



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Summary of Financial Results for 1HFY2021

November 11, 2021

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Definitions of terms in this document

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

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

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

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

Accounting for Business combination related to Management Integration

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

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

Summary of financial results for 1HFY2021, Forecast for FY2021

- Both Net business profit and net income increased YoY. Progress against original full year forecast was 62% and 72%, respectively
- As for full year forecast for FY2021 Net business profit was revised upward by ¥30bn. Net income remains unchanged at this time in order to assess trends in line items other than Net business profit from 3QFY21 onward

<Major KPIs>

(Yen bn)		1HFY20 Actual	1HFY21 Actual	change from 1HFY20	FY21 Plan	change from FY20	change from initial plan
1	Net business profit before credit costs	141.0	174.4	33.3	310.0	+ 15.2	+ 30.0
2	Substantial gross business profit	358.7	400.7	41.9	775.0	+ 35.7	+ 35.0
3	Substantial G&A Expenses	(217.6)	(226.2)	(8.6)	(465.0)	(20.4)	(5.0)
4	Total credit costs	(2.0)	5.1	7.1	(20.0)	(12.1)	-
5	Net gains on stocks	10.8	(18.0)	(28.8)	(30.0)	+ 13.5	(30.0)
6	Other net non-recurring profit, Extraordinary profit	(36.9)	(10.1)	26.7	(35.0)	+ 8.3	-
7	Net income	80.0	111.0	30.9	155.0	+ 12.8	-
8	Fee income ratio	49.9%	50.7%	+ 0.8%			
9	Overhead ratio	60.6%	56.4%	(4.2%)	60.0%	(0.1%)	(2.2%)
10	Return on equity	6.19%	8.11%	+ 1.92%			
11	Common Equity Tier 1 capital ratio	12.42%	12.65%	+ 0.23% (*)			

(*) Pro-forma figure of Sep. 2021 CET1 Capital Ratio on finalized Basel III reform basis is 9.9%.

<Per share information>

(Yen)		1HFY20 Actual	1HFY21 Actual	change from 1HFY20	FY21 Plan	change from FY20	change from initial plan
12	Earnings per share (EPS)	213	296	82	413	+34	±0
13	Dividend per share (DPS)	75	80	+ 5	160	+10	±0

(Yen)		Mar. 21	Sep. 21	change from Mar. 21
14	Net assets per share (BPS)	7,192	7,378	186

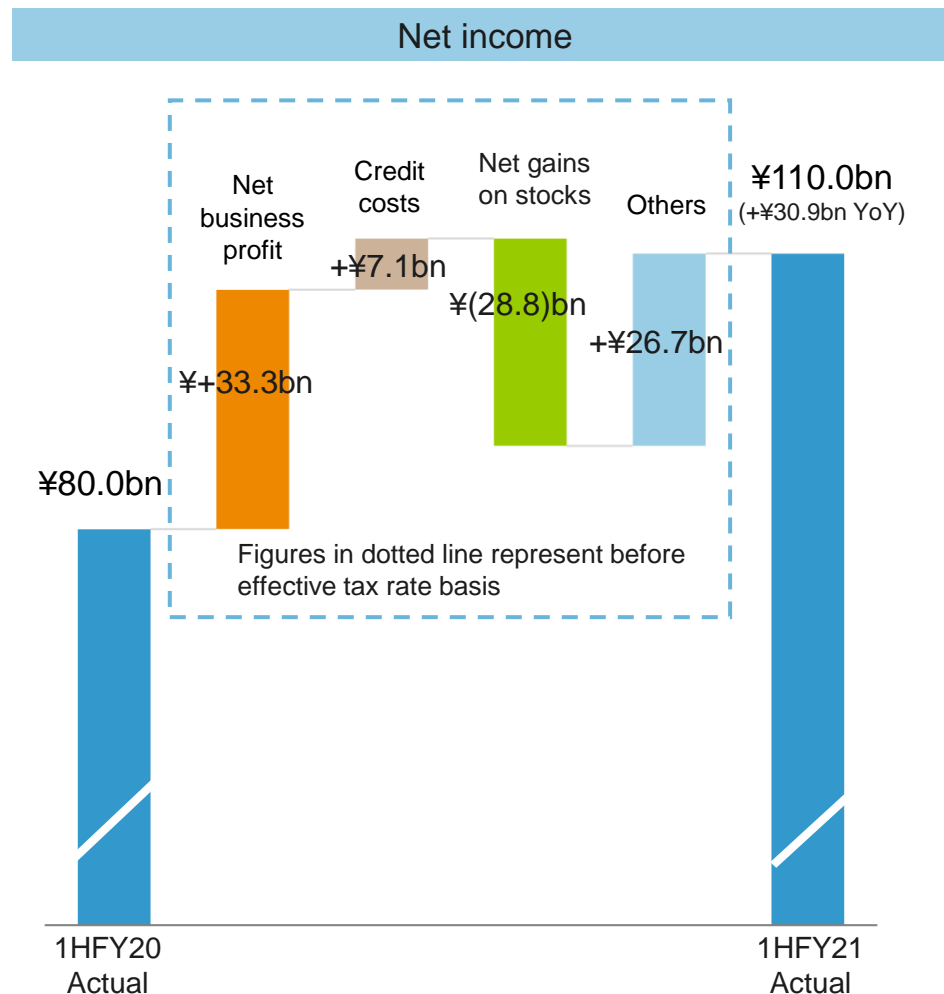
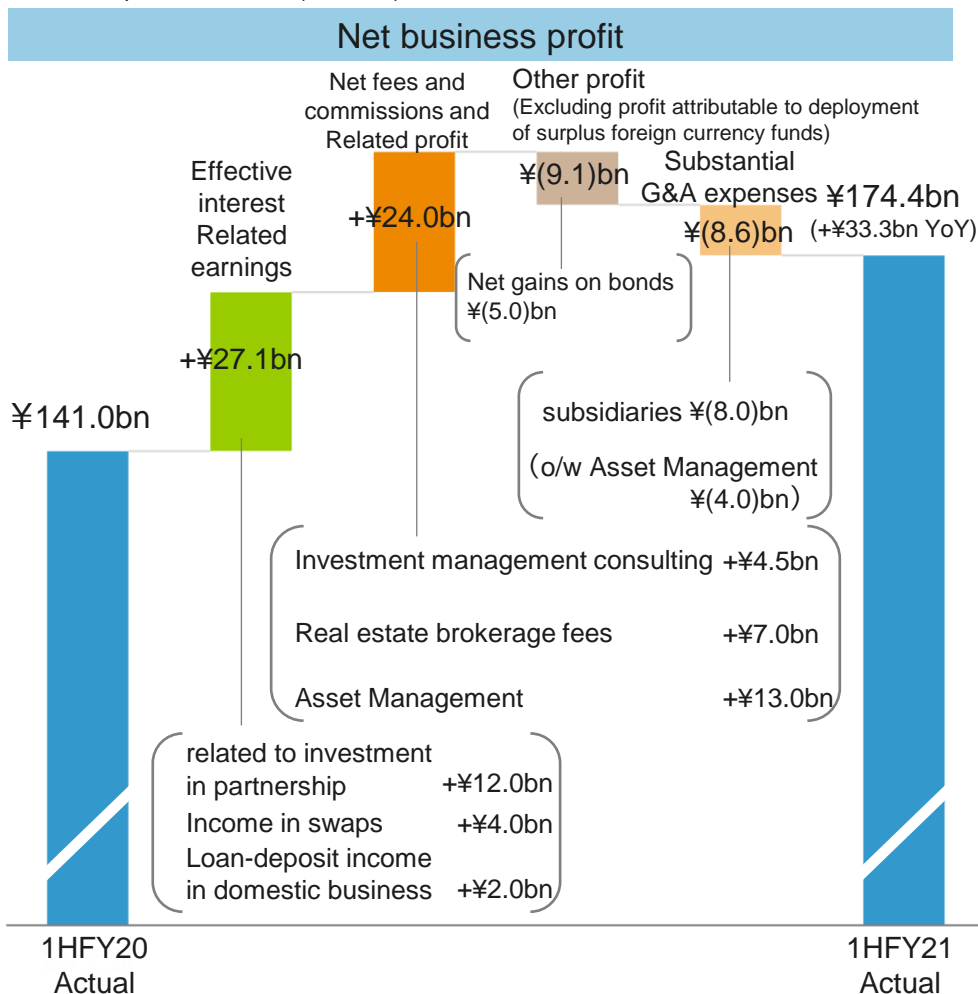
<Shareholders' return>

