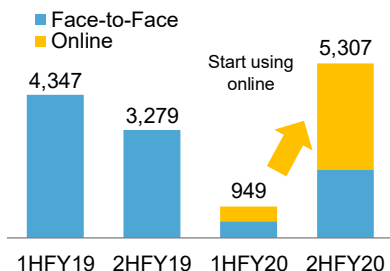
- ◆ In the retail business area, we believe that asset formation advisory, work place business with asset formation generations is one of the key points. Funds from these asset formation generation clients go to medium to longer term investments as well as eventually generate cycles linking to the next generation.
- ◆ SuMi TRUST has a quality client base such as the 1.6 million DC plan members that are employees of our corporate clients, for whom we are enhancing asset advisory, work place business services. Actually, potentials of these businesses have significantly expanded due to impact from COVID-19.
- ◆ The points here are that with the introduction of virtual branch specialized for asset advisory, work place business clients, the efficiency and effectiveness of marketing improved significantly. And, we were able to efficiently provide solutions by accounting for profiles such attributes of the corporate clients and age attributes of their employees.
- ◆ Please allow me to go into some detail by moving to page 23.

Retail business: Asset formation generations (Work Place Business (2))

Expand on-line seminars

Number of participants increase more than before expanding COVID-19 in 2H

【Changes in participants】



Online participation rate

Approx. 60%

Pre retirement Gen.(*) participation rate

Approx. 30%

Expanding to asset formation

(*) Under 55 yrs old

Set up themes that meet individual needs

More participation of clients that are interested, developing into increased opportunities for consultations

Example response rate of seminar participants from recent sessions

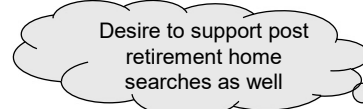
Theme setting	Responded to questionnaires	Willingness for consultations
Overall life plan (Set up general themes as in the past)	74%	12%
Focus on real estate purchases and mortgages	82%	24%

~Seminar examples that meet individual needs~



Co. A
(pension client company)

Corporate housing usage rates are higher among senior age category employees, requiring departures at the time of job relocations/job transfers



Desire to support post retirement home searches as well

Co. A HR

Capture HR dept.'s needs through daily relations

Host seminars for seniors in cooperation with SuMi TRUST Realty



Set up individualized themes

- Information on real estate adjacent to corporate homes
- Mortgage information

(Co. A employee)
Solve concerns regarding place to live and post retirement funds

(Co. A)
Improve engagements with employees

Win-Win-Win

(SuMi TRUST) Develop into real estate transactions and others

- ◆ Firstly, the number of participants significantly increased for seminars using on-line means.
- ◆ We found that thematic seminars with specific areas of focus is quite effective. Specific examples of seminars are available on the right. When we held a seminar on information on properties located adjacent to corporate housing and mortgages for companies that have a higher percentage of senior generations employees that live in corporate housing, it gathered an extremely high level of interest. This is a Win-win-win initiative for corporate clients attempting to enhance its welfare and benefits packages, its employees as well as us, SuMi TRUST, which can be said as a unique approach because we are equipped with strong function of real estate as a trust bank group.
- ◆ Please skip a page to page 25.

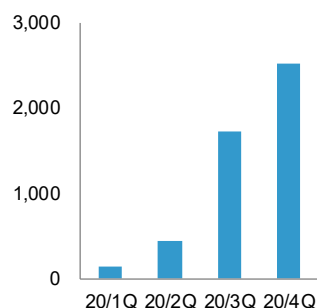
Retail business: Channel strategy

- ✓ Steadily enhance on-line capabilities, based on a hard look at what things will be like post-COVID-19

Enhance on-line capabilities by leveraging strengths in consulting

On-line consultation with newly started system

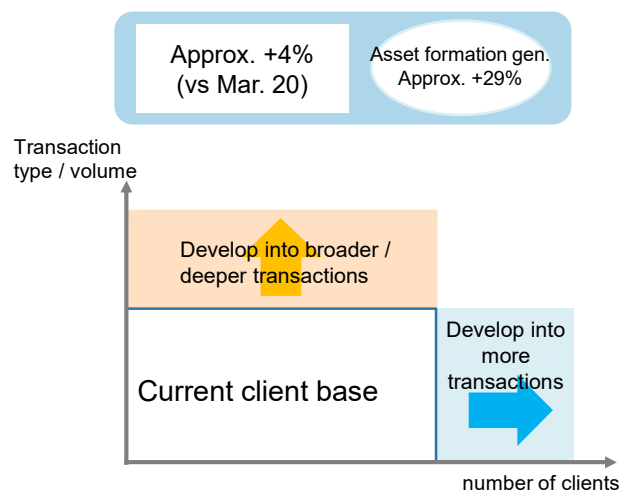
(number of deals)



Launch "On-line consultation center" within 1HFY21

Deepen/expand transactions using on-line

Number of "Pre-best partner" clients (*) increased with the use of on-line despite the decline in physical visits to the branches and visits by our sales staff due to COVID-19



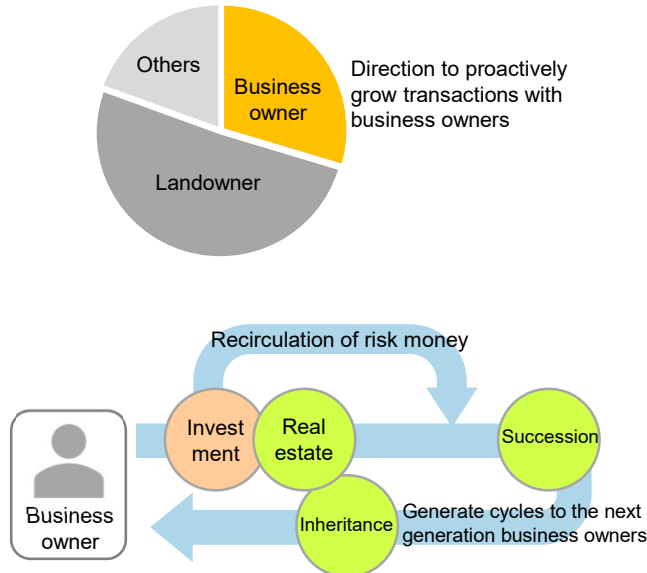
(*) Our positioning from the clients' perspective. Clients that continually choose us across the longer term (in terms of "types of transactions" and / or "depth of transactions") by our provision of added-value as a trust bank group

Retail business: Private banking (PB)

- ✓ Offer services that merge UBS's expertise for meeting needs for investments and generating cycles of assets / businesses to the next generation

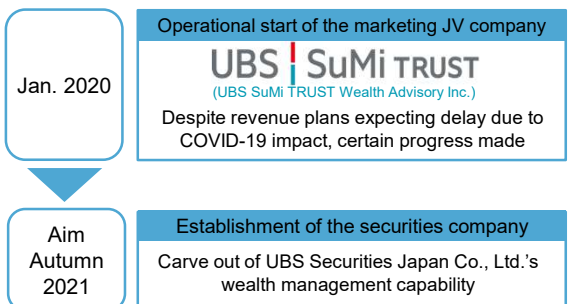
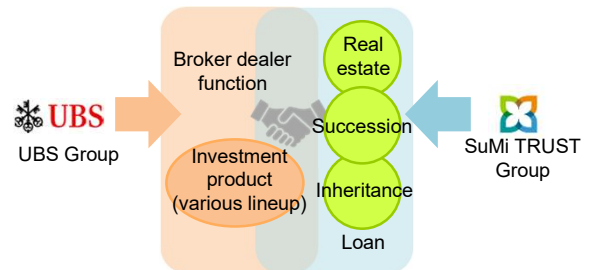
Enhance transactions by capturing the investment management needs of business owners

Our PB client profile



Collaboration with UBS Group

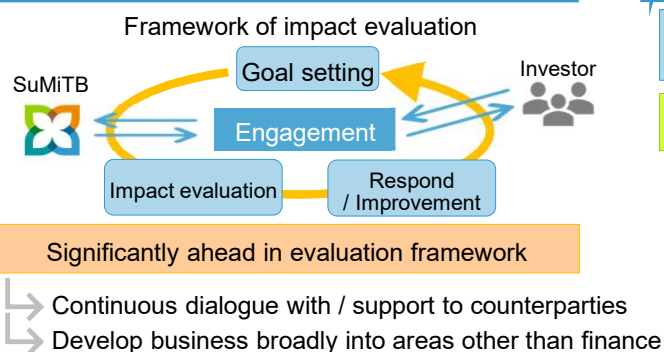
Provide high quality services where both groups merge high expertise



- ◆ “Cycles” is also a key word for the private banking business because in the transaction with business owners, we see client needs such as investment management for the abundantly available risk money and succession of their assets and businesses to the next generation.
- ◆ The point of collaboration with UBS is that we can offer services to business owners that have strong needs, by merging both groups' high expertise.
- ◆ The co-establishment of a securities company specialized to wealth management businesses is proceeding as scheduled. Unfortunately, realization of profitability is expected to be delayed by a year or two due to negative impact from COVID-19.
- ◆ Please go to page 26.

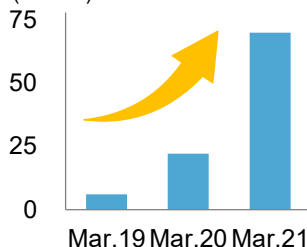
- ✓ Support generating fund cycles in areas such as decarbonization that are demanded by the society through new initiatives such as advanced “Impact analysis”, Technology-Based Finance

Strengthen “Impact analysis”



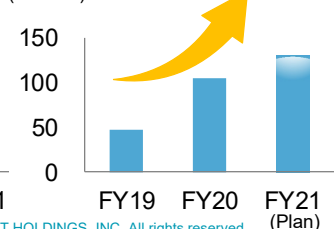
PIF balance (*1)

(Yen bn)



Fee revenue of consulting

Sustainable management support consulting fee (Yen mn)



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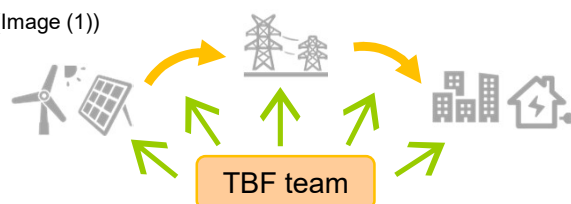
Initiatives for Technology-Based Finance (TBF)

Set up researcher (*2) teams such as hydrogen, storage batteries, chemical, materials in the Sustainability Management Dept.



Initiatives going beyond financial institution frameworks

(Image (1))



Analyze challenges in the clean energy value chain from a technical perspective, bridge academy, industry and government, promote businesses

(Image (2))

- Utilization of decarbonization related patents not in use
- Consider / compare multiple technologies

TBF team

Analysis

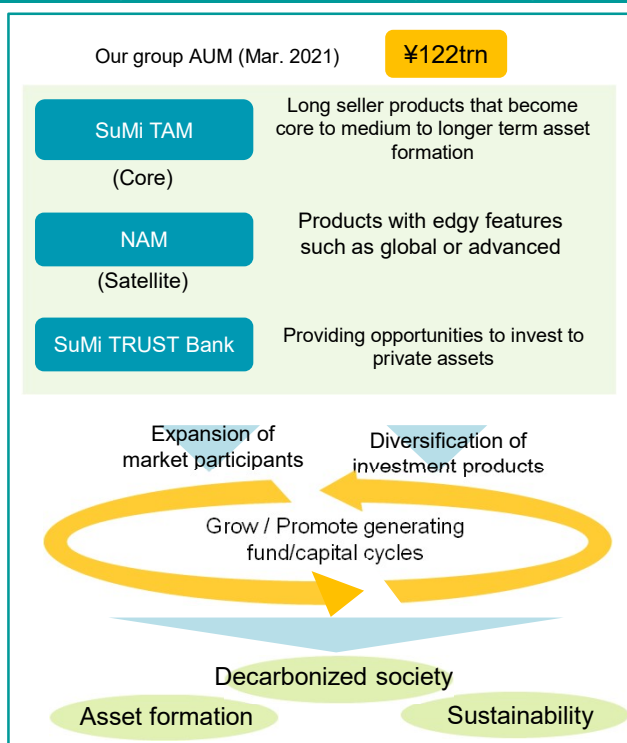
Discover business opportunities through new alliances

(*1) Positive Impact Finance
(*2) 6 with Engineering, Doctor of Science degrees, etc.. Plans to add more going forward

- ◆ The group is very ahead in focusing on “social impact analysis”. Under the wholesale business arena, through which we support circulation of funds to areas where social problems needs to be resolved, such as decarbonation.
- ◆ We are also working on new initiatives as well, which is called Technology Based Finance. A new team has been set up by recruiting researchers from areas totally different from finance such as hydrogen and storage batteries. This team will work to materialize and accelerate decarbonization by, for example, identifying challenges in the clean energy supply chain or bottlenecks in technological innovation and connect companies with universities. It has just started but is gaining extremely strong interest from our corporate clients.
- ◆ Please go to page 27.

Asset management business (1) (Each company's strength and Strategy of SuMiTAM)

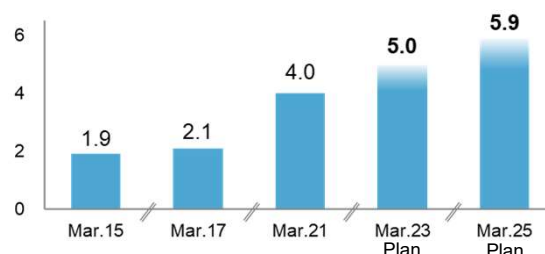
✓ Grow / Promote generating fund/capital cycles in the capital markets by leveraging the strengths of each company in the group



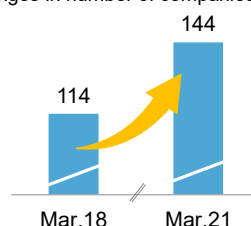
Sumitomo Mitsui Trust Asset Management (Core)

【AUM changes in funds long-selling funds (*)】

(Yen trn)



【Changes in number of companies of publicly offered investment trusts】



Steadily progress in strengthening / expanding sales channels

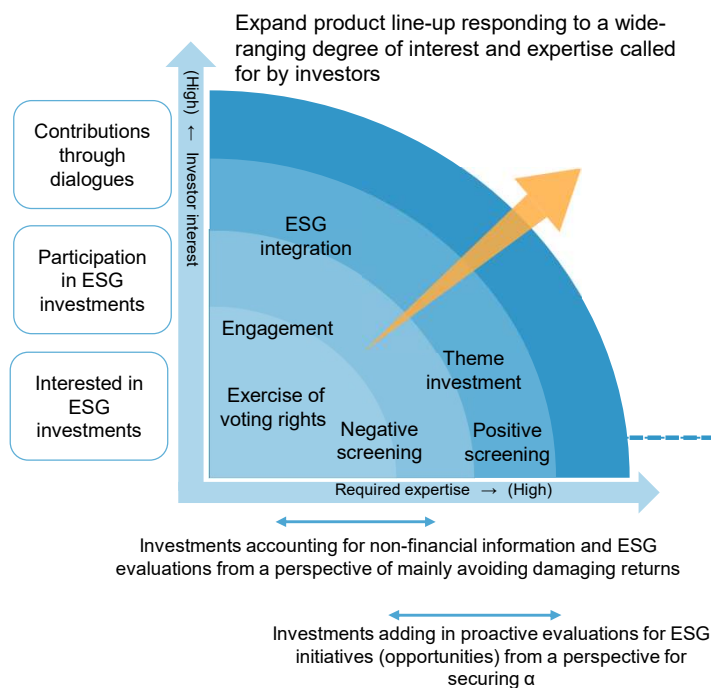
Further expansion of long-term funds

(*) Funds out of publicly offered investment trusts that are assumed to be for core investments that exceed life of 5 or more years

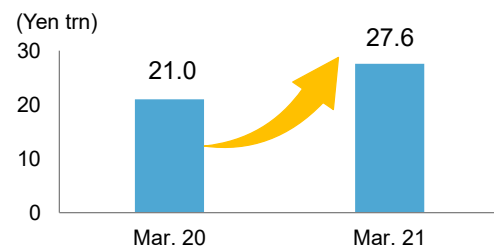
- ◆ In our investment management business area, the three entities under the group are each leveraging off of their uniqueness in contributing to generating cycles for funds and capital.
- ◆ Sumitomo Mitsui Trust Asset Management is steadily increasing its AUM for the long-seller product which forms the core of medium to longer term asset formation as well as enhancing ESG investments.
- ◆ Please skip a page to page 29.

Asset management business (2) (Strengthening ESG of SuMiTAM)

✓ Lead the development /expansion of the domestic ESG investment market by providing wide ranging products starting with impact investment related products



Changes in ESG-related AUM balance



(*3) Total of Index-linked type, ESG considered type, General ESG type, Impact investment type products

Impact investing

Launched "Japan equity impact investment fund" in October 2019 and the "Global equity impact investment fund" in January 2021

Areas specifically called for higher expertise

- Setting up and measuring proper KPIs relating to social returns
- Engagements with corporates for improving KPIs
- Striking a balance with economic returns

Acquiring / accumulating know hows in cutting edge areas also contribute to improving quality of ESG related products as a whole

Asset management business (3) (Global developments of NAM)

✓ Products, business roll-outs by leveraging the strength of a global network

Nikko AM (satellite)

Deployment of **advanced products** through alliances with /equity investments into overseas asset managers

Examples of investee

Rongtong Fund Management Co., Ltd. (China)

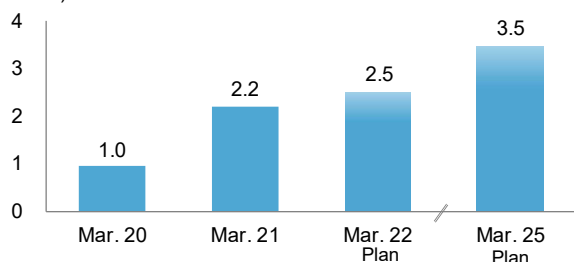
Investment in China (Mostly bonds)

AUM increasing in the past yr. 234.4bn → 271.3bn RMB (+15%)

ARK INVEST

Innovation, Genome, Mobility etc.)

【Balance and goals of advanced products (*1)】
(Yen trn)



(*1) Funds that NAM considers as advanced in terms of product concepts or product designs
(Ex: Digital transformation equity fund, Global triple times triple assets fund etc.)

Roll out ETF businesses both domestic and overseas

by leveraging domestic track-records and global investment management / marketing structures

Examples of transaction

China Bond (ETF)

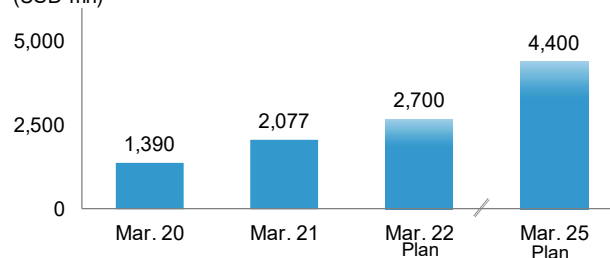
Listed in Singapore

(Nov. 20)

Singapore stock/bonds(ETF)

Domestic sales

【Balance and goals of listed ETFs in overseas markets (*2)】
(USD mn)



(*2) Mainly assuming Singapore market and Hong Kong market

- ◆ The strength of Nikko Asset Management is its products and business developments utilizing its global network.
- ◆ NAM is operating businesses on advanced investment products through an alliance with overseas investee asset managers, and providing ETF businesses both domestically and globally.
- ◆ Please turn to page 30.

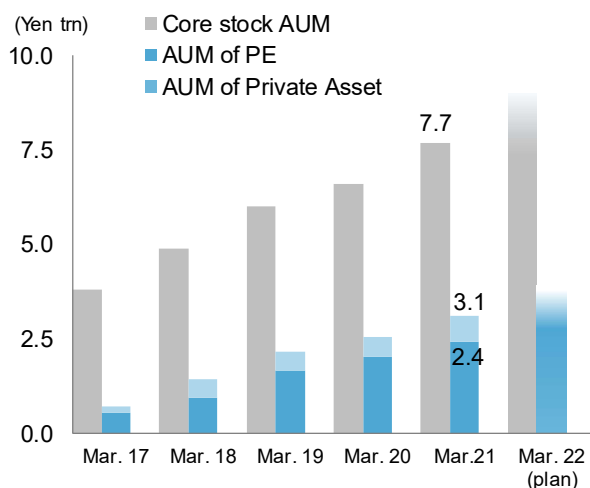
Asset management business (4) (Private asset investment)

✓ Provide investment opportunities across a variety of private assets

SuMiTB (Satellite)

Private asset AUM including Private Equity(PE) increasing steadily

【Core stock AUM (*1) / Private asset AUM / PE AUM】



(*1) Mainly assets generating recurring income, including private placement investment trusts, jointly operated money trusts, private assets etc.

