



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Investor Meeting on Financial Results for 1HFY2021

November 18, 2021

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	For steady profit growth	Accelerate businesses unique to the trust banking group Streamlining and cost reduction Enhance and improve business operational quality	
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# Key messages

## First Half Results, Full Year Forecast

- ✓ Net business profit is expected to achieve the level of the final year of medium-term management plan ahead of schedule
- ✓ Net income forecast is unchanged at this moment, based on assumption that it will be revised 3Q onward. We aim to post profits in line with core earning power growth in FY21, while making progress in restoring the soundness of equity hedge transactions

## Aiming for Sustainable Growth Strategies and Higher ROE

- ✓ Fully utilizing the functions of a trust banking group, provide solutions to the challenges of corporations, investors, and individuals and aim for steady growth through a "virtuous circulation" of funds, assets and capital, and pursue capital-light and higher ROE management
- ✓ Improve capital efficiency through measures such as reducing strategic shareholdings and leveraging our B/S to develop investor business.
- ✓ CET1 ratio (finalized Basel 3) at 9.9%. Accumulated an acceptable level of capital, and entering the phase of capital utilization

## Sustainable reinforcement of management base

- ✓ Accelerate contribution to society and environment: climate change and natural capital
- ✓ Strengthen investment in human capital to support sustainable corporate growth

# **(1) Financial results for 1HFY2021**

# 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			

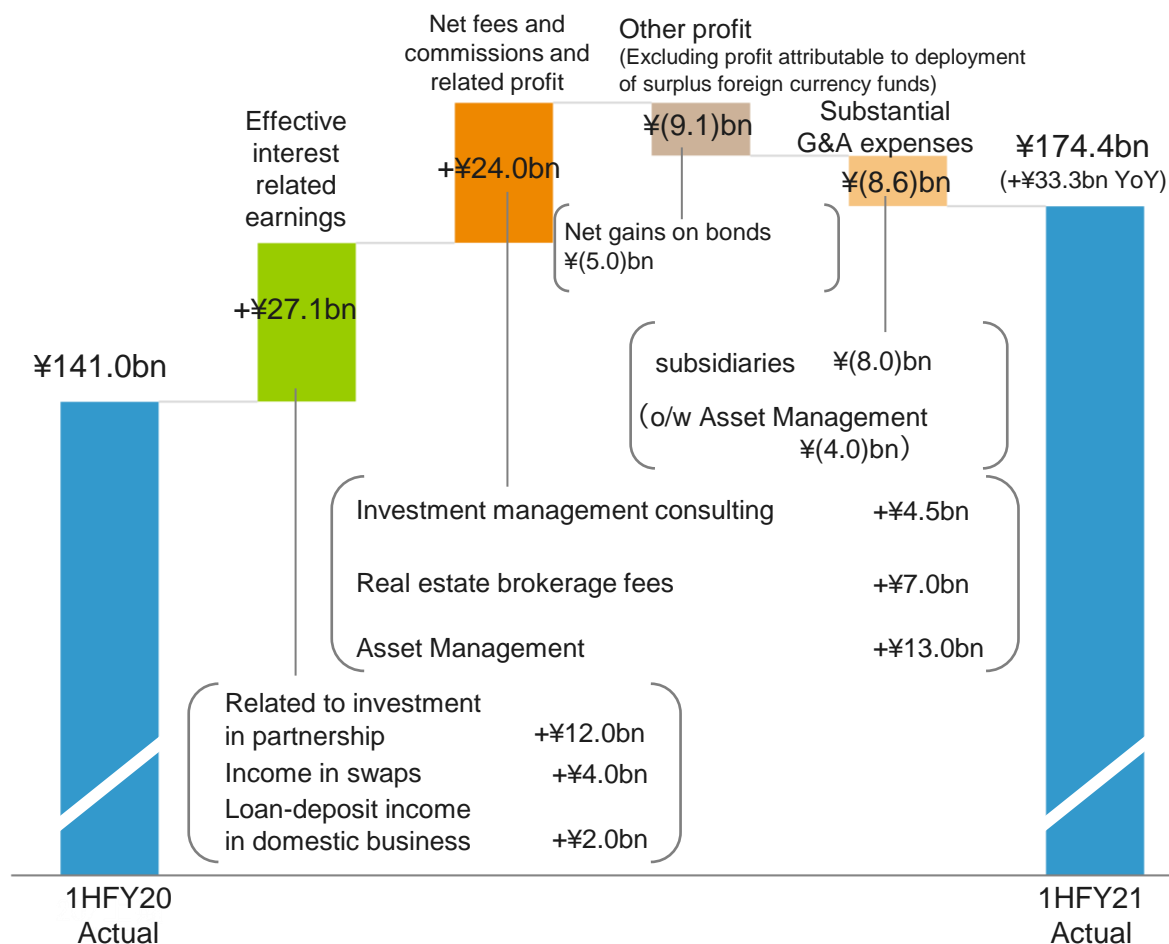
## <Shareholders' return>

	FY21 Plan
15 Dividend payout ratio	38.7%

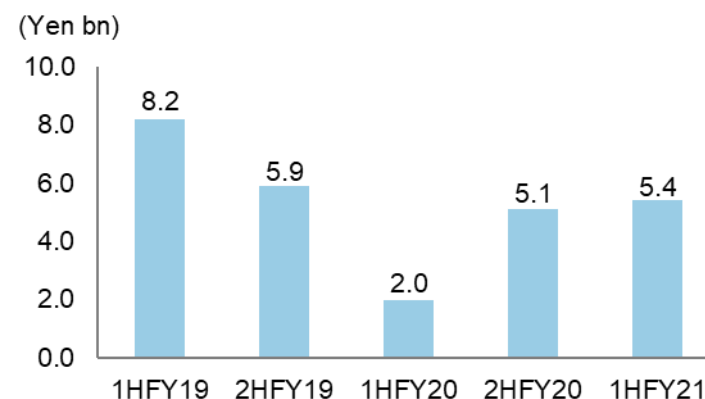
# Net business profit before credit costs

- Increased by 33.3bn YoY due to increase of Effective interest related earnings and Net fees and commissions related profit
- Client related business made good progress and asset management business also performed well due to favorable market condition. In addition, approx. ¥20bn(\*) of non-recurring related to investment partnership, etc.

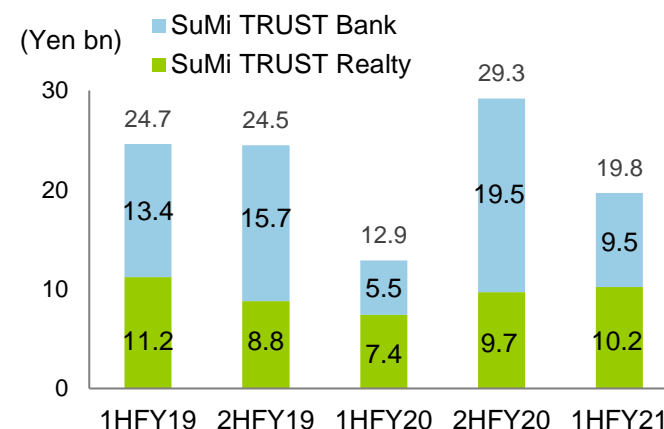
(\*) Profits related to investment partnership included in effective interest related earnings (+¥12.0bn), dividend earned from a company with which our group has business partnership with capital investment (+¥3.0bn)



## Sales fees of investment trust and insurance

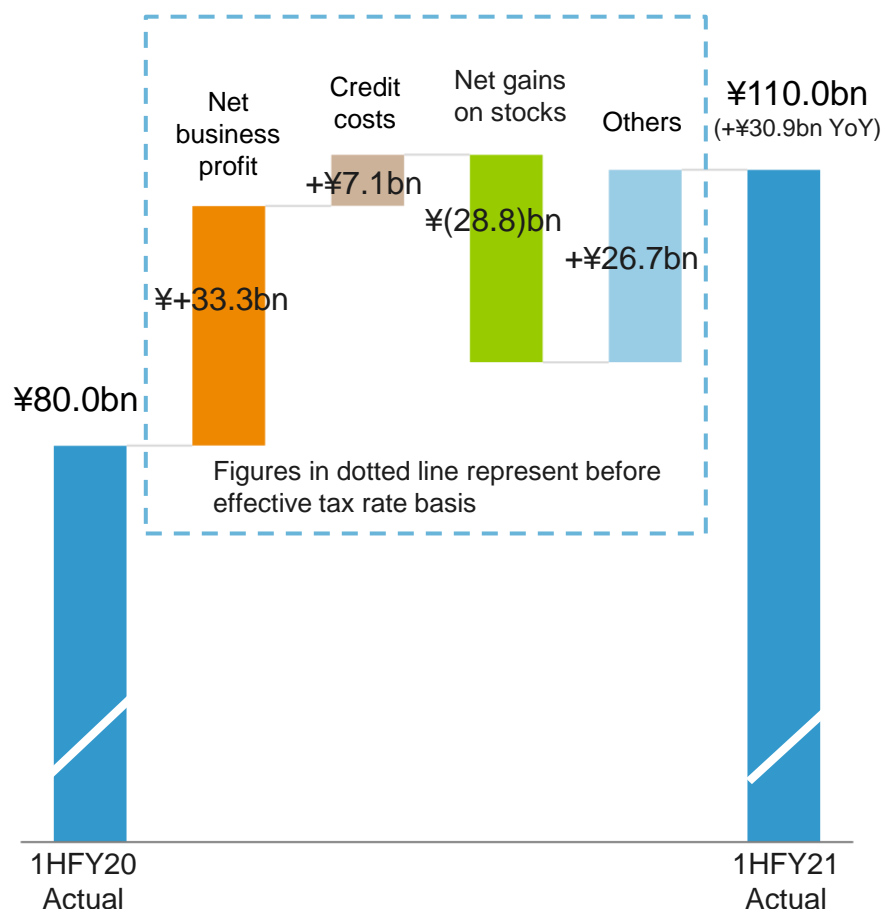


## Real estate brokerage fees



# Net income

- Net income increased ¥30.9bn YoY
- Net gains on stocks decreased due to loss realized from reduction of hedging investment trusts, while credit costs and other extraordinary line items improved



## Major factors of change

### ✓ Credit costs (1H FY20: ¥(2.0)bn → 1H FY21: ¥5.1bn)

YoY  
+¥7.1bn

- new occurrence is limited in 1H FY21
- Release of reserves due to the improvement in business conditions of clients.

### ✓ Net gains on stocks (1H FY20: ¥10.8bn → 1H FY21: ¥(18.0)bn)

YoY  
¥(28.8)bn

- Steady progress in dialogue with clients(\*)
- Accelerate reduction of hedging transaction and realized loss, which exceeded realized gain through sale of strategic shareholdings

(\*) Reduced ¥22.3 bn at cost in 1H FY21

### ✓ Other net non-recurring profit (1H FY20: ¥(36.9)bn → 1H FY21: ¥(10.1)bn)

YoY  
+¥26.7bn

- 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

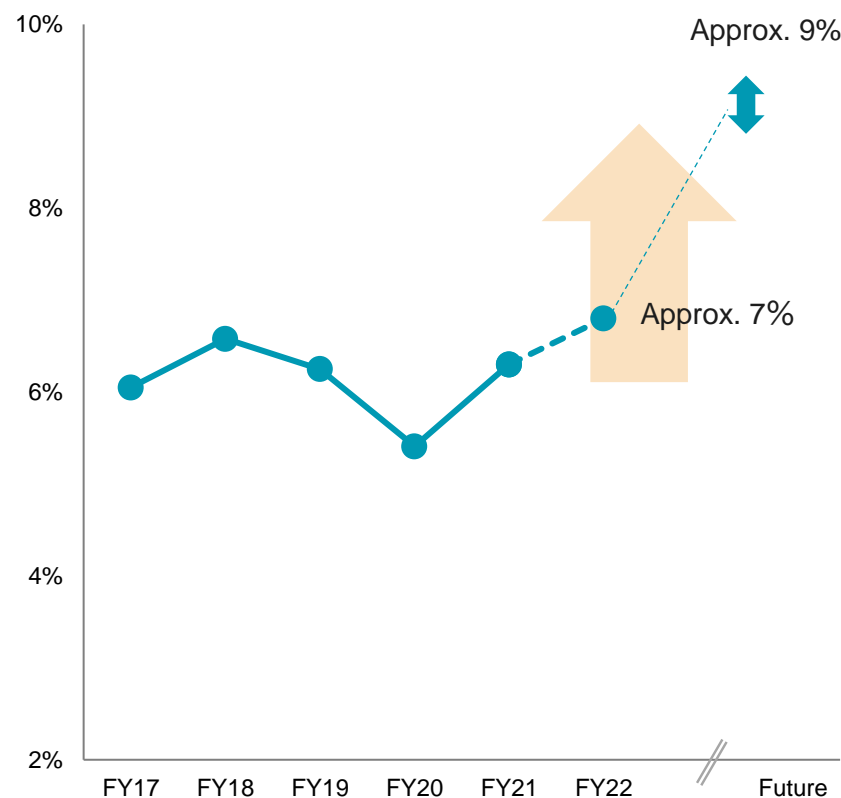
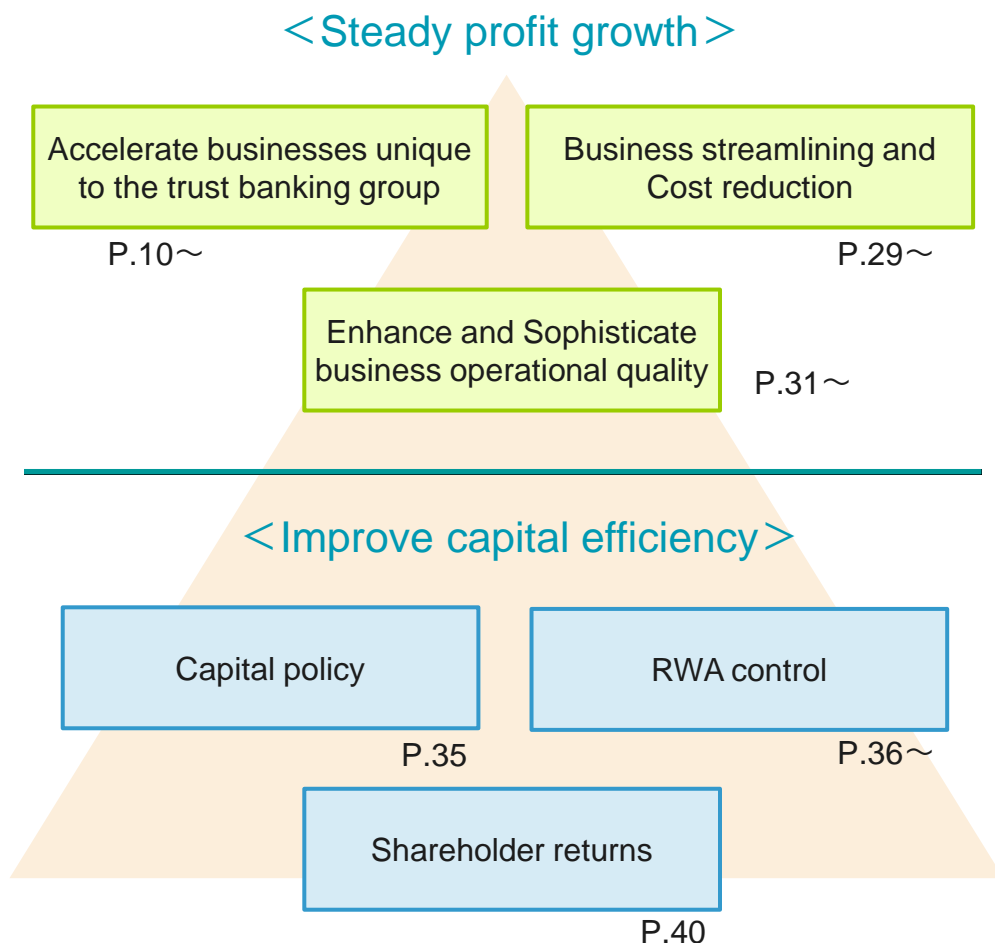
## **(2) Sustainable growth strategies ~ Pursuing higher ROE ~**



# Initiatives for ROE improvement

- Pursue higher ROE, capital-light business model by leveraging our strengths as a trust banking group

## ROE improvement



## Accelerate businesses unique to the trust banking group

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### Growth in Virtuous Circulation of funds, assets and capital

- (1) Solutions for corporate clients (Responding to structural changes due to climate change, etc)
- (2) Solutions for Investor clients (Provide diverse investment opportunities)
- (3) Solutions for Individual clients (Provide security and peace of mind in age of 100-year life)

## Initiatives for business streamlining and cost reduction

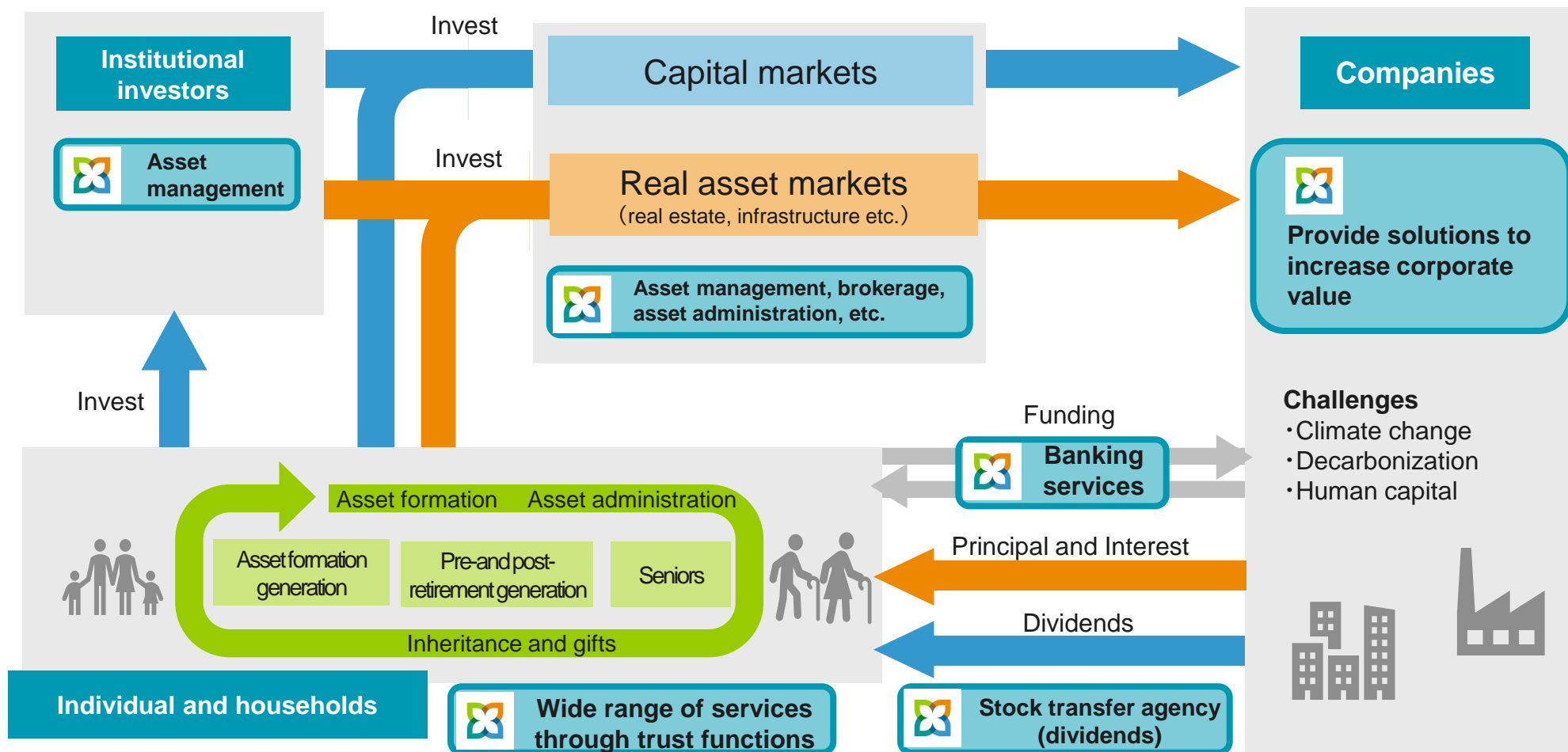
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## Enhance and Sophisticate business operational quality

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# Growth in Virtuous Circulation of funds, assets and capital

- As a Trust banking group, we have various contact points with capital markets, real asset markets and life cycles of individual clients
- Provide solutions to society by developing virtuous circulations. Increase of business contacts in the process will bring our corporate growth



# (1) Solutions for corporate clients ~Social and industrial changes~

## Japanese Market volume perspective

Estimated the domestic climate related /  
social infrastructure market  
( Cumulative total for 2021-2030 )

Decarbonization

(Solar, wind, etc..)