	FY21 Plan	
15	Dividend payout ratio	38.7%

Net business profit

- Net business profit increased by ¥33.0bn YoY due to benign business progress and contribution of ¥20.0bn in non-recurring profits(*)
- Net income increased. Net gains on stocks decreased due to losses realized from reduction of hedging investment trusts, while credit costs and other extraordinary line items improved

(*) Profits related to investment partnership included in effective interest related earnings(+¥12.0bn), dividend earned from a company with which our group has business partnership with capital investment (+¥3.0bn)



Overview of profits

	(Yen bn)	1HFY20	1HFY21	Change
1	Net business profit before credit costs (*1)	141.0	174.4	33.3
2	Substantial gross business profit (*1)	358.7	400.7	41.9
3	Effective interest related earnings (*2)	136.6	163.8	27.1
4	Net fees and commissions and related profit	179.1	203.2	24.0
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	42.9	33.7	(9.1)
6	Substantial G&A expenses (*1)	(217.6)	(226.2)	(8.6)
7	Total credit costs	(2.0)	5.1	7.1
8	Net gains on stocks	10.8	(18.0)	(28.8)
9	Other net non-recurring profit	(36.4)	(9.4)	26.9
10	Ordinary profit	113.4	152.0	38.6
11	Extraordinary profit	(0.4)	(0.6)	(0.1)
12	Income before income taxes	112.9	151.4	38.5
13	Total income taxes	(31.8)	(39.9)	(8.1)
14	Income attributable to non-controlling interests	(0.9)	(0.4)	0.5
15	Net income	80.0	111.0	30.9
16	Earnings per share (EPS) (Yen)	213	296	82
17	Number of shares issued (mn shares) (*3)	374.5	374.5	0.0

(Reference)

18	Net interest income and related profit	119.9	155.6	35.6
19	Other profit	59.6	41.9	(17.7)
20	Profit attributable to deployment of surplus foreign currency funds	16.6	8.1	(8.5)
21	Other	42.9	33.7	(9.1)

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

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

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

Net business profit before credit costs

- YoY increase of +¥33.3bn. (Increased by +¥20bn vs 1HFY19)
- Favorable 62% progress vs original full year forecast of ¥280bn
- Effective interest related earnings increased YoY by ¥27.1bn due to improvement of domestic loan-deposit income and, approx. +¥12bn of profits related to investment in partnership and market-based funding cost reduction
- Net fees and commissions and related profit increased YoY by ¥24bn. Investment management consulting and real estate brokerage business made good progress in 2QFY21. Asset management business also performed well due to steady market condition
- Substantial G&A expenses increased YoY mainly due to expenses linked to increase of Substantial gross business profit at subsidiaries

Total credit costs

- Release of reserves due to the improvement in business conditions of our clients. Posted ¥5.1bn as income

Net gains on stocks

- Steady progress in strategic shareholdings reduction(at cost: approx. ¥22bn)
- Accelerate reduction of hedging transaction and posted approx.¥45bn of realized loss, which exceeded ¥25bn of realized gain through sale of strategic shareholdings

Other net non-recurring profit

- Increased substantially YoY, mainly due to improvement of net losses on stock related derivatives by approx. ¥11.6bn and, amortization of actuarial net differences by approx. ¥5.5bn

Net income

- Increased due to improvement in Net business profit contribution from improvement of credit cost and other non-recurring profit
- 72% progress vs full year forecast of ¥155.0bn

Overview of balance sheet

		(Yen bn)		
		Mar. 21	Sep. 21	Change
1	Assets (*1)	63,368.5	63,334.6	(33.9)
2	Cash and due from banks	18,488.7	18,907.2	418.4
3	Securities	6,983.4	7,064.5	81.0
4	Loans and bills discounted	30,506.9	30,569.8	62.8
5	Other assets (*1)	7,389.3	6,793.0	(596.3)
6	Liabilities (*1)	60,646.0	60,542.0	(103.9)
7	Deposits and NCD	40,628.2	41,217.4	589.1
8	Borrowed money from trust account	4,915.2	4,173.8	(741.3)
9	Other liabilities (*1)	15,102.5	15,150.7	48.1
10	Total net assets	2,722.5	2,792.6	70.0
11	Total shareholders' equity	2,416.0	2,489.3	73.3
12	Total accumulated OCI	277.7	274.4	(3.3)
13	Minority interests, etc.	28.7	28.8	0.0
14	Net assets per share (BPS) (Yen)	7,192	7,378	186
15	Number of shares issued (mn shares) (*2)	374.5	374.5	0.0

(Reference)

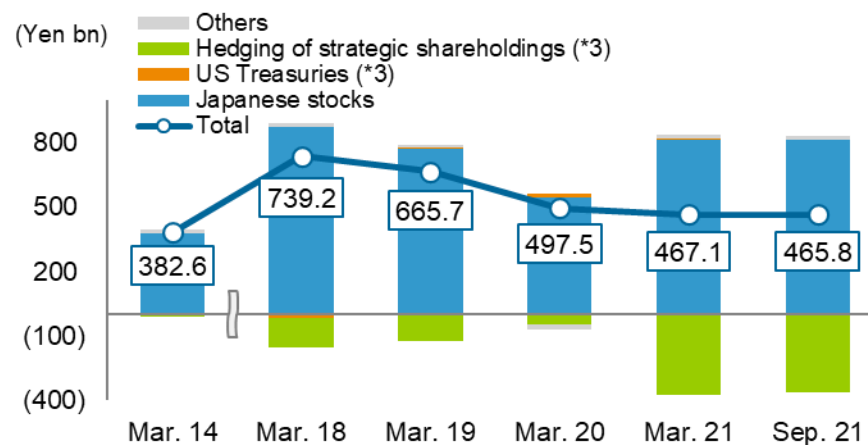
16	Loan-deposit ratio (SuMi TRUST Bank)	75.6%	74.4%	(1.2%)
17	NPL ratio (SuMi TRUST Bank)	0.4%	0.3%	(0.1%)

(*1) As for derivative transaction, presentation treatment has been changed from net basis to gross basis since 1QFY21 (a general treatment in the practical guidance for accounting for financial instruments)

Following the change, figures in Mar. 2021 has been updated

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

Unrealized gains/losses of AFS securities with fair value



(*3) SuMi TRUST Bank

Profit by group company

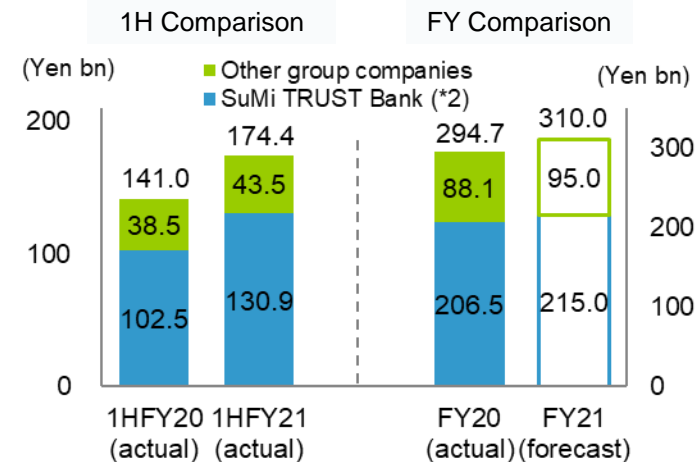
		(Yen bn)	1HFY20	1HFY21	Change
1	Net business profit before credit costs (*1)		141.0	174.4	33.3
2	o/w SuMi TRUST Bank (*2)		102.5	130.9	28.4
3	SuMi TRUST AM		5.6	5.4	(0.2)
4	Nikko AM (*3)		8.1	17.0	8.9
5	SuMi TRUST Realty		0.9	2.8	1.9
6	SuMi TRUST Panasonic Finance (*3)		4.9	4.7	(0.2)
7	SuMi TRUST Loan & Finance		5.6	5.3	(0.3)
8	SBI Sumishin Net Bank (*3)		5.0	5.0	(0.0)
9	SuMi TRUST Guarantee (*3)		5.7	5.8	0.0
10	SuMi TRUST Club		1.3	1.3	(0.0)
11	Effect of purchase accounting method		0.3	-	(0.3)
12	Net income (*1)		80.0	111.0	30.9
13	o/w SuMi TRUST Bank		62.7	87.5	24.7
14	SuMi TRUST AM		3.8	3.7	(0.1)
15	Nikko AM (*3)		5.1	12.8	7.6
16	SuMi TRUST Realty		0.6	1.9	1.3
17	SuMi TRUST Panasonic Finance (*3)		2.3	2.2	(0.0)
18	SuMi TRUST Loan & Finance		3.8	3.6	(0.2)
19	SBI Sumishin Net Bank (*3)		3.3	4.2	0.8
20	SuMi TRUST Guarantee (*3)		3.9	4.0	0.0
21	SuMi TRUST Club		1.0	0.9	(0.0)
22	Effect of purchase accounting method		(0.7)	(0.0)	0.6

(*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.