(*2) Sponsors of AM: Itochu Enex Co. 50.1%, SuMiTB / Mercuria Investment 22.5% each, and Maiola Asset Management 4.9%

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Provide opportunities for investing in renewable energy projects

Opportunities for domestic renewable energy project investments

Brown Energy Fund (Launched in Apr. 18)

Launched private placement fund on existing domestic solar power PJ (Total assets: ¥11.5bn as of Mar.21)

Enex Infrastructure Investment (Launched in Feb. 19)

22.5% sponsor of largest domestic listed infrastructure fund AM company on renewable energy (Market cap: ¥32.9bn as of Mar. 21)

Opportunities for overseas diversified infrastructure investments

Launch private placement investment trusts investing in overseas infrastructure funds

Social infrastructures
(rail, powerline etc.)

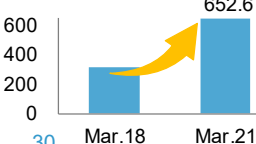
Renewable energy projects
(solar, wind etc.)

Starting expansion of investor base by smaller units /wider penetration

Started marketing to regional banks etc.

Origination and distribution of our renewable energy Project finance

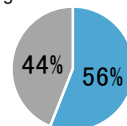
【Renewable energy PF balance】
(Yen bn)



【Our renewable energy PF arrangements in FY20】

Distribute over 50% of total arranged amount of ¥350bn to investors (*3)
■ Distribution to investors
■ SuMi TB book

(*3) Partially planned in FY21



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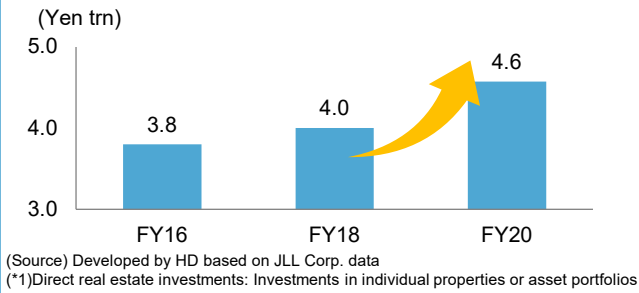
- ◆ Providing opportunities of private asset investments are important theme in terms of contribution to creating the virtuous circle of capital. Investments by financial institutions and others into this area where we serve as gatekeeper now exceed 3 trillion yen.
- ◆ Further, we are extending “diversification of assets” such as renewable energy project finance and starting to offer “smaller ticket size investments” and “pursuing wider penetration in private assets.
- ◆ Please go to page 32.

Asset management business (5) (Real estate investment)

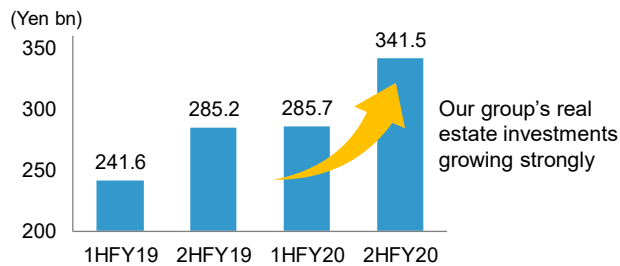
✓ FY20 track record for inbound brokerage declined significantly due to impact from travel restrictions, but expects V-shaped recovery after cessation of COVID-19

Real estate investments with further growth prospects

Japan 【Evolution of direct real estate investments (*1) in Japan】

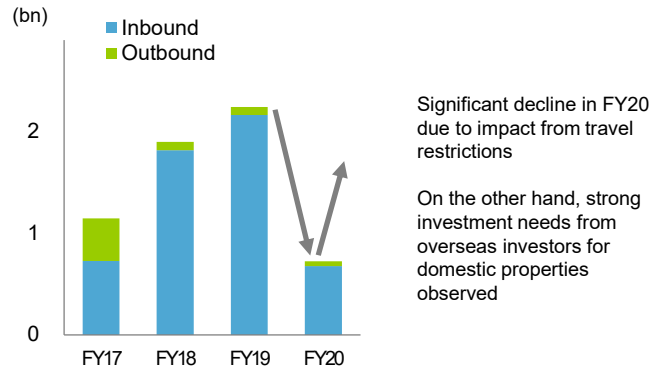


【SuMi TRUST Real Estate Investment Management Co., Ltd.'s AUM】



Expansion of inbound real estate investment needs post COVID-19

【Changes in revenue of Inbound and Outbound】



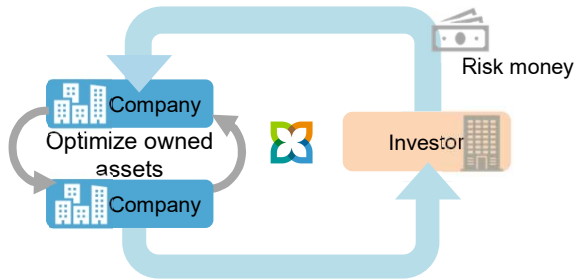
(Example of overseas investors' needs)

- Allocation of investment money to Japan that is perceived to be less impacted by COVID-19 compared to the rest of the world
- Investments in hotels/commercial properties on premises of recovery in the number of travelers after a few years

Real estate business (1) (Brokerage)

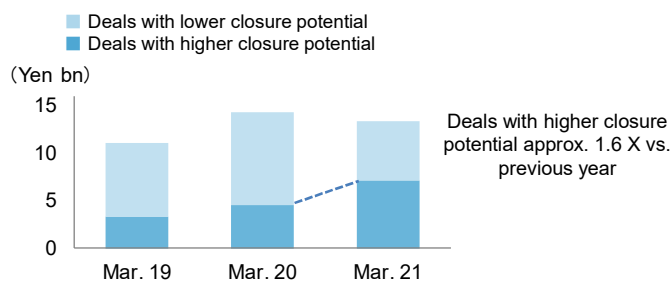
✓ Contribute to generating fund /capital cycles and optimizing assets held by companies through real estate brokerage capabilities

Promote generating “cycles”, “asset optimization” through real estate brokerage



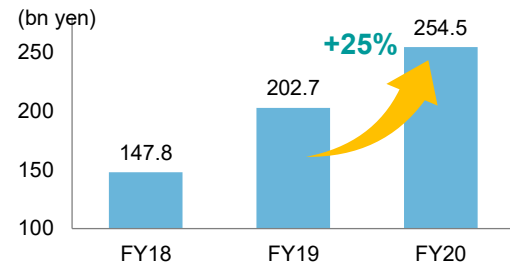
Strength in number of grounds for brokerage pipelines

【Pipelines of real estate brokerage (brokerage fee conversion base)】

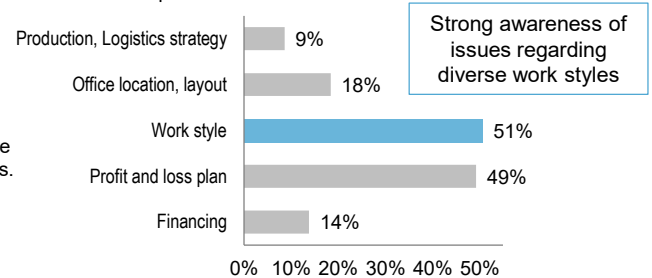


Changes in corporates' real estate strategies due to COVID-19 turmoil

【Sales amount from corporates' real estate sales】



【Acknowledgement of issues that companies are facing in light of COVID-19 impact】



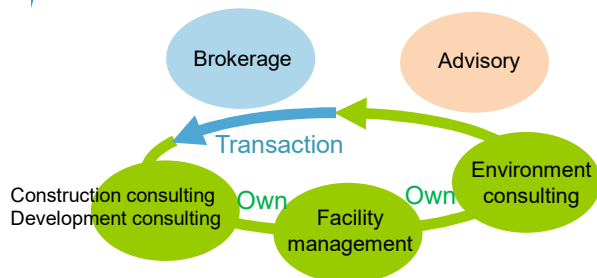
Source: Client survey conducted by SuMi TRUST Bank (May 11-29, 2020)

- ◆ Through the real estate brokerage business, we contribute to “circulation of funds and assets” and “optimization of assets held by corporations”. Trends to optimize held assets triggered by COVID-19 is leading to our business.
- ◆ As shown on the bottom left chart, deals with higher closure potential have grown 1.6 times year on year. Steady business in fiscal year 2021 is also looking promising.
- ◆ Currently, about 85% of our Group's real estate related revenues come from real estate brokerage, and we are assuming a robust estimate going forward as well. However, we are enhancing businesses especially in areas other than just buying and selling opportunities. We are rather focusing on real estate while they are still being held in the cycle.
- ◆ Please go to page 33.

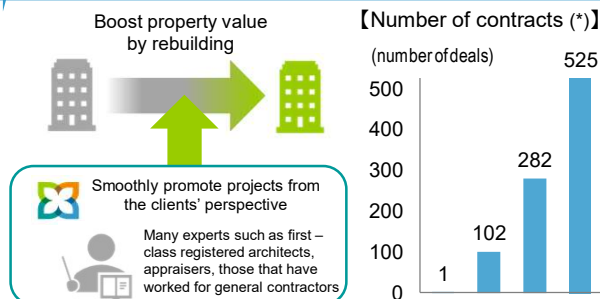
Real estate business (2) (Service of owned real estate)

- ✓ Enhance services for properties “that are still being held” since this accounts for majority of the period in the real estate value chain

Real estate value chain

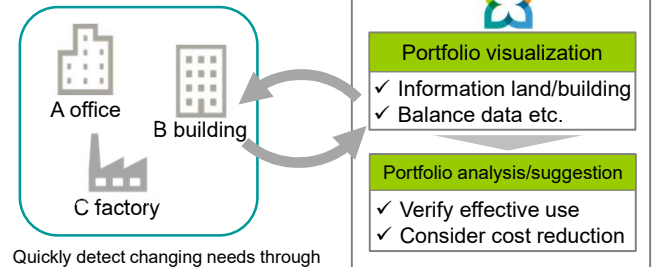


Construction consulting business

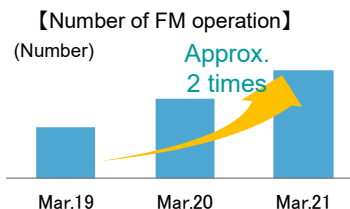


Facility management (FM) service

Act on behalf of companies in managing real estate portfolios held by those companies
Offer optimal advice from a neutral standing when churning the portfolio



Quickly detect changing needs through continuous information exchange with the clients



- ✓ Offer suitable management structure
- ✓ Support property churning

Companies' needs for outsourcing management of held assets expected to grow going forward as well

- ◆ One example would be facility management where we offer services for managing and analyzing real estate portfolios held by companies under facility management.
- ◆ The reality is that very few companies are managing their real estate asset holdings as a portfolio. We help visualize the portfolio and also analyze to understand the level of activity as well as identify if there are any dormant properties. By doing so, we can propose the optimal portfolio and such may also lead to the brokerage business.
- ◆ Please turn to page 34.

Real estate business (3) (Support companies' initiatives for reducing environmental burdens)

- ✓ Industry leader in certification/evaluation of environmental performance of real estate
- ✓ Going forward, take on further challenges to support environmental measures for the entrusted properties

Support application for environmental performance certification of real estate

Support filing of various CASBEE evaluation certifications for varying purposes

Real estate

Environmental performance evaluation of buildings

【Aqua Dojima East】



Block

Environmental performance evaluation of urban development

【List Garden Nococotown (Yokohama)】



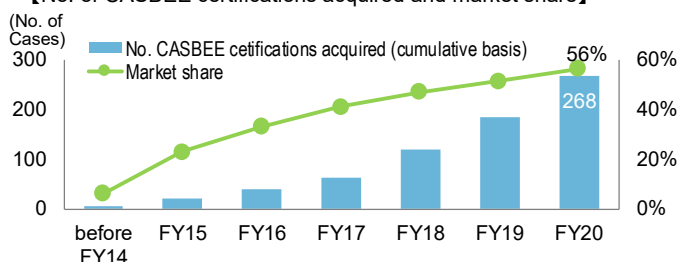
Wellness office

Evaluation of health/comfortableness of offices

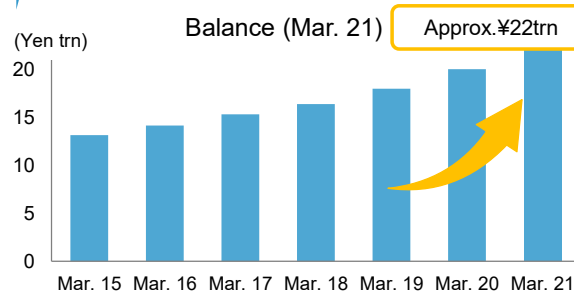
【Round Cross Roppongi】



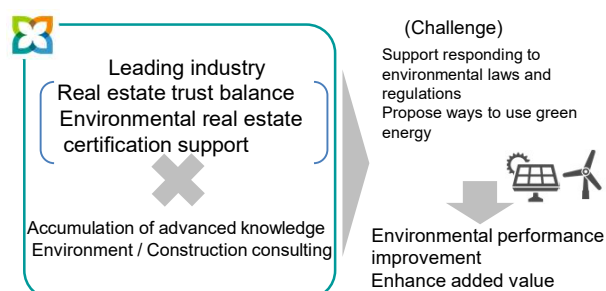
【No. of CASBEE certifications acquired and market share】



Industry leader in balance of entrusted real estate and growing further



Possibilities for supporting environmental measures of the entrusted real estate



- ◆ Considering that about 30% of Japan's CO2 emissions are from real estate, decarbonization has become a very important theme for the real estate business.
- ◆ Our Group already prides 56% share cumulatively in environmentally friendly real estate certification application support. However, we will not be satisfied with this. There are other areas with potential, which we are eager to challenge.
- ◆ Though it is yet to be realized, as shown on the right hand side, we are wondering if we can extend support on securing and enhancing asset values through decarbonization initiatives for the 20 trillion yen real estate properties that we have been entrusted with.
- ◆ Details of businesses is yet to be considered, but we would like to seek for the possibilities of high added-value and monetization in asset management services, which were conventionally considered as commoditized.
- ◆ Please go to page 35.

Digital strategy (1)

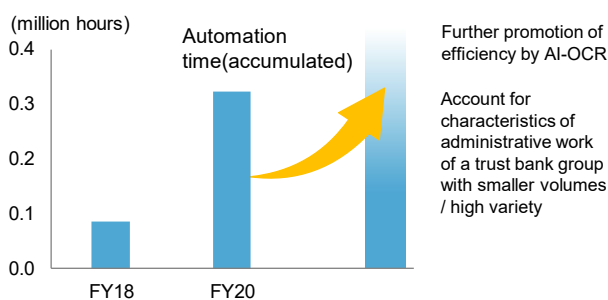
- ✓ Promote use of digital that strikes a strong affinity with business characteristics of a specialized trust bank group

Strategic direction

- 1 Cost reduction / efficiency
- 2 Expand possibilities of expertise using AI and others
- 3 Provision of platforms, frameworks unique to "trust schemes"

Operational efficiency using RPA/AI-OCR

1



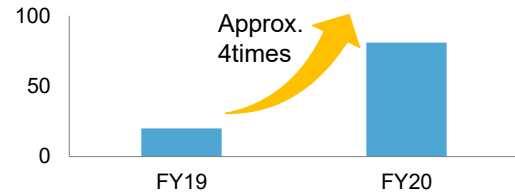
Possibilities of expanding expertise through use of AI and others

2

Initiatives expanding out across all businesses
Increase in number of deals using of AI (language related / numbers related)

【Number of deals using data】

(No. of case)



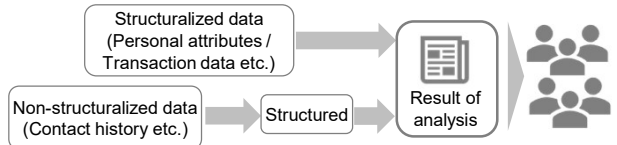
Examples of data utilization

【Corporate business】



【Retail business】

Advanced understanding of client needs for each life-stage / Marketing efficiency



- ◆ I will here discuss our digital strategy.
- ◆ There are 3 focal points to the strategy.
 - 1) Cost reduction and efficiency,
 - 2) further draw out our specialized capabilities by merging with digital technologies such as AI, and
 - 3) provision of a platform that are unique to the trust bank group.
- ◆ As shown on the graph on the right hand side, the number of projects and initiatives which have possibilities of expanding our expertise through combining utilizing AI and data have showed a quadruple leap since FY19. Many of them are still on a trial phase, but we are pursuing wide variety of possibilities in use of digital.
- ◆ Please go to page 37

Digital strategy (2)

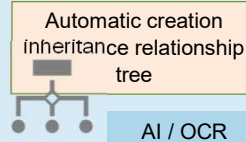
Initiative on Inheritance platform 3

FY2020

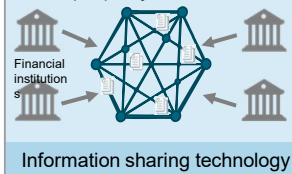
- PoC with financial institutions (Participation of 14 companies)
- Set up a project team to accelerate considerations

Give relieve of clients' burden on inheritance by utilizing digital to speed up related procedures

Outsourcing services for inheritance administrations



Digitalization services for property research



Beyond FY2021

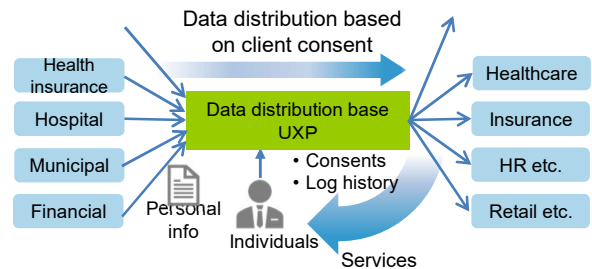
- Seriously start system developments of AI and others
- Discuss with individual financial institutions for moving things ahead

Initiative on information business 3

Consideration of medical / healthcare theme as future business

FY2020

- Develop into PoCs under health and medical themes that span across industries such as life insurance, non-life insurance, local governments.



Beyond FY2021

- Move PoC forward in stages to deep dive on participating companies' needs for acquiring information and accelerate the full scale service rollout scheduled for FY 2022.

4. Decarbonization initiatives

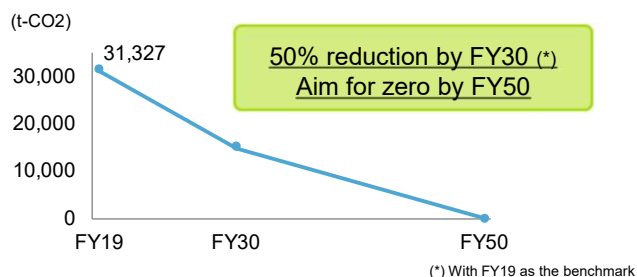
- ◆ So far, I explained the first and the second point, and as for the third point, let me explain later about it in the financial capital policy part.
- ◆ I will briefly touch on decarbonization initiatives and cost reduction.
- ◆ Please go to page 38.