Social  
infrastructure

(Water and sewage,  
airports, roads, etc.)

Over  
¥20Trillion

Over  
¥30Trillion

Over  
¥50Trillion

Huge demand for capital in response to decarbonization and  
climate change, etc in society as a whole

(Source) Based on data calculated by the Agency for Natural Resources and  
Energy and Sumitomo Mitsui Trust Research Institute

## Global Market volume perspective

By 2050

Estimated investment amount in wind power, solar  
power, lithium-ion batteries, etc.

By 2050

**US\$1 Trillion/year** (\*1)

(\*1) Estimated by IEA

Estimated required investment to achieve limiting  
temperature rise up to 1.5°C

Accumulated to 2050

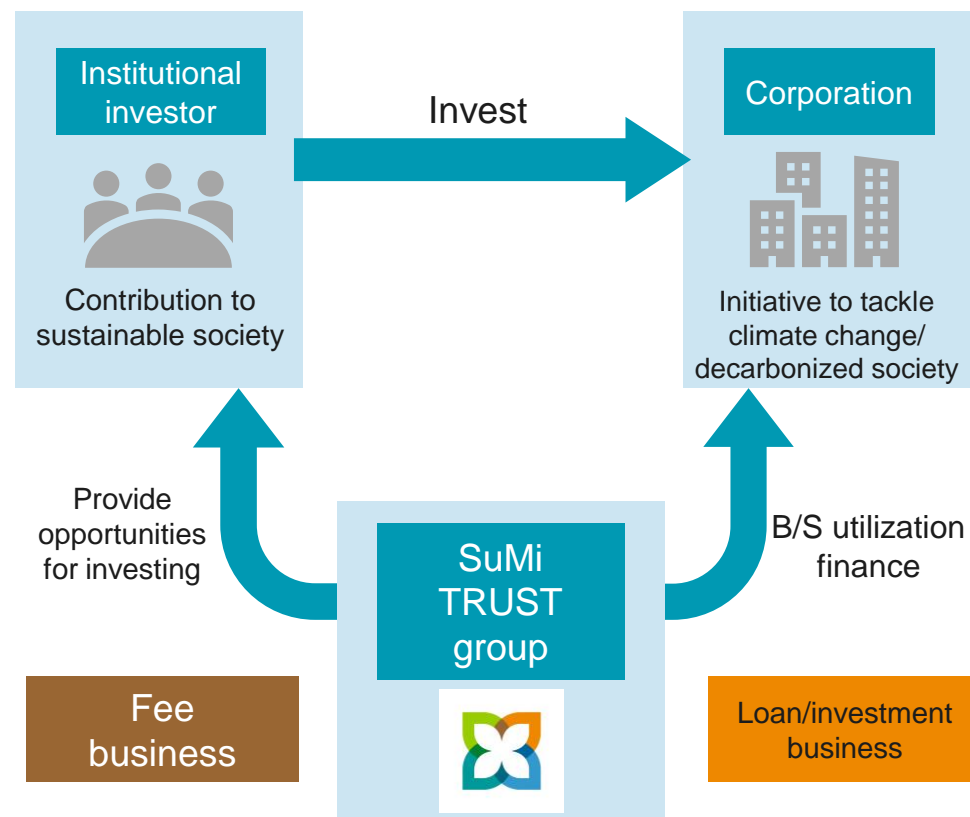
**US\$100 Trillion** (\*2)

(\*2) Estimated by GFANZ

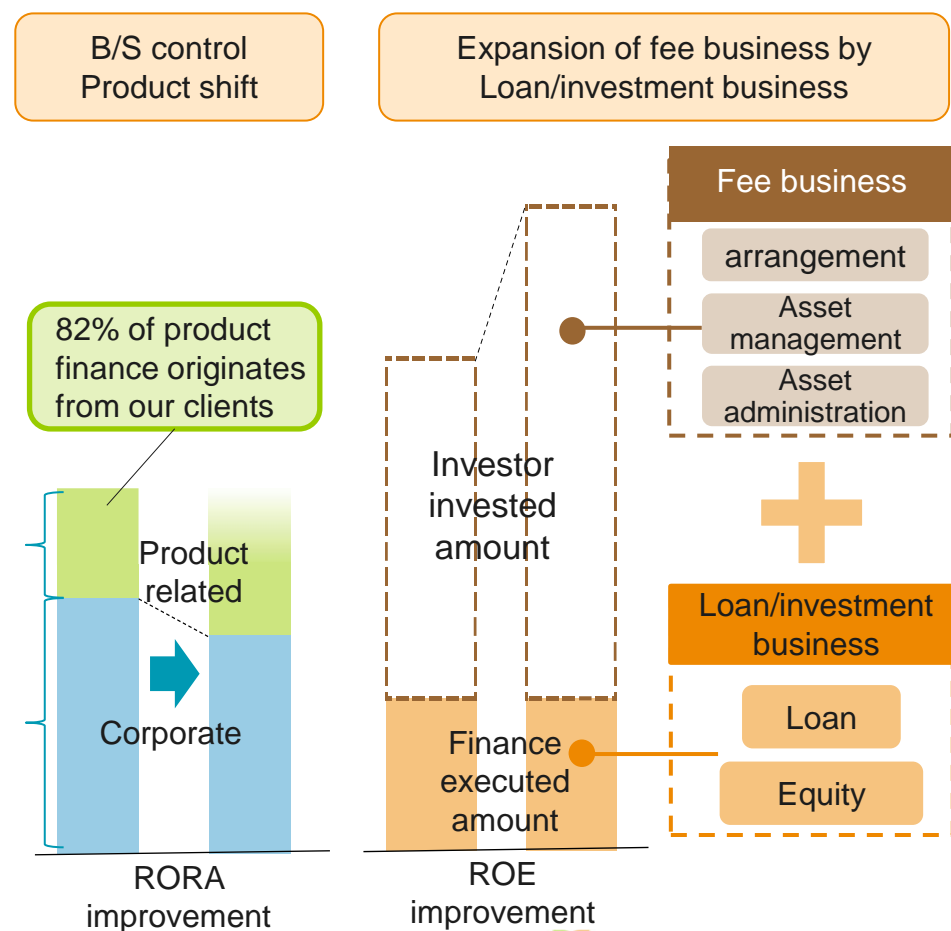
# (1) Solutions for corporate clients ~Utilizing unique functions of a trust banking group~

- Create new investment opportunities through utilization of our B/S. Create positive impact in the market co-working with investors
- Improve ROE by increasing the fee revenue from product related credit transactions based on the clients' needs

## Respond to clients' needs with our unique functions



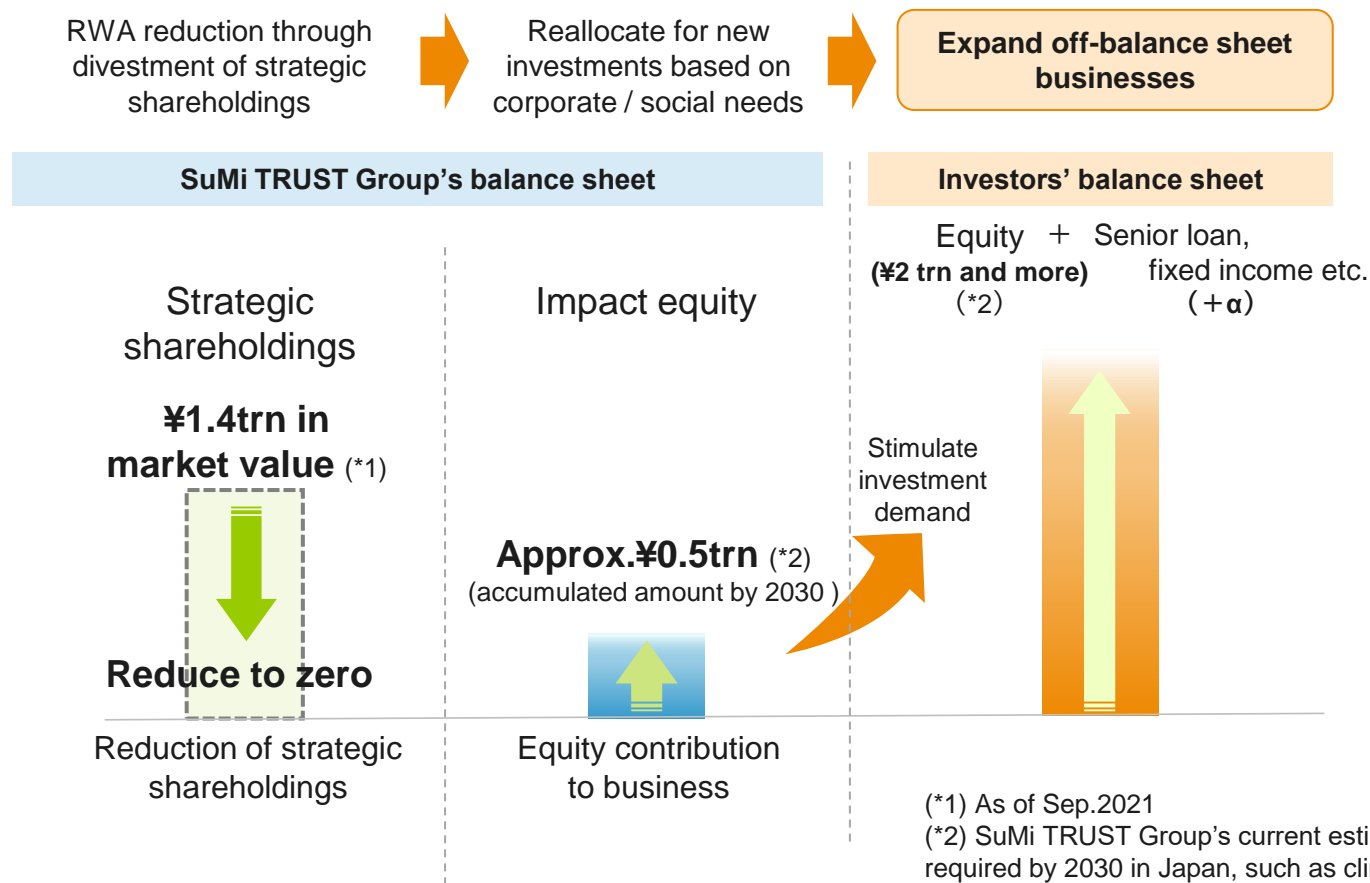
## ROE improvement initiatives



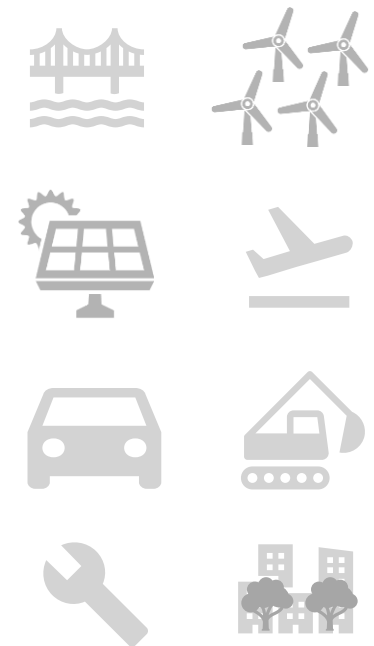
# (1) Solutions for corporate clients ~Creating new businesses by utilizing impact equity~

- Respond to needs in areas such as climate change, decarbonization or infrastructure investments by leveraging impact equity and funds from investors
- Create new businesses that contribute to society by utilizing capital released by divestment of strategic shareholdings

## Utilize equity and funds from investors



## Ideas on where to make impact equity investments



(\*1) As of Sep.2021

(\*2) SuMi TRUST Group's current estimate: JPY 50 trillion of investment in total required by 2030 in Japan, such as climate change, decarbonization and infrastructure investments

# (1) Solutions for corporate clients ~Using technology to create businesses~

- The Technology-based Finance (TBF) Team seeks to create new businesses with our corporate clients by showcasing its capabilities of technology and business matching function as a bank

## Establishment of the TBF Team

- Understand innovative technology and social systems in depth
- Contribute to the creation of businesses based on scientific knowledge

### TBF Team

Recruited researchers (currently a team of 7) in cutting-edge technology fields, including hydrogen, innovative battery development, and CO2 catalysts  
(see page 50 for team members)

TBF Team's  
scientific  
knowledge



Finance &  
Trusts



The Group's  
client base



Propose and create new business models and ecosystems for climate change and other issues

## Specific case: Green Hydrogen Supply Chain Project



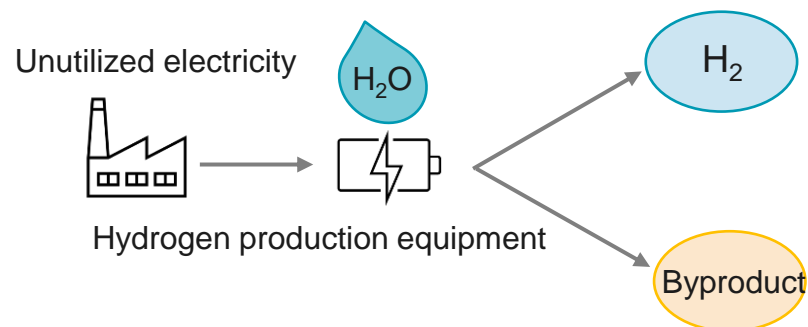
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- ✓ Overall coordination
- ✓ Technology matching



Creation of  
new businesses

Business model lowering the cost of producing hydrogen to mass production levels  
(Adopted as MoE's supporting business)(\*)



ASAHI PRETEC



X-Scientia



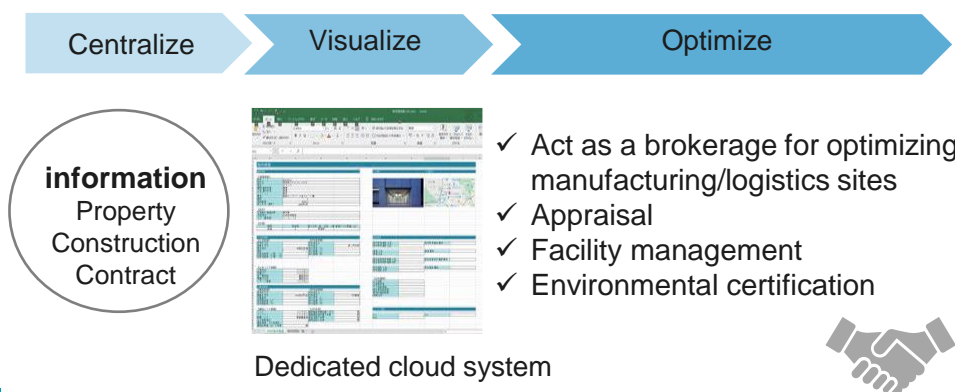
エフシー開発株式会社

(\*)Low Carbon Technology research, Development and Demonstration Program of Ministry of the Environment

# (1) Solution for corporate clients ~Services for real estate held by companies~

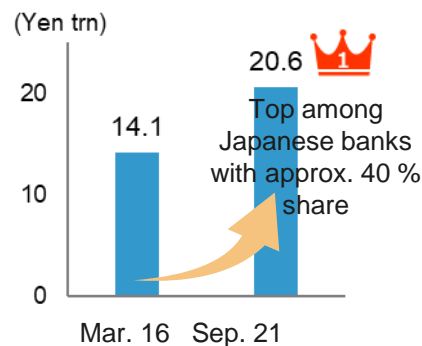
- Provide consulting services for growing ESG challenges such as environmental issues or energy cost efficiency improvement
- As No.1 company regarding the entrusted balance of securitized real estate in the industry, we will continue to advance initiatives that contribute to enhancing property value, especially from decarbonization point of view

## Corporate clients' real estate needs

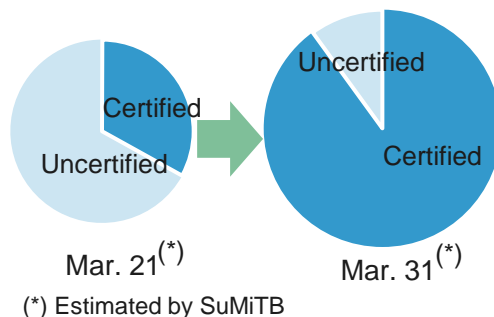


## Needs for Environmental certification in securitization business

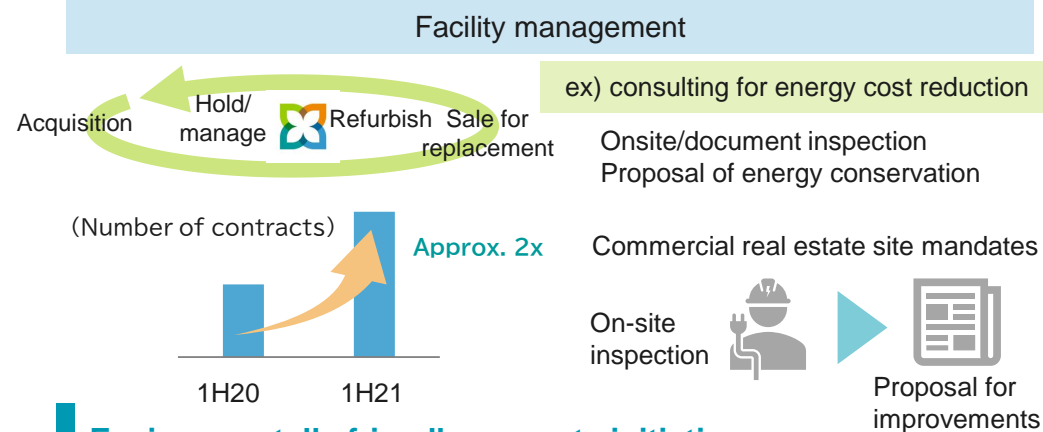
Balance of entrusted real estate securitization mandates



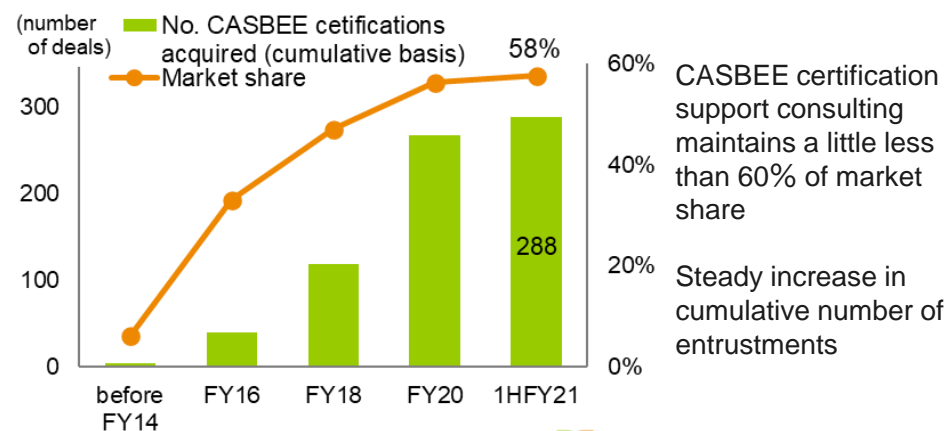
Property value boosted with environmental certification