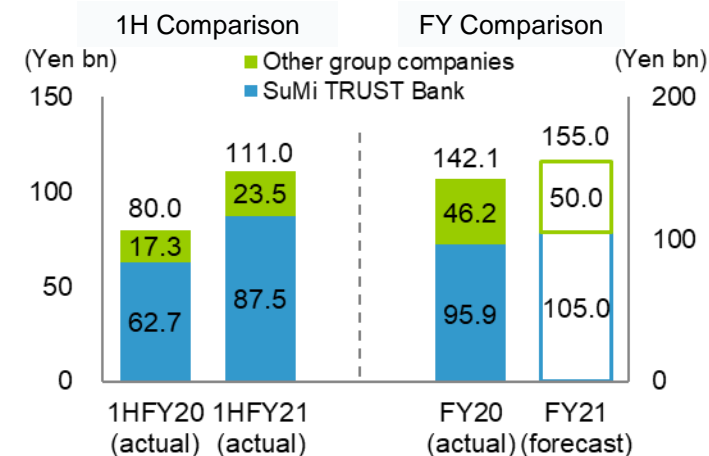
(*2) Including dividend from group companies (1HFY20:¥8.4bn, 1HFY21 ¥13.5bn, YoY change: ¥5.0bn)

(*3) Consolidated basis

Breakdown of Net business profit before credit costs



Breakdown of Net income



Profit by business segment

	(Yen bn)	1HFY20 Net business profit before credit costs	Substantial gross business profit		Substantial G&A expenses	1HFY21 Net business profit before credit costs		FY21 Net business profit before credit costs	
			Change	Change		Change	Change	initial plan	11/11 revised
1	Total	141.0	400.7	41.9	(226.2)	174.4	33.3	280.0	310.0
2	Retail total solution services	6.1	93.9	8.7	(77.2)	16.6	10.5	17.0	26.0
3	SuMi TRUST Bank	(2.7)	66.7	8.0	(58.6)	8.0	10.8	2.0	11.0
4	Other group companies	8.9	27.2	0.6	(18.6)	8.6	(0.2)	15.0	15.0
5	Wholesale financial services (*1)	59.4	102.6	6.0	(37.9)	64.6	5.2	115.0	123.0
6	SuMi TRUST Bank	45.6	74.0	5.2	(23.3)	50.6	5.0	87.0	95.0
7	Other group companies	13.8	28.5	0.7	(14.5)	14.0	0.1	28.0	28.0
8	Stock transfer agency services	11.3	21.5	0.1	(10.2)	11.3	(0.0)	19.0	19.0
9	SuMi TRUST Bank	10.8	12.7	0.0	(1.9)	10.7	(0.0)	18.0	18.0
10	Other group companies	0.4	8.7	0.0	(8.2)	0.5	0.0	1.0	1.0
11	Real estate	4.8	23.6	7.0	(12.7)	10.9	6.0	28.0	28.0
12	SuMi TRUST Bank	3.6	12.6	4.1	(4.8)	7.7	4.1	23.0	23.0
13	Other group companies	1.2	11.0	2.8	(7.8)	3.1	1.9	5.0	5.0
14	Fiduciary services (excl. Asset Mgt. business)	15.8	46.8	3.8	(26.4)	20.4	4.5	33.0	38.0
15	SuMi TRUST Bank	14.2	29.2	3.0	(11.6)	17.5	3.3	31.0	34.0
16	Other group companies	1.6	17.6	0.8	(14.7)	2.8	1.2	2.0	4.0
17	Asset management business (*2)	13.8	53.0	12.9	(30.4)	22.5	8.7	32.0	40.0
18	Global markets (*3)	28.5	35.0	(1.0)	(7.5)	27.5	(1.0)	50.0	50.0

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

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

(*3) Substantial gross business profit and net business profit include equity related profit which is posted as "net gains on stocks" (1HFY20: ¥(0.3)bn, 1HFY21: ¥2.0bn, YoY change: ¥2.3bn) and net gains/losses on stock related derivatives which is posted as "other non-recurring profit" (1HFY20: ¥(6.3)bn, 1HFY21: ¥(0.0)bn, YoY change: ¥6.2bn)

Overview of profit (SuMi TRUST Bank)

	(Yen bn)	1HFY20	1HFY21	Change
1	Net business profit before credit costs	102.5	130.9	28.4
2	Gross business profit	224.9	253.9	28.9
3	Effective interest related earnings	125.6	154.2	28.6
4	Net interest income and related profit	108.9	146.1	37.1
5	Profit attributable to deployment of surplus foreign currency funds	16.6	8.1	(8.5)
6	Net fees and commissions and related profit	72.0	80.7	8.6
7	Net trading profit	10.1	11.8	1.7
8	Net trading profit	17.5	38.1	20.5
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	(7.4)	(26.3)	(18.8)
10	Net gains on bonds	13.5	8.1	(5.3)
11	Net gains from derivatives	4.3	0.3	(4.0)
12	General and administrative expenses	(122.4)	(122.9)	(0.5)
13	Total credit costs	(1.5)	6.0	7.6
14	Other non-recurring profit	(16.6)	(21.6)	(4.9)
15	o/w Net gains on stocks	11.7	(18.5)	(30.2)
16	Amortization of net actuarial losses	(6.1)	(0.5)	5.5
17	Ordinary profit	84.2	115.4	31.1
18	Extraordinary profit	(0.5)	(0.7)	(0.2)
19	Income before income taxes	83.7	114.7	30.9
20	Total income taxes	(21.0)	(27.2)	(6.1)
21	Net income	62.7	87.5	24.7

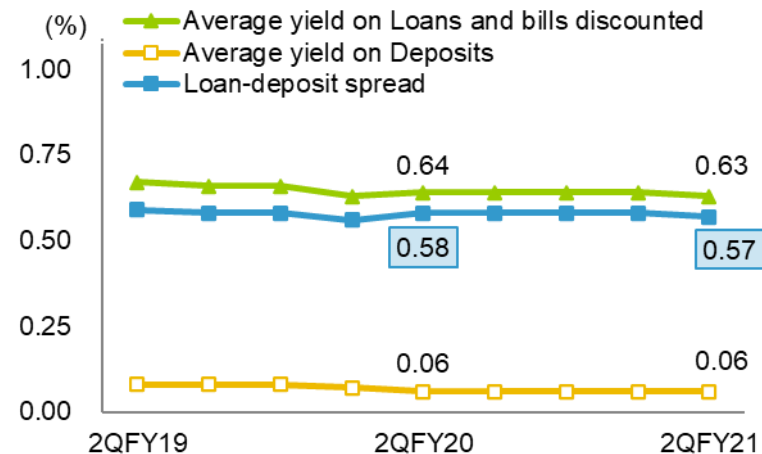
	1HFY20	1HFY21	Change	
22	Gross business profit	224.9	253.9	28.9
23	Net interest income and related profit	108.9	146.1	37.1
24	Net fees and commissions and related profit	72.0	80.7	8.6
25	Net trading profit	17.5	38.1	20.5
26	Net other operating profit (*)	26.3	(11.0)	(37.4)
27	o/w Net gains on foreign exchange transactions	9.2	(18.1)	(27.3)
28	Profit attributable to deployment of surplus foreign currency funds	16.6	8.1	(8.5)
29	other	(7.4)	(26.3)	(18.8)
30	Net gains on bonds	13.5	8.1	(5.3)
31	Net gains from derivatives	4.3	0.3	(4.0)
32	Net fees and commissions and related profit	72.0	80.7	8.6
33	o/w Investment management consulting	16.0	20.6	4.5
34	Asset management/administration	26.1	29.2	3.0
35	Real estate brokerage	5.5	9.5	4.0
36	Stock transfer agency services	12.6	12.7	0.0
37	Inheritance related services	1.5	1.9	0.3
38	Wholesale credit related	15.3	14.0	(1.3)
39	Net gains on bonds	13.5	8.1	(5.3)
40	Domestic bonds	(0.0)	1.1	1.1
41	Foreign bonds	13.5	7.0	(6.5)

(*) Other profit within net business profit before credit costs in 1HFY20 and 1HFY21 is ¥(0.7)bn and ¥(1.3)bn, respectively.