Initiatives for materializing a decarbonized society

- ✓ Proactively work to reduce environmental burdens and support boosting vitality in the society as a corporate citizen

Reduction of CO2 emissions through SuMi TRUST Bank activities

【Changes in our CO2 emissions and future goals】



Efforts to achieve FY30 target

1. Promote operational efficiency, deployment of highly efficient equipment
⇒ Reductions also by returning office floors etc.
2. Contribute to reducing power emission factors through permeation of renewable energy
3. Deployment of renewable energy



Initiatives for addressing TCFD

【Climate Change risk analysis】

Transition Risks

Analysis on the "power sector" that has higher shares of carbon related assets

Investment style for renewable energy power generation	STEPS scenario (*1)	SDS scenario (*2)
Will not invest	Credit rating (*3) worse 2-3 notches	Credit rating worse 2-3 notches
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

(*3) Credit rating set in-house

Physical Risks

Analysis on "retail mortgages" that account for approx. 1/3 of total credit portfolio

Credit costs on wind and flood damage
of SuMi TRUST Bank
Mortgage loan +¥7bn by the year 2100
(vs. Mar. 2020)

Limited impact

Review of policy for coal-fired power generation

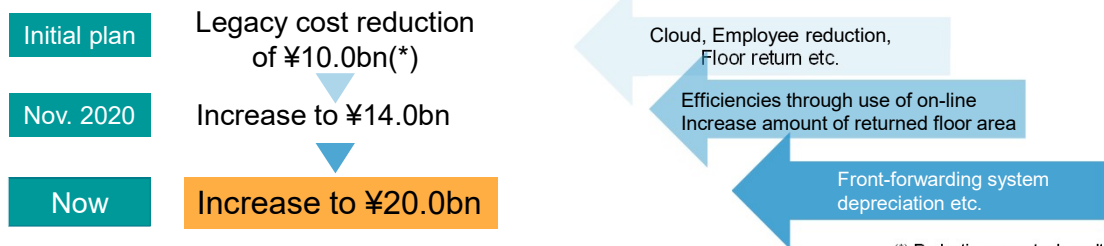
In principle, we do not participate in financing for construction of new coal-fired power generations

- ◆ This summarizes the Group's decarbonization initiatives.
- ◆ We are starting to work on measures based on the target of achieving zero CO2 emissions by 2050.
- ◆ Also, regarding coal-fired power generations, we have already expressed clearly in the revised policy that, in principle, we do not participate in financing for construction of new coal-fired power generations.
- ◆ Please go to page 40.

5. Cost structure reform

Accelerate businesses (Cost structure reform)

- ✓ Certain level of achievements made in reducing legacy costs above initially budgeted levels. Looking for further reduction opportunities.

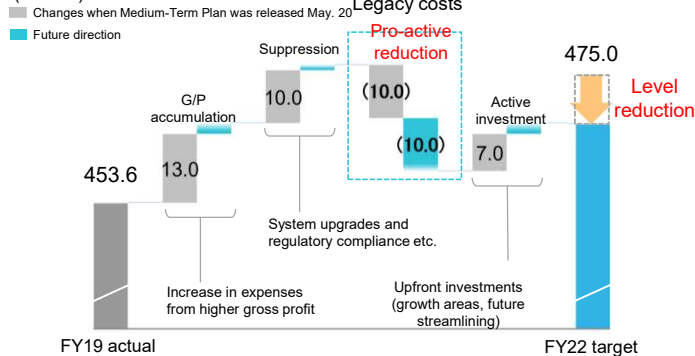


(*) Reduction vs. actual results FY19

Image of expenses during the Medium-Term Management Plan

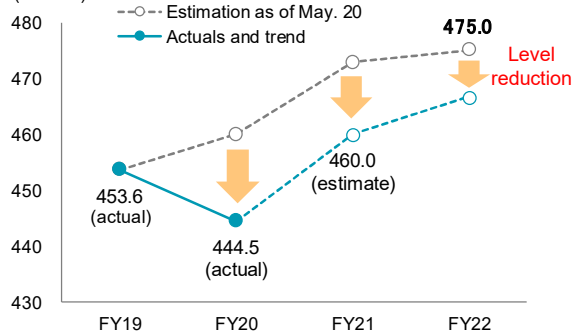
(1) Changes

(Yen bn)



(2) Annual transition

(Yen bn)



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SUMITOMO MITSUI TRUST HOLDINGS

- ◆ As for cost structure reform, we noted last November that cost reduction will be 14 billion yen with an incremental reduction of 4 billion yen coming from legacy cost reduction during the Medium-Term Management Plan period.
- ◆ In addition to this, with a further incremental reduction of 6 billion yen by front-forwarding system depreciation and others, and now we are aiming for a 20 billion reduction in total.
- ◆ Please go to page 43.

(Reference) Additional cost reduction accounting for changes to the environment (Summary)

Additional reduction announced
in Nov. 2020: ¥(4.0)bn



Additional reduction of this time: ¥(6.0)bn

Retail business related	Reduction of branch space Consider downsizing/merging branches while working to specialize in consulting ¥(1.5)bn	Front-forwarding depreciation of fixed assets Front-forward depreciation of fixed assets in the Retail TS services business and mitigate future depreciation burdens ¥(4.0)bn
Changes in working style	Return office floor space Permanently maintain % of working from home (1/3 of office location workers) ¥(1.0)bn	Reconsider pension schemes (Switch to fixed terms) Reconsider pension delaying payments in relation to extended retirement ¥(1.5)bn
Using on-line	Marketing activities using on-line Permanent reduction of costs for marketing activities requiring travel etc. ¥(1.5)bn <small>Travel expense etc. ¥(2.0)bn Communication cost +¥0.5bn</small>	Expand use of on-line Expand on-line activities Look for additional reduction opportunities ¥(0.5)bn

6. Forecast for FY2021

Forecast for FY2021

- ✓ Net business profit: ¥280.0bn, assuming gradual recovery of fee related businesses, almost the same as FY20 excluding temporary positive factors
- ✓ Net income: ¥155.0bn, assuming credit costs increase and non-recurrence of losses on net gains on stocks in FY20
- ✓ Dividend per common share: ¥160, increase by ¥10 YoY, equivalent to consolidated payout ratio of 38.7%, in accordance with shareholder return policy (*)

	(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	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	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 means of returning shareholder's profits commensurate with earnings, aim to raise consolidated dividend payout ratio to around 40% in or around FY22.
- ✓ May repurchase its own shares flexibly by considering the balance with investment in profit growth opportunities for its mid- to long-term perspective, and the effect of the repurchase on the improvement of capital efficiency, given securing adequate capital level

【Assumptions】

- Net business profit: ¥(14.7)bn YoY**
 - Mainly due to expected decrease in gross business profit of SuMi TRUST Bank. (See P45 for details)
 - Net business profit of other group companies and G&A expenses to slightly decrease on a net basis
- Total credit costs: forecast ¥(20.0)bn**
 - Substantial provisioning of ¥(38.0)bn taking into account special loan loss provision ¥(18.0)bn as of Mar. 21
- Net gains on stocks: forecast ¥0.0bn**
 - Gains on sales of strategic shareholding expected to be utilized to 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.

- ◆ I will explain about forecast for fiscal year 2021.
- ◆ We expect that net business profit will be the level as expected in the Medium-Term Management Plan. On the other hand, as mentioned earlier, gains on sales of strategic shareholdings will be used to offset the realization of unrealized losses on hedging transactions. As a result, net business profit is expected to remain at 155.0 billion yen, recovery of 13.0 billion yen year on year.
- ◆ Here, I will discuss the third point, the financial capital policy.
- ◆ In pursuit of a capital light business model as a business unique to the trust bank group, we will work to reduce risk weighted assets.
- ◆ Please turn to page 48.

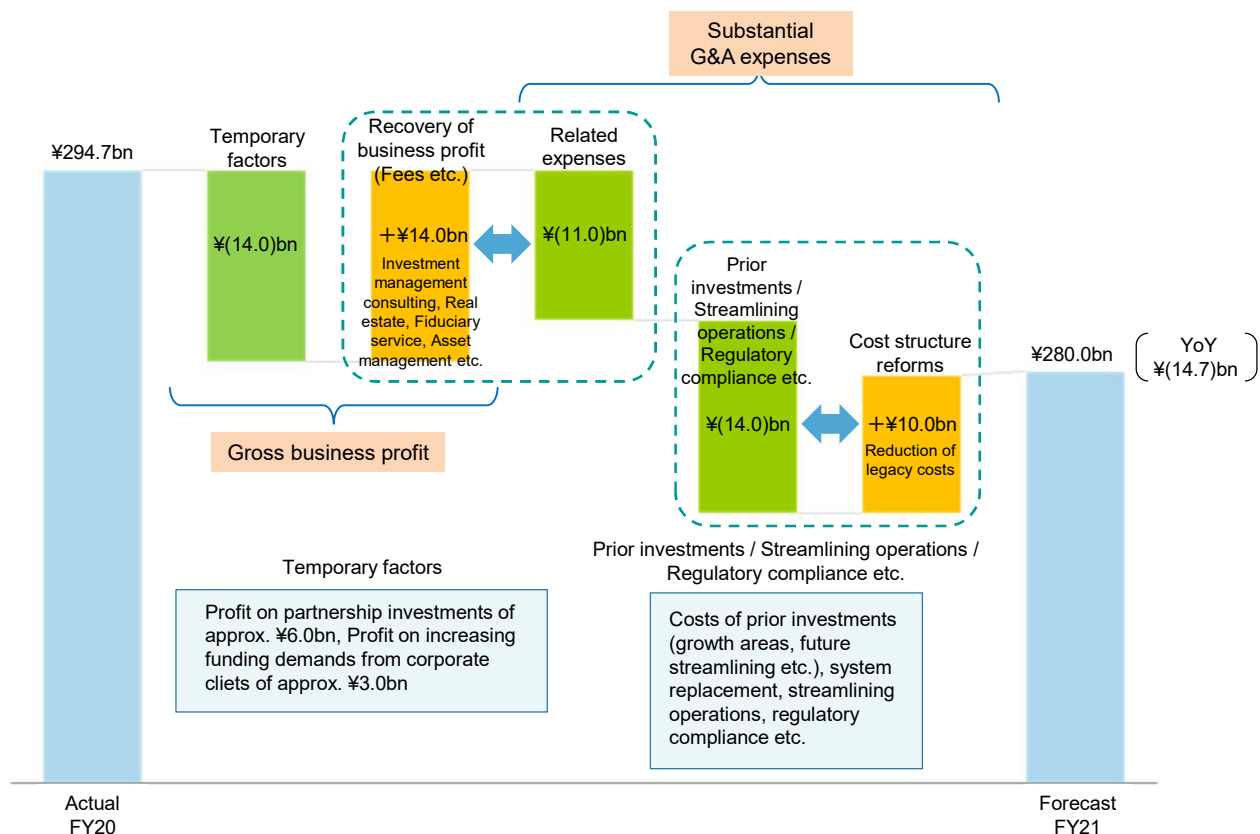
(Reference) Profit forecast for FY21 by business segment

		FY20 Actual				
			1H Forecast	2H Forecast	FY21 Forecast	Change from FY20
(Yen bn)						
1	Total of net business profit before credit cos	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)

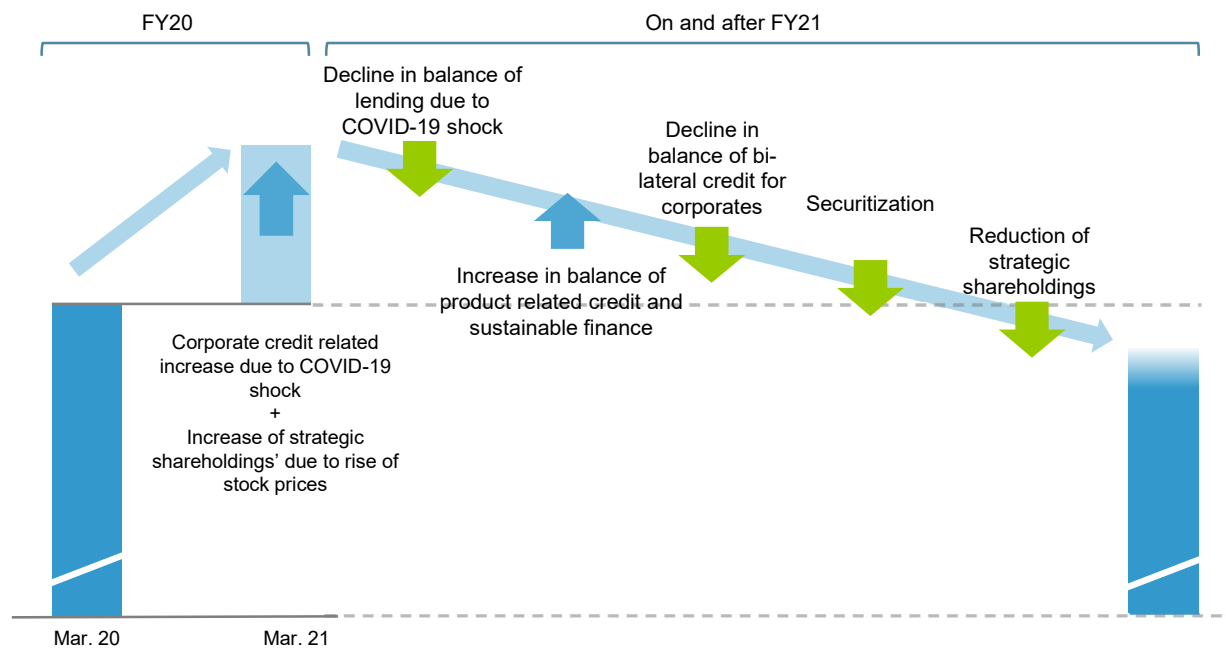


7. Financial /Capital policies

Control of RWA

✓ Promote credit portfolio reform and reduction of strategic shareholdings

【Image of increase and decrease of RWA^(*)】

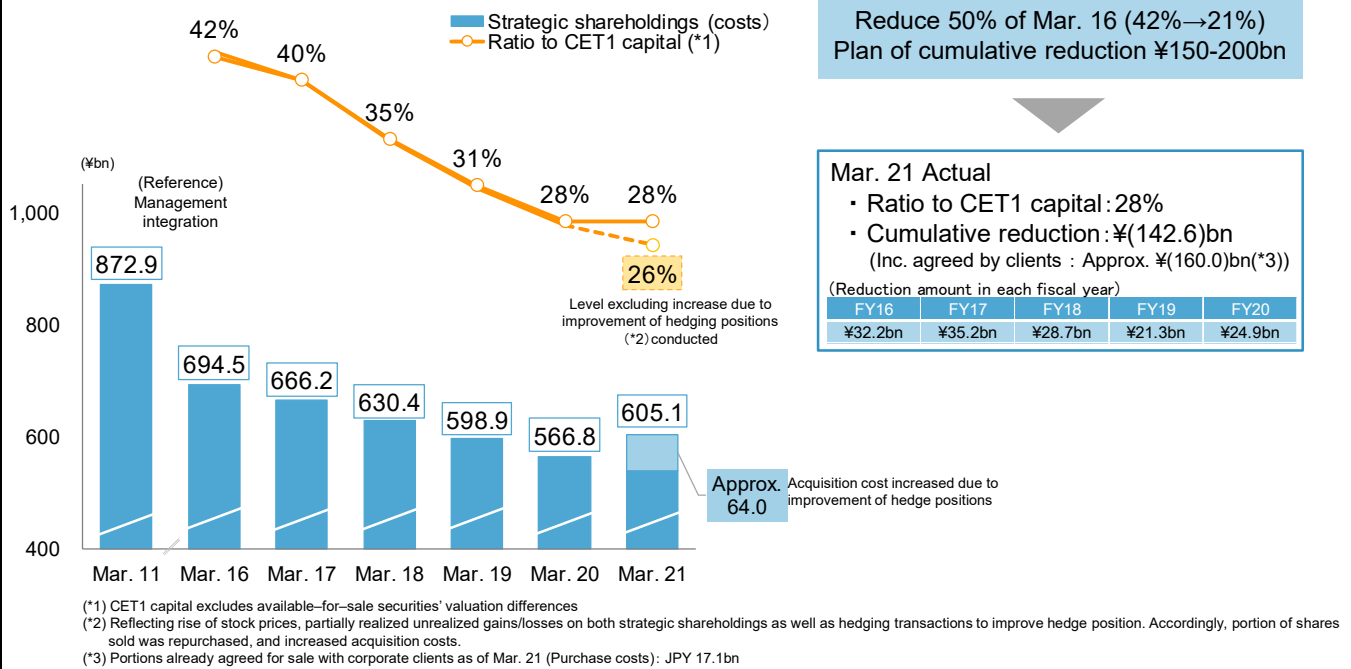


(*) Pro-forma figure on Finalized Basel III reform basis

Reduction of strategic shareholdings (Track record of reductions in the previous 5years)

- ✓ Though target against CET1 ratio was not reached, minimum level of the plan was achieved in acquisition cost base in total including portions already agreed for sale with corporate clients

Result of reduction



- ◆ We will particularly work proactively in reducing strategic shareholdings.
- ◆ During the 5 years up to fiscal year 2020, we achieved reducing 142.6 billion yen in acquisition cost base, and achieved 160 billion level including portions agreed by corporate clients against the reduction plan of 150 to 200 billion yen.
- ◆ Please see page 49.

Initiatives for reduction of strategic shareholdings

- ✓ Revised policy: In principle, we shall not hold any “Strategic shareholdings as a conventional stable shareholder”

Foster virtuous circle framework as trust bank group

Circulation of funds, assets and capital through asset management / administration services



Enhancement of our corporate clients' enterprise value by offering solution services

New policy

We shall not hold any “Strategic shareholdings as a conventional stable shareholder”

Initiatives for the next 2 years

Aim for ¥100bn reduction on cost base (*)

(*) For stocks whose acquisition costs increased (approx. ¥64.0bn) due to improvement of hedge position in FY20, acquisition costs prior to the increase will be applied

Initiatives based on new policy

(1) Dialogue policy with our corporate clients whom SuMi TRUST Group is a strategic shareholder

- Offer solutions suited to each client, deepening the understanding of each other to accelerate the reduction of strategic shareholdings

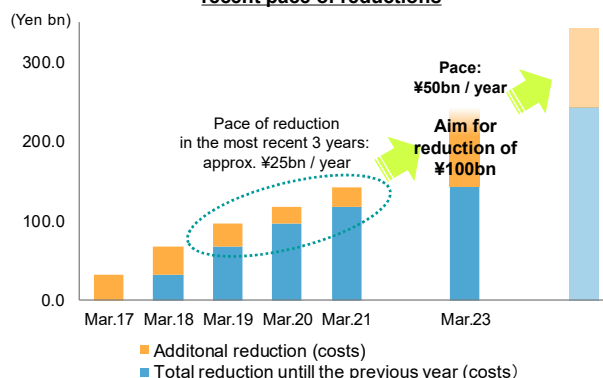
(2) Policy regarding the exercise of voting rights on our strategic shareholdings

- Considering of publishing our thoughts on exercising voting rights in our interim disclosure in November this year (Assuming enforcement of the new policy from annual shareholder meetings held on June 2022)

(3) Pace of our strategic shareholding reduction guidelines

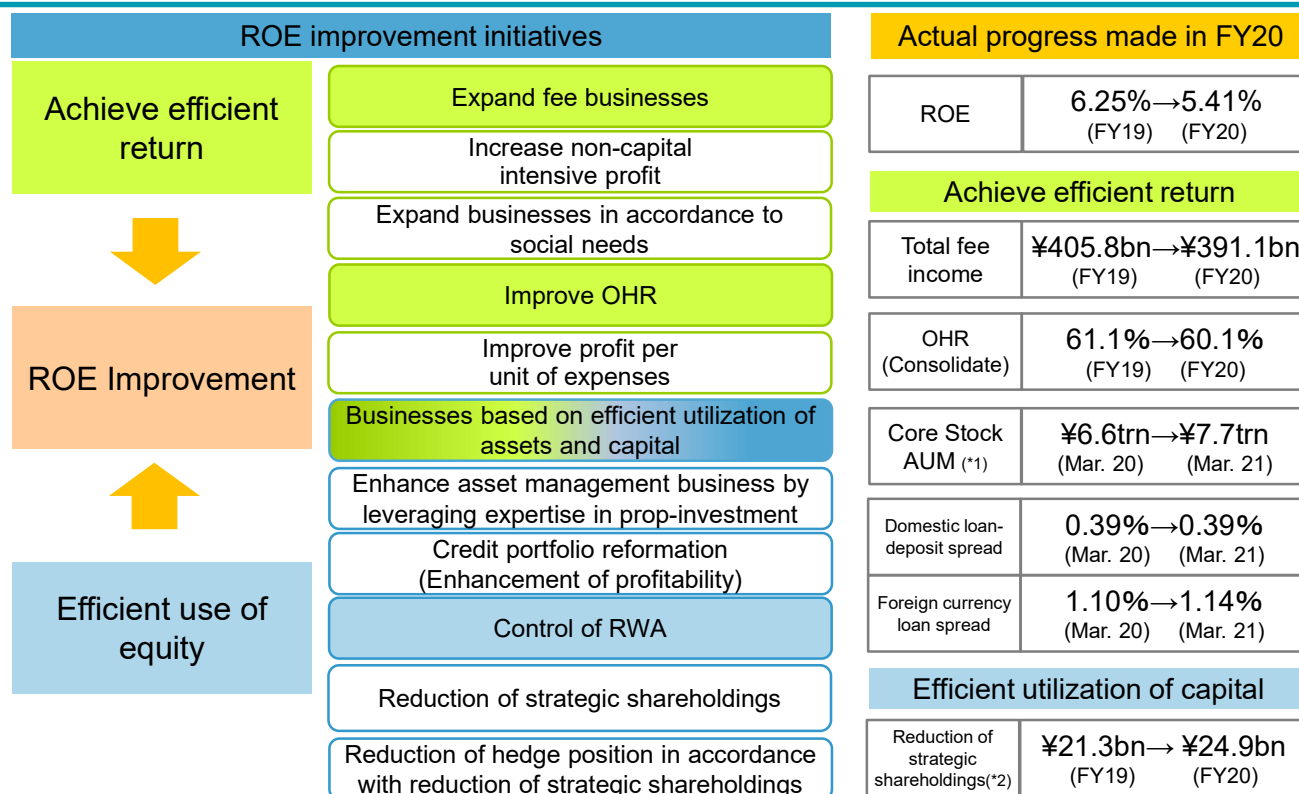
- Aim to reduce our holdings by ¥100bn (at cost, or roughly ¥250bn at market value) across the next 2 years.
- Executives including top management is committed to lead the dialogue with our clients, and oversight from our board shall be strengthened to monitor its progress

To double the speed compared to the most recent pace of reductions



- ◆ As released in the May 13th earnings report, we decided to announce a significant change of policy that, in principle, we shall not hold any “strategic shareholdings as a conventional stable shareholder”. There are largely two points on the background of this decision.
- ◆ The first point is the perspective of contribution to virtuous circle of capital. We believe reduction of strategic shareholdings contribute to improvement of circulation of funds in the capital market. In addition, due to the penetration of the Corporate Governance Code, we have determined that it is the timing that such a policy change gains support from society and clients.
- ◆ Another point is financial reason of the group. Strategic shareholdings have become an excessive burden for capital, and there is an urgent need to accelerate reduction from the perspective of capital efficiency against the backdrop of changes in the regulatory environment.
- ◆ Naturally, it is a prerequisite to proceed with the understanding of clients. Since we will not seriously damage our client base, we have not set a deadline for reaching the final goal. However, despite the challenges, we will aim to reduce 100 billion yen in acquisition cost base in the remaining two years of the Medium-Term Management Plan period at double the speed of the past 3 years.
- ◆ As to stocks that we will continue holding until reduction takes place, we will engage in dialogue with the corporate clients to help boost their corporate value as well as enhance offering sufficient value-added services even without the strategic shareholdings.
- ◆ Along with these initiatives to improve capital efficiency, we will be more proactively consider to seeking seeds of investment opportunities which is aimed for our future growth going forward.
- ◆ Please go to page P.53.