## Initiatives for value-added real estate administration services



## Environmentally friendly property initiatives

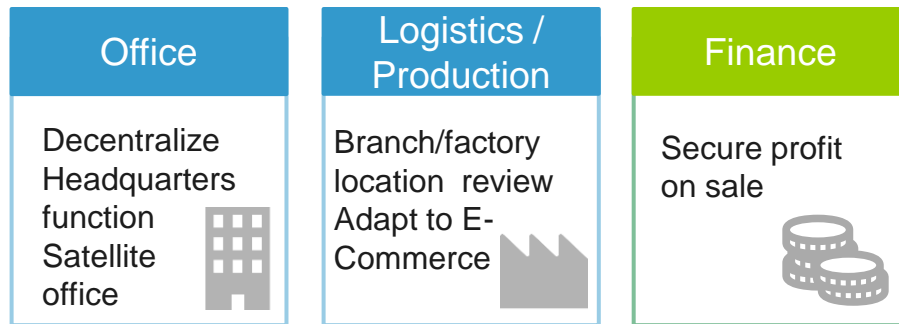




# (1) Solution for corporate clients ~Real estate brokerage~

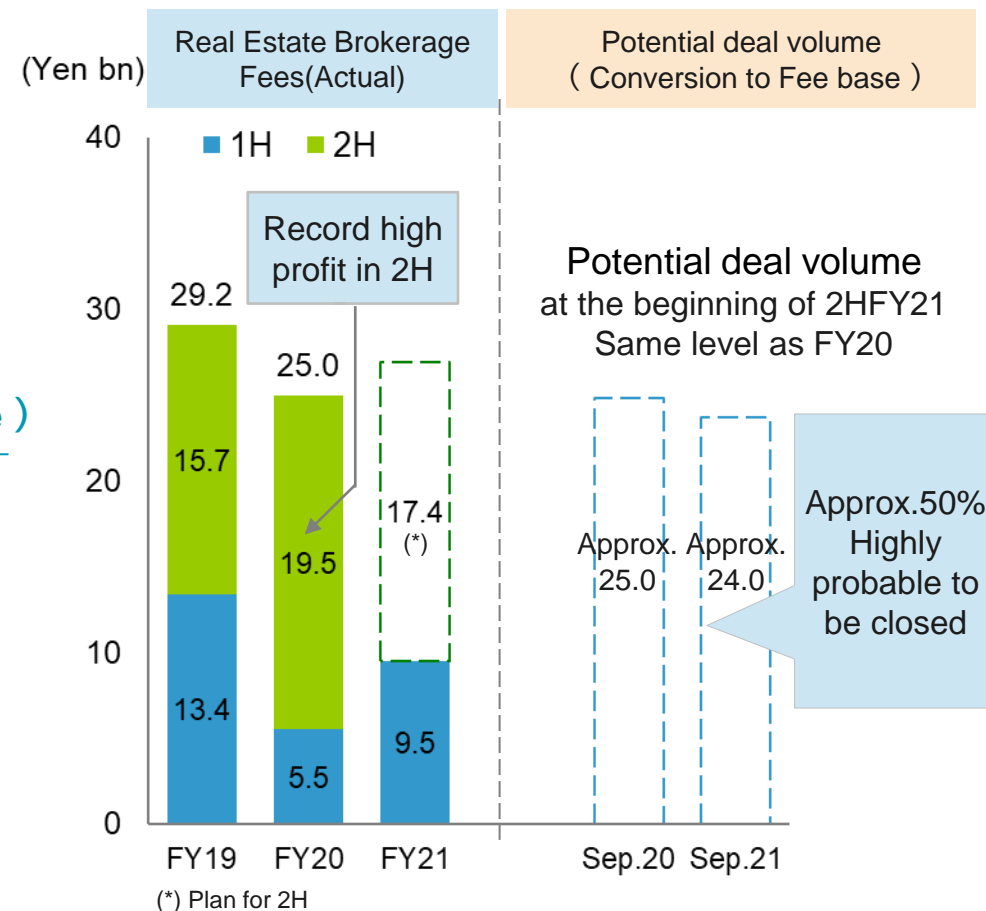
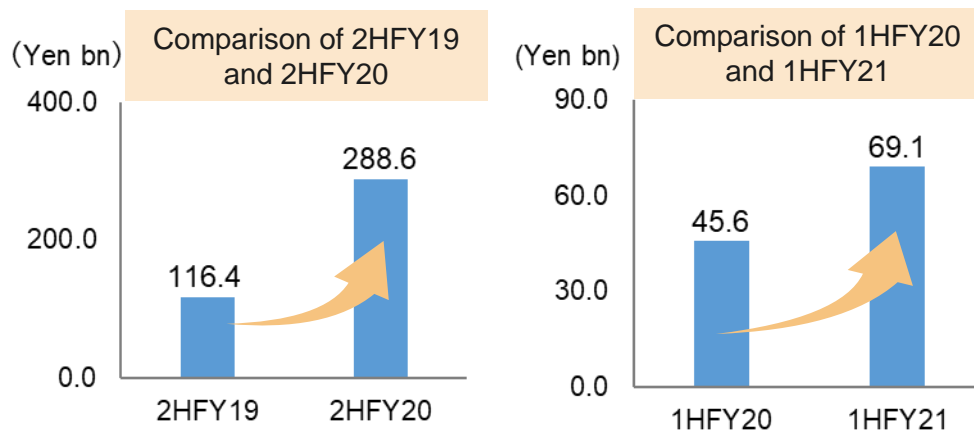
- Response to various changes by Covid-19 or climate change issues, many corporate clients reassessed their own properties, and real estate sales and consulting needs have been increased
- Potential deal volume of real estate brokerage is almost the same level as the previous year as of Sep. 2021

## Real estate needs due to Covid-19 and climate change



## Corporate Real estate brokerage

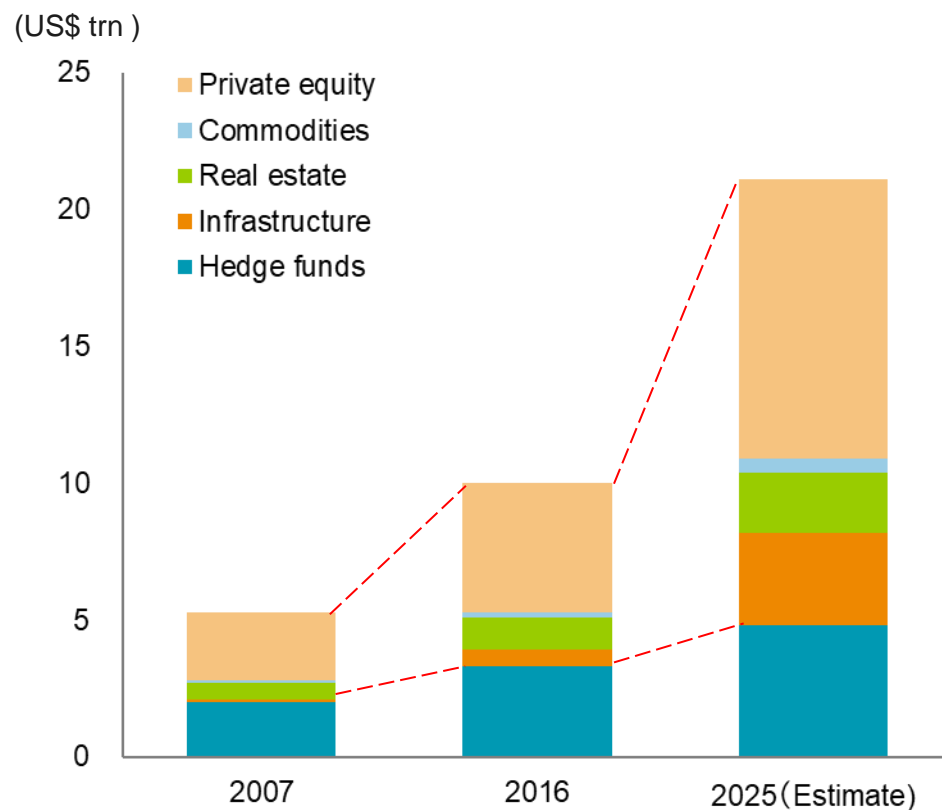
## Real estate sales by corporations (Property value base)



## (2) Solutions for investor clients ~Investment environment~

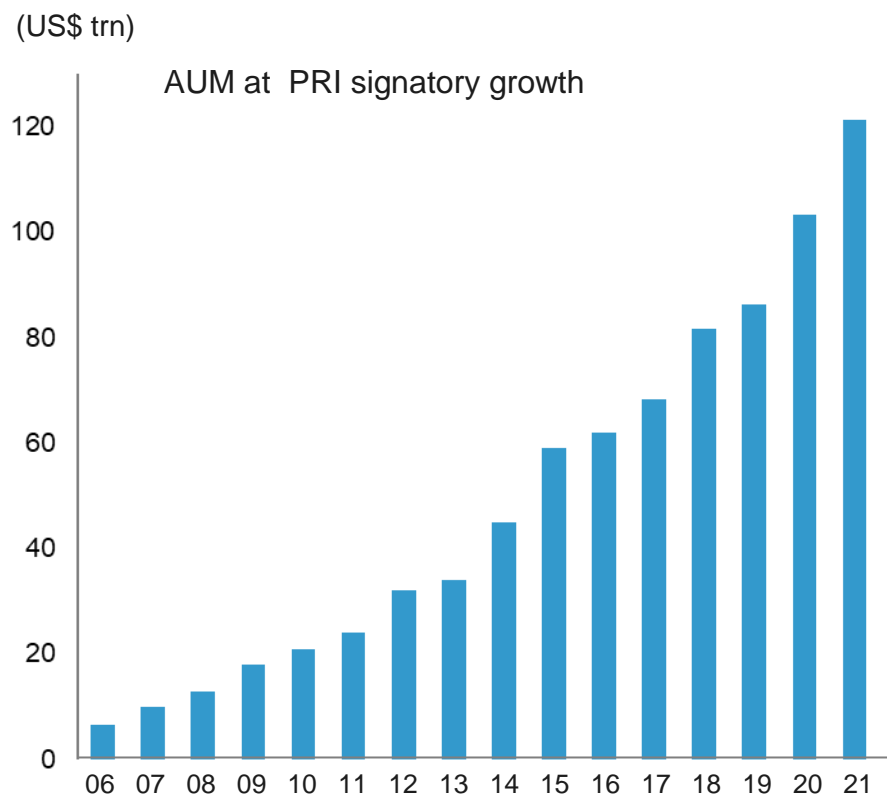
- Due to the changing social and financial landscape, relative advantage of investment returns and purpose of investing to be taken into consideration
- Accordingly, investments in private assets, real assets and sustainability related investments have been increasing

### Investments in private assets and real assets



(Source) PWC/Asset management 2025  
Asset & Wealth Management Revolution: Embracing Exponential Change

### Expansion of sustainability investment

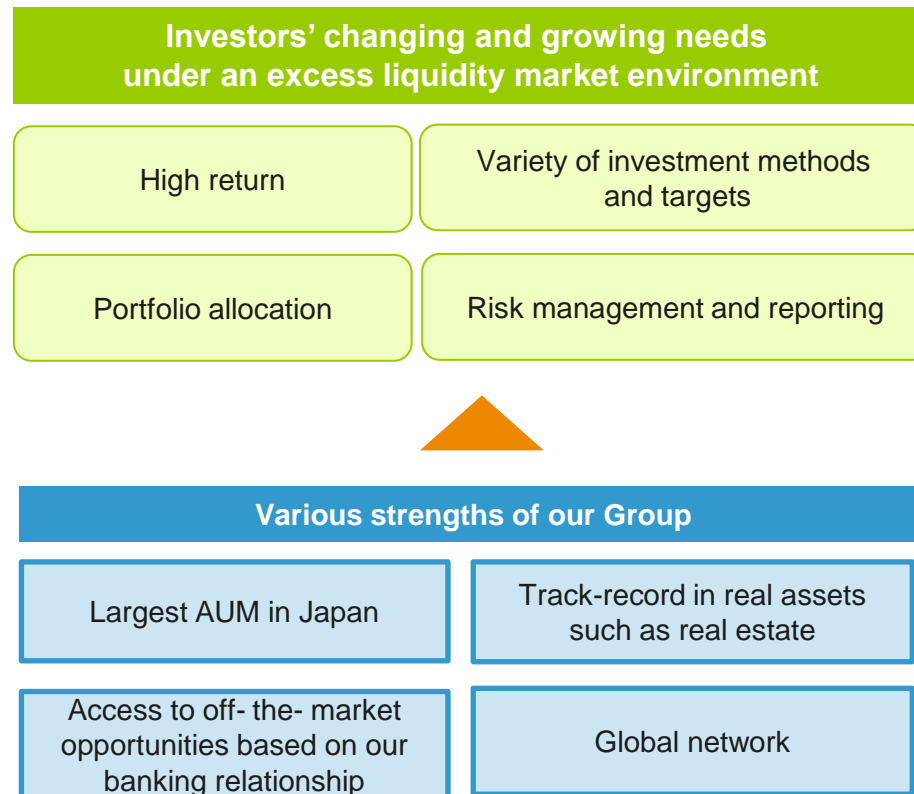


(Source) PRI/PRI Signatory growth

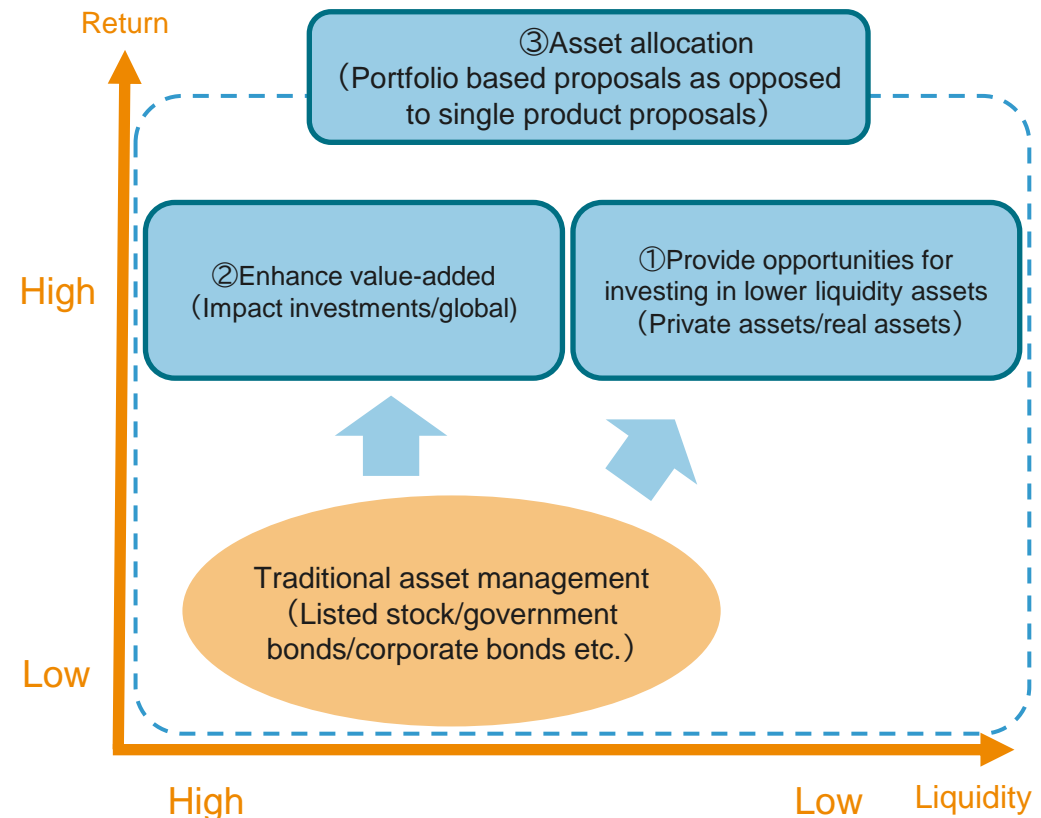
## (2) Solutions for investor clients ~Provide diverse investment opportunities~

- Respond to changing and growing investor needs with our diverse capabilities in an environment of excess liquidity
- Further growth of the investment management business is possible by providing timely and appropriate solutions accurately understanding changes in investor needs

### Group strengths responding to various investor needs



### Growth strategy based on investor needs



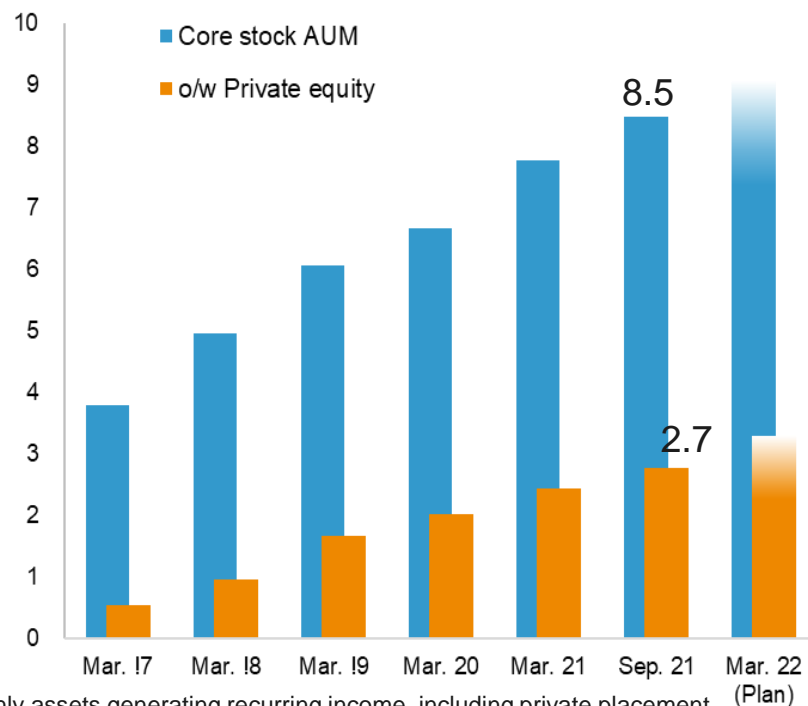
## (2) Solutions for investor clients ~Expansion of investment in illiquid assets and investor client base~

- AUM of private assets such as real estate or infrastructure investments has been steadily increasing in addition to private equity
- Investor client base has expanded by participation of regional financial institutions and various corporate investors in addition to pension clients

### (\*1) Core stock AUM of the wholesale AM business domain including PE

Gate keeping business for pensions and financial institutions in SuMiTB's wholesale AM business domain has been growing especially in private equity investment

(Yen tm)

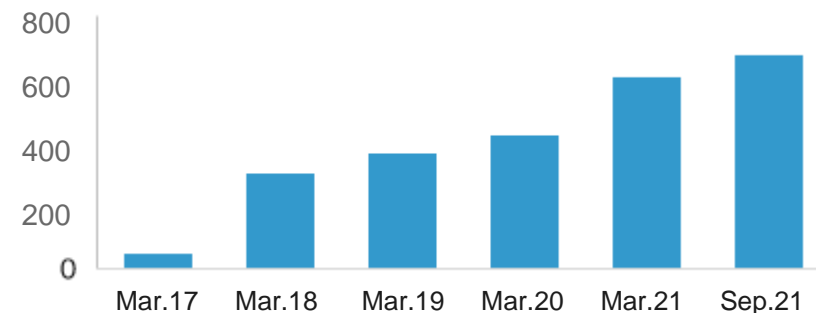


(\*1) Mainly assets generating recurring income, including private placement investment trusts, jointly operated money trusts, private assets, etc.