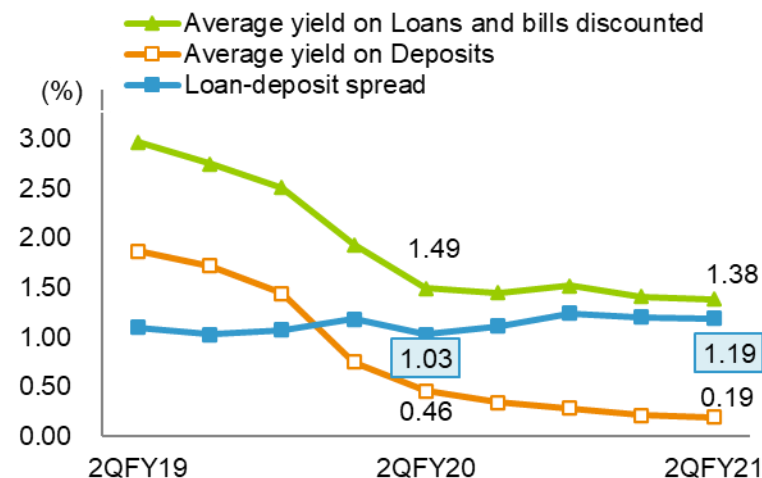
Net interest income (SuMi TRUST Bank)

	1HFY21						
	(Average balance: Yen trn) (Income/Expenses: Yen bn)	Average Balance	Change from 1HFY20	Average Yield	Change from 1HFY20	Income/Expenses	Change from 1HFY20
1	Net interest income					136.6	36.3
2	Domestic business			0.36%	(0.01%)	84.9	7.9
3	Interest-earning assets	45.69	4.04	0.48%	(0.02%)	112.1	7.1
4	o/w Loans and bills discounted	24.64	0.31	0.64%	0.01%	79.2	1.2
5	Securities	4.35	0.39	1.36%	0.16%	29.7	5.7
6	Interest-bearing liabilities	44.99	3.66	0.12%	(0.01%)	(27.1)	0.8
7	o/w Deposits	27.49	1.15	0.06%	(0.01%)	(8.4)	0.9
8	Borrowings from trust a/c	4.05	0.46	0.46%	(0.02%)	(9.4)	(0.6)
9	Swaps	---	---	---	---	(0.9)	(0.0)
10	International business			0.71%	0.37%	51.7	28.4
11	Interest-earning assets	14.53	1.41	1.04%	(0.09%)	76.0	1.3
12	o/w Loans and bills discounted	5.84	(0.31)	1.39%	(0.33%)	41.0	(12.1)
13	Due from banks	1.80	(0.16)	0.21%	0.00%	1.9	(0.1)
14	Securities	2.43	0.23	2.52%	0.91%	30.8	13.0
15	Interest-bearing liabilities	14.50	1.59	0.33%	(0.46%)	(24.3)	27.0
16	o/w Deposits	5.29	(0.17)	0.20%	(0.40%)	(5.4)	11.0
17	NCD / USCP	6.43	1.56	0.13%	(0.44%)	(4.2)	9.7
18	Repo	1.62	0.15	0.08%	(0.23%)	(0.6)	1.6
19	Expenses on swaps	---	---	---	---	(10.2)	4.0
20	(+) Trust fees from principal guaranteed trust a/c					9.4	0.7
21	(+) Profit attributable to deployment of surplus foreign currency funds					8.1	(8.5)
22	Effective interest related earnings					154.2	28.6
23	Loan-deposit spread / income in domestic business			0.58%	0.02%	70.7	2.2
24	Loan-deposit spread / income in international business			1.19%	0.07%	35.5	(1.0)

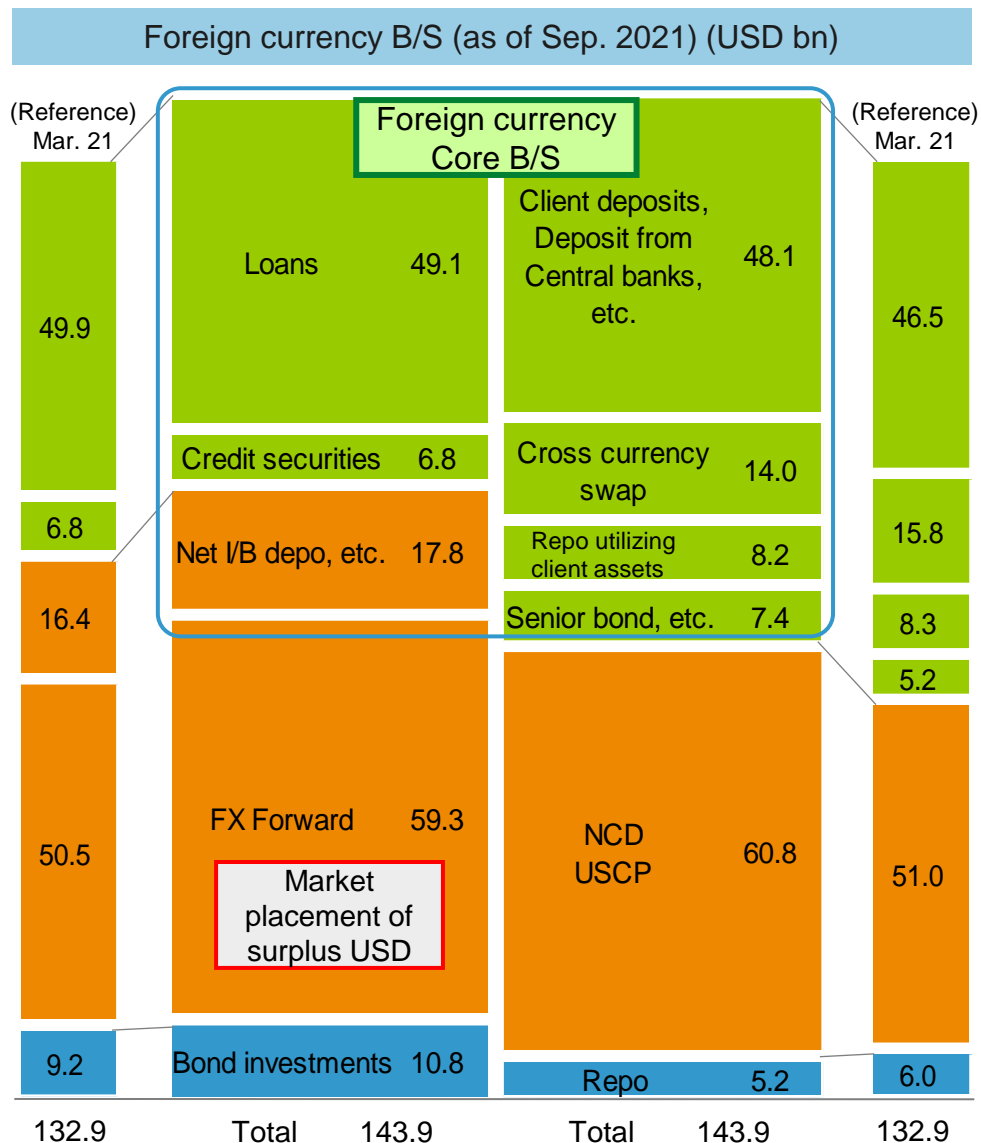
Domestic loan-deposit spread (quarterly)



International loan-deposit spread (quarterly)