Initiatives to improve ROE



(*1) AUM of assets generate recurring income, such as private investment trust, jointly-managed money trust, private asset-type products etc. Private asset-type products include private equity/debt, real estate, infrastructure etc.

(*2) Cumulative reduction amount based on the plan(FY16-FY20) : ¥142.6bn (Including agreed by clients: Approx. ¥160.0bn in total)

(Reference) 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

Business segment	B/S business	Fee business	Strength as Specialized trust bank		Capital
Retail TS	Residential mortgages	Investment management consulting Inheritance	Total solution services	Alliance strategies	Efficient allocation of capital
Wholesale TS	Corporates Product related	Credit arrangements Securitization/M&A			
Wholesale AM		Investment management consulting AM arrangements			Reduction of strategic shareholdings
Stock transfer agency		Shareholder admin. Various consulting			
Real estate		Brokerage Real estate AM			Utilize M&A
Fiduciary services		Asset management Asset administration			
Asset management business		Asset management			
Global markets	Security investments ALM				

Improve return on capital to boost profitability

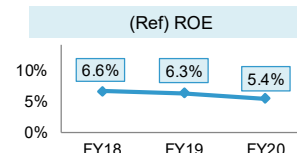
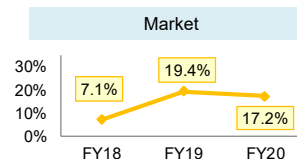
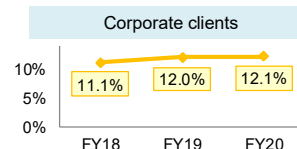
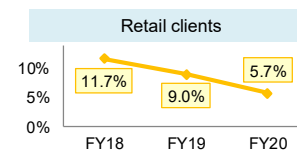
Improve profitability against cost

Profit increase through cross-divisional synergy

Profit increase through effective use of capital / expenses

Effective use of capital

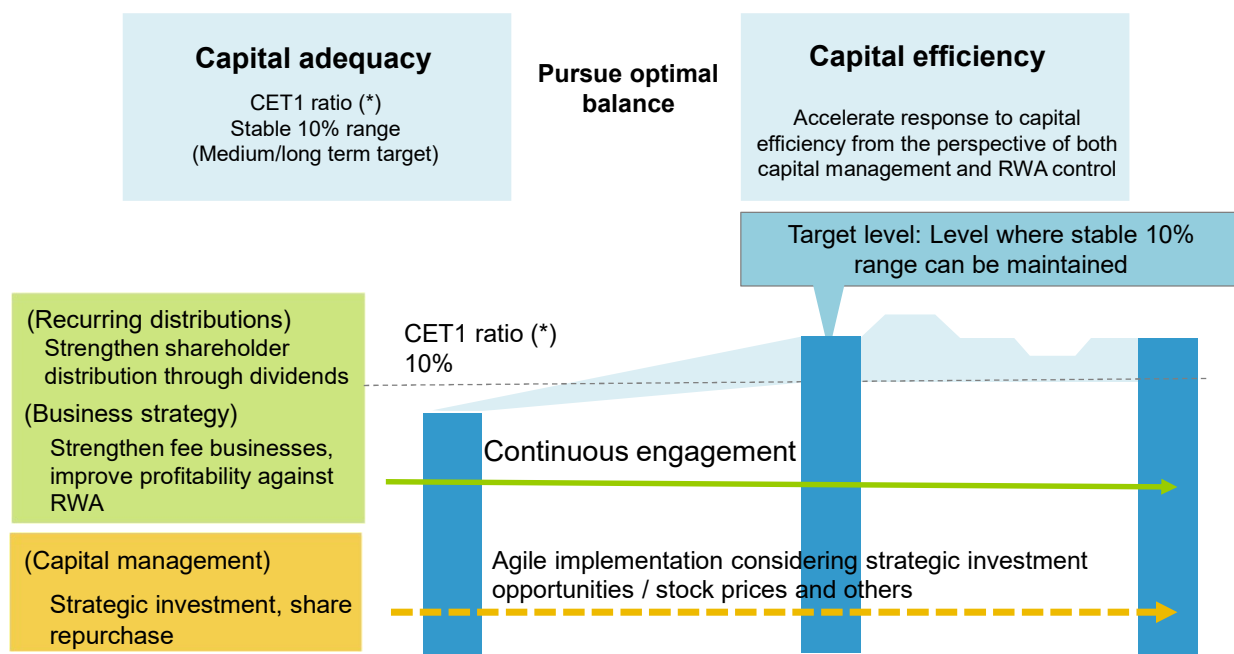
ROE by business segments(*)



(*)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)

Our approach to Capital policy

- ✓ Though early achievement of capital adequacy targets will be sought, certain levels have already been reached
- ✓ Consider agile implementation of capital efficiency improvement measures in light of business environment beyond FY21



(*) Pro-forma figure on Finalized Basel III reform basis

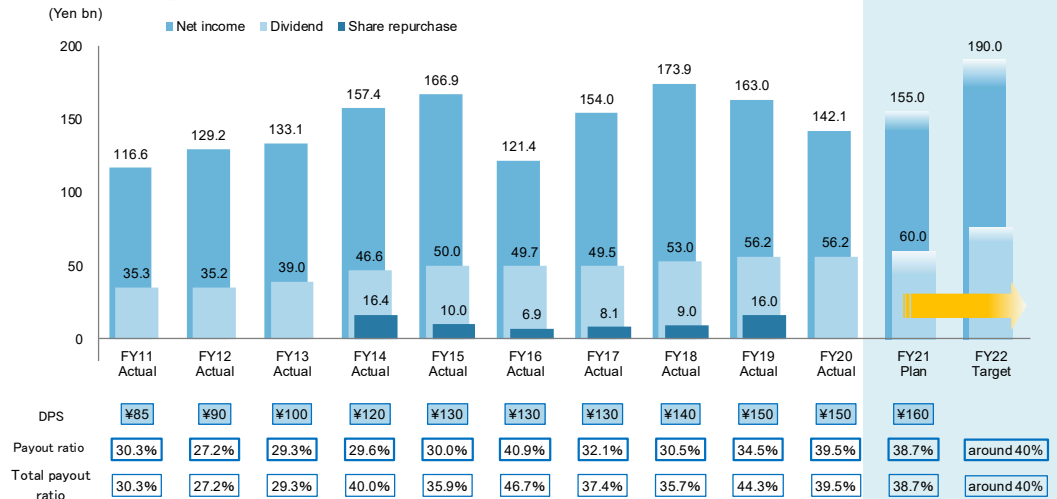
Evolution of shareholder returns

- ✓ Aim for stable shareholder return in accordance with sustainable growth of businesses in FY21
- ✓ Consider agile implementation of share repurchases based on the policy of shareholder return in FY21

Shareholder return policy

- As a means of returning shareholder's profits commensurate with earnings, aim to raise consolidated dividend payout ratio to around 40% in or around FY22.
- May repurchase its own shares flexibly by considering the balance with investment in profit growth opportunities for its mid- to long-term perspective, and the effect of the repurchase on the improvement of capital efficiency, given securing adequate capital level

【Shareholder return】



Considering strategic implementation of share repurchases based on the shareholder return policy

- ◆ Lastly, I will discuss shareholder return.
- ◆ The shareholder return policy will remain unchanged. Recurring distribution will be reflected in enhancement of dividends that is in line with a sustainable growth of the our business, and for FY2021, we expect dividend of 160 yen per share, increase by 10 yen year on year.
- ◆ We noted that there will be no share buyback for FY2020 due to uncertainties from COVID-19, but for FY2021, we will flexibly and tactically consider share buy back for perspective of balance between capital adequacy and capital efficiency.
- ◆ Finally, to wrap up our important business initiatives again, I am convinced that enhancing and sophisticating operational quality, addressing to initiatives to contribute to promoting the creation of virtuous cycles, and reduction of strategic shareholdings are all approaches that leverage the strength of the “trust bank group”.
- ◆ I will manage the business by placing importance on realizing these initiatives.
- ◆ I thank you for your continued support in advance and your kind attention today.
- ◆ This concludes my presentation.

8. Medium-Term Management Plan

Medium-Term Management Plan (Ref.)

- ✓ 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

<Purpose>

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Themes to be addressed proactively as social challenges

Individual clients



Asset administration suited for Japan's aging society and asset formation of individuals

Corporate clients



Sustainable growth of the Japanese economy and corporations (addressing both financial and non-financial issues)

Investor clients



Diverse range of investment opportunities and development of the investment Chain

To contribute to the sustainable development of society

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

KPI (Client base)

		FY19 (Actual)	FY20 (Actual)	FY22 (Target)	Definition of KPI
Client base (Pre-Best Partner)	Individual	0.26M clients	0.27M clients	0.29M 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 (*2)	550 firms	620 firms	690 firms	
Responding to society after COVID-19 (individual clients using non-face to face channels (*3))		1.85M clients	1.99M clients	2.38M 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. Figures were updated due to definition change.

(*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).

Financial target (KPI)

	FY20 (Actual)	FY21 (Forecast)	FY22 (Target)	(For reference) Medium/Long-term Target	
Net business profit	¥294.7bn	¥280.0bn	¥290.0bn		
Net income	¥142.1bn	¥155.0bn	¥190.0bn		
OHR (Overhead ratio)	60.1%	62.2%	Lower 60% range	Upper 50% range	Promote efficiency despite limited OHR decline based on enhancing fee business
Fee income ratio	52.9%	Mid-50% range	Upper 50% range	Maintain above 60%	Increase stable fee revenue
Common Equity Tier 1 ratio ^(*)	9.4%	Mid-9% range	Mid-range b/w 10-11%	Maintain stable 10% range	Maintain prudent level of capital
Return on equity	5.4%	Upper-5% range	Around 7%	Around 9%	Aim for self-sustaining improvement of ROE
Dividend payout ratio	39.5%	38.7%	About 40%		
(*) Pro-forma figure on Finalized Basel III reform basis					
[Assumptions of the market]	Mar. 21	Mar. 22			
10 year JGB	0.01%	0.00%			
Nikkei 225	29,178yen	29,000yen			
USD/JPY	110.7	109.0			

9. Appendix

Appendix: Table of contents

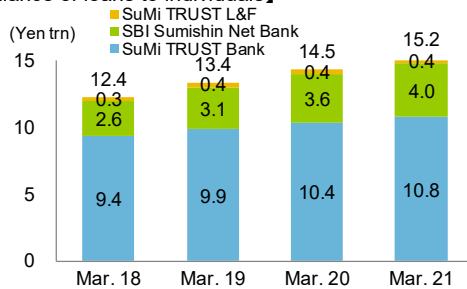
1. Retail business	...P.60~
2. Real estate business	...P.66~
3. Corporate business	...P.67~
4. SBI Sumishin Net Bank	...P.68~
5. Investor related business	...P.69~
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8. Status of the Group regarding ESG and sustainability	...P.79~
9. Governance	...P.80~
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12. 【Reference】 Process of exercising voting rights	...P.86~

Retail business : Residential mortgage 1/2

✓ Maintained efficient marketing activities even under the COVID-19 turmoil, steadily building up high-quality mortgage loan balance

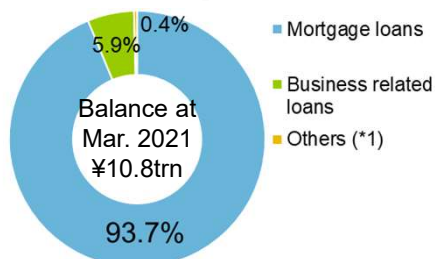
Steady ramp up of balance

【Balance of loans to individuals】



More than 90% of loans to individuals are mortgage loans

【Breakdown of loans to individuals】

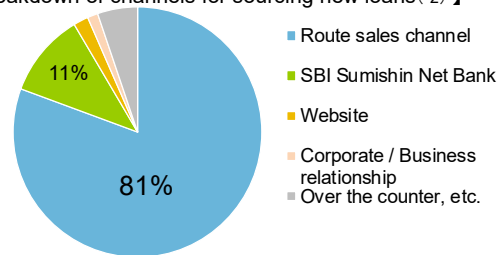


(*1) Consumer loans, overdrafts, etc

Balance at
Mar. 2021
¥10.8trn

Reinforce marketing activities to major companies with a plethora of quality clients

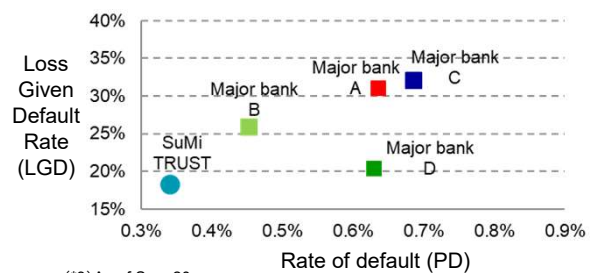
【Breakdown of channels for sourcing new loans(*2)】



(*2) FY20 results

High-quality client base

【PD・LGD distribution(*3)】



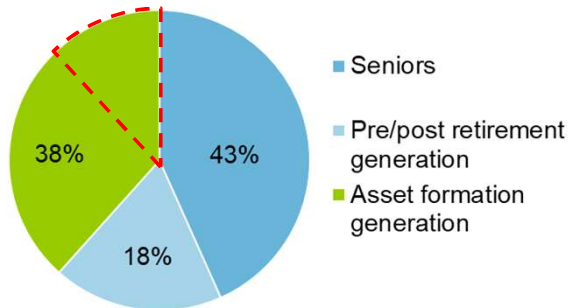
(*3) As of Sep. 20

Retail business : Residential mortgage 2/2

✓ Expanded client base into asset formation generation with multiple transactions basing off of mortgage loans

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

【Breakdown of mortgage clients by generation(*)】



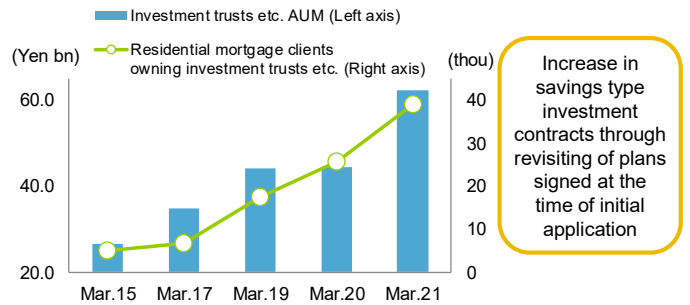
(*) Client profile by age group and ratio of mortgage loan clients to total asset formation generation clients (Mar. 21)

✓ Approx. 30% of asset formation generation clients are mortgage clients

➡ Starting point of multiple transactions

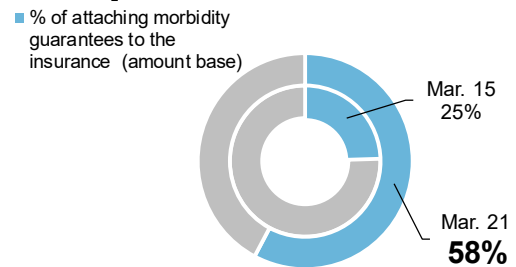
Growth into multiple transactions with mortgage clients

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



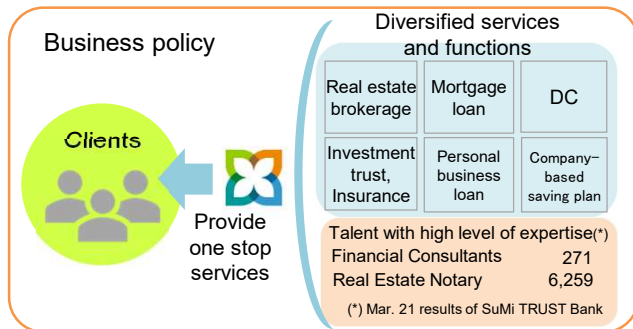
Increase in savings type investment contracts through revisiting of plans signed at the time of initial application

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

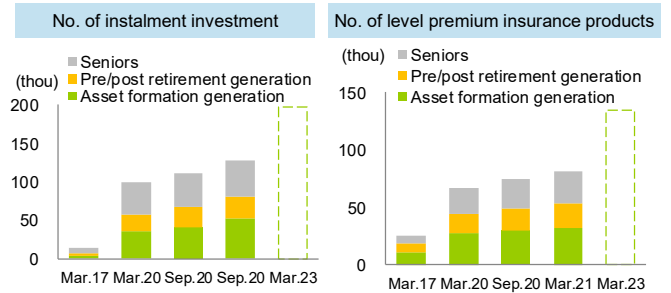


Retail business: Provision of solutions to asset formation generation (1)

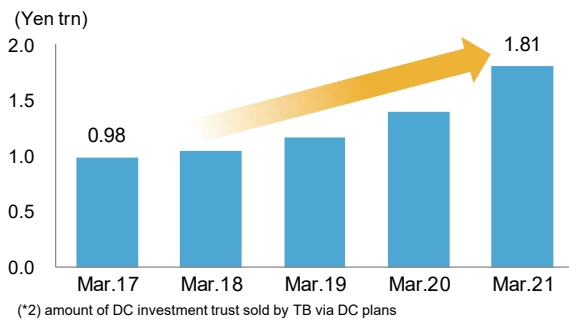
- ✓ Offer medium to longer term asset formation support to clients currently in the work force through a diversity of services and products coupled with specialized knowledge