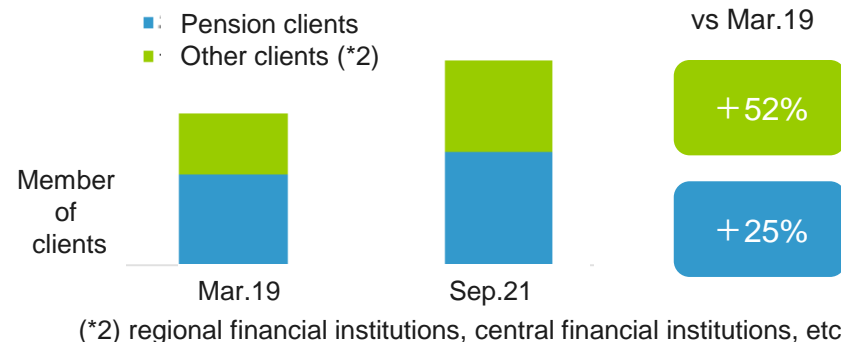
### AUM growth of real assets (excl. PE)

Outstanding balance of private debt, real estate, infrastructure assets within core stock AUM

(Yen Bn)



### Investor clients base in private assets

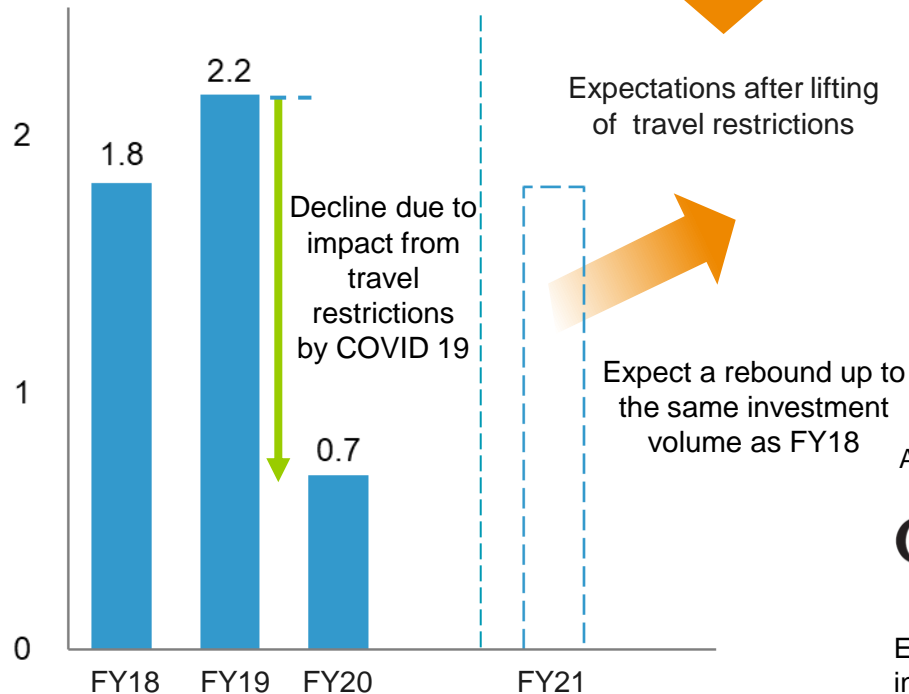


## (2) Solution for investor clients ~Real estate investment~

- Travel restrictions constrain in-bound needs in FY20 but we expect V shaped recovery once restrictions are lifted as opportunities are abundant
- Enhance international business partnership strategy responding to both in-bound and out-bound real estate business needs

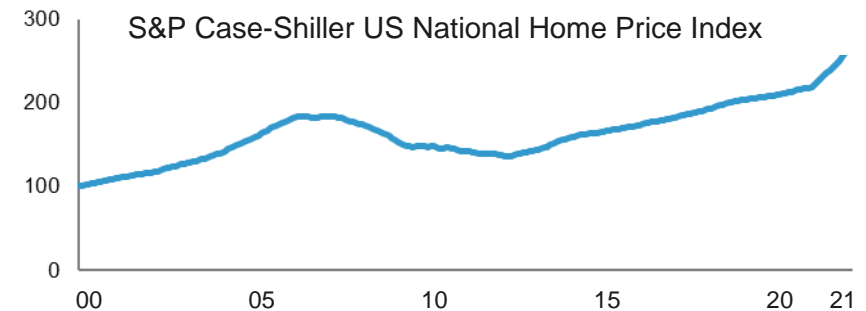
### Potential of In-bound real estate investments

In-bound real estate brokerage fees (\*)  
(Yen bn)

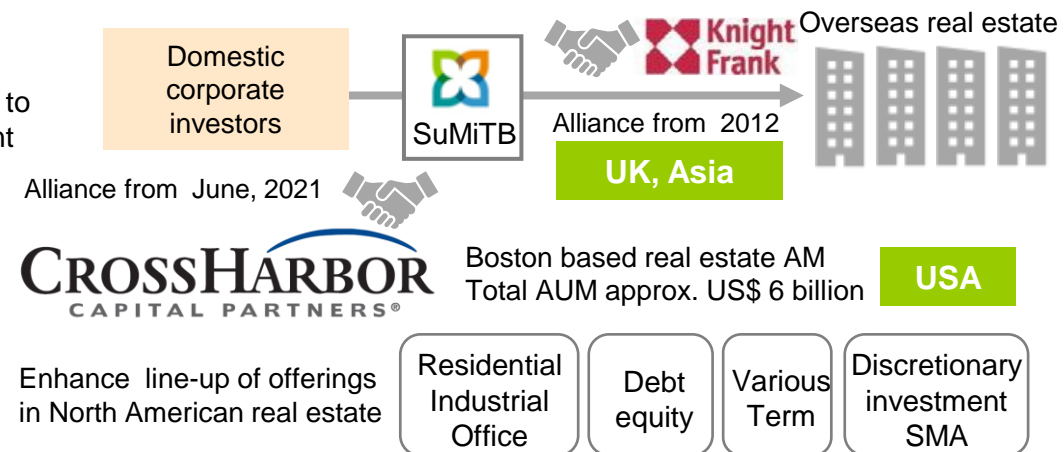


(\*) Transactions with International investors without office in Japan and high net worth in Asia

### Potential of Out-bound real estate investments



### Bolstering Out-bound real estate business partnerships



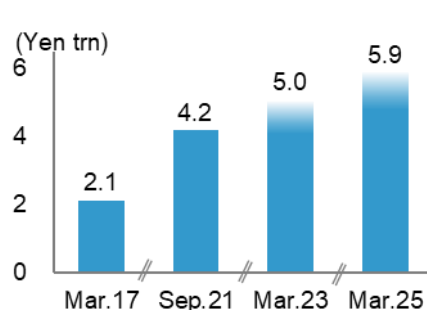
## (2) Solutions for investor clients ~Investment method with added value~

- Sumitomo Mitsui Trust Asset Management (TAM) is contributing to the expansion of ESG investments
- Nikko Asset Management (Nikko AM) is providing high value added services by leveraging global investment and distribution network

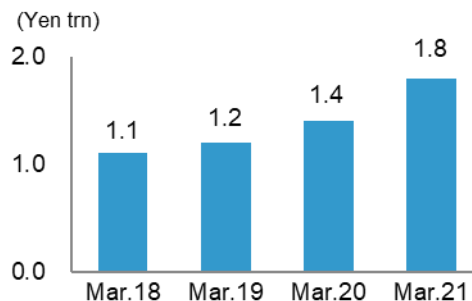
### TAM: Increasing ESG investment with added value

**Provide stable mid-long term asset management services to investors through long-seller publicly offered investment trusts**

【Changes in long seller fund(\*1)】

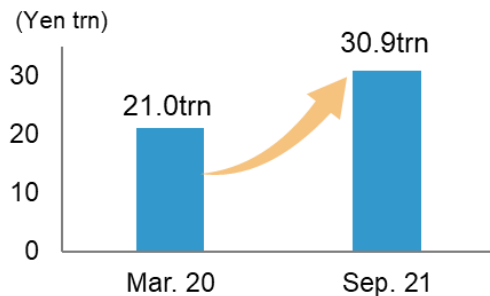


【Changes in DC investment trusts】



**Increase added value with ESG investments**

【ESG-related AUM balance(\*2)】



Expand impact finance in areas specifically called for higher expertise

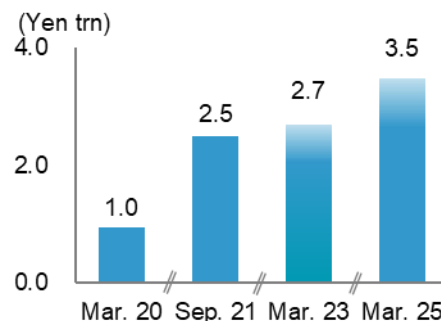
(\*1) Funds out of publicly offered investment trusts that are assumed to be for core investments that exceed life of 5 or more years

(\*2) Total of Index-linked type, ESG considered type, General ESG type, Impact investment type products

### Nikko AM: Cross-border asset management and sales

**Provide edged and advanced investment products worldwide to Japanese and international investor clients**

【Balance and targets of advanced products(\*3)】

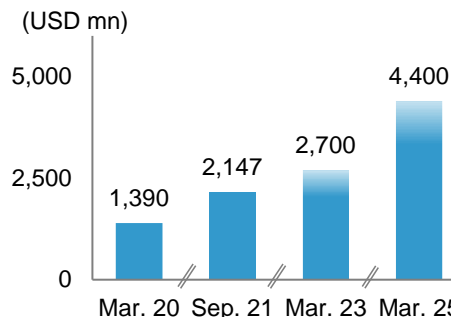


Alliances with /equity investments into overseas asset managers

- ✓ Develop various advanced products based on Nikko AM's unique ideas
- ✓ Expand in Japan and Asia region

**Promote high value-added off-shore ETFs**

【Balance and targets of listed ETFs in overseas markets】



Investment mainly in Asia market

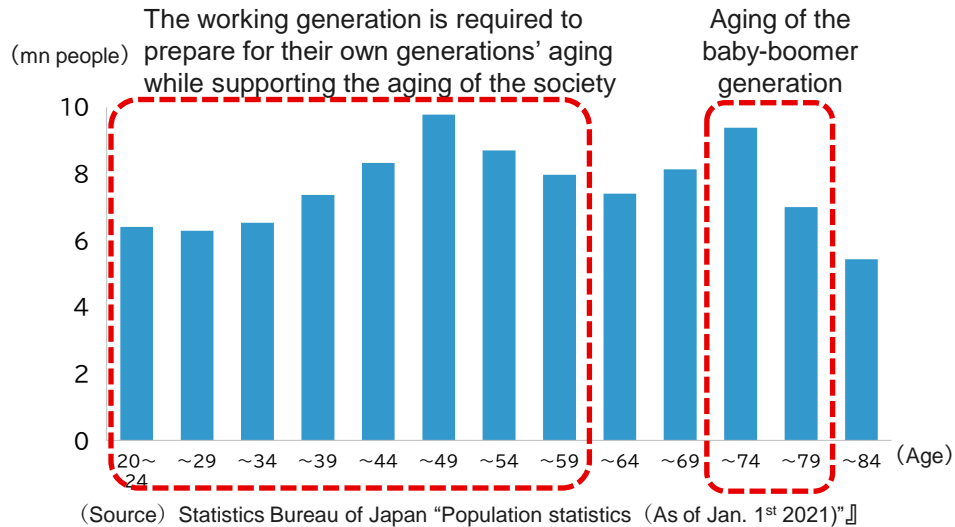


Provide clients in Asia, US, Japan

(\*3) Funds that Nikko AM considers as advanced in terms of product concepts or product designs (Ex: Global prospective fund, Digital transformation equity fund etc.)

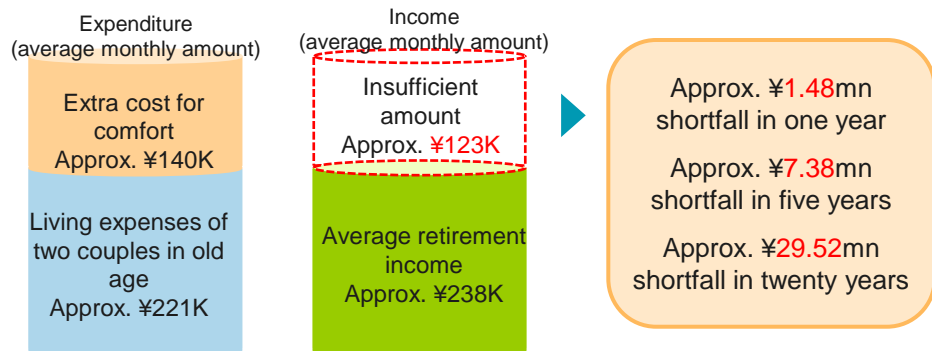
### (3) Solutions for individual clients ~Needs in an age of 100-year life~

#### Demographics in Japan



#### Asset formation needs of the working generation

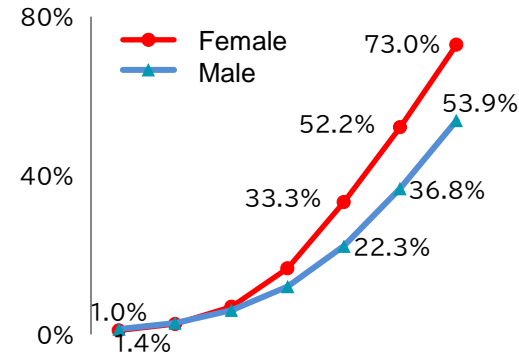
Funds and shortfalls needed for a comfortable life



(Source) Created by the Company based on the monthly amount deemed necessary by respondents from the Ministry of Internal Affairs and Communications "Annual Report on Household Income and Expenditure (Household Income and Expenditure) First Year of Reiwa" and the Life Insurance Culture Center "Survey on Life Security in the First Year of Reiwa"

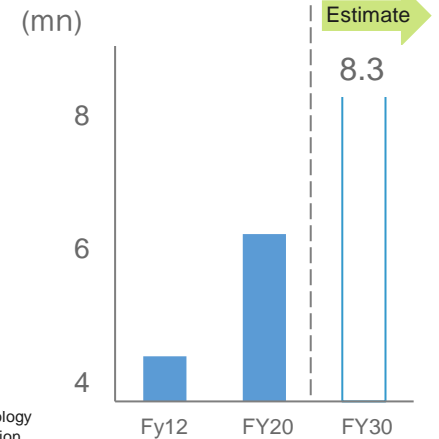
#### Issues of dementia in an aging society

Dementia incidence probability



(Source) Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology FY2012 Health business promotion cost subsidy Elderly health promotion business "dementia Comprehensive assessment"

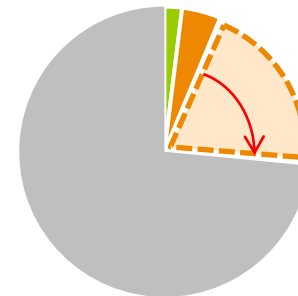
Number of dementia patients



(Source) Cabinet Office "2017 White Paper on Aging Society"

#### Growth potential of the will trusts market

55 years old and above: approx. 49mn people (\*1)



- Notarized deed wills completed: 0.96m people (\*2)
- Self-written notarial deed wills completed: 2.12m people (\*3)

Expected number of self-written notarial deed wills to be drawn up going forward: +9.92m people (\*3)

(\*1) MIC Statistics Bureau of Japan Population Census 2015

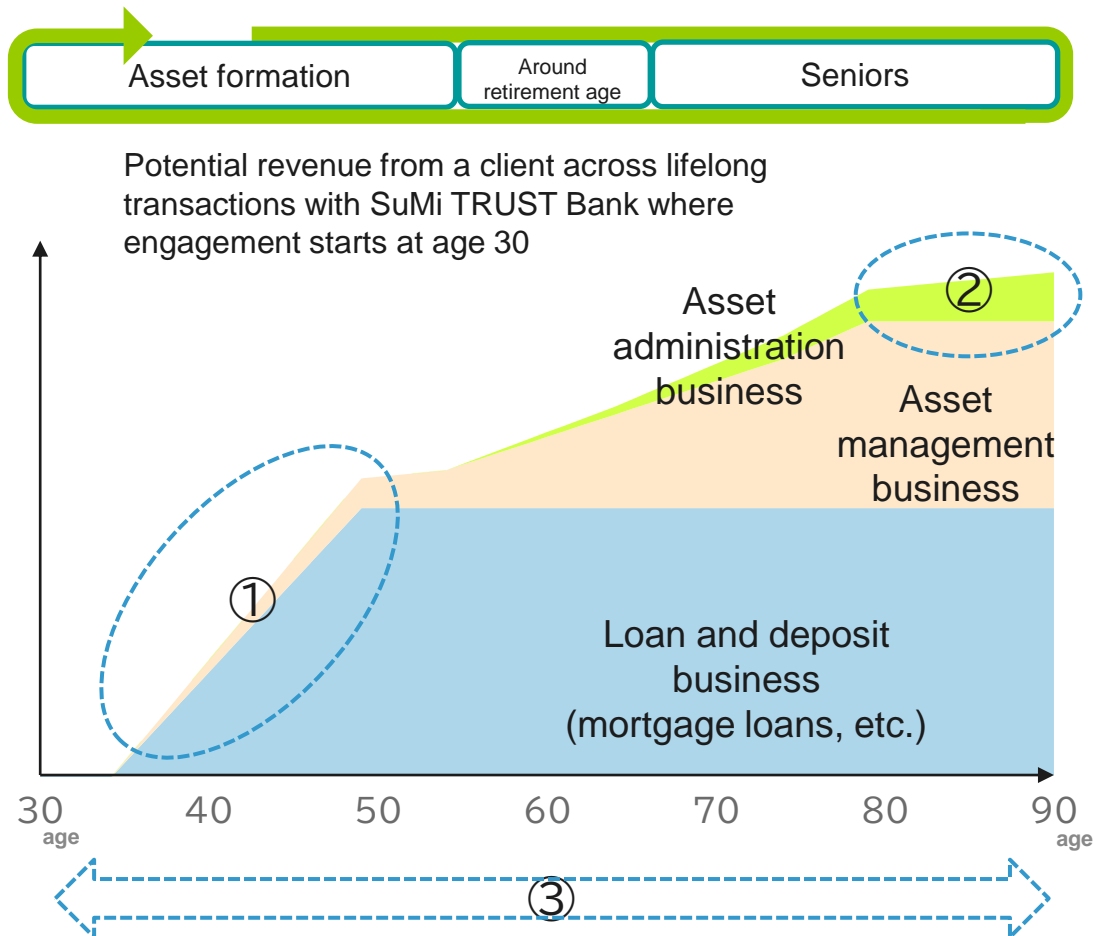
(\*2) NIPPON KOSHONIN RENGOKAI Japan National Notaries Association, 10 year aggregate of authors of notarial deed wills (2009~2018)

(\*3) FY 2017 Ministry of Justice Research Report

### (3) Solutions for individual clients ~Providing security and peace of mind in age of 100-year life~

- Transactions that continue over the client's lifetime—boost earnings by meeting the needs of clients across all age groups

#### Aiming to further strengthen our business model



#### Key points of the strategy

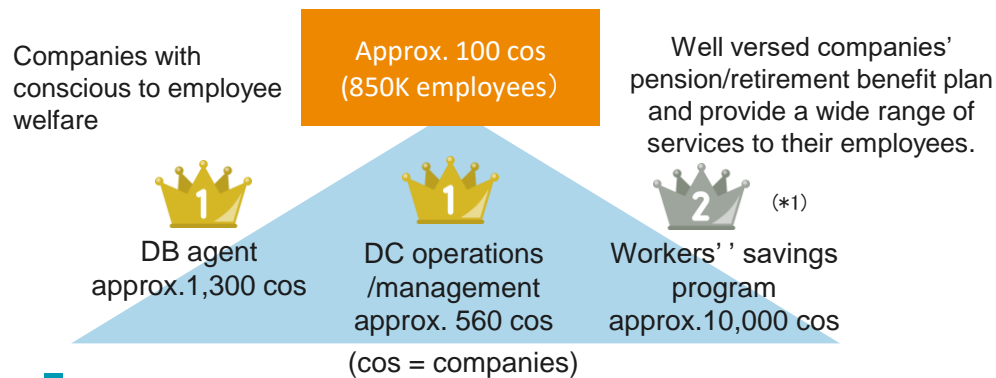
- ① Increase contact points and transaction across multiple business areas with the asset formation generation  
→Leads to lifelong relationships
- ② Enhance products and services that provide security and peace of mind to the aging senior generation  
→Leads to some transactions in other areas including asset management  
→Leads to transactions with the next generation, including inheritance and endowment-related businesses
- ③ Real estate transaction opportunities across all generations