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



Foreign currency ALM management

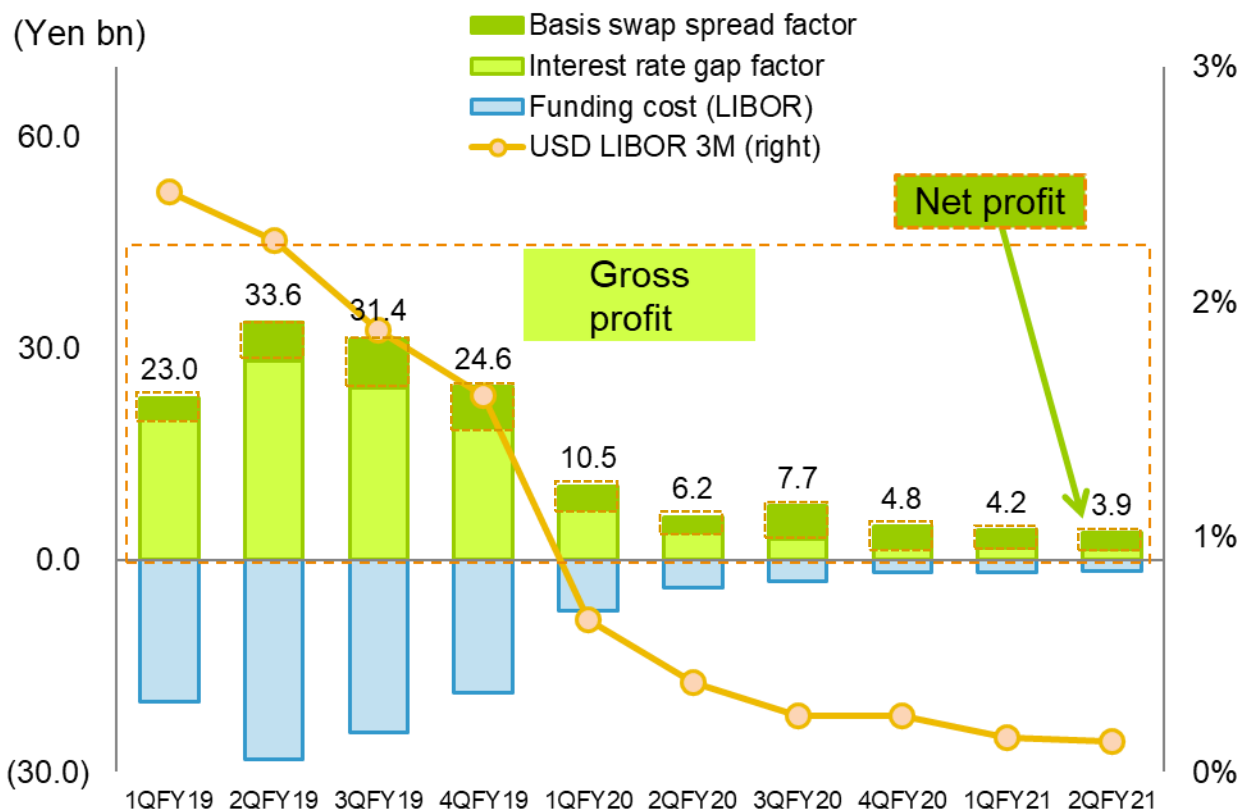
- ◆ Loans and credit investment securities constitute foreign currency core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer, and the funds are utilized as short-term funds in the inter-bank or foreign exchange market.

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 and interest rate gap factor. Interest rate gap is offset by USD funding costs
- Gross funding costs and investment profits decreased due to a decline in USD LIBOR. Net profit remained unchanged YoY



[Investment] FX forward transactions

Net other operating profit	<Basis swap spread factor> Stable demands still seen even though it depends on market fluctuations
	<Interest gap factor> Gap between USD and JPY interest rates is nearly the same level as USD LIBOR under zero interest environment of JPY

[Funding] Mainly NCD/USCP

Net interest income and related profit	<Funding cost> Funding cost of NCD/USCP is USD LIBOR level
	Offsets each other

(*) The above contents are simplified to promote understanding the structure of the operations, although actual profitability of market placement of surplus foreign currency changes depending on market environment. Figures show gross profits as sum of basis swap spread factor and interest gap factor.

Total credit costs and problem assets

[Total credit costs]		1HFY20	1HFY21	Major factors (1HFY21)
(Yen bn)				
1	SuMi TRUST Bank	(1.5)	6.0	
2	General allowance for loan losses	7.5	6.2	Release of reserves due to the improvement in business conditions of our clients, Release of special loan provision approx. 1.5bn
3	Specific allowance for loan losses	(6.8)	1.5	
4	Recoveries of written-off claims	0.1	0.6	Small new occurrence
5	Losses on sales of claims, written-off	(2.4)	(2.3)	
6	Other group companies, etc.	(0.5)	(0.9)	SuMi TRUST Panasonic Finance (0.7)bn Small release of special loan loss provision
7	Total	(2.0)	5.1	

As of September 2021
Special loan loss
provision of approx.18.0bn

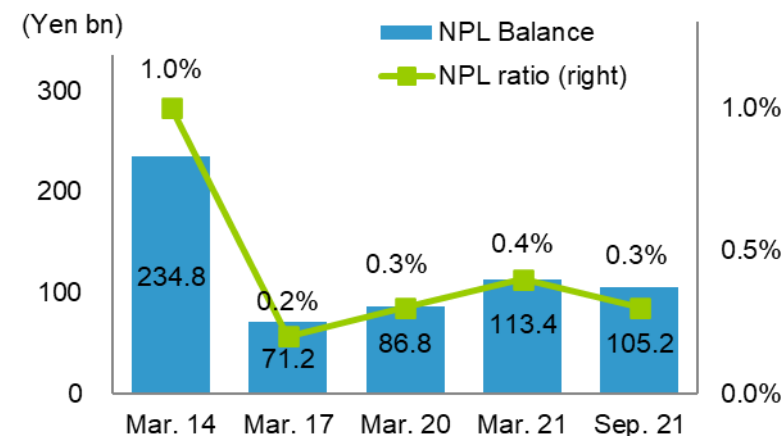
[NPL (SuMi TRUST Bank)]

[NPL (SuMi TRUST Bank)]		Sep. 21	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 21
(Yen bn)					
8	NPL	105.2	72.2%	39.8%	(8.2)
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	(0.1%)
10	Bankrupt and practically bankrupt	16.9	100.0%	100.0%	(4.6)
11	Doubtful	41.8	86.3%	69.2%	(2.7)
12	Substandard	46.4	49.3%	10.8%	(0.9)
13	Other special mention debtors	392.4	---	---	(111.6)
14	Ordinary assets	30,602.4	---	---	32.2
15	Total loan balance	31,100.1	---	---	(87.6)

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

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

Total Balance and ratio of NPL



Securities portfolio

[Securities with fair value]

(Yen bn)	Costs		Unrealized gains/losses	
	Sep. 21	Change from Mar. 21	Sep. 21	Change from Mar. 21
1 Available-for-sale securities	5,984.7	64.2	465.8	(1.3)
2 Japanese stocks	581.3	(23.8)	813.7	(2.3)
3 Japanese bonds	2,371.4	29.6	(0.0)	(0.8)
4 Others	3,031.9	58.3	(347.8)	1.8
5 Held-to-maturity debt securities	272.1	(56.0)	15.9	(0.4)

[Securities with fair value (SuMi TRUST Bank)]

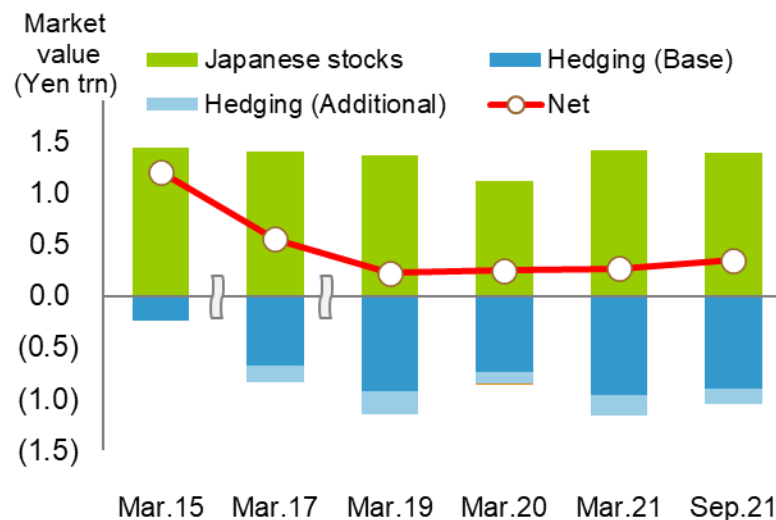
6 Available-for-sale securities	5,826.4	95.0	483.0	(3.2)
7 Japanese stocks	552.5	(23.0)	840.2	(3.0)
8 Japanese bonds	2,371.4	29.6	(0.0)	(0.8)
9 o/w Government bonds	1,659.2	14.9	(2.7)	(0.9)
10 Others	2,902.5	88.4	(357.0)	0.6
11 Domestic investment	94.3	23.1	2.1	(0.2)
12 International investment	1,608.8	132.6	1.6	(7.0)
13 o/w US Treasury	720.6	58.4	0.2	(6.4)
14 Others (Investment trust, etc.)	1,199.3	(67.2)	(360.8)	8.0
15 o/w for hedging of strategic shareholdings (*1)	1,067.4	(107.4)	(364.2)	9.4