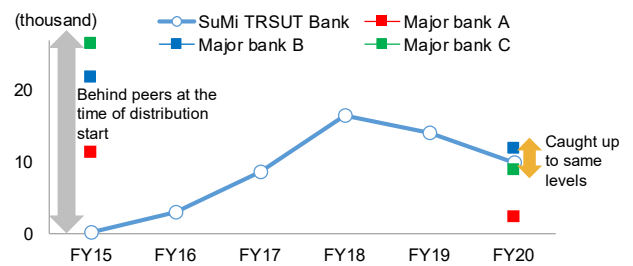
Support future preparedness of the working generation



AUM of DC investment trust (*2)



Number of level-premium insurance contracts (medical cancer)

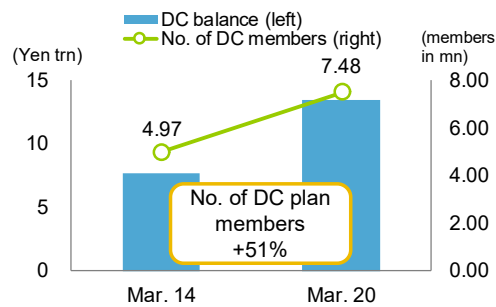


Retail business: Provision of solutions to asset formation generation (2)

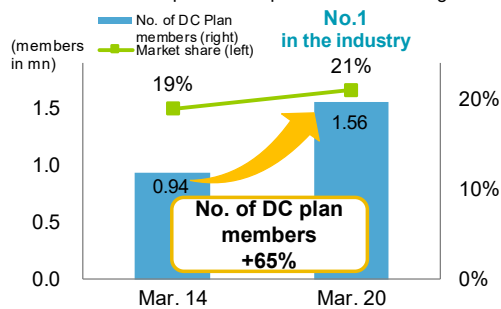
- ✓ Contributing to asset formation of the working generation through our DC plans that pride No.1 share in the industry

Expansion of base exceeding speed of market growth

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



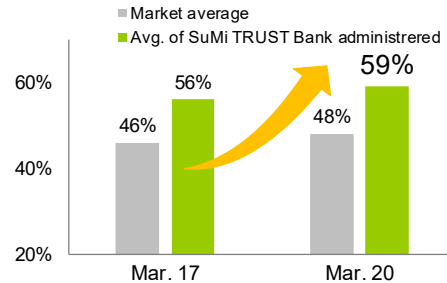
【SuMi TRUST's client companies' DC plan members during the same period】



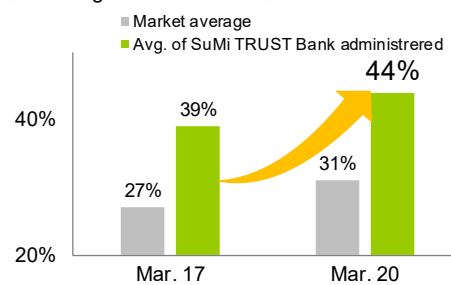
Contribute to elevate financial literacy necessary for asset formation

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

【Investment trust selection rate】



【Matching contribution rate】

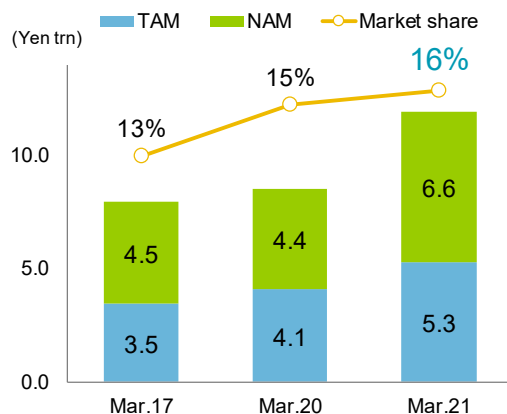


Retail business : Provision of solutions to asset formation generation (3)

- ✓ Provision of wide variety of attractive investment products through various channels of group companies

Expanded market share in publicly offered investment trusts

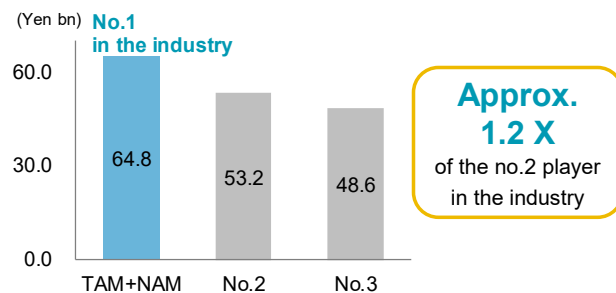
【Balance of publicly offered investment trusts】



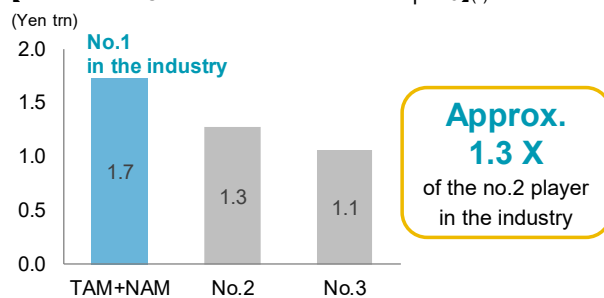
Expand market share to
over 15%

Top class achievements also in the DC area

【Net increase of DC investment trusts as of Sep. 20】 (*)



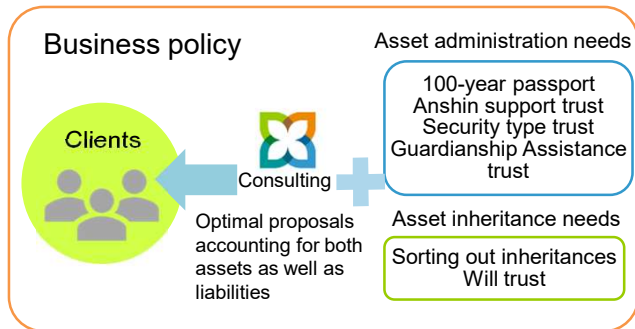
【Balance of DC investment trusts as of Sep. 20】 (*)



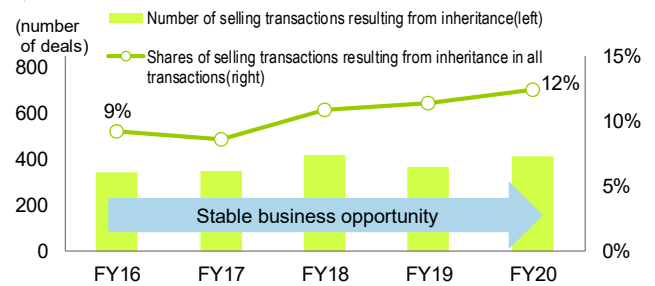
(*)Source: "Pension Information"

Retail business : Provision of solution to seniors

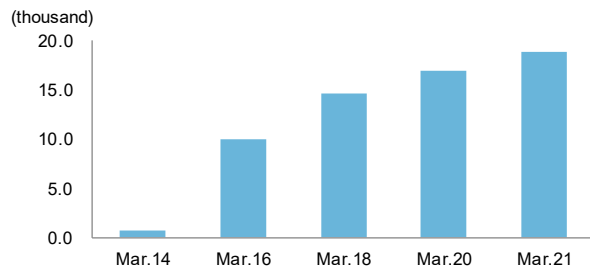
- ✓ Respond accurately to asset administration / inheritance needs of seniors through consulting activities



Retail real estate brokerage basing-off of inheritance occurrences

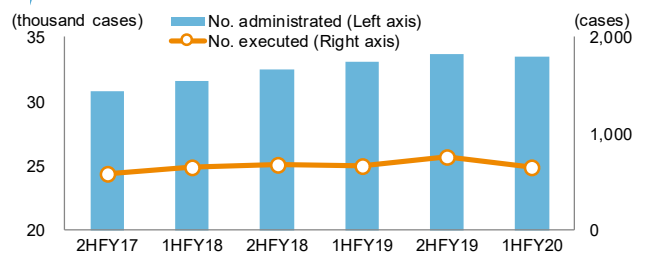


No. of asset administration type products(*) handled



(*) Guardianship system support trust, Security type trust, Anshin support trust, 100-year passport and others

No. of will trusts administered and executed

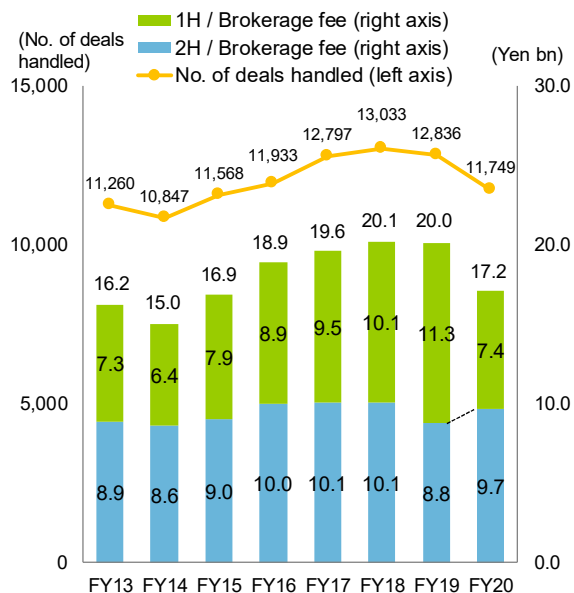


Real Estate Business

✓ Decline in profits YoY due to COVID-19 in 1H, but current volume of activity and fees are under recovery

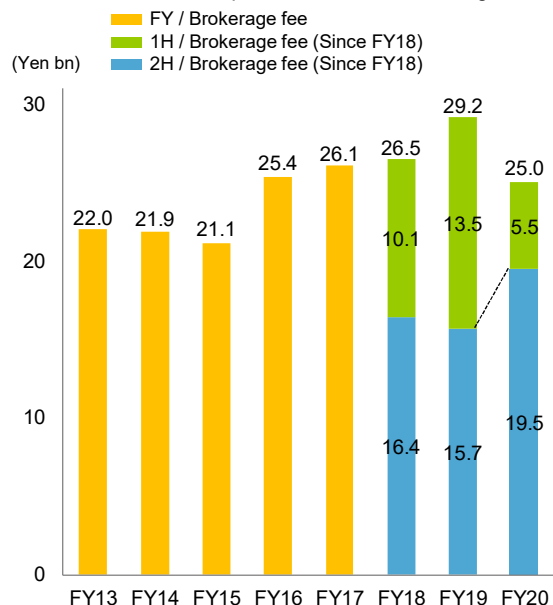
Decreased YoY but under recovery by normalization

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



Decreased YoY but corporate clients have strong sales needs

【Track record for Corporate real estate brokerage fees】

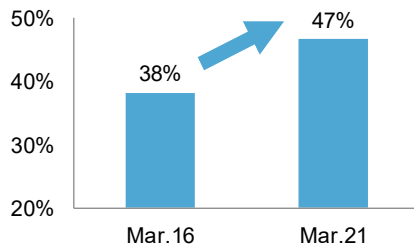


Corporate business: Credit portfolio management

✓ Credit portfolio management balancing both managing risks and gaining return

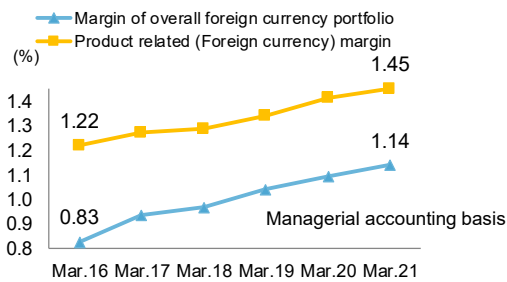
Steady progress of realignment to product related lending

【Product exposure ratio of foreign currency portfolio】



Improvement of margin on foreign currency portfolio

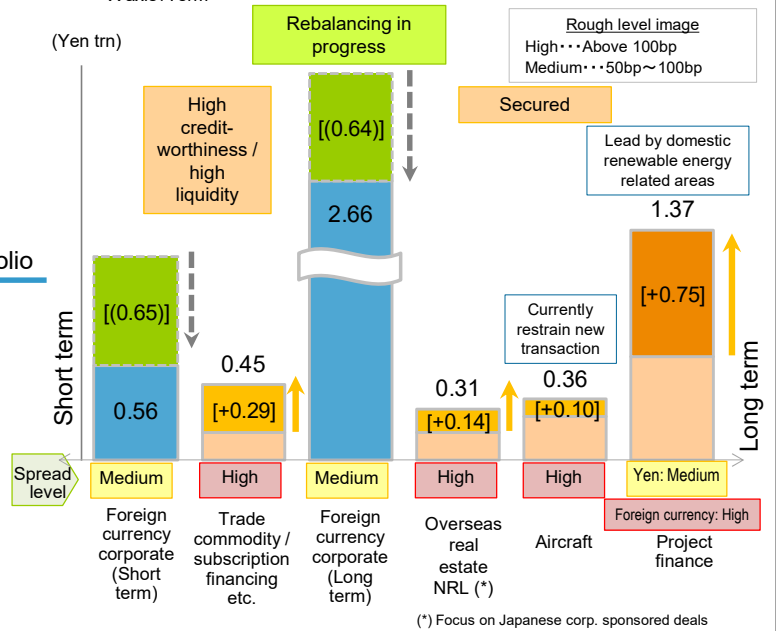
【Trend of margin improvement】



Restrained approach towards downside risks

【Managing balance by types of product related lending】

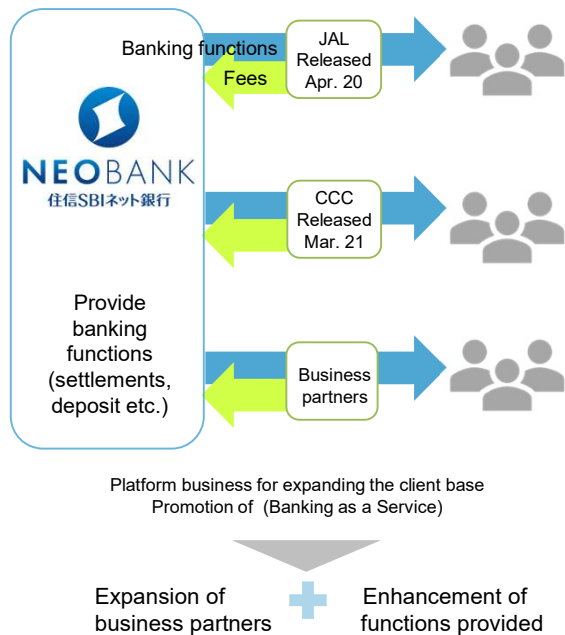
Y axis: Mar. 2021 balance (Yen trn, change from Mar. 2016 in parentheses)
X axis: Term



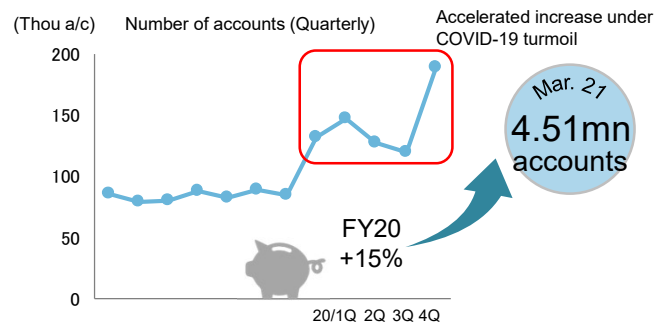
SBI Sumishin Net Bank

- ✓ Expanding client base with growing number of accounts etc. and steady increase in lending / deposit balance even under the COVID -19 turmoil by leveraging the strength as the No.1 domestic internet bank.

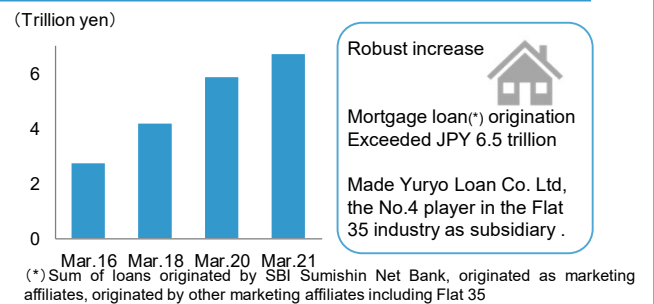
NEOBANK® initiatives



Accounts acquired remaining at highs



Mortgage loans origination

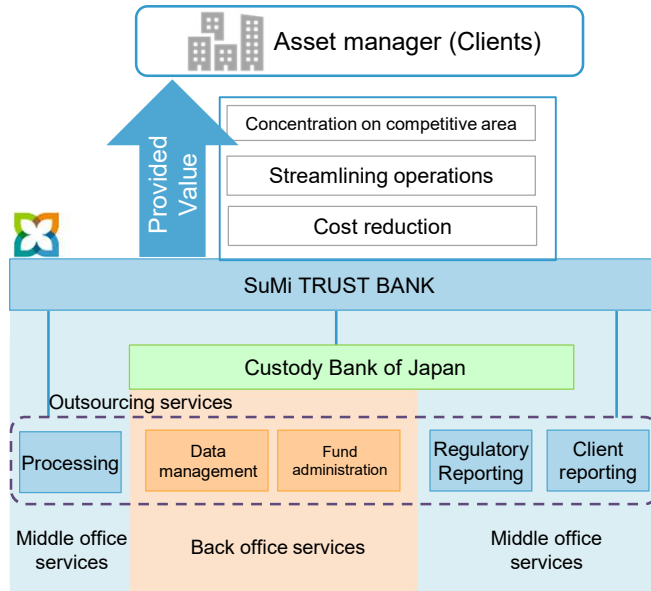


Investor related business : Asset administration

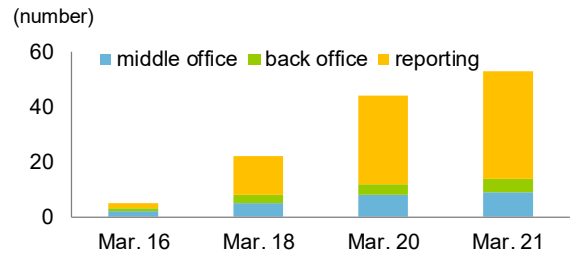
- ✓ Promote outsourcing services by leveraging high level expertise and know-how of ourselves as asset manager

Provision of high value –added services by JABIS

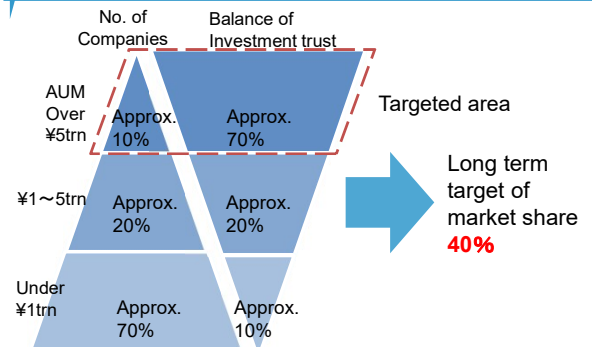
JABIS (Japan Asset Business Information Services)
Outsourcing services of custody administration operation



No. of contracts steadily increased



Market structure and future target



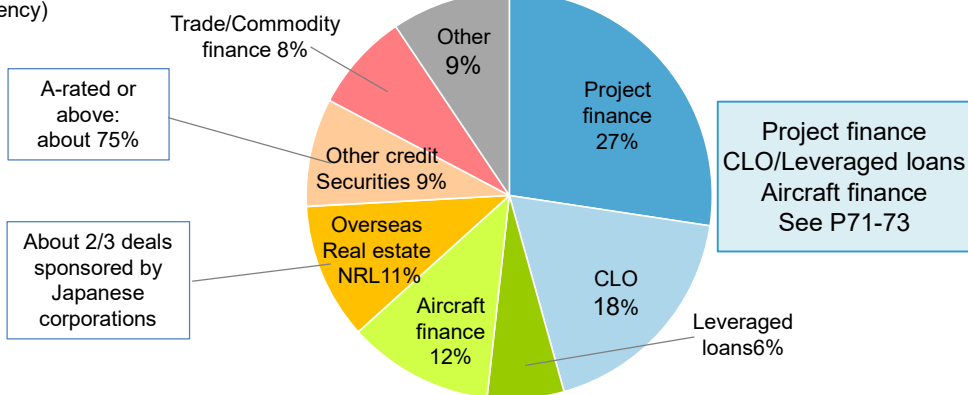
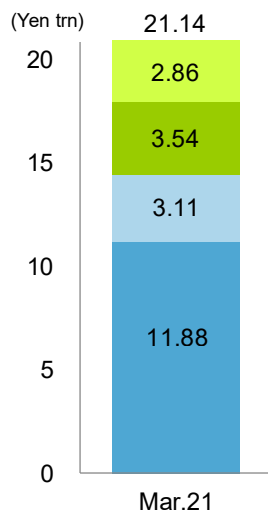
Credit risk (Overview of Corporate lending/investment)