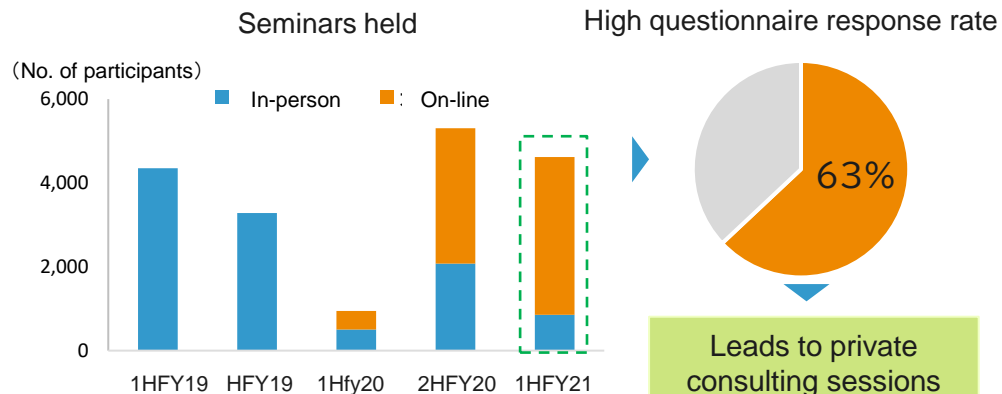
### (3) Solutions for individual clients ~Providing services for workplace clients~

- Provide asset formation related services to employees of our client companies with which we have long business relationships
- Pursue the further growth in this business area by supporting better engagement between the companies and their employees

#### Based on corporate pension business relationship



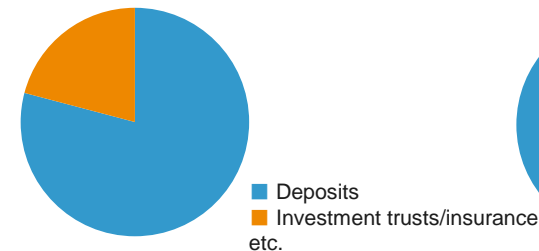
#### Efficient marketing through on-line seminars



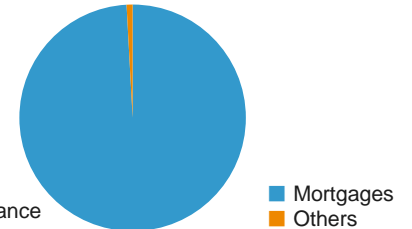
(\*1) Estimated by SuMiTB (\*2) Clients of SuMiTB's DC and workers' savings program

#### Asset volume of workplace business (\*2)

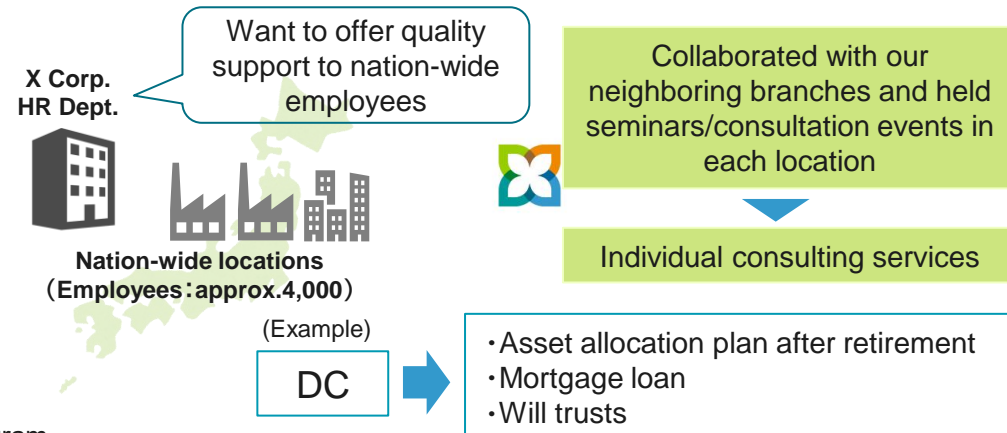
AUM: approx. ¥640 bn



Various loans: approx. ¥1.2 trn



#### Specific case of solutions (Manufacturer X)



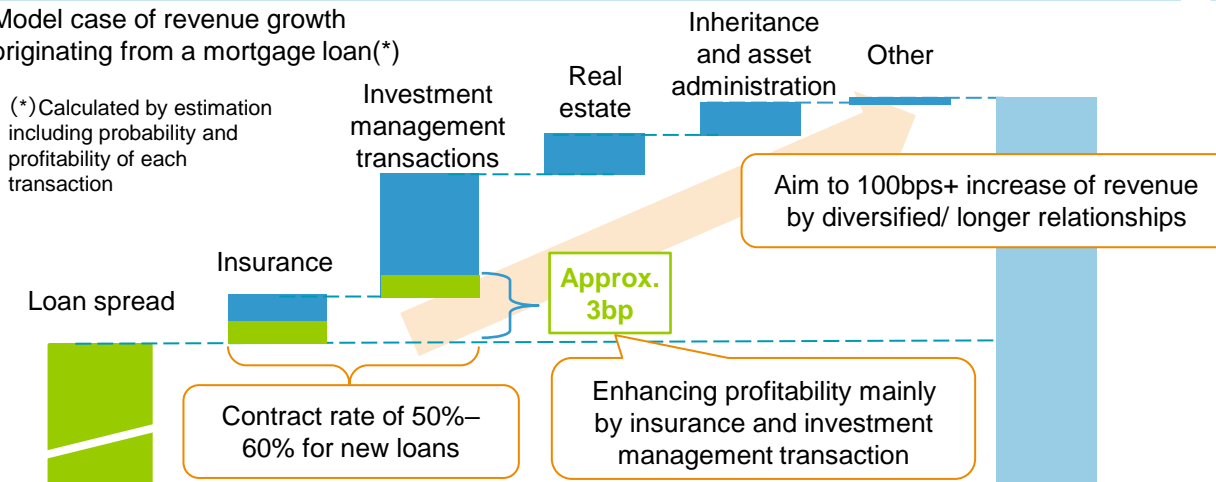
### (3) Solutions for individual clients ~Enhancing business with mortgage clients~

- Improve profitability of mortgage loan clients by offering multiple products
- Creating longer client relationships by leveraging “housing wills” and other services to create ongoing touchpoints with clients

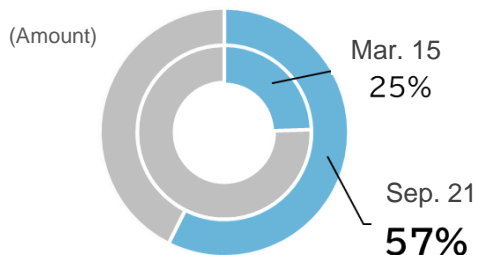
#### Enhancement of profitability from multiple transactions

Model case of revenue growth  
originating from a mortgage loan(\*)

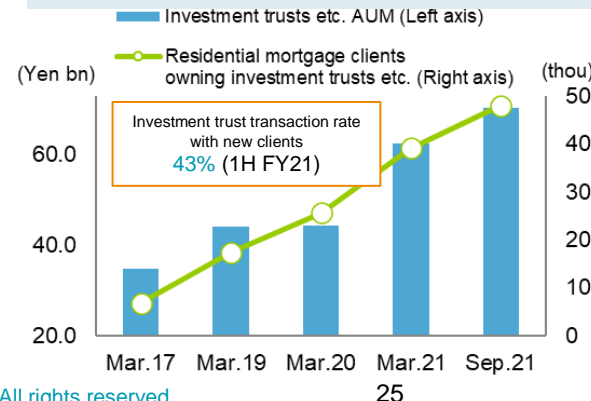
(\*) Calculated by estimation  
including probability and  
profitability of each  
transaction



Sickness insurance transactions with new mortgage loan clients



Investment trusts and other asset management transactions with mortgage loan clients



#### Creating longer client relationships beyond mortgage loan term



- ✓ We accept entrustment of a simplified will for no cost from the client at signing of a mortgage loan
- ✓ Opportunities to contact the clients are continuously created when the will is reviewed or checked every year

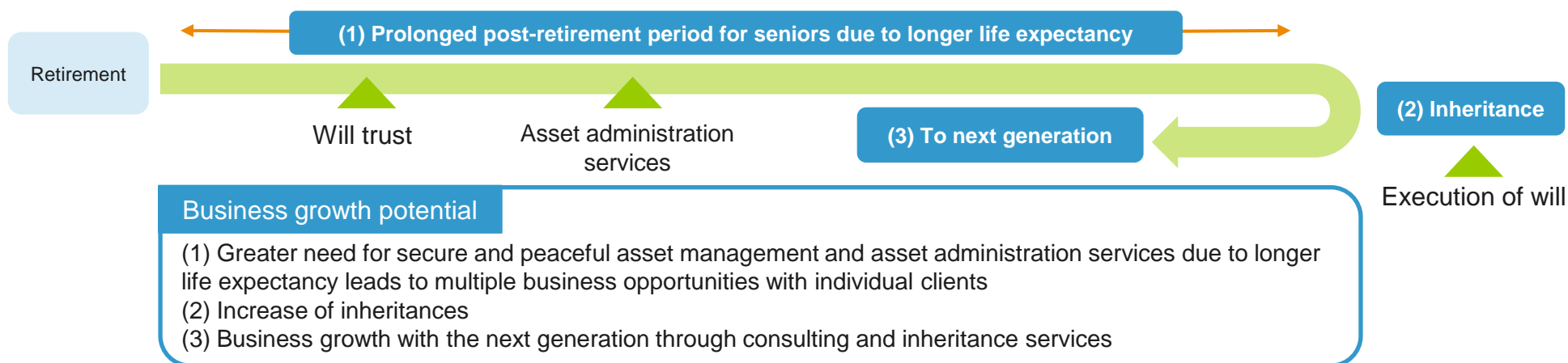
By expanding the scope of this service to existing mortgage loan clients, we aim to conclude contracts with **20%** of our **400,000 mortgage loan clients**

Further expanding client touchpoints will lead to more diversified transactions and long-term relationships with clients

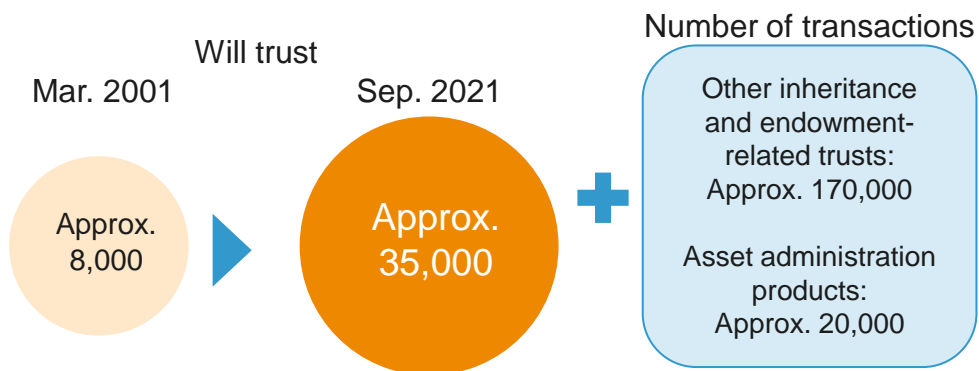
### (3) Solutions for individual clients ~Business growth in a super-aging society~

- Significant business opportunities for SuMi TRUST Group as a provider of safe and secure services to increasing number of seniors in a super-aging society
- Business growth from increased inheritances and multiple product offerings

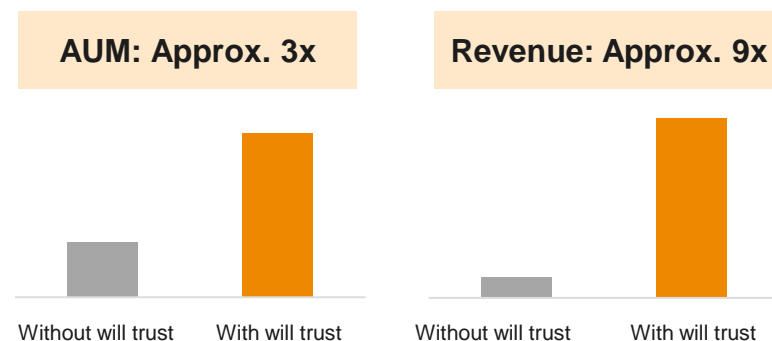
#### Our business growth potential from increase in client needs by seniors due to longer life expectancies



#### Increase in number of entrusted will trusts



#### Derived impact of entrusted will trusts



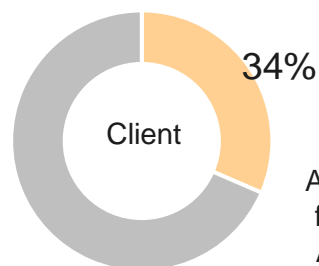
### (3) Solutions for individual clients ~Enhancing business through generation cycle~

- Transactions with the next generation after inheritances are increased. Consulting services with the next generation, offering various forms of asset inheritance
- Promote revisions of asset management products or digital technology utilization for streamlining of inheritance operation

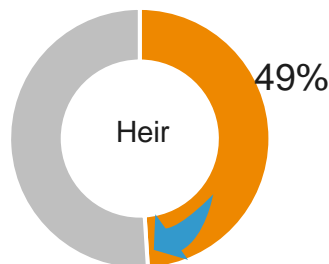
#### Expanding transactions with next-generation clients through inheritance services

Percentage of financial assets entrusted to the Group

Upon creation of a will



After execution of a will



Average value of financial assets  
Approx. ¥75mn

#### Real estate needs starting from inheritance transaction

Example sequence in SuMiTB

Will trust execution  
Clearing inheritances  
Approx. 14,000 deals (\*1)

Real estate brokerage  
Approx. 1,000 deals (\*2)

After inheritance **Approx. 7%**  
of clients deal with real estate transactions

Average deal size  
**Approx. JPY 50mn(\*2)**

(\*1) Number of cases will execution or clearing of inheritances has been completed since Apr. 2017  
(\*2) in (\*1), real estate brokerage transaction (number of decedent as base) from Apr. 2018 to Sep, 2021

#### Revision of 100-Year Passport product (100-Year Passport+)

Cancellation options depending on health

	Fund wrap only	Fund wrap & 100-Year Passport+
When healthy	○	○
With dementia	☹️ Freeze	☺️ ○(*3)
Upon inheritance	☹️ Freeze	☺️ ○(*4)

Assets need to be closed out (liquidated) at an earlier time → Long-term management is possible because assets can be liquidated

#### Utilizing digital technology in preparation for increased inheritance operations

Digital technology

Cutting admin costs by simplifying procedures and shortening processing time with digital technology

Digital tools for checking assets  
(information sharing between financial institutions)



Automated creation of heir relationship diagrams with AI-based OCR

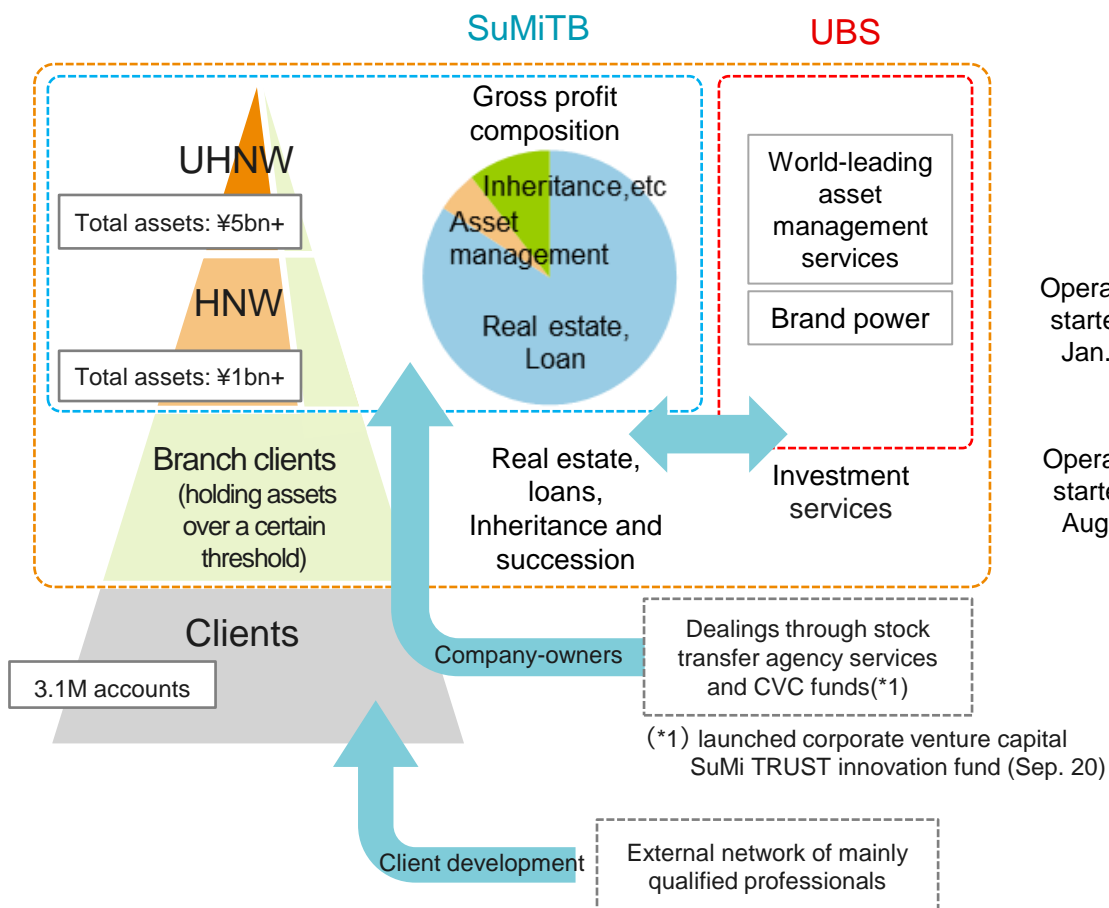


\*3 Cancellations can be made by the person authorized to handle procedures on behalf of the client  
\*4 Inheritance procedures not required up to JPY 5mn (reimbursed to nominated recipient)

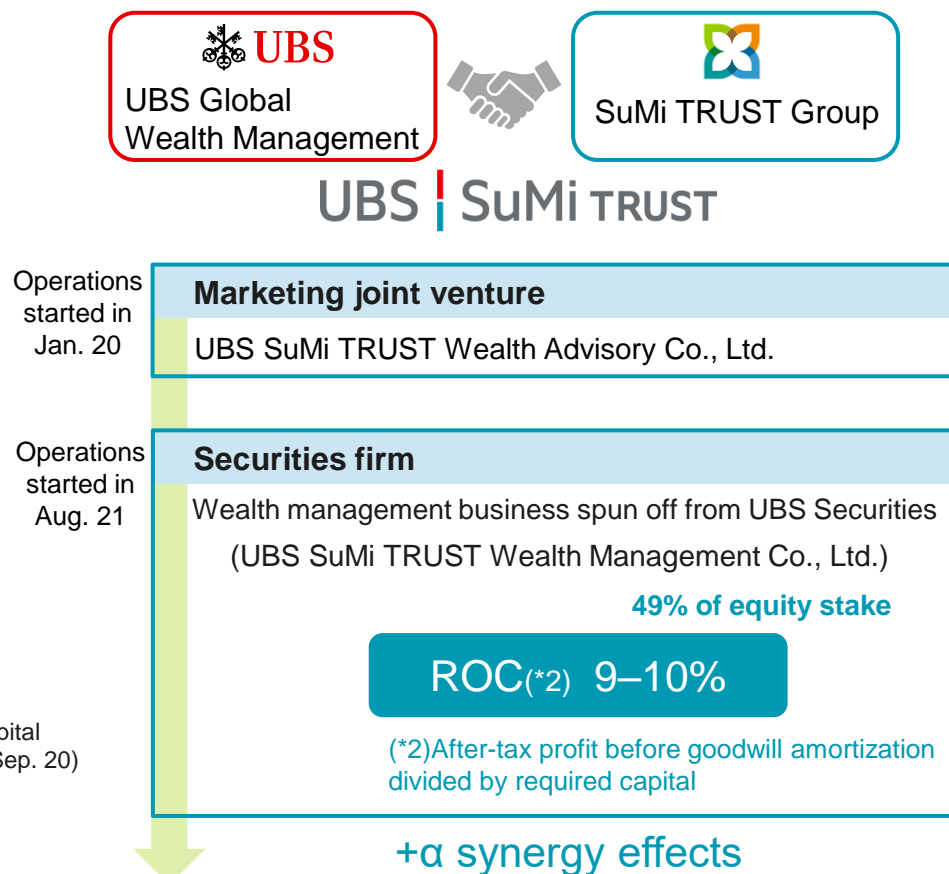
### (3) Solutions for individuals ~Wealth management~