(*1) Of which hedging effect under capital regulation is recognized: Costs ¥895.0bn,
Unrealized gains/losses ¥(310.2)bn

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

16 Held-to-maturity debt securities	272.1	(56.0)	15.9	(0.4)
17 o/w Government bonds	117.7	(0.1)	15.3	(0.3)
18 International investment	91.0	(43.3)	0.0	(0.0)

Hedge positions against strategic shareholdings



(*2) As of Sep.2021, Hedge ratio against fair value of strategic shareholdings has been maintained at approx.75%

Securities portfolio of Global markets (*3)

(Yen bn)	Sep. 21	Change from Mar. 21	Sep. 21	Change from Mar. 21
19 JPY	6.7	0.4	3.3	0.1
20 Others	2.8	(0.4)	3.5	(0.8)

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

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

Capital

- Common Equity Tier 1 ratio:12.65%. Up 0.53 ppt from Mar. 2021 due to decrease of corporate credit. Pro-forma CET1 capital ratio on finalized Basel III:9.9% also up 0.5ppt
- Both leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

<Capital and total risk-weighted assets (consolidated)>

		Mar. 21	Sep. 21	Change
		(Yen bn)		
1	Total capital ratio	15.76%	16.30%	0.54%
2	Tier 1 capital ratio	13.51%	14.09%	0.58%
3	Common Equity Tier 1 capital ratio	12.12%	12.65%	0.53%
4	Total capital	3,190.9	3,208.8	17.9
5	Tier 1 capital	2,736.7	2,772.2	35.5
6	Common Equity Tier 1 capital	2,455.1	2,490.7	35.5 (1)
7	Instruments and reserves	2,666.6	2,734.8	68.1
8	Accumulated other comprehensive income (*1)	277.7	274.4	(3.3)
9	Regulatory adjustments	(211.5)	(244.1)	(32.5)
10	Additional Tier 1 capital	281.5	281.5	(0.0)
11	Tier 2 capital	454.2	436.5	(17.6)
12	Total risk-weighted assets	20,243.3	19,674.8	(568.5)
13	Credit risk	17,843.7	17,069.6	(774.0) (2)
14	Market risk	1,427.2	1,656.2	228.9
15	Operational risk	972.3	948.9	△ 23.4

(*1) Valuation differences on Available-for-Sale Securities (Sep. 2021): ¥326.8bn

(*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 2QFY2021. "Change from Mar. 21" represents the comparison to figure for 4QFY2020 calculated in the same manner

<Major factors of change in capital adequacy ratios>

[Capital]

(1) Common Equity Tier 1 capital: +¥35.5bn

- Net income: +¥111.0bn
- Dividend: ¥(29.9)bn

[Risk-weighted assets]

(2) Credit risk: ¥(774.0)bn

- Decrease of corporate credit (corporate loans, commitment lines, etc.) :approx. ¥(400.0)bn
- Decrease of exposure to stock future index, etc., in global market :approx. ¥(280.0)bn

<Major factors of change in finalized Basel III>

- Decrease of risk-weighted assets due to above reasons
- Reflection of clarified rule for capital floor (contributed 0.2ppt up for CET1 ratio)

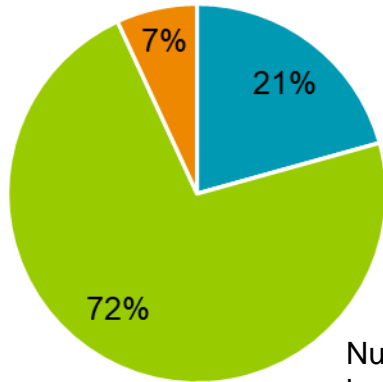
<Other ratios required in prudential regulations (consolidated)>

		Sep. 21	Change from Mar. 21
		(Yen bn)	
16	Leverage ratio (*2)	5.66%	0.13%
17	Including current account with the Bank of Japan	4.23%	0.07%
18	Tier 1 capital	2,772.2	35.5
19	Total exposure (*2)	48,936.8	(504.4)
20	Including current account with the Bank of Japan	65,440.5	(232.1)
21	Liquidity coverage ratio (*3)	177.6%	23.9%
22	Total high-quality liquid assets	18,094.6	768.6
23	Net cash outflows	10,188.2	(1,084.1)

Reduction of strategic shareholdings

- Steady progress in dialogue with clients, based on our new policy regarding strategic shareholdings
- Reduced ¥22.3 bn at cost in 1HFY21. Amount sold/to be sold reached approx. 45% of the two-year guideline

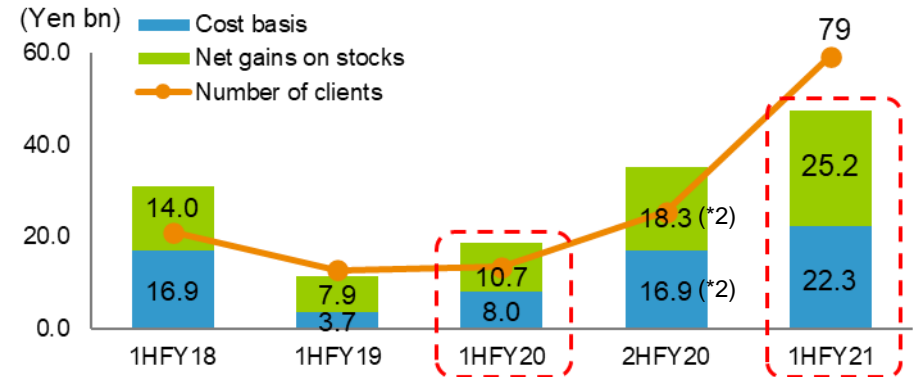
Dialogue with clients



- Started dialogue regarding schedule for sale
- Gained understanding on our policy and continuing dialogue
- Dialogue on sale currently on hold

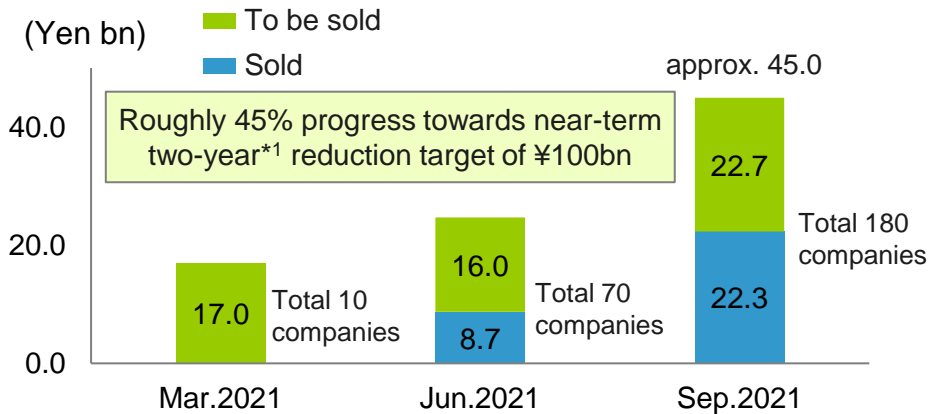
Number of client companies in which we have strategic shareholdings: 870→822 (reduced 48 companies in 1H FY21)

Reduction (consolidated basis)