- ✓ 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

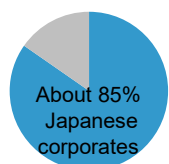
- Product related (Foreign currency)
- Corporate (Foreign currency)
- product related (Yen)
- Corporate (Yen)



A-rated or above: about 75%

About 2/3 deals sponsored by Japanese corporations

Corporate (Foreign currency)



Corporate (Yen)

Mainly large corporations

Product related (Yen)

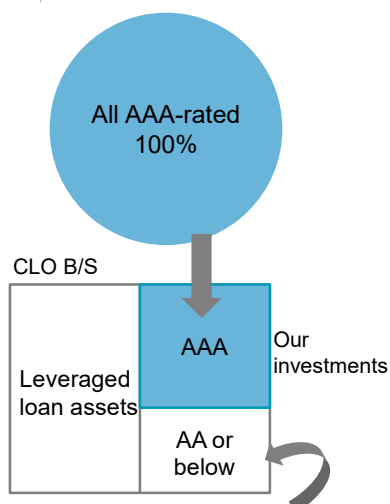
Around 70% Domestic real estate NRL/REIT

Real estate NRL	Approx. ¥1.0trn
REIT	Approx. ¥1.2trn

Credit risk (CLO)

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

Credit rating distribution



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

Balance

(By region)

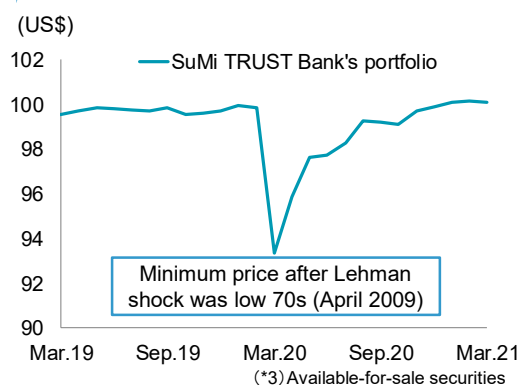
(US\$ Mn)	Mar. 20	Mar. 21	Chg
CLO (*1)	4,837	4,643	(193)
US	4,495	4,317	(177)
EU	342	326	(16)

(By type)

(US\$ Mn)	Mar. 21	Unrealized gains/losses
CLO (*2)	4,543	3
Available-for-sale	3,374	2
Held-to-maturity	1,168	1

(*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

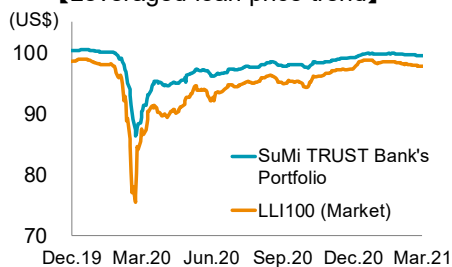
(US\$ Mn)	Mar. 20	Mar. 21	Chg
Leveraged loans (*1)	1,605	1,546	(59)
US	1,374	1,334	(40)
EU	230	211	(19)
High yield bonds	—	—	—

【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

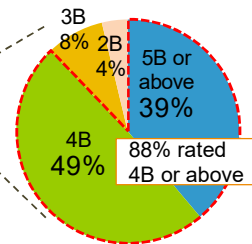
Historical performance (*2)

【Leveraged loan price trend】

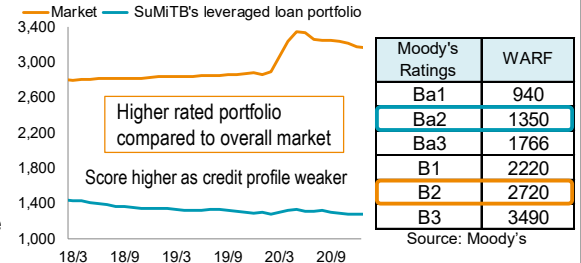


Credit rating (*2)

【Credit rating distribution】



【Weighted Average Risk Factor (WARF)】

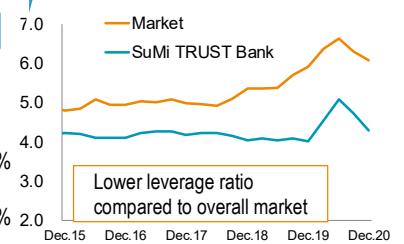


Per exposure diversification (*2)

Amount per transaction	Industry diversification
3B or above: \$5-10mn	Industries likely to be affected by COVID-19 (Ratio% below 4B)
2B or blow: \$3-4mn	【Retailer】 SuMi TRUST Bank 1.3% vs Market 3.0%
	【Leisure】 SuMi TRUST Bank 1.7% vs Market 3.9%

(*1) Secured loans with floating rates funded by companies rated BB+/Ba1 or lower, includes fund investments (US: \$110M / Europe: \$211M) (*2) US Leveraged loans (Proprietary investments)

Total leverage ratio (*2)



Credit risk (Aircraft Finance / Overseas Project Finance)

✓ Selective transactions of both aircraft finance and project finance prioritizing safety and diversification

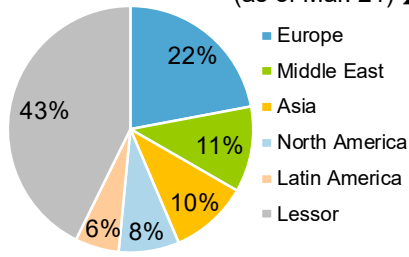
Aircraft Finance

Selective transactions for high quality lessee / lessor

Mar. 21 Balance US\$3,283M, (506)M vs Mar. 20

Ratio vs total corporate portfolio Approx. 2%

【Diversification of aircraft portfolio
(as of Mar. 21)】



Exposure exceeds
USD100mn for
only 3 airlines

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

LCC ratio Approx. 9%

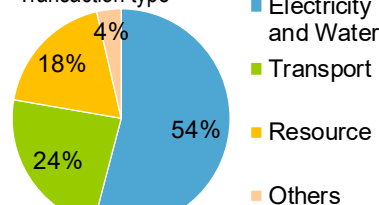
Overseas(foreign currency) Project Finance

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

Mar. 21 Balance US\$6,962M

Ratio vs total corporate portfolio Approx. 4%

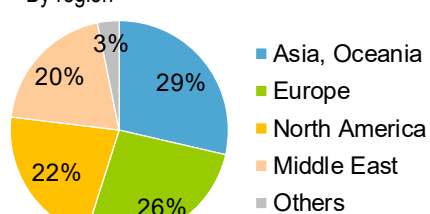
<Transaction type>



Public,
infrastructure
based
transactions

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

<By region>



Approx. 21%
ECA covered

Credit risk (Domestic real estate NRL / REIT)

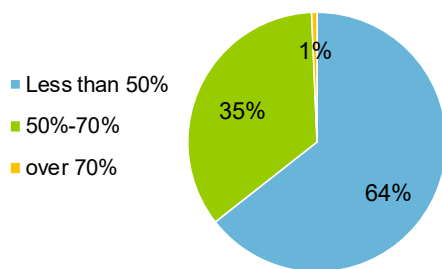
✓ Maintaining conservative portfolio management focusing on Low LTV

Outstanding loans to Domestic real estate NRL

(Yen bn)	Mar. 20	Mar. 21	Change
Real estate NRL etc.	2,110.4	2,213.7	103.2
Real estate NRL (*1)	1,023.2	1,004.2	(18.9)
REIT	1,087.2	1,209.5	122.2

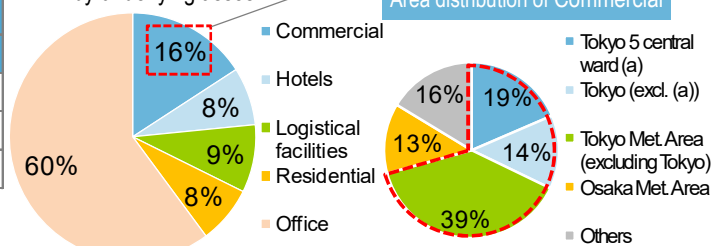
(*1) Including bond-type

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



Underlying assets of Real estate NRL (*2)

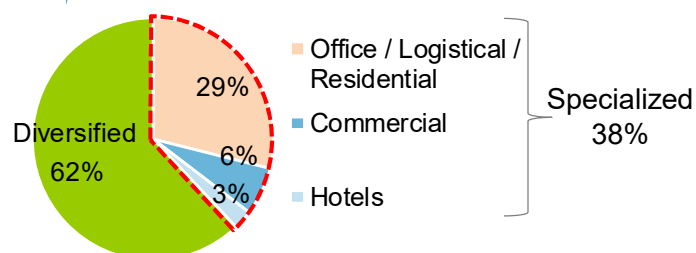
<by underlying assets>



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

Mainly Tokyo Met. Area

Underlying assets of REIT (*2)

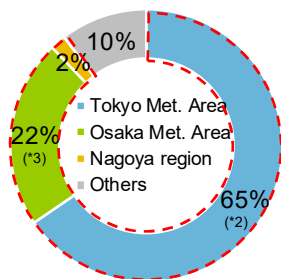


Credit risk (Personal loans)

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

Mortgage loans (*1)

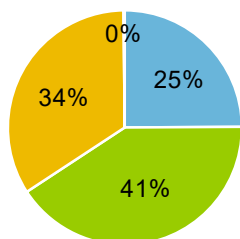
Portfolio focused on metropolitan areas



(*1) SuMi TRUST Bank Breakdown of executed amount of mortgage loans and apartment loans in FY20

(*2) Tokyo 44% (*3) Osaka 16%

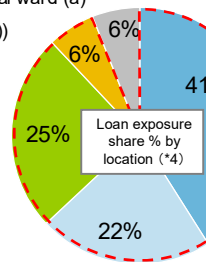
Distribution by work place



■ civil servants, etc. ■ listed firms
■ unlisted firms ■ others

Business loans (*4) (¥635.7bn as of Mar. 21, Approx. 6% of loans to individuals)

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



High quality properties in metropolitan areas

3 largest metropolitan areas 94%

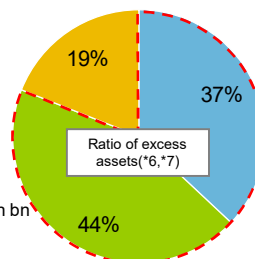
With 10mins walk from station about 80%

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 sustainability (Super-aged society)

✓ Approach the clients' 100-year life (super-aged society) seriously with a broad selection of products

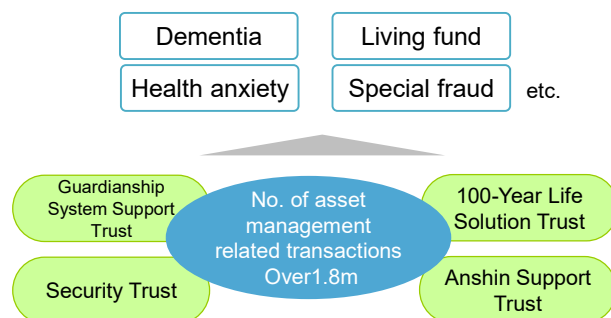
Contributions to "Dementia and Financing"

Initiatives for dementia as financial institution

Participate in the Decision-Making Support Organization Japan
 : Lead discussions regarding financial operations that incorporate medical knowledge
 Helped establish "Bank Gerontologist" accreditation
 : Make mandatory the certification of qualifications of the retail TS business practitioners



Offer products that help prepare for various types of anxieties



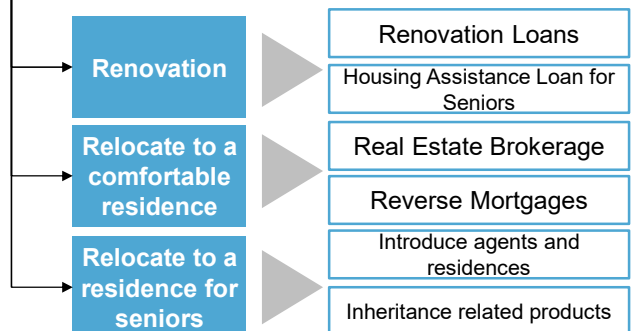
Initiatives for addressing living environment of seniors

Offer information on residence options

Contents on ways to approach/respond to "Aging in Place" for continuing to lead life by maintaining/improving QOL (Quality of life)



Offer a wide variety of services that cater to different options



✓ Proactively engage in providing value to the global/local communities

Initiatives for protecting natural capital

Amamino-kurousagi (Amami Rabbit)Trust (Amami-Oshima)



Purchase forests using trust schemes and promote preservation for the protection of indigenous species of Amami Oshima

Develop town habitable for red-crowned crane (Naganuma-town, Hokkaido)



Expand/diversify the area of habitat for Japanese red-crowned cranes whose habitat has become confined to mainly the eastern part of Hokkaido

Grave Posts Forest (Chonan-town, Chiba)



Conduct campaigns for enlightenment on a new concept for restoring nature of planting trees as an alternative to grave posts through exhibitions and others in the branch lobbies

Activities for fostering supporters of a sustainable society

We are engaging in ESD (Education for Sustainable Development) in aims to “foster individuals that understand the value of nature”.



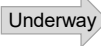

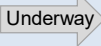

Held an “ESD promotion guidance training” targeting teachers/school administrative workers in Aichi prefecture and conducted a remote lecture session regarding ways for practicing classwork that incorporates ESD, SDGs (August, 2020)



(Reference)
Overview of
ESD project

Initiatives for sustainability : Response to TCFD recommendations

✓ Started disclosures based on TCFD recommendations. Further advance the initiatives and promote expansion on the scope of disclosures.

Items	Status	
Governance		<ul style="list-style-type: none"> Developed “Policy on actions for climate change initiatives” (2011) Specified “Climate change” as being subject to materiality (2015) Set up a TCFD project team (2019)
Strategy		<ul style="list-style-type: none"> Analysis on climate change risk scenario (launched in 2020) <p>2020: Power, mortgages  Expand sectors subject to analysis</p>
Risk Management		<ul style="list-style-type: none"> Management in lending areas: Sector policy <div> Coal-fired power generation Forests Palm Oil </div> 2020: Revisited sector policy for coal fired power generation <u>In principle, we don not participate in financing for construction of new coal-fired power generations</u>  Expand sectors subject to setting up policies Management in investing : Engagement
Index and Target		<ul style="list-style-type: none"> Long-term target for sustainable finance (FY21-FY30) Cumulative balance of loans executed in FY21-FY30 : ¥5.0trn (incl. ¥3.0trn in environmental fields)

Our Group's status regarding ESG / Sustainability Initiatives

Top class rating for ESG among Japanese banks

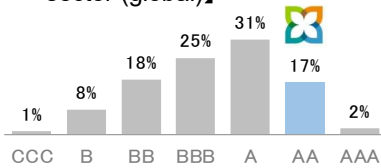
MSCI ESG Ratings^(*)

No.1 among Japanese Banks

Rating AA

(*)As of Mar. 21

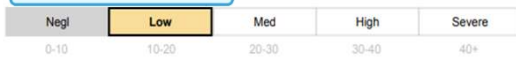
【Rating distribution on banking sector (global)】



Sustainalytics ESG Risk Ratings

19.4 Low Risk

High ranking
(92/947 among Global banks)



PRI assessment by UN organization^(*)



Highest rating

Rating A+

NAM: 7 consecutive years
TAM: 6 consecutive years

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

Selected ESG indices



Domestic/International ESG related activities



The United Nations
Global Compact



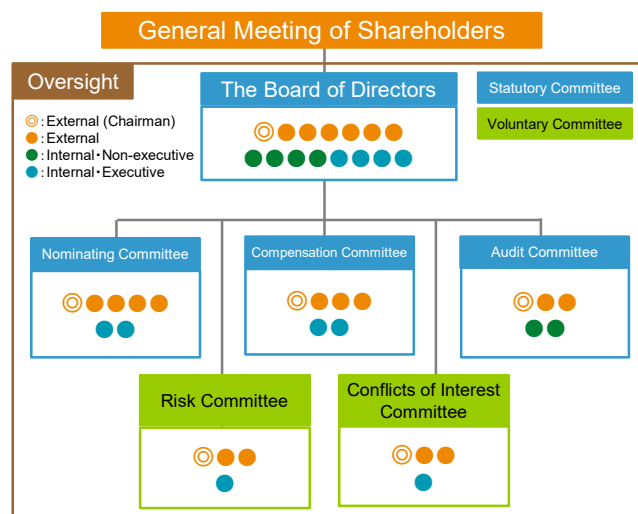
Founding Signatory of:



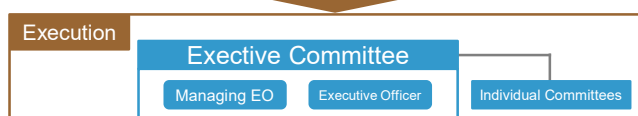
PRINCIPLES FOR RESPONSIBLE BANKING



Corporate Governance System



Oversight



- ✓ The Board of Directors' meeting and other committees to be chaired by External Directors
- ✓ External director % : 47% (7/15)
- ✓ No. of female director : 1→2

Appointment of external directors with advanced expertise and diversity

	Statutory committee			Expertise			
	Nom inati on	Com pens ation	Audit	Corpo rate Mana gemen t	Finan cial Accou nting	Legal	Finan ce
Isao Matsushita	◎	●		●	●		
Shinichi Saito	●		◎	●	●		●
Hiroko Kawamoto	●	◎		●			
Mitsuhiro Aso			●			●	
Nobuaki Kato	●	●		●			
Masanori Yanagi	●	●		●			●
Kaoru Kashima			●		●		

(*)©: Chairman

Governance: Process for assigning the President

- ✓ Operate a faithful and sound process for selecting and appointing the new President by an independent Nomination committee

Established Nominating Committee (statutory) (Jun. 2017)

- Consists of more than 3 directors
- More than half of members are external
- Chairman is independent external director

Development of management based on succession plan

- To design “Top management succession plan” and “Each divisional head succession plan”
- Manage and mentor candidates for each succession plan

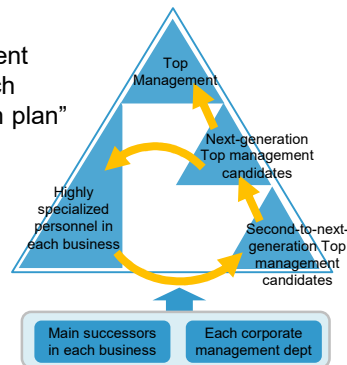


Image of top management (example)

- ✓ Individuals with a plethora of knowledge and experience on business management and operations of a trust bank group.
- ✓ Individuals that can manage/operate the business impartially/appropriately based on strong self-discipline under full understanding of the social responsibilities/missions of banking operations as well as the spirit of fiduciary duty.
- ✓ Individuals that possess execution capabilities to personally take the lead not only during normal times but able to breakthrough challenges during challenging times when the business is faced with difficulties without flinching to any adversity to embody SuMi TRUST's purpose/mission/vision/value as well as have the strength to cope with stress.
- ✓ Individuals that develop next generation talent by bringing out the subordinates' potential to the full, advance individuals' inspirational thinking, creativeness, breakthrough capability.

Governance : Compensation system

✓ Operate a remuneration scheme that functions as a valid incentive to corporate earnings

【Overview of compensation system】

	Composition ratio (Executive)	Composition ratio (Non-executive)
Monthly compensation		
Fixed compensation	About 40%	About 45%
Individual performance linked compensation	About 25%	About 25%
Directors' bonus		
Performance linked bonus	About 20%	About 20%
Stock option		
Share delivery trust	About 15%	About 10%

For calculating remuneration amount of stock options through the Stock grant trust, account for contributing to various stakeholders by comprehensive evaluation based on non-financial factors in addition to financial indicators.