- Fusing the SuMi TRUST Group's strengths in mainly real estate, inheritance and asset succession with the world-leading asset management and securities services of the UBS Group
- With a 49% equity stake in UBS SuMi TRUST Wealth Management Co., Ltd., we expect ROC of 9%–10% before goodwill amortization

#### Business strategy (wealth management)



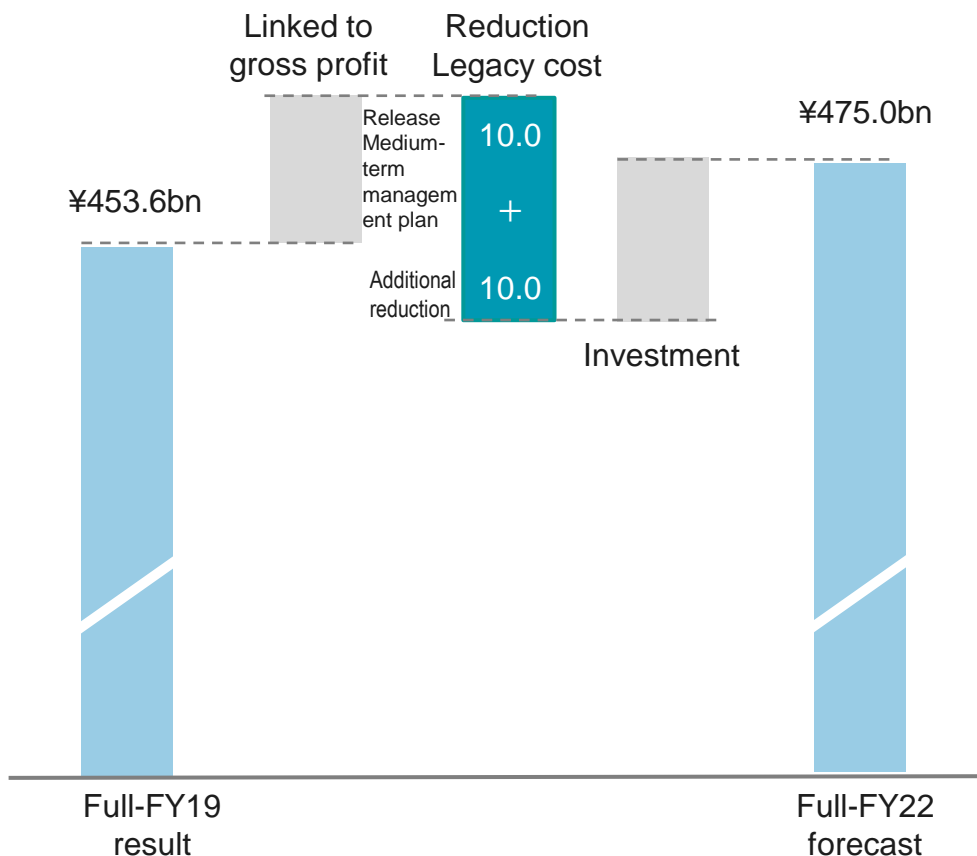
#### UBS SuMi TRUST Wealth Management



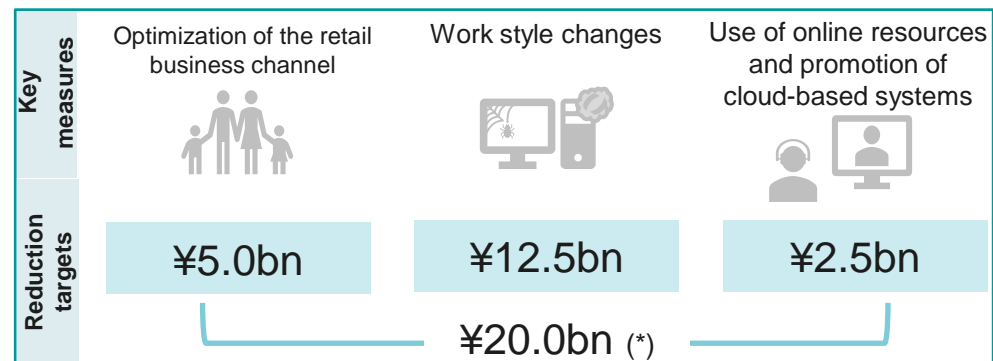
# Streamlining and cost reduction ~Cost reduction measures~

- Advancing cost structure reforms through FY22 in efforts to reduce costs by ¥20bn
- Cost structure reforms are progressing as planned
  - the targets in the final year of the Medium-Term Management Plan is on the horizon

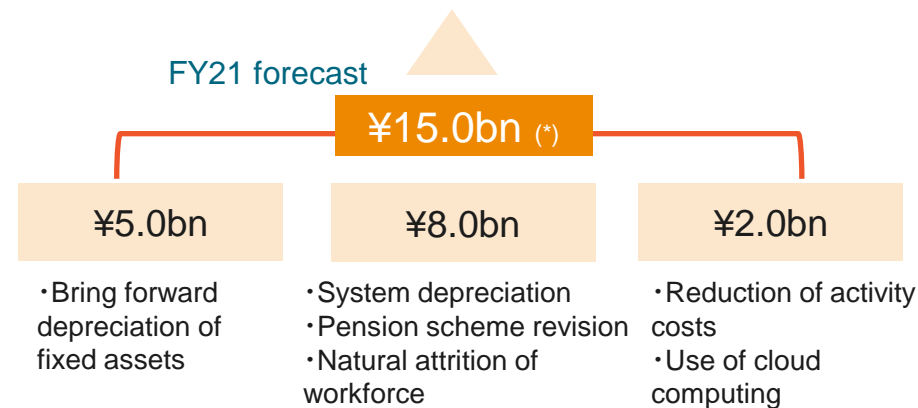
## Overview of cost structure reforms



## Steady progress on key measures



On track to achieve targets in the final year of the Medium-Term Management Plan

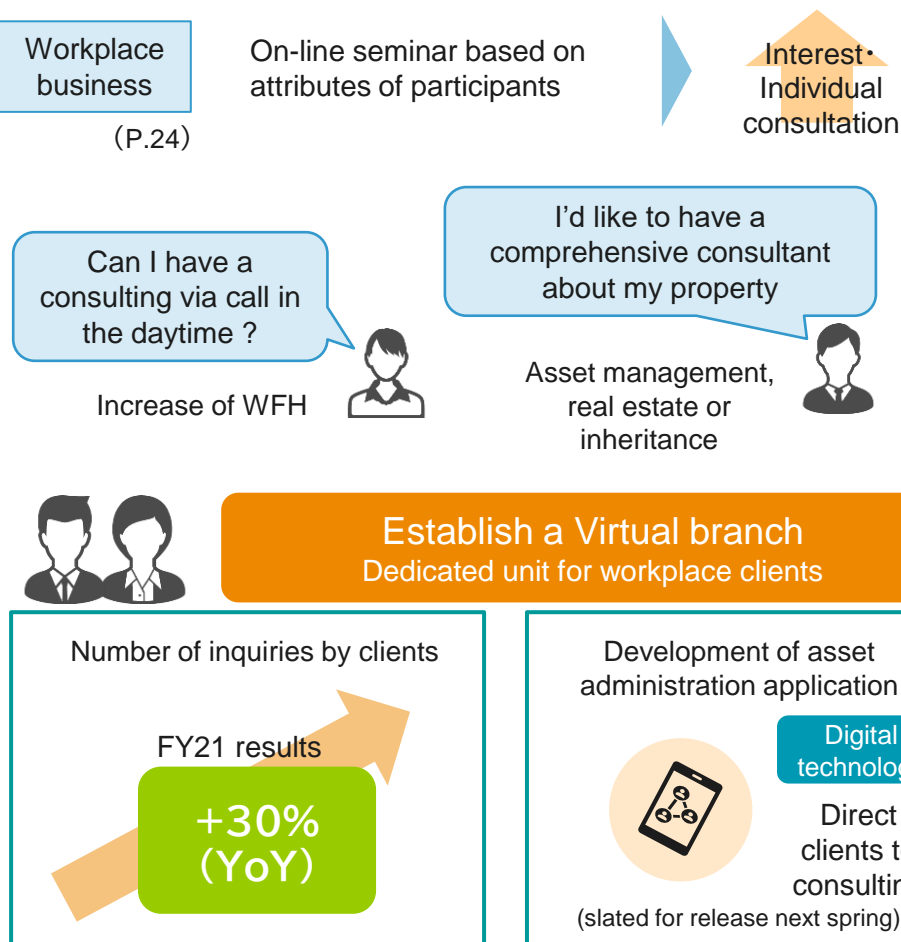


(\*)vs. FY19

# Streamlining and cost reduction ~Optimization of retail business channel~

- Pursue consulting business as our strength and aim to improve efficiency taking needs of clients into account

## Virtual branch for clients in asset formation generation



## Online consultations for inheritance and asset administration

Clients' needs

I'm worried about the onset of dementia in the future, but I feel a bit nervous talking about it at a branch...

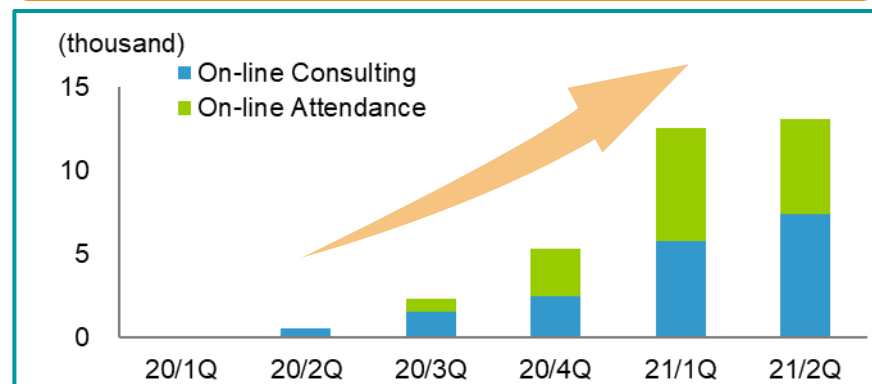
Heightened risk of dementia

I want to discuss matters with my family together, who live far away

Concerns about inheritance issues due to tax law changes

### Opening of online consultation plaza (Jul. 21)

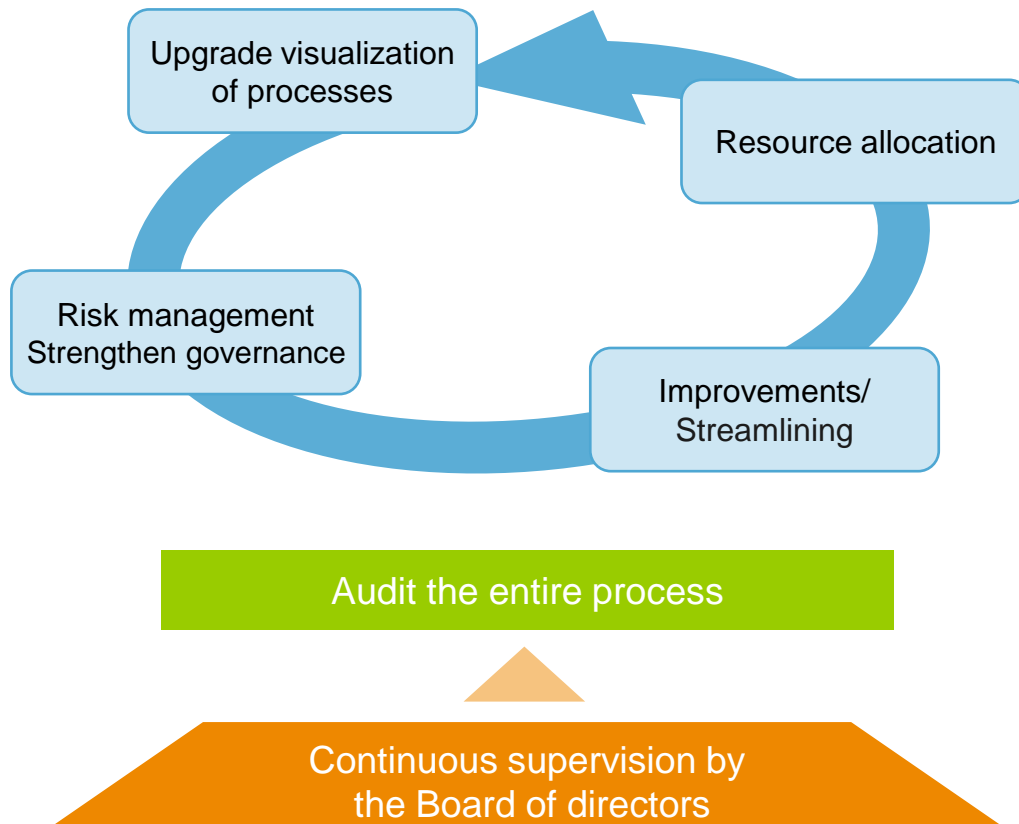
Enhance on-line consulting and increase opportunity for our experts to participate in consulting



# Enhancement and Sophistication of business operational quality

- As a trust banking group, our top priority is to enhance and improve the quality of operations
- Improved operation for the tallying of voting rights exercise forms

## Autonomous improvement of operational processes



## Initiatives for improving inappropriate handling of voting rights exercise forms

### Completed reforms in operations for the tallying of voting rights exercise forms

- (1) Changed receipt method from delivery from post office to setting up a post-office box at post office
- (2) Increased system infrastructure and improved system functions
- (3) Increased number of personnel working on tallying



### Preventive measures

#### The Group

- ✓ Strengthening the framework for legal compliance etc.
- ✓ Improving management of external parties
- ✓ Reinforcing the internal audit system
- ✓ Further heightening awareness of fiduciary duties



#### Stock transfer agency services business

- ✓ Strengthening organizational and management systems
- ✓ Raising awareness of talent development and compliance

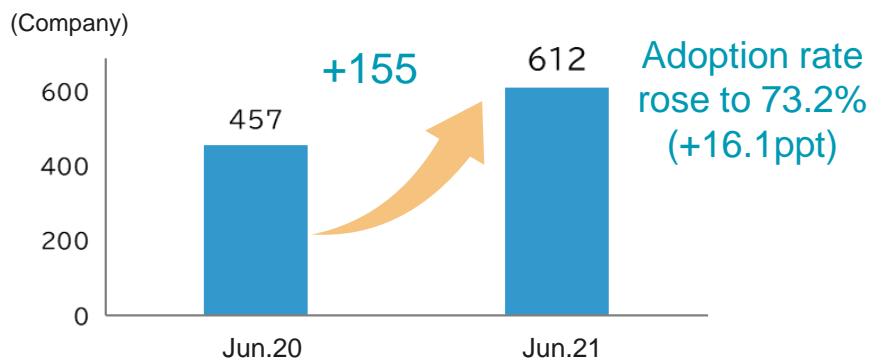


# Enhancement and improvement of operational quality~ Promoting electronic exercise of voting rights~

- Results of efforts to promote the electronic exercise of voting rights among mainly individual shareholders are steadily materializing
- Supporting the further use of electronic exercise of voting rights by institutional investors as well

## Adoption of electronic voting

[Companies with shareholders' general meetings in June]\*1



\*1 Companies that hold their shareholders' general meetings in June to whom SuMiTB provides stock transfer agency services

## Promoting electronic voting among institutional investors

Reexamination of industry practices by the Trust Companies Association of Japan

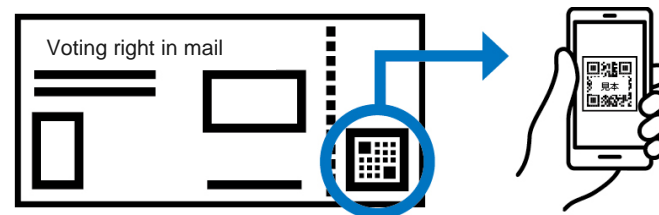
The consent of asset owners will no longer be required when an asset management firm exercises voting rights via an electronic platform

Amendments on CGC (June 2021)

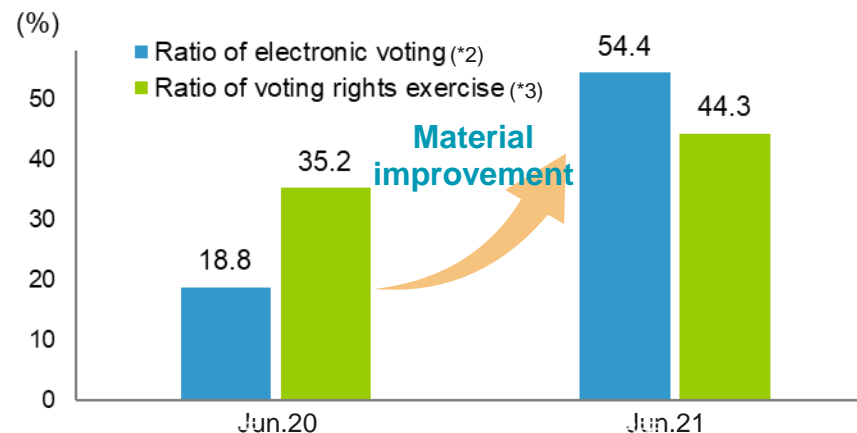
"...companies listed on the Prime Market should make the Electronic Voting Platform available..."

## Promoting electronic voting of individual shareholders

Introduced a gift program for Individual shareholders that have higher percentage of exercising voting rights in writing if they used the electronic Smart Voting service



[401 companies participated in the gift program]



(\*2) Percentage of shareholders that exercised their voting rights electronically

(\*3) Percentage of shareholders with voting rights that exercised their voting rights

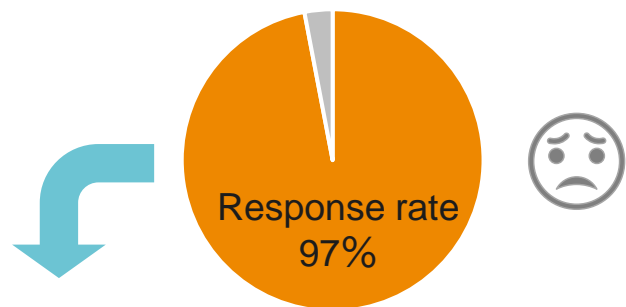
# Enhancement and sophistication of operational quality ~Fostering risk awareness/ Digitalization~

- Proactively pick up areas of concerns and findings from employees in charge of operations on ground-raise risk sensitivity and address issues promptly
- Utilize advanced technologies for both auditing and operational efficiency purposes

## Pick up on-site awareness to foster a culture of risk awareness

Employees\* identify “operations of concern” noted by individuals appointed to the specific operation

Conducted a questionnaire targeting about 10,000 staff



Since 2HFY21, Managers and employees in charge of operations have been engaging in dialogue