(*2) Excluding sold and repurchased shares in FY20/4Q

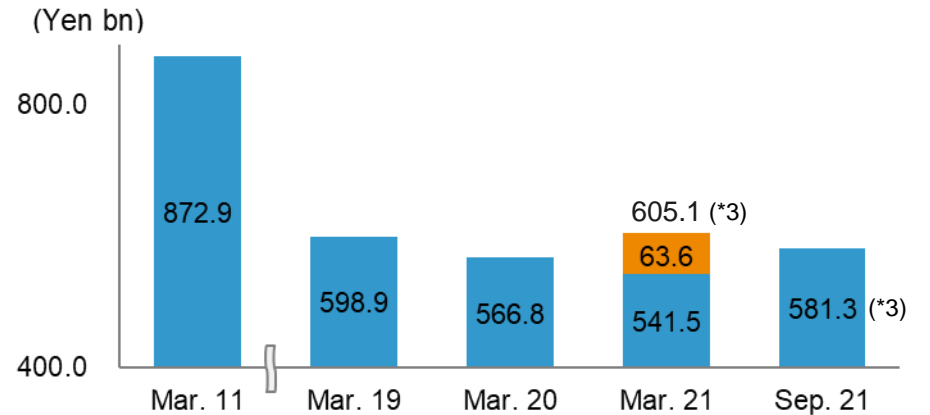
Amount sold/ to be sold (cost basis) (consolidated basis)



(*1) From Apr. 21 to Mar. 23

Roughly 45% progress towards near-term two-year*1 reduction target of ¥100bn

Cost basis balance of strategic shareholdings (consolidated basis)



(*3) Including ¥63.6bn (at cost) of sold and repurchased shares in FY20/4Q

Forecast for FY2021

- Revised net business profit upward by ¥30bn from original full year forecast, based on the strong 1HFY21 performance including recovery of fee related businesses. Net income remains unchanged at this time in order to assess trends in line items other than Net business profit from 3QFY21 onward
- Dividend per common share: ¥160, increased by ¥10 YoY, equivalent to consolidated payout ratio of 38.7%, in accordance with shareholder return policy (*)

(Yen bn)		1H	2H	FY21	Change	Change
		Actual	Forecast	Forecast	from	from
					FY20	Initial Plan
1	Net business profit before credit costs	174.4	135.5	310.0	15.2	30.0
2	o/w SuMi TRUST Bank	130.9	84.0	215.0	8.4	20.0
3	Substantial gross business profit	400.7	374.2	775.0	35.7	35.0
4	o/w SuMi TRUST Bank	253.9	211.0	465.0	13.0	25.0
5	Other group companies	146.8	163.1	310.0	22.6	10.0
6	Substantial G&A Expenses	(226.2)	(238.7)	(465.0)	(20.4)	(5.0)
7	o/w SuMi TRUST Bank	(122.9)	(127.0)	(250.0)	(4.5)	(5.0)
8	Other group companies	(103.2)	(111.7)	(215.0)	(15.8)	-
9	Total credit costs	5.1	(25.1)	(20.0)	(12.1)	-
10	Net gains on stocks	(18.0)	(11.9)	(30.0)	13.5	(30.0)
11	Other non-recurring profit	(9.4)	(25.5)	(35.0)	25.2	-
12	Ordinary profit	152.0	72.9	225.0	41.8	-
13	o/w SuMi TRUST Bank	115.4	34.5	150.0	35.9	(10.0)
14	Net income	111.0	43.9	155.0	12.8	-
15	o/w SuMi TRUST Bank	87.5	17.4	105.0	9.0	(10.0)
16	Dividend per common share (Yen)	80	80	160	+10	-
17	Consolidated dividend payout ratio	---	---	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: up ¥30.0bn vs original forecast**
 - Gross profit increased for both SuMi TRUST Bank and Other group companies
 - Substantial G&A expenses increased mainly due to other group companies' expenses linked to increase of substantial Gross business profit.
 - Net business profit increased net basis
- Total credit costs: unchanged/ ¥(20.0)bn**
 - Total credit cost remains unchanged original full year forecast at this time
- Net gains on stocks: forecast ¥(30.0)bn**
 - Expect reasonably large gains on stocks in 2HFY21 as well, but offset by expected realized losses of hedging transactions.
 - Prioritize sale of hedging transactions with low B/E, to contain future earnings at risk caused by hedging portfolio

Fee business: Investment management consulting

- Total Income increased by ¥4.5bn YoY to ¥20.6bn due to increased sales volume and improvement of market value
- Total Sales volume increased by ¥283.1bn YoY to ¥596.3bn due to the penetration of generation-specific consulting following good market conditions

Income from marketing of investment products

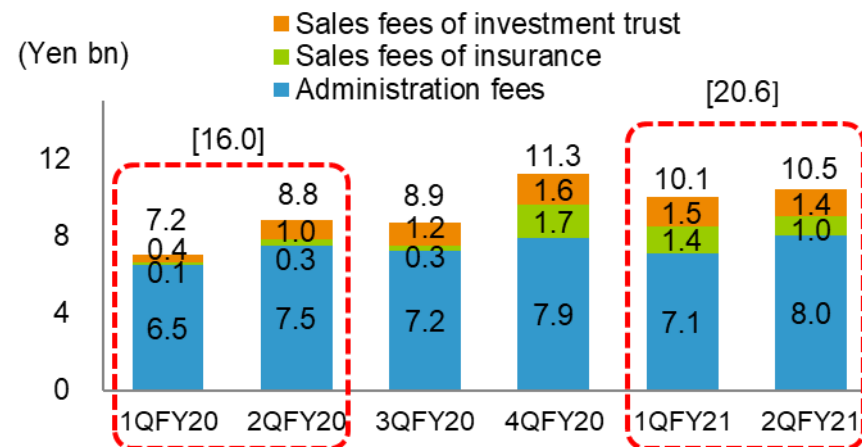
	(Yen bn)	1HFY20	1HFY21	Change
1 Income total		16.0	20.6	4.5
2 Sales fees of investment trust		1.5	3.0	1.5
3 Sales fees of insurance		0.5	2.4	1.9
4 Administration fees		14.0	15.2	1.1

Sales volume / balance

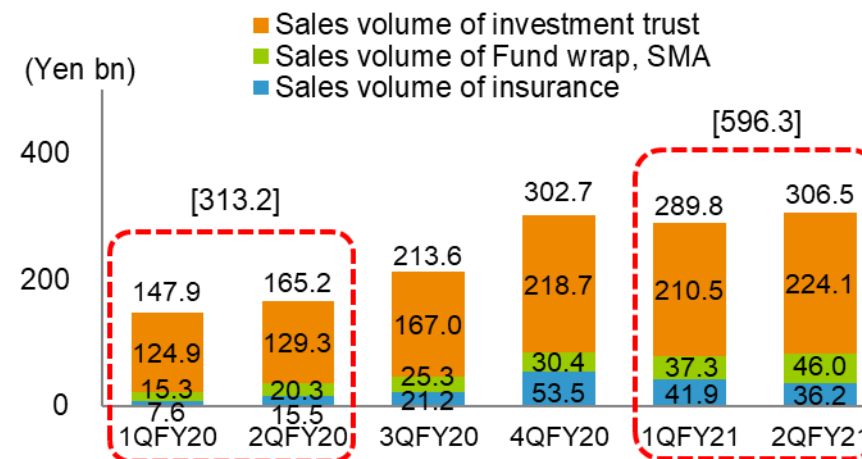
	(Yen bn)	1HFY20	1HFY21	Change
5 Sales volume total		313.2	596.3	283.1
6 Investment trust		254.2	434.7	180.4
7 Fund wrap, SMA		35.6	83.4	47.7
8 Insurance		23.2	78.2	55.0

	(Yen bn)	Mar. 21	Sep. 21	Change
9 Balance total		6,896.4	7,080.8	184.3
10 Investment trust		3,533.0	3,730.0	197.0
11 Fund wrap, SMA		918.7	973.0	54.2
12 Insurance		2,444.6	2,377.6	(66.9)
13 Wrap Selection		1,843.2	1,867.1	23.8

Income from marketing (quarterly)



Sales volume (quarterly)



Fee business: Real estate

- Corporate real estate brokerage(SuMi TRUST Bank):Increased by ¥4.0bn YoY to ¥9.5bn due to steady transaction completion from deal pipeline
- Retail real estate brokerage (SuMi TRUST Realty): Increased ¥2.8bn YoY to ¥10.2bn, maintaining good performance