(Quantitative)
Financial indicators

- ROE (consolidated)
- CET1 ratio (consolidated)
- OHR (consolidated)



(Qualitative)
Non-financial factors

- Status of ESG related activities and scoring by rating companies and others
- Status of FD and client satisfaction activities

【Actual compensation amount】

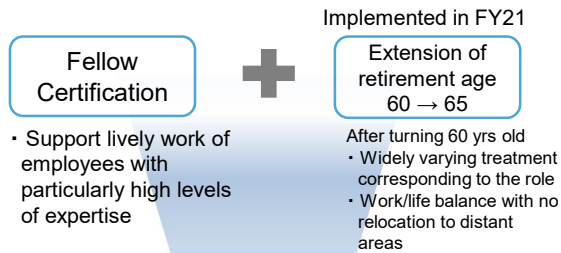
Position	Number	Compensation (¥m)				
		Total amount	Monthly compensation		Performance linked compensation	
			Fixed compensation	Individual performance linked compensation	Directors' bonus	Stock option
Director (excl. External Director)	4	145	107	18	11	7
Executive Officer	9	271	120	69	50	31
External Director	7	114	114	—	—	—

* Remunerations and others paid to executive officers that also hold post as directors is included under the column for executive officers
Directors' bonuses and stock options state the reserve pool amount since the actual amount is yet to be decided

HR Strategy: Initiatives to support active participation of specialists

✓ Set up an environment for specialists to display their full potential to create further added value for the clients and society

Support ability to display specialized skills across the longer term



✓ Employees exerting expertise to address increasingly complicated client needs

Expertise of fellow employees (examples)

- Financial consultant responding with high levels of expertise to asset administration/inheritance needs
- Internal audit officer capable of shouldering the audit function of a large organization, possessing third-party qualification

Talent pool of specialists (SuMi TRUST BANK as of Mar. 21)

Financial Consultant: 271 individuals

Pension Actuary: 41 individuals

Real Estate Appraiser / Assistant Real Estate Appraiser: 208 individuals

Real Estate Transaction Specialists: 6,259 individuals

✓ Provide next generation with role model

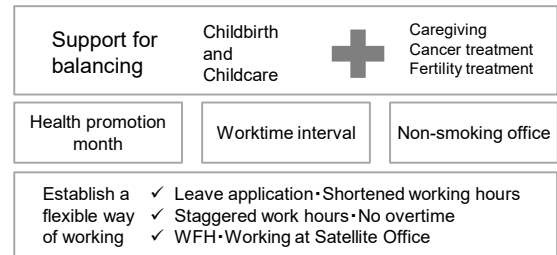
Broadening of training contents

SuMiTRUST University

Knowledge study sessions: Small group lectures/discussions by both in-house and outside experts

Theme "Financial services under super-aged society"
"Enhancing creativity for developing creative business models"
"CSV (Creating Shared Value) Management" etc.

Establish a work environment for talent to exert their true capabilities



Expand satellite branches
(Ichikawa, Urawa, Kawasaki, Tachikawa, Omori, Jiyugaoka, Tokorozawa, Matsudo, Sagami-Ono, Fuchu)



Expanding sequentially to Kansai regions

HR Strategy: Initiatives on health and diversity

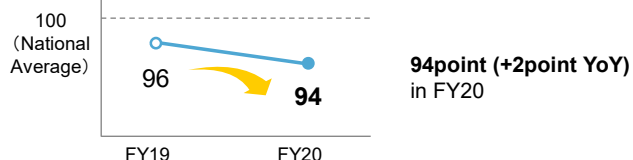
✓ Initiatives for establishing an environment for employees to display their abilities to the maximum. Initiatives on diversity also making solid progress

Utilizing external evaluations / quantitative analysis



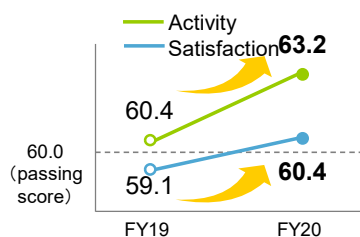
2021 Recognized as top "White 500" enterprise by METI under the Certified Health & Productivity Management Organization Recognition Program 4 years in a row

【Overall health risk^(*)】



(*)Based on survey conducted Nov. 20. National average is 100, and lower is better.

【Score of awareness survey^(*)】



(*)Based on survey conducted Nov. 20.

Start test run of "Engagement survey" for supporting the PDCA cycles of branch divisions by visualizing the status of the team and promoting voluntary improvement actions (Expand the scope of subject branch divisions in FY21)

Initiatives for diversity

✓ Initiatives for LGBTQ

Initiatives for employees

Establish consulting counter

Enlightenment activities through training

Revisions to welfare/benefits packages (Leave of absence due to reasons relating to same gender marriage partners and others)

Initiatives for clients

Mortgages acknowledging same gender partners as the spouse

Evaluation on initiatives for gender minority
Received the top "Gold" award for "PRIDE index"



✓ Status of female manager^(*)

	Mar. 18	Mar. 21	Target ^(*)
Women appointed to section head and above positions	9.7%	11.8%	12%
Women engaging in management work	22.6%	26.9%	30%

(*) SuMi TRUST BANK

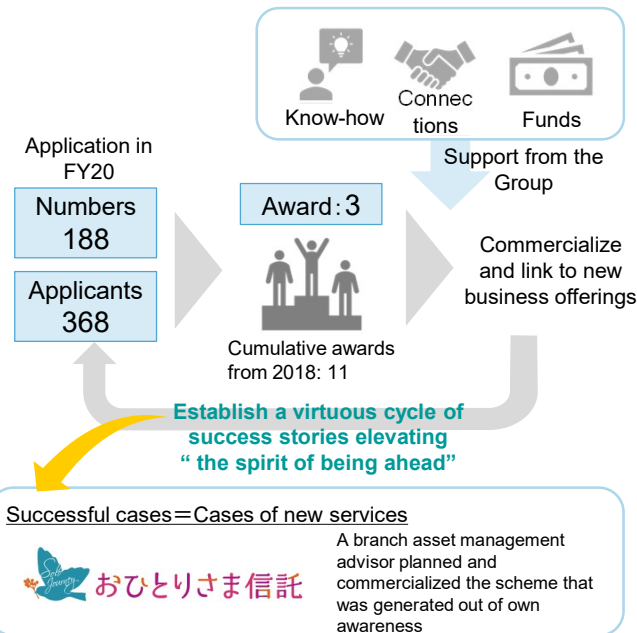
(*) Target towards Mar.23

Creating the future

✓ Support materialization of new services generated voluntarily out of a broad employee base

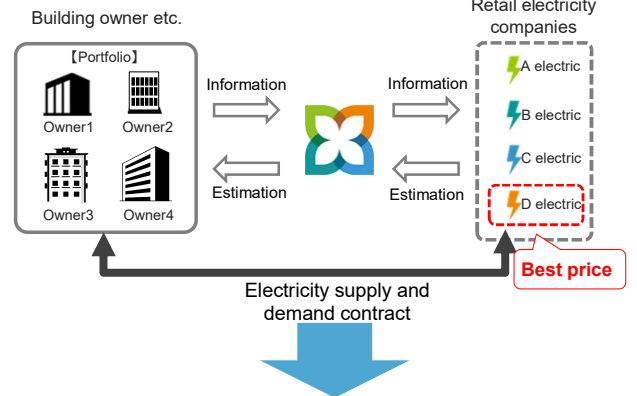
Discover new businesses through Future festival (in-house contest)

Provide new services that aim to solve social issues



Combined electricity service

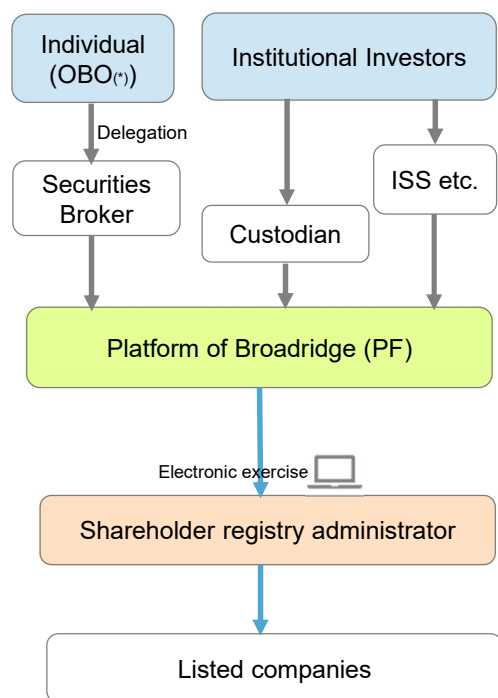
Service for streamlining electricity bills of buildings that the client manages



Renewable energy procurement also possible through this service
Currently expanding service offerings for realizing a decarbonized society

Commercialization of other award-winning ideas into businesses and services that lead to solving social problems under way

(Reference) Process of exercising voting rights (US)



(*) Objecting Beneficial Owner: Anonymous individual shareholders

✓ The reason why electronic proxy voting spread in the US

- Most custodians and brokers exercise voting rights electronically via Broadridge's PF

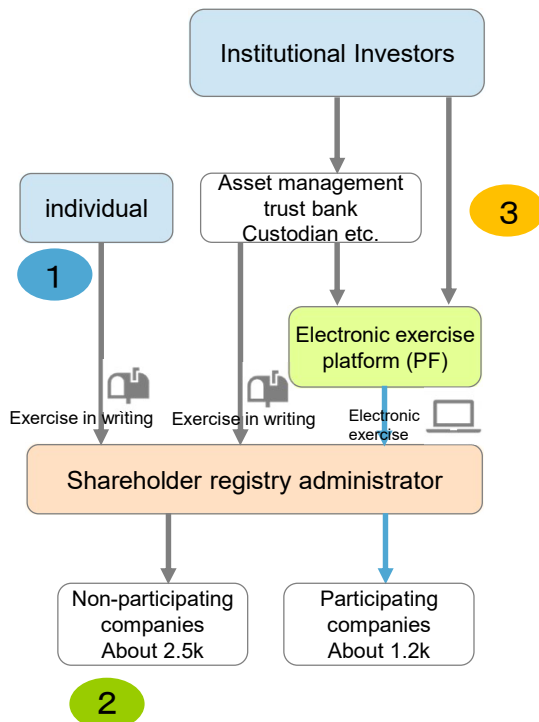
Broadridge's PF is effectively the standard
Other options are limited, and as such,
Broadridge's system is extremely efficient and convenient.

- Many individual shareholders are registered on the name list under the brokers' names. Therefore, voting rights are exercised electronically on Broadridge's PF via the brokers.

Due to being under a different legal system where individuals' names do not get listed as shareholders, the brokers that are listed as shareholders outsource proxy voting related administrative work (such as sending AGM materials and exercising of voting rights) to Broadridge

PF fee: Incurred by custodians and brokers (Whereas in Japan, the issuer incurs the fee)

(Reference) Process of exercising voting rights (Japan)



✓ Issues for spreading electronic proxy voting in Japan

- 1 Majority of shareholders exercise voting rights by replying to postcards received (paper format)
- 2 Only one-third of all listed companies have participation in PF. Therefore, the remaining two-thirds that are not participating cannot exercise voting rights electronically.
⇒ Institutional investors have a propensity to exercise voting rights in writing, which is larger in number, since dividing means (electronic/paper base) by companies/funds will prove too cumbersome
- 3 Electronic proxy voting carries a hurdle of requiring individual consent by asset owner for using this method

Initiatives for promoting electronic exercise



- ✓ Our Initiatives for resolving those issues
- Approaching issuers to participate in PF
 - Good prospect on discussion with relevant institutions to simplify the process of seeking individual consent by asset owner

10. Summary of Financial Results for FY2020

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

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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 8 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

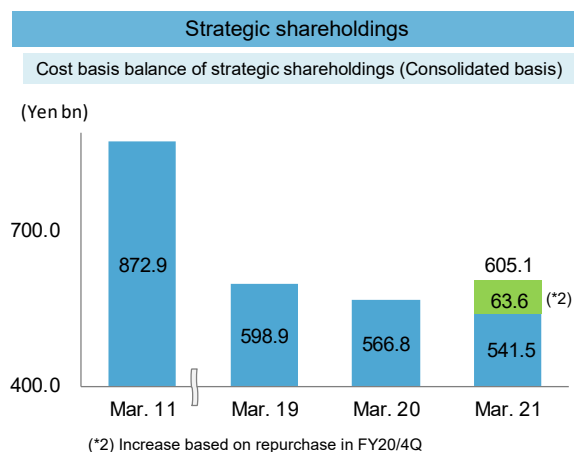
Overview of balance sheet

(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)

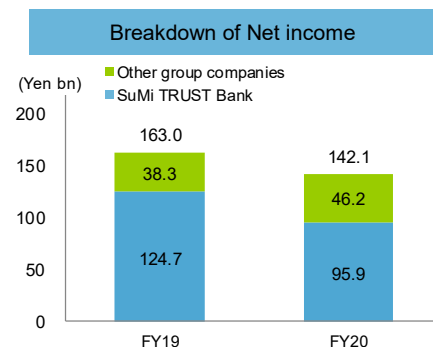
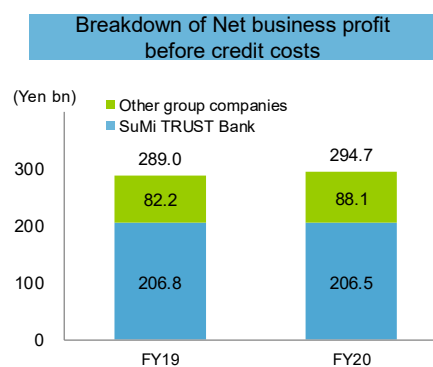
16	Loan-deposit ratio (SuMi TRUST Bank)	81.7%	75.6%	(6.1%)
17	NPL ratio (SuMi TRUST Bank)	0.3%	0.4%	0.1%

(*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)



(*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	Substantial gross business profit		Substantial G&A expenses	FY20	
(Yen bn)			Change	Net business profit before credit costs		Change	
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)

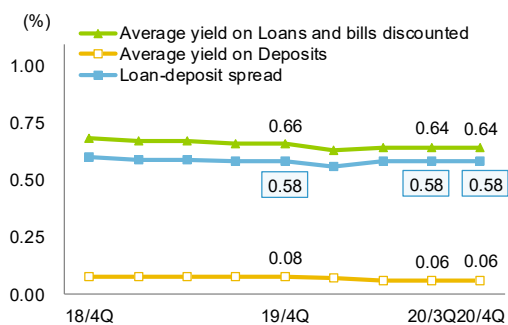
(Yen bn)		FY19	FY20	Change			FY19	FY20	Change
1	Net business profit before credit costs	206.8	206.5	(0.2)	22	Gross business profit	453.2	451.9	(1.2)
2	Gross business profit (*)	453.2	451.9	(1.2)	23	Net interest income and related profit	134.1	229.9	95.7
3	Effective interest related earnings	246.8	259.1	12.2	24	Net fees and commissions and related profit	174.3	163.9	(10.3)
4	Net interest income and related profit	134.1	229.9	95.7	25	Net trading profit	102.1	(33.2)	(135.4)
5	Profit attributable to deployment of surplus foreign currency funds	112.7	29.1	(83.5)	26	Net other operating profit	42.5	91.3	48.7
6	Net fees and commissions and related profit	174.3	163.9	(10.3)	27	o/w Net gains on foreign exchange transactions	48.6	79.1	30.5
7	Net trading profit	38.0	16.7	(21.3)	28	Profit attributable to deployment of surplus foreign currency funds	112.7	29.1	(83.5)
8	Net trading profit	102.1	(33.2)	(135.4)	29	other	(64.1)	49.9	114.0
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	(64.1)	49.9	114.0	30	Net gains on bonds	33.9	(7.8)	(41.8)
10	Net gains on bonds	33.9	(7.8)	(41.8)	31	Net gains from derivatives	(40.0)	22.4	62.4
11	Net gains from derivatives	(40.0)	22.4	62.4	32	Net fees and commissions and related profit	174.3	163.9	(10.3)
12	General and administrative expenses	(246.4)	(245.4)	0.9	33	o/w Investment management consulting	46.0	36.4	(9.6)
13	Total credit costs	(34.7)	(6.3)	28.4	34	Asset management/administration	52.3	54.8	2.5
14	Other non-recurring profit	4.4	(86.2)	(90.6)	35	Real estate brokerage	29.2	25.0	(4.1)
15	o/w Net gains on stocks	16.6	(44.2)	(60.8)	36	Stock transfer agency services	21.3	23.5	2.1
16	Amortization of net actuarial losses	(5.6)	(12.1)	(6.5)	37	Inheritance related services	4.2	3.9	(0.3)
17	Ordinary profit	176.4	114.0	(62.4)	38	Wholesale credit related	31.4	34.1	2.6
18	Extraordinary profit	1.0	15.6	14.5	39	Net gains on bonds	33.9	(7.8)	(41.8)
19	Income before income taxes	177.5	129.6	(47.8)	40	Domestic bonds	(0.3)	(1.3)	(0.9)
20	Total income taxes	(52.8)	(33.7)	19.0	41	Foreign bonds	34.3	(6.5)	(40.8)
21	Net income	124.7	95.9	(28.7)					

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

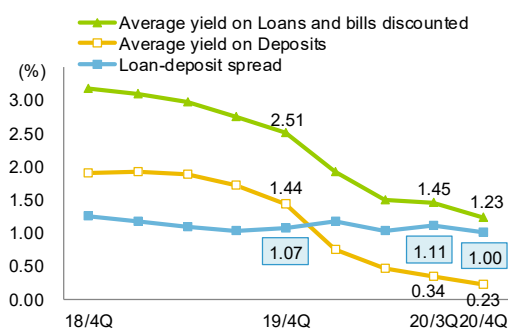
Net interest income (SuMi TRUST Bank)

		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)

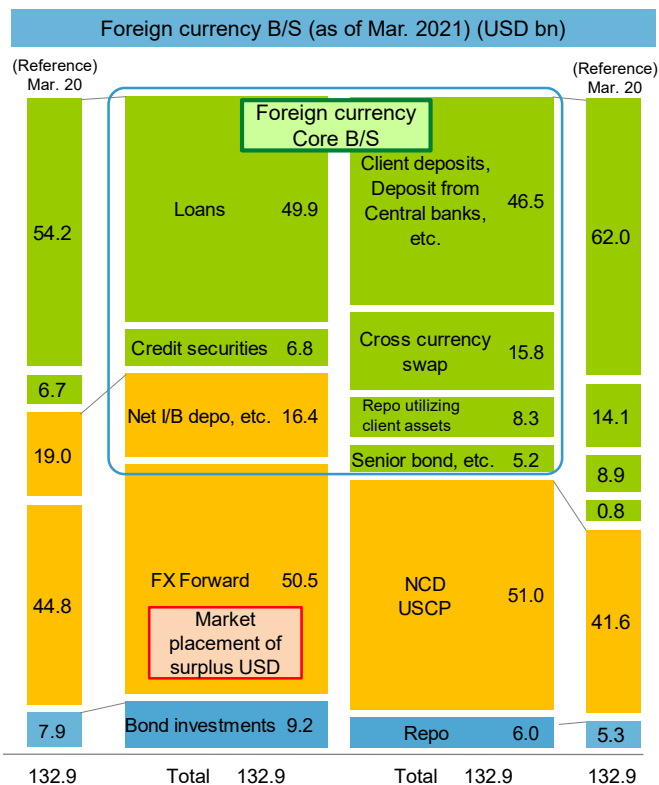
Domestic loan-deposit spread (quarterly)



International loan-deposit spread (quarterly)



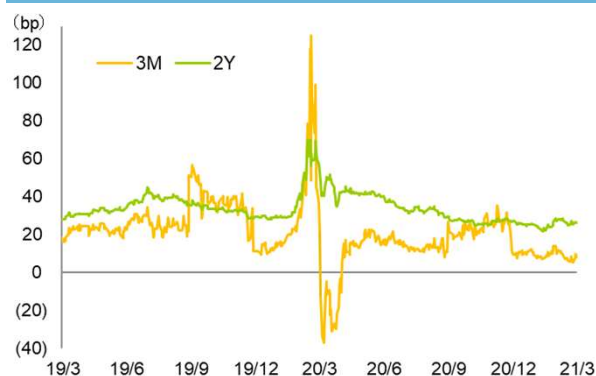
(Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)



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.