Prioritize and eliminate important anxieties

\*Under Team leader



## Visualization and improvement with use of cutting-edge technology (AI, etc.)

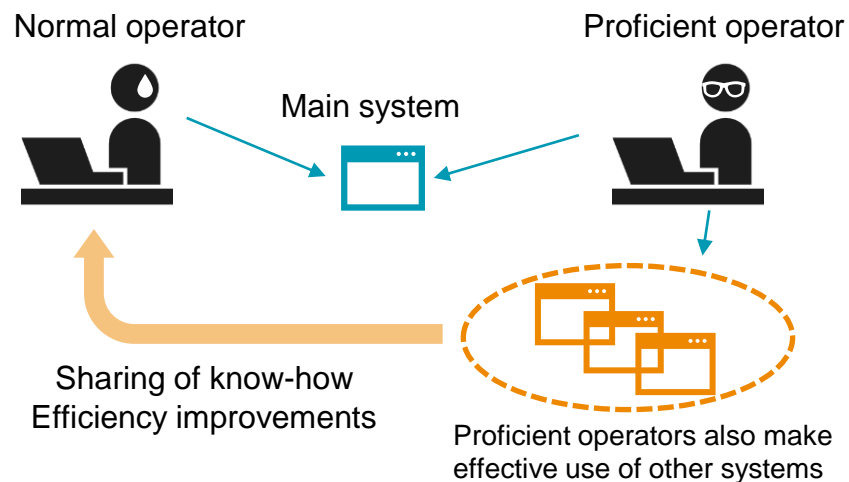
Digital

Detection of malpractice or operational errors



Improving processes with log and data analysis

Example of visualization and analysis with use of process mining



# Improving capital efficiency

◆ Capital policy

..... P.35~

◆ RWA control

..... P.36~

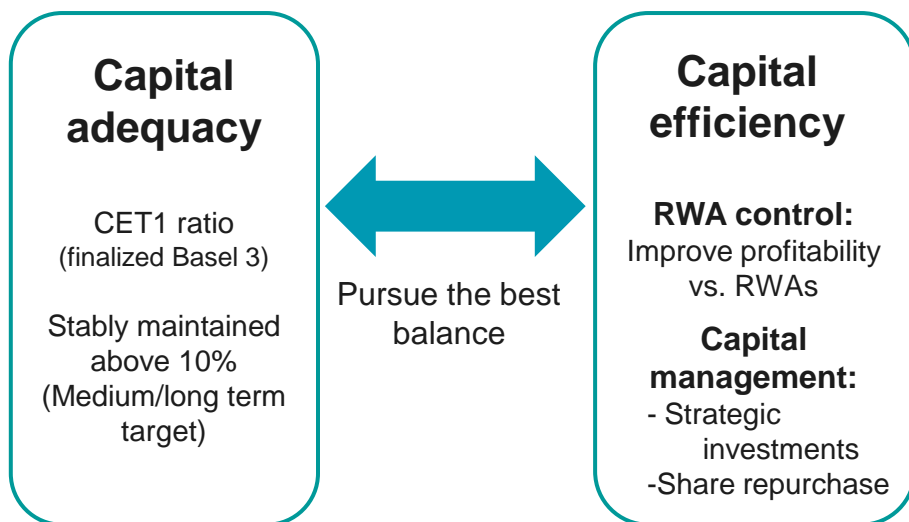
◆ Shareholder returns

..... P.40~

# Capital policy

- Have an acceptable level of capital sufficiency and entering the phase of capital utilization
- Enhance strategies to pursue efficiency and control of RWA including reduction of strategic shareholdings

## Our thoughts on capital policy



### Dividends

- Positioned as a flow method to return profits to shareholders
- Targeting sustained dividend growth in line with profit growth

## Capital sufficiency and utilization

CET1 ratio under finalized Basel 3

Stably  
maintained  
above 10%  
(Target)

9.9%  
(Actual)

7.5%  
(Regulation)

### Efficient use of capital

0.5%

2%

Management  
buffer\*

Financial  
buffer\*

Utilization

Accumulation phase

Used for

- Businesses development
- Impact equity investments
- Share repurchase

### \* Management buffer

Source of investment capital during times of stress and for growth investments

### \* Financial buffer

Provisions for credit, stock and currency risks as well as concentration risk and also risks that are difficult to measure, such as climate change

\* Reviewed depending on internal/external environments and risk conditions

# RWA Control ~Initiatives to reduce strategic shareholdings~

- New policy: In principle, we shall not hold any “Strategic shareholdings as a conventional stable shareholder” (announced May 2021)

## Building a virtuous circulation as a trust banking group

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



Enhancing corporate value with the provision of solutions for corporate clients

## Initiatives in line with new policy

- (1) Policy on dialogue with corporate clients whom SuMi TRUST Group is a strategic shareholder

Status of dialogue with corporate clients whom SuMi TRUST Group is a strategic shareholder

See P37

Provide solutions to new challenges of clients, including climate change and decarbonization

See P12

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

Announced at 1HFY21 results(Nov.11, 2021)

See P56

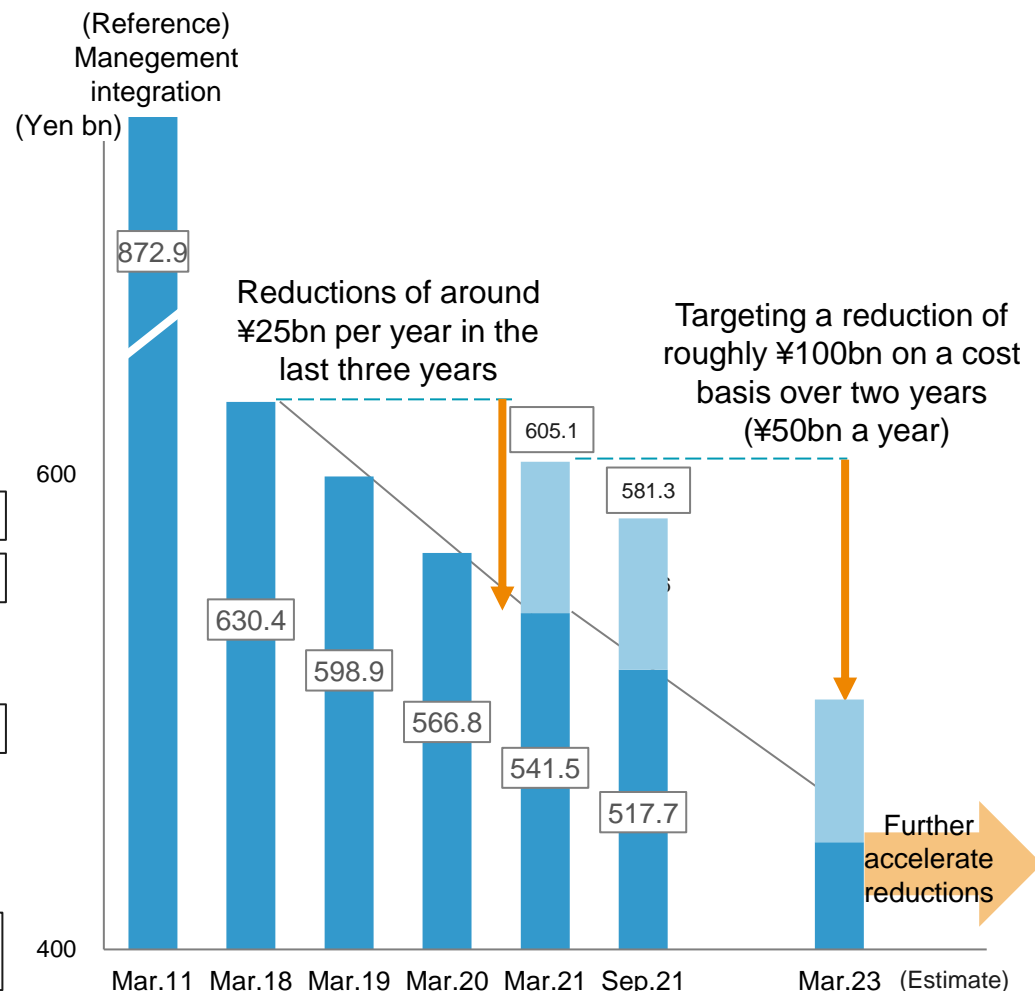
Slated for adoption from June 2022 and beyond annual general meetings

- (3) Pace of our strategic shareholding reduction

Aim to reduce strategic shareholdings by ¥100bn at cost basis(or around ¥250bn based on market value) over the next two years

See right chart

Step up oversight of activities by our Board(state of dialogue with clients, progress on reductions)



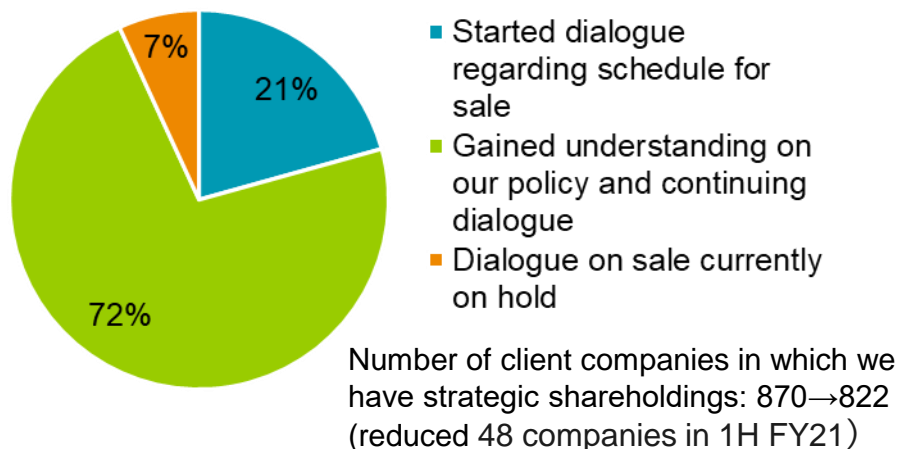
(\*1) For stocks whose acquisition costs increased (approx. ¥63.6bn) due to improvement of hedge position

(\*2) For Stocks whose acquisition costs increased in FY20, prior to the increase will be applied

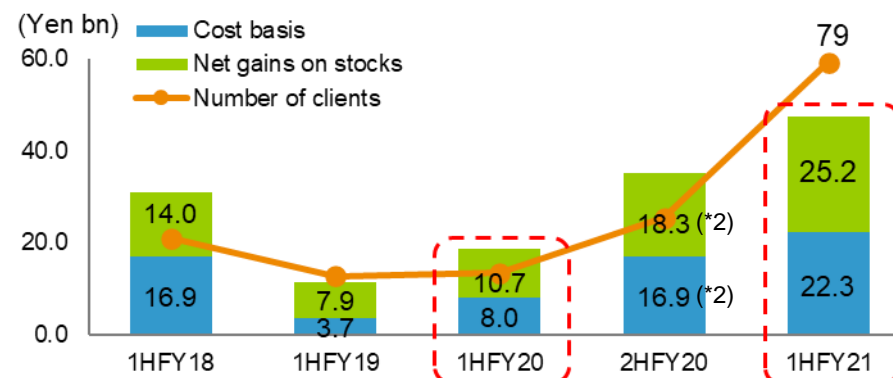
# RWA Control ~Reduction of strategic shareholdings~

- 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

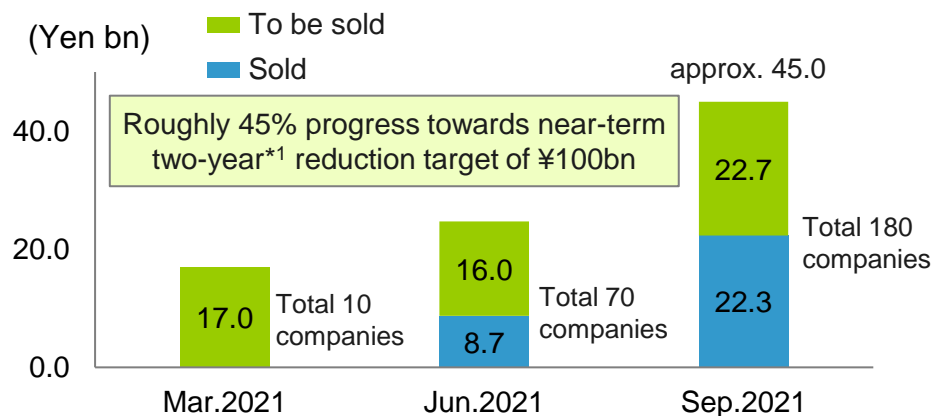


Reduction (consolidated basis)



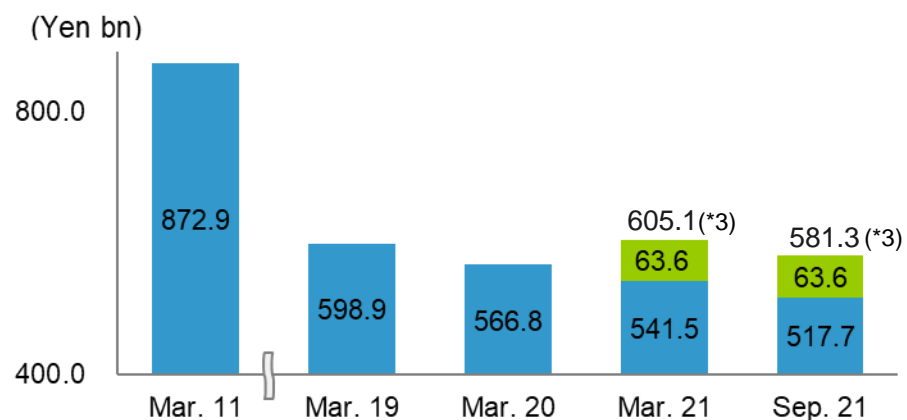
(\*2) Excluding sold and repurchased shares in FY20/4Q

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



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

Cost basis balance of strategic shareholdings (consolidated basis)

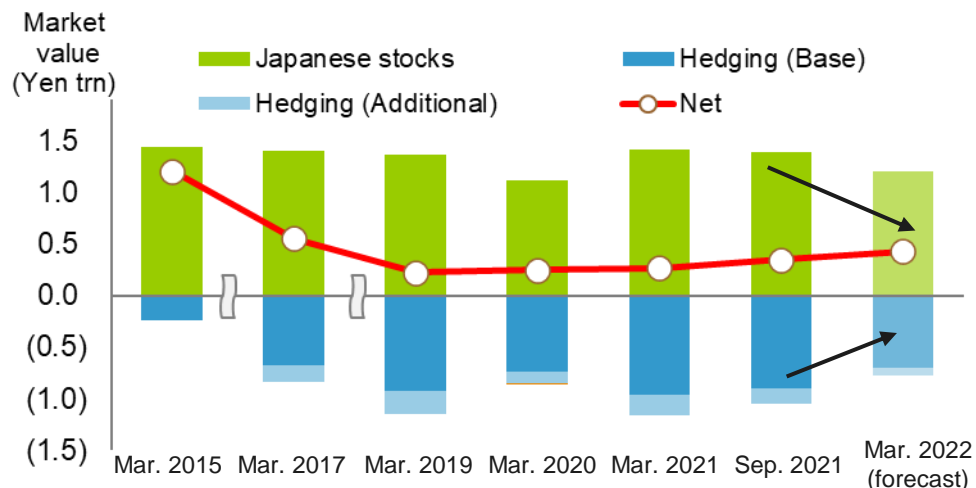


(\*3) Including ¥63.6bn (at cost) of sold and repurchased shares in FY20/4Q

# Hedging transactions of strategic shareholdings

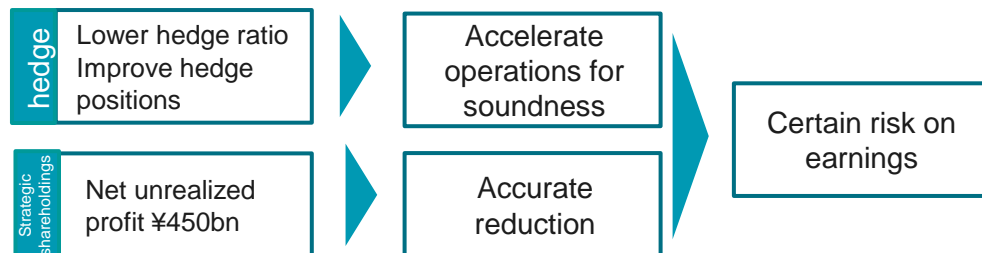
- On track to sound hedging portfolio by divesting transactions(bear-type investment trust) with high valuation loss ratio
- Reduce hedging portfolio in line with divestment of strategic shareholdings

## Stock price fluctuation risk managed through hedging

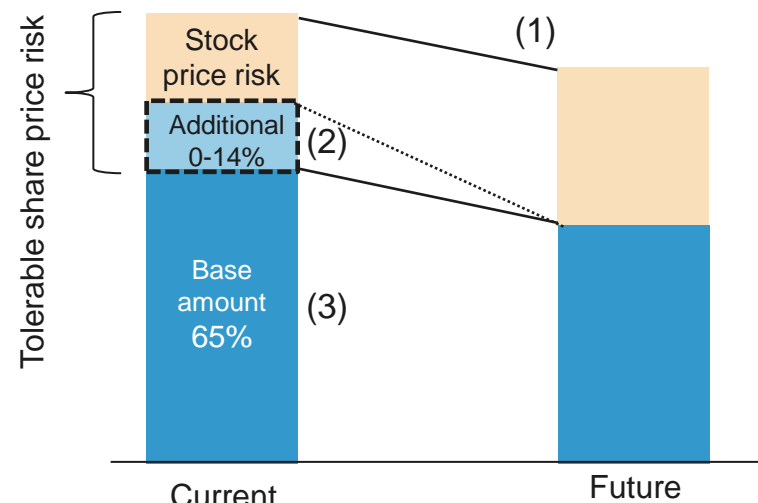


Additional	0%	10%	15%	10%	About 15%	About 10%	About 5%
Base	20%	50%	65%	65%	About 65%	About 65%	About 60%

### 2H FY21



## Reduction of hedging as cash equities decrease due to accelerated reduction



- (1) Reduction in gross stock price risk in line with policy on reducing strategic shareholdings

### Certain level of share price risk tolerated against capital level

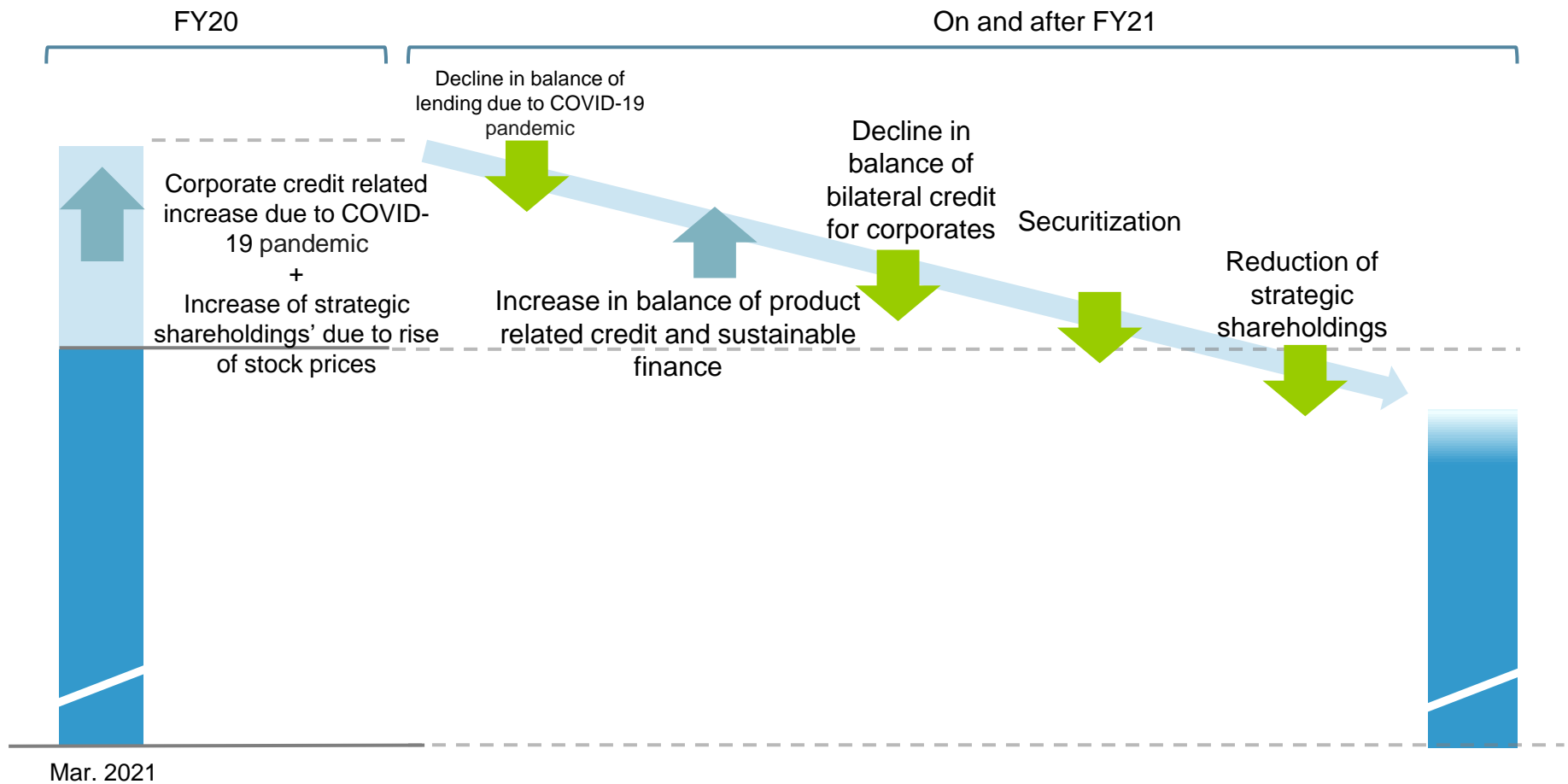
- (2) Additional amount will be reduced to zero by Mar.2023