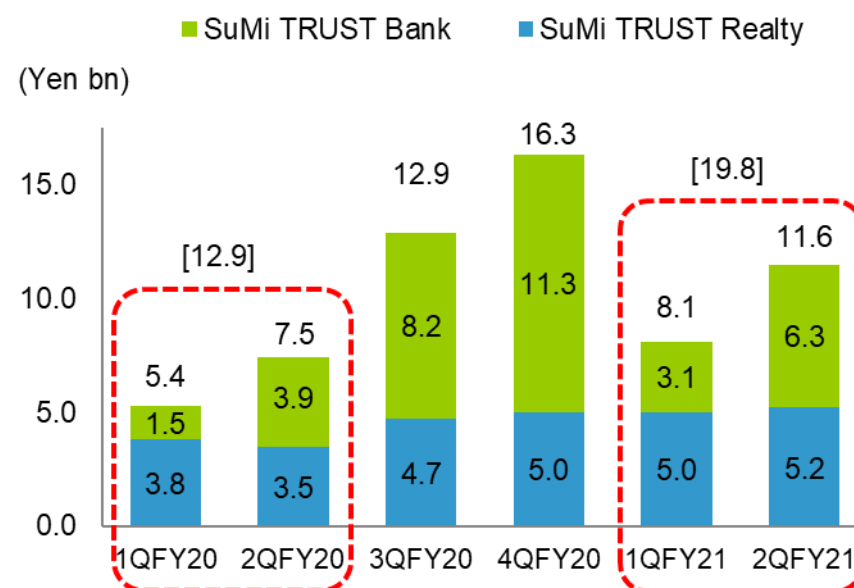
Income (group base)

		1HFY20	1HFY21	Change
		(Yen bn)		
1	Real estate brokerage fees	12.9	19.8	6.8
2	SuMi TRUST Bank	5.5	9.5	4.0
3	SuMi TRUST Realty	7.4	10.2	2.8
4	Real estate trust fees, etc.	2.9	3.0	0.1
5	Net other real estate profit	0.6	0.7	0.0
6	SuMi TRUST Bank	-	-	-
7	Group companies	0.6	0.7	0.0
8	Total	16.6	23.6	7.0
9	o/w SuMi TRUST Bank	8.4	12.6	4.1

Assets under management / administration

		Mar. 21	Sep. 21	Change
		(Yen bn)		
10	Securitized real estate	20,047.4	20,611.4	563.9
11	Assets under custody from J-REITs	16,785.3	16,952.4	167.1
12	Assets under management	613.1	630.4	17.3
13	Private placement funds	341.5	358.8	17.3
14	J-REITs	271.6	271.6	-

Real estate brokerage fees (quarterly)



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

- AUM increased by ¥4.3trn to approx.¥121trn from March 2021 due to improvement of market value and cash inflow
- AUC increased for each asset category in both domestic and overseas from March 2021

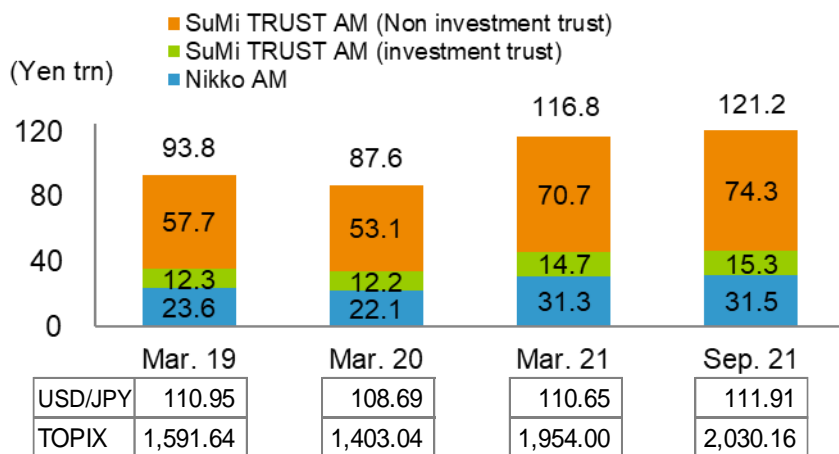
Assets under management (AUM)

(Yen trn)		Mar. 21	Sep. 21	Change
1	Assets under management (*1)	116.8	121.2	4.4
2	SuMi TRUST AM	85.5	89.6	4.1
3	Investment trust	14.7	15.3	0.5
4	Non investment trust (*2)	70.7	74.3	3.6
5	Corporate pension trust	14.6	14.8	0.2
6	Public pension trust	12.9	12.7	(0.1)
7	Discretionary investment	43.2	46.7	3.5
8	Nikko AM(*3)	31.3	31.5	0.2

(*1) Categorized by entity actually managing asset

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

(*3) Change includes the impact of business reorganization in which a subsidiary in

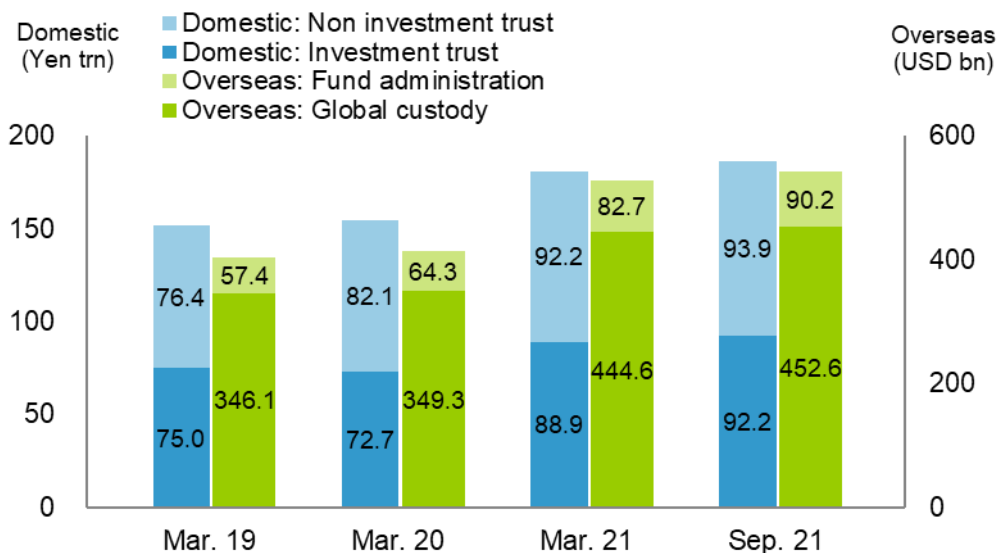


Assets under custody/administration (AUC)

(Yen trn)		Mar. 21	Sep. 21	Change
[Domestic]				
9	Investment trust (*4)	88.9	92.2	3.3
10	Non investment trust (*4)	92.2	93.9	1.6
[Overseas] (USD bn)				
11	Global custody (*5)	444.6	452.6	8.0
12	Fund administration	82.7	90.2	7.4

(*4) Entrusted balance of SuMi TRUST Bank

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



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

- Loans to individuals: Advanced amount increased compared to 1HFY20 when marketing activities were restricted due to COVID-19
- Corporate credit: Corporate (Yen) decreased mainly due to repayment of short term loans for previous fiscal year end. Corporate (Foreign currency) decreased due to selective transactions considering profitability

Advanced amount and balance for individuals

(Yen bn)		1HFY20	1HFY21	Change
1	Advanced amount of loans to individuals	520.3	631.6	111.2
2	o/w Residential mortgage loans	476.4	589.7	113.3

(Yen bn)		Mar. 21	Sep. 21	Change
3	Balance of loans to individuals	10,819.6	11,054.1	234.5
4	o/w Residential mortgage loans	10,141.8	10,368.2	226.4

Balance of credit for corporates

(Yen bn)		Mar. 21	Sep. 21	Change (*)
5	Corporate (Yen)	11,885.4	11,539.6	(345.8)
6	Corporate (Foreign Currency)	3,225.4	3,147.3	(78.0)
7	Product related (Yen)	3,217.5	3,254.7	37.2
8	Product related (Foreign Currency)	2,812.7	2,842.0	29.2
9	Total balance of credit for corporates	21,141.1	20,783.7	(357.4)
10	o/w Product related	6,030.2	6,096.7	66.5

(*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥28.0bn,
Product related (Foreign Currency) approx. ¥15.0bn

Credit portfolio balance