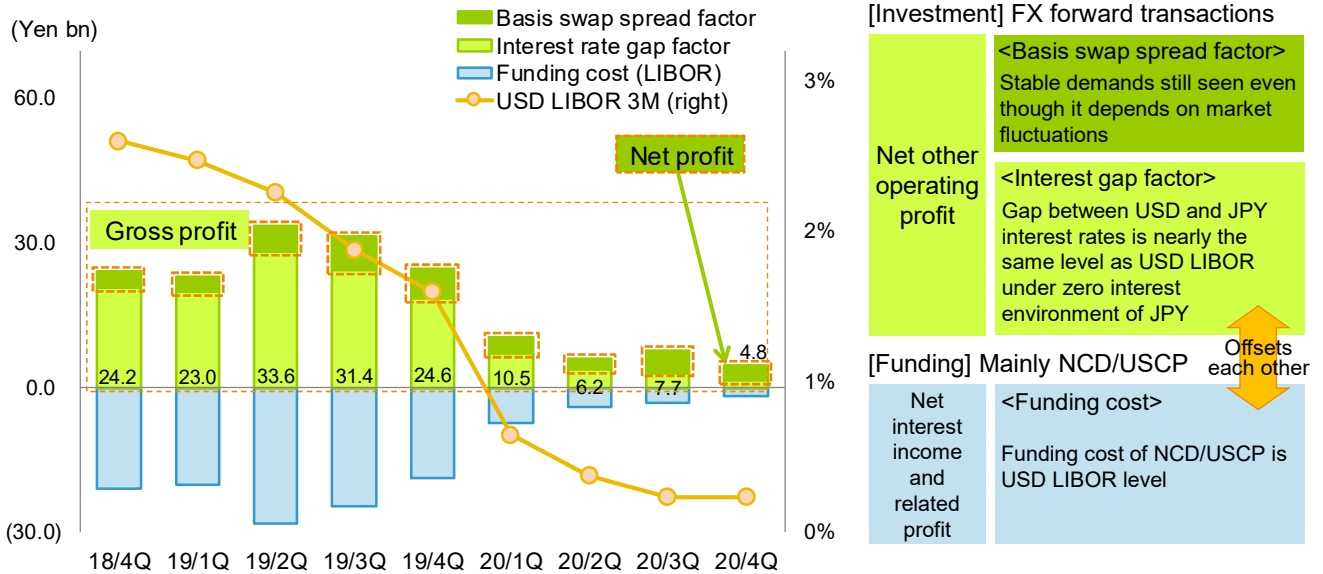
Basis swap spread (CCS) (USD/JPY)



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.

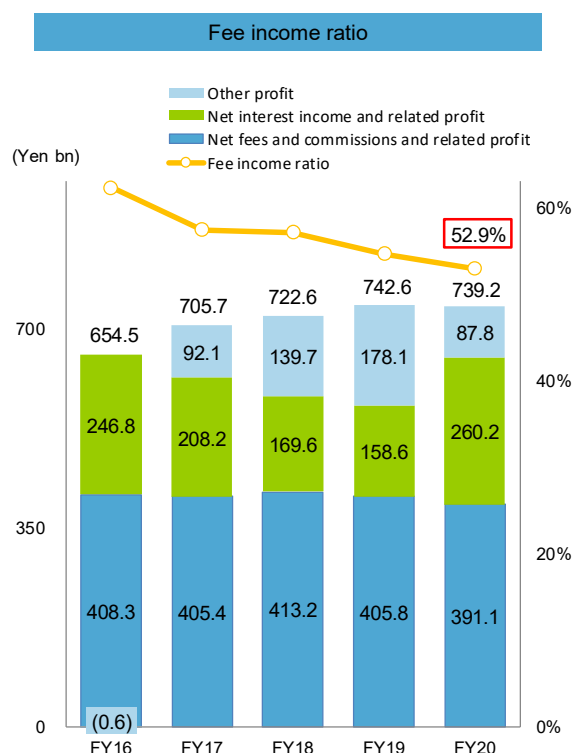
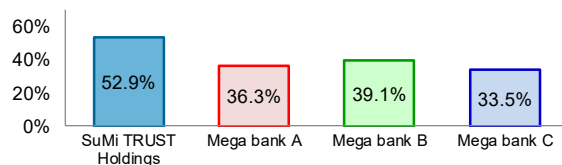
Net fees and commissions and related profit

	SuMi TRUST Bank		SuMi TRUST Group (*1)	
	FY20	Change from FY19	FY20	Change from FY19
(Yen bn)				
1 Net fees and commissions and related profit	163.9	(10.3)	391.1	(14.6)
2 Investment trust and insurance sales	36.4	(9.6)	36.4	(9.6)
3 Card	-	-	35.2	(7.4)
4 Asset management / administration	54.8	2.5	176.1	8.5
5 Profit	92.6	2.1	194.7	7.8
6 Fees paid out for outsourcing	(37.7)	0.3	(18.5)	0.7
7 Stock transfer agency services	23.5	2.1	40.2	2.8
8 Profit	34.0	2.4	40.2	2.8
9 Fees paid out for outsourcing	(10.4)	(0.2)	-	-
10 Real estate	31.1	(4.2)	49.8	(7.0)
11 Others (Loan arrangement fees, etc.)	17.9	(1.1)	53.2	(1.9)
12 Fee income ratio (*2)	(36.1%)	(2.3%)	(52.9%)	(1.7%)

(*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

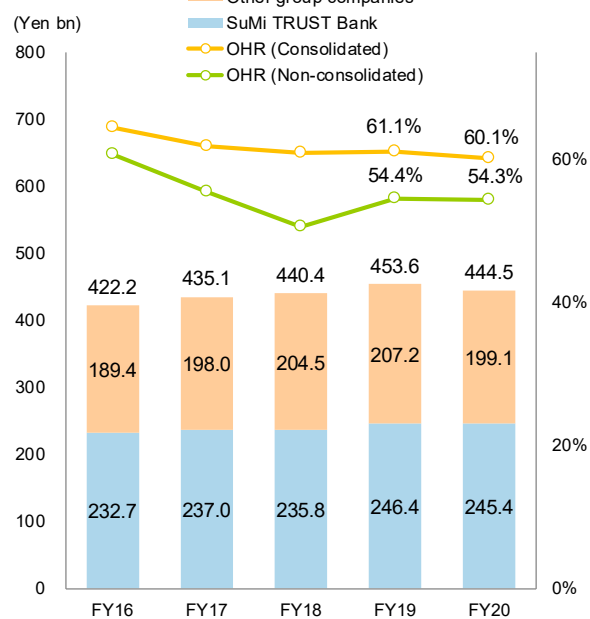


Expenses

[SuMi TRUST Group]		(Yen bn)	FY19	FY20	Change
1	Personnel expenses		(200.2)	(200.1)	0.1
2	Non-personnel expenses excluding taxes		(234.0)	(225.7)	8.3
3	Taxes other than income taxes		(19.3)	(18.7)	0.6
4	Substantial G&A expenses		(453.6)	(444.5)	9.0
5	Overhead ratio		61.1%	60.1%	△1.0%

[SuMi TRUST Bank]		(Yen bn)	FY19	FY20	Change
6	Personnel expenses		(108.4)	(107.3)	1.0
7	Salaries etc.		(100.5)	(100.5)	(0.0)
8	Retirement benefit expenses		9.6	11.0	1.4
9	Others		(17.5)	(17.8)	(0.3)
10	Non-personnel expenses excluding taxes		(124.3)	(125.1)	(0.8)
11	IT system related costs		(46.8)	(47.2)	(0.3)
12	Others		(77.4)	(77.9)	(0.5)
13	Taxes other than income taxes		(13.7)	(12.9)	0.7
14	G&A expenses		(246.4)	(245.4)	0.9
15	Overhead ratio		54.4%	54.3%	△0.1%

Breakdown of G&A expenses



Total credit costs and problem assets

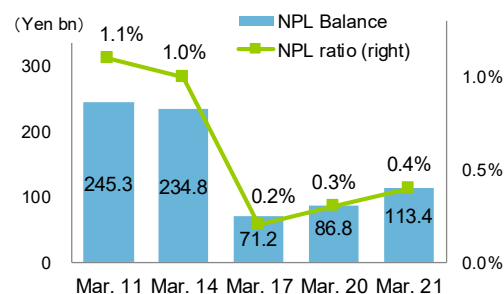
[Total credit costs]		FY19		FY20		Major factors (FY20)
(Yen bn)			1H	2H		
1	SuMi TRUST Bank	(34.7)	(1.5)	(4.7)	(6.3)	
2	General allowance for loan losses	(33.5)	7.5	(2.7)	4.7	Reversal of special loan provision of approx.10.0 Additional special loan loss provision of approx.5.0 Sum of new occurrence, 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)	

[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)]

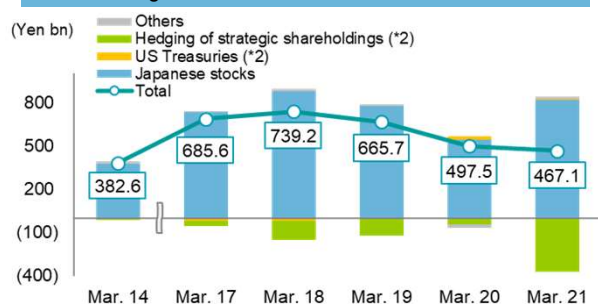
6 Available-for-sale securities		5,731.3	469.2	486.3	(33.7)
7 Japanese stocks		575.5	38.3	843.3	272.3
8 Japanese bonds		2,341.7	268.6	0.7	0.0
9 o/w Government bonds		1,644.2	281.6	(1.8)	(1.7)
10 Others		2,814.0	162.1	(357.7)	(306.1)
11 Domestic investment		71.1	8.5	2.4	1.0
12 International investment		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)	FY19		FY20	
		1H		1H	2H
19 Reduction amount		3.7	21.3	8.0	16.9

(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

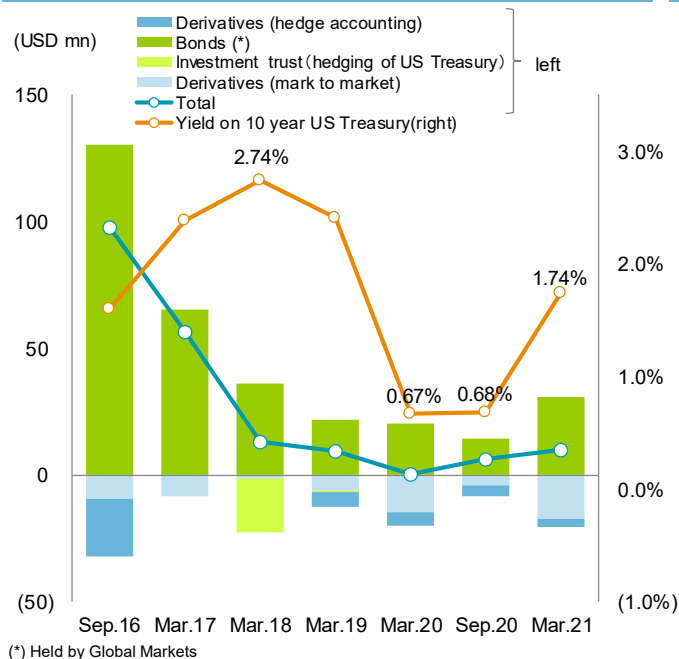
(*4) Managerial reporting basis: "HTM debt securities" and "AFS securities" are combined

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

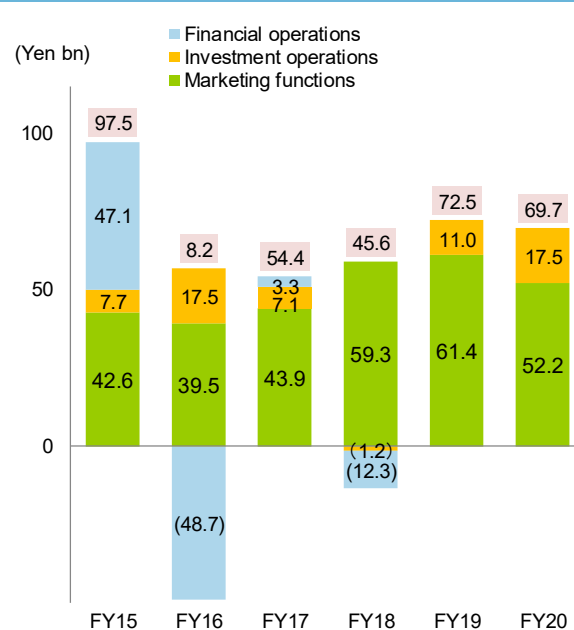
Interest rate risk

- ✓ 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

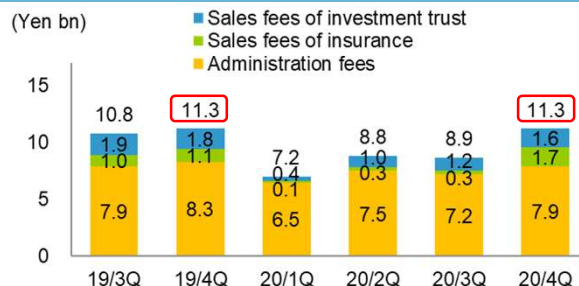
	FY19	FY20	Change	FY21 Plan
(Yen bn)				
1 Income total	46.0	36.4	(9.6)	39.0
2 Sales fees of investment trust	7.9	4.4	(3.4)	6.0
3 Sales fees of insurance	6.3	2.6	(3.6)	3.0
4 Administration fees	31.8	29.3	(2.5)	30.0

Sales volume / balance

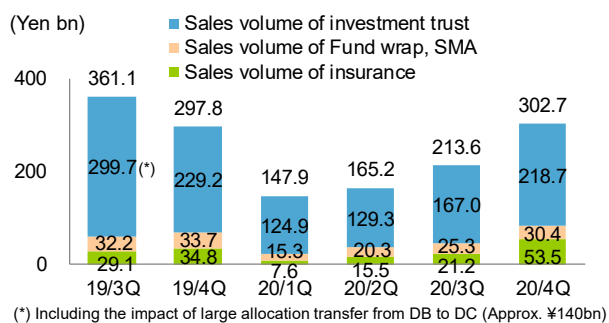
	FY19	FY20	Change	FY21 Plan
(Yen bn)				
5 Sales volume total	1,255.4	829.6	(425.8)	995.0
6 Investment trust	952.0	640.0	(311.9)	735.0
7 Fund wrap, SMA	127.4	91.5	(35.8)	120.0
8 Insurance	176.0	98.0	(77.9)	140.0

	Mar. 20	Mar. 21	Change	Mar. 22 Plan
(Yen bn)				
9 Balance total	6,018.1	6,896.4	878.3	6,875.0
10 Investment trust	2,778.1	3,533.0	754.9	3,570.0
11 Fund wrap, SMA	801.7	918.7	117.0	925.0
12 Insurance	2,438.3	2,444.6	6.3	2,380.0
13 Wrap Selection	1,635.0	1,843.2	208.2	1,770.0

Income from marketing (quarterly)



Sales volume (quarterly)



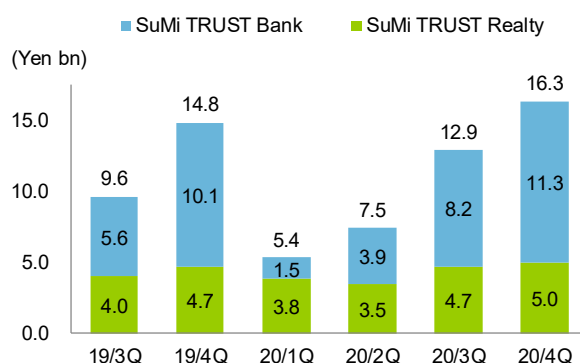
Fee business: Real estate

- ✓ 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	FY21 Plan
(Yen bn)				
1 Real estate brokerage fees	49.3	42.2	(7.0)	46.0
2 SuMi TRUST Bank	29.2	25.0	(4.1)	27.0
3 SuMi TRUST Realty	20.0	17.2	(2.8)	19.0
4 Real estate trust fees, etc.	6.2	6.1	(0.1)	6.0
5 Net other real estate profit	1.3	1.4	0.0	2.0
6 SuMi TRUST Bank	—	—	—	—
7 Group companies	1.3	1.4	0.0	2.0
8 Total	56.9	49.8	(7.0)	54.0
9 o/w SuMi TRUST Bank	35.4	31.1	(4.2)	33.0

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)

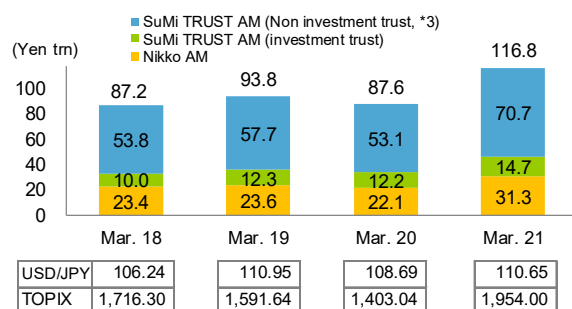
- ✓ AUM increased by ¥29.1trn to ¥116.8trn YoY due to recovery of market value and increasing cash inflows
- ✓ AUC also increased YoY in all of asset categories mainly due to recovery of market value of custody assets

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



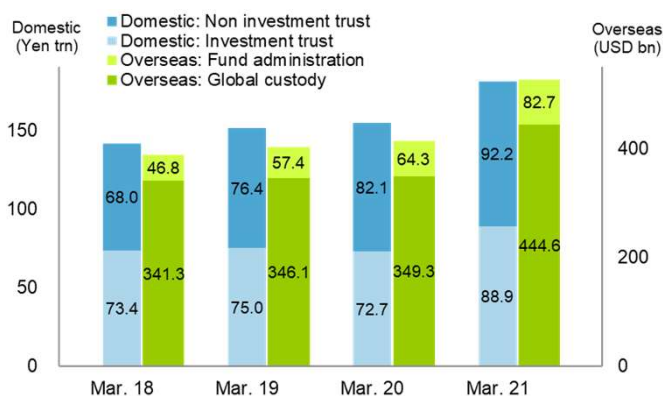
(*3) Managed by SuMi TRUST Bank until the end of Mar. 18

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	FY21 Plan
(Yen bn)					
1	Advanced amount of loans to individuals	1,308.8	1,227.7	(81.1)	1,080.0
2	o/w Residential mortgage loans	1,204.0	1,125.5	(78.5)	1,000.0

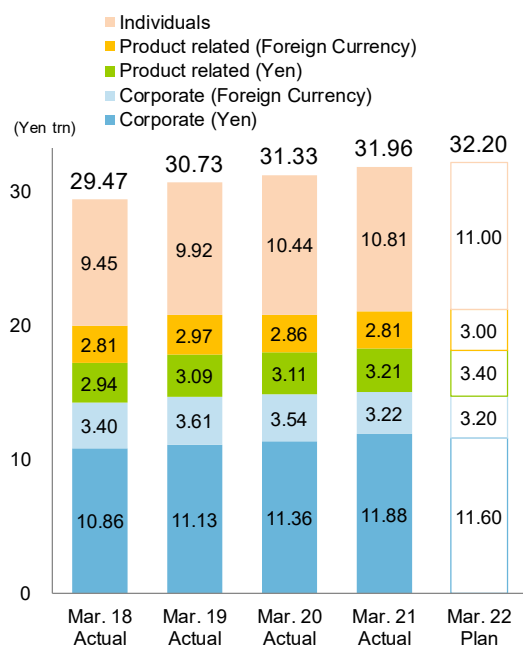
		Mar. 20	Mar. 21	Change	Mar. 22 Plan
(Yen bn)					
3	Balance of loans to individuals	10,443.2	10,819.6	376.4	11,000.0
4	o/w Residential mortgage loans	9,801.0	10,141.8	340.7	10,300.0

Balance of credit for corporates

		Mar. 20	Mar. 21	Change (*)	Mar. 22 Plan
(Yen bn)					
5	Corporate (Yen)	11,369.5	11,885.4	515.8	11,600.0
6	Corporate (Foreign Currency)	3,548.9	3,225.4	(323.5)	3,200.0
7	Product related (Yen)	3,112.1	3,217.5	105.3	3,400.0
8	Product related (Foreign Currency)	2,862.5	2,812.7	(49.8)	3,000.0
9	Total balance of credit for corporates	20,893.2	21,141.1	247.8	21,200.0
10	o/w Product related	5,974.6	6,030.2	55.5	6,400.0

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

Credit portfolio balance



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