- Base amount will be reduced by roughly the same amount of reduced strategic shareholdings (specific hedge ratio (currently 65%) will no longer be set)
- (3)

# RWA control ~Credit portfolio management~

- Endeavoring to improve capital efficiency by reallocating our credit portfolio and securitization of mortgages in light of finalized Basel standards

## Measures for improving capital efficiency of credit portfolio





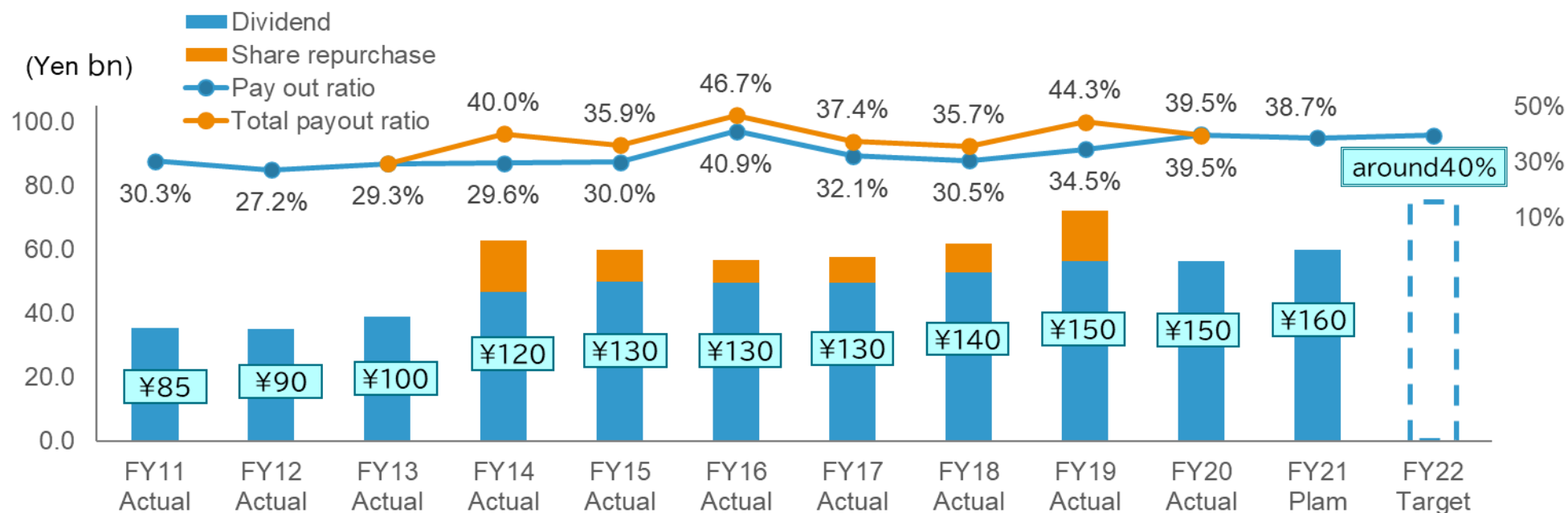
# Shareholder returns

- Around 40% of dividend payout ratio for FY21
- Strengthen dividend return in line with sustainable growth of businesses. Dividend per common share forecast ¥160, increase by ¥10 YoY 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 returns



## **(3) Initiatives for sustainability**

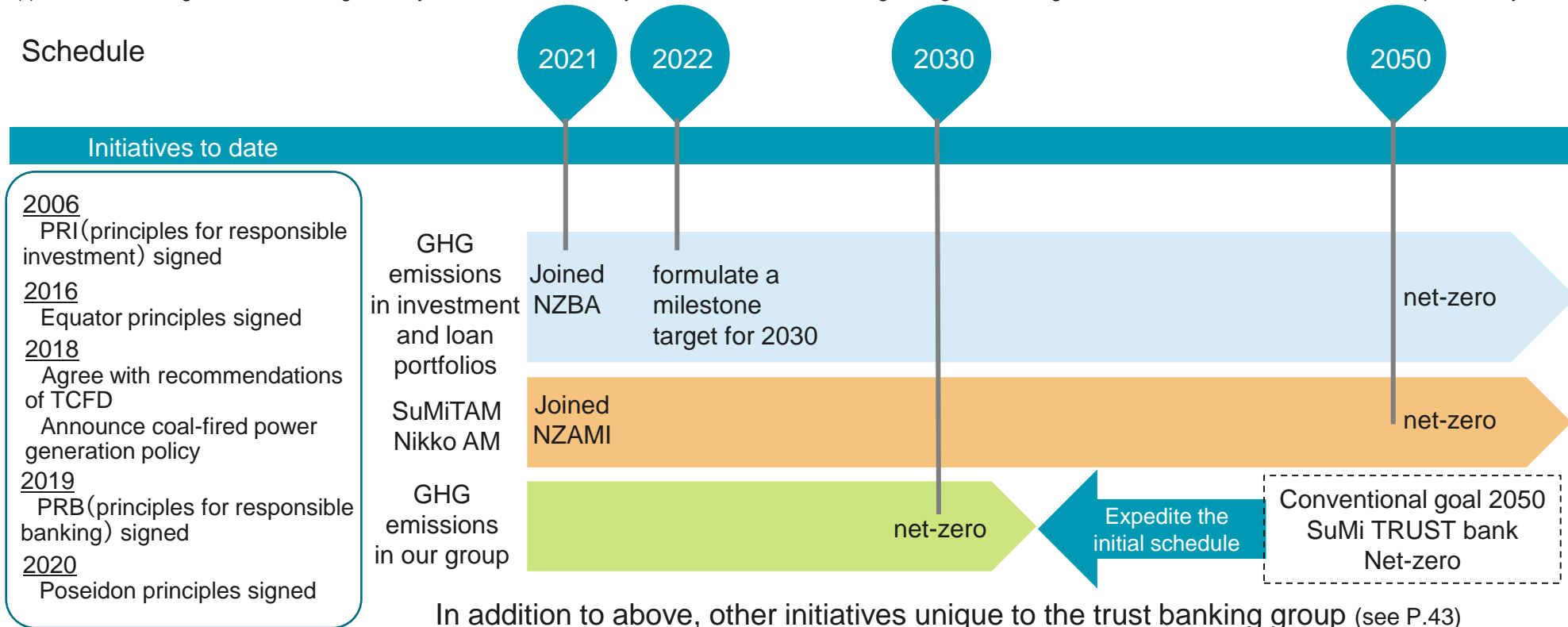
# Climate change ~Carbon Neutral Commitment~

## Carbon Neutral Commitment

- (1) Contribute to achieving carbon neutrality in society by leveraging the trust banking group's wide-range and flexible functions
- (2) Target net-zero GHG emissions in investment and loan portfolios by 2050  
To achieve net-zero emissions by 2050, a milestone target for 2030 will be formulated in FY2022 in line with the framework of the NZBA (\*)
- (3) Achieve net-zero GHG emissions in the SuMi TRUST Group by 2030

(\*)Net Zero Banking Alliance: Banking industry alliance established by UNEPFI with a net zero target for greenhouse gas emissions in the investment and loan portfolio by 2050

## Schedule



# Climate change ~ SuMi TRUST Group initiatives ~

- Tackling climate change issues by harnessing the wide-ranging functions as a trust banking group

## Participation in initiatives in Japan and overseas



## Initiatives in banking business

- ✓ **Promotion of ESG finance**  
Contributing to regional revitalization and improvement in the value of regional corporations to work on local ESG issues through partnerships with regional financial institutions and local governments
- ✓ **Promoting impact solution businesses**  
Analyzing and evaluating the impact of corporate clients' activities on the environment, society, and the economy, and supporting the achievement of the SDGs
  - ➡ Extended the world's first positive-impact loan in 2019
  - ➡ Track record of 20 loans so far (the most of any Japanese bank)
- ✓ **Supporting the deployment of technology in society with technology-based finance**

## Initiatives in asset management business

- ✓ Both of the Group's asset management firms participate in NZAMI\*  
Pursuing net-zero GHG emissions in investment portfolios by 2050  
\*Net Zero Asset Managers Initiative



- ✓ Active participation in joint engagement with 100 global corporations on the topic of climate change



### Engaging with companies

Palm oil producer Wilmar



Three major Japanese manufacturers



## Initiatives for assets under administration (real estate)

- ✓ Help popularize environmentally friendly property (certification assistance, switching to renewable energy, energy-saving consulting)
- ✓ Supporting net-zero GHG emissions at properties entrusted to the Group (total value JPY 20trn, the highest in Japan)

# Natural capital ~SuMi TRUST Group initiatives~

- Continue to undertake activities aimed at conserving biodiversity, such as environmental education or National Trusts
- Sumitomo Mitsui Trust Asset Management (SMTAM) has joined the working group of the TNFD
- Forestry trusts can contribute to society by fusing the power of trust and the latest digital technology (Bestowed METI Minister's Award)

## Biodiversity

### Environmental education



Naganuma town, Hokkaido Pref.  
Environmental studies about creating habitats for the red-crowned crane



Tenjinzaki cape, Wakayama Pref.  
Nature and biodiversity studies



### Supporting National Trusts

Conserve endangered species of animals that only inhabit Tsushima Island in Nagasaki Prefecture through a social contribution donation program (donation trust)

## Participation in TNFD(\*)

The TNFD was unofficially launched in July 2020 and then officially in June 2021. SMTAM was the only Japanese financial institution to participate as an unofficial working group member.

(\*) Taskforce on Nature-Related Financial Disclosures

## Forestry trusts

August 2020: Entrustment of forest in Nishiawakura village in Okayama Prefecture

Power of trusts



Digital technology  
(ICT, drones, etc.)



(use drones for surveys)

Establishment of timber supply chain and introduction of renewable energy

Forestry  
regeneration



Regional  
revitalization



Forest  
conservation



Platinum Society Network



### METI Minister's Award

Forestry Trusts awarded the highest Grand Prize at the 9th Annual Platinum Vision Awards hosted by the Platinum Society Network

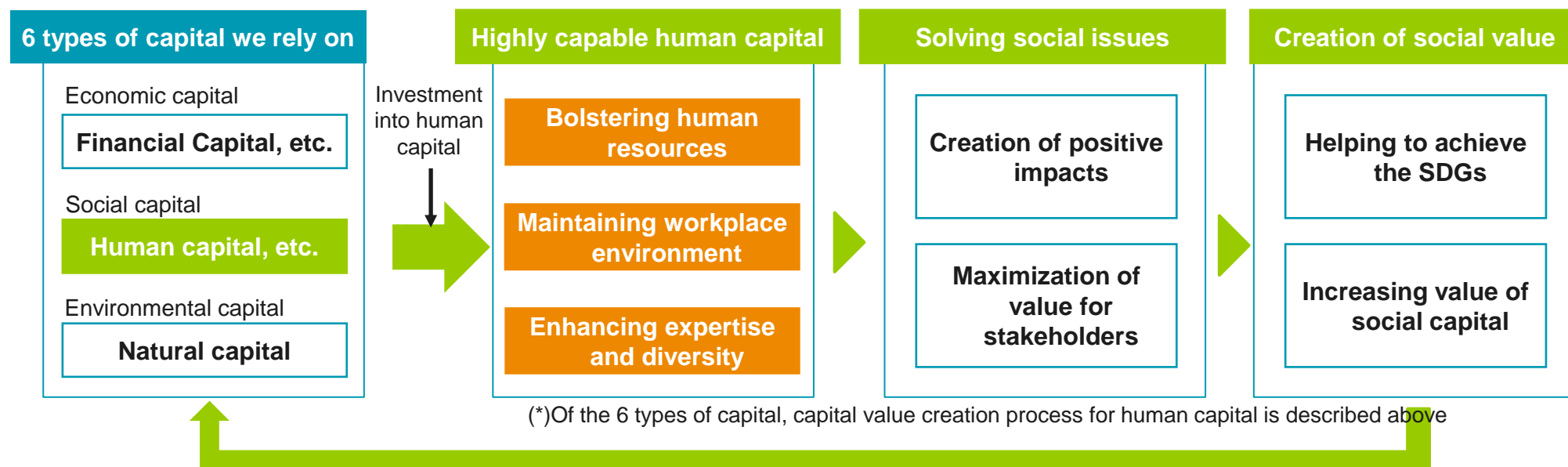


## **(4) Initiatives for human capital**

# Human capital investments

- Consider employees to be one of the key capitals (human capital) at the source of value creation for the group
- Aim to advance human capital by working to bolster human resources, maintain workplace environment and enhance expertise and diversity

## Value creation process (\*)



## Specific measures





# Human capital ~Support choosing and developing any career~

(Examples of SuMi TRUST Bank)

- Provide opportunities for employees to plan and select their career design and skill development

## Job challenge system

New graduates

New graduates can apply for selection to choose the department to be assigned

- Selection through reports and interviews before joining the company

## Providing opportunities to learn

Whole period

## Business introduction meeting

Disseminate information about the work and appeal of each business to employees



FY2020 Results

488 participants

## SuMiTRUST University

Opportunities in self-development programs that is easily accessible, motivated by their personal interests

Approx. 40 courses



- Expert Seminar
- Digital content
- Liberal arts



## Job posting system

Whole period

Employees can select the jobs and departments they wish to engage in and challenge the selection process

Applications

Application is kept confidential

FY2020 Results

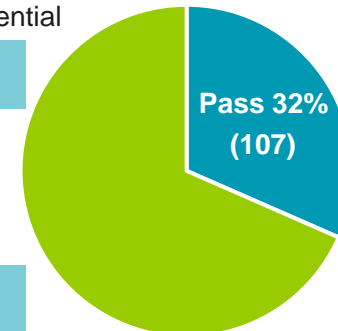
Approx. 2 months

Selection

Pass or Fail

Within 6 months

Transfer



339 applicants

## In-house side job system

Whole period

Started operation in October 2021 as part of Job posting system

- Work on the sidelines in the head office business of interest
- Expect for employee skill development and operational synergies

Head Office

Branch office



On-line sales in workplaces

ESG business planning etc.

Work once a week, etc.

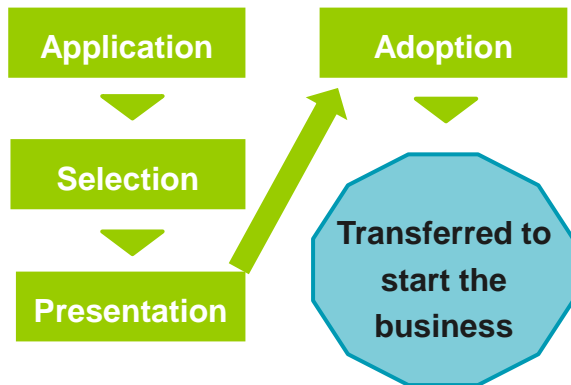


# Human capital ~ A corporate culture of openness and trust ~

- Open corporate culture in which employees' thought and ideas are actively listened and conveyed to management

## Future festival (New business ideas contest)

All employees can propose their own business ideas to management



Increase in application from the younger and new employees

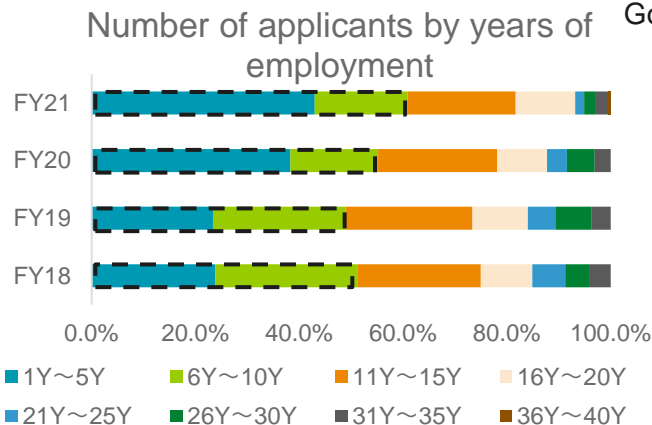
A scene of the presentation



Prize-winning product won Good Design Award in 2021!



**GOOD DESIGN AWARD**  
Received in 2021



## Gathering employee voices through Surveys

Employee awareness survey

Stress checks

(approx. once a year)

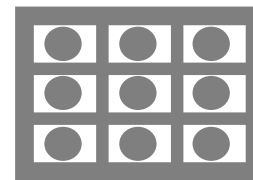
Gathering company-wide voices



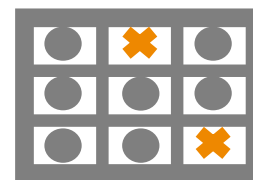
Pulse survey

Gathering employee voices at branch and team levels  
(Frequent implementation on a monthly or bimonthly basis)

Previous survey



This time



Early detection of teams with potential problems

Measures that take into account the circumstances specific to the workplace and the opinions of employees

Efforts on improvement at the workplace level

**Creating a Comfortable Workplace**

# Human Capital ~Specialist and Diverse Human Resources~

- Building a human resources portfolio with expertise and diversity unique to a trust banking group

## Enhance specialist portfolio in response to needs

### Outstanding specialists portfolio

Licensed real estate appraiser(\*1)

**175**  
employees  
Sep.21, SuMiHD

Pension actuaries

**45**  
employees  
Sep.21, SuMiTB

In-house lawyer

**31**  
employees  
Sep.21, SuMiTB

(\*1)total of licensed real estate appraiser and real estate appraisal assistant



### Technological innovation and Climate change

TBF team

**7**  
employees  
Nov.21, SuMiTB

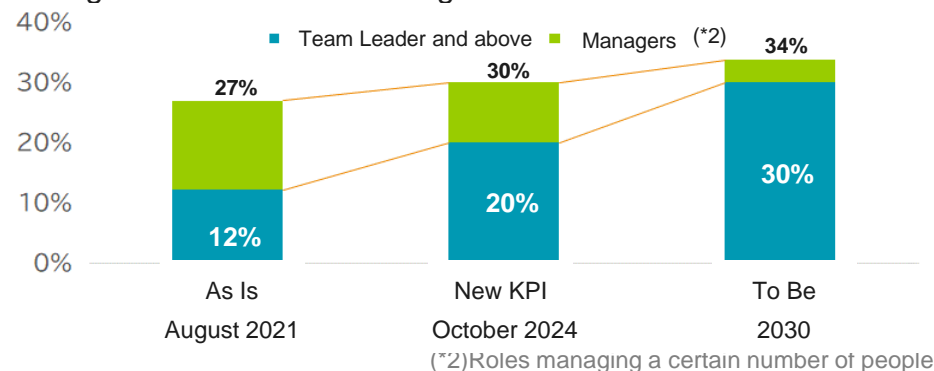
Fusion of specialized technology and finance

**Providing future financial services**

(See specific case P14, members P50)

## Active participation of women in decision-making

Renewed KPIs of female employees' career development by working backwards from future goals (SuMiTB)



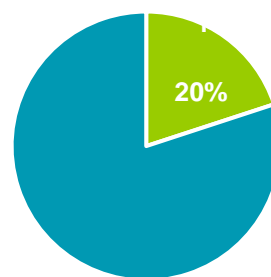
**Executive Support**  
(Oct. 2021~)

Corporate executives to support female candidates in their career planning to accelerate development of female managers capable of management-level decision making

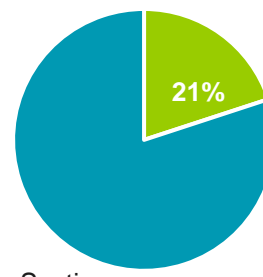
## Diverse career background

(SuMiTB)

■ Mid-career recruitment ■ New graduates



All employees



Section managers or above

20% of employees and managers join SuMiTB in the middle of their career

**Increase diversity of human capital**

# (Reference) TBF Team Profile

- Utilize our network and knowledge at the team to take the lead in promoting the social implementation of superior technology.








## Finance for Social Implementation

Unique capacity from combination of deep knowledge as specialist (each member)



creative ideas through discussion (team)

### Sustainability Management Department Technology-based Finance(TBF) Team

	 Team Management	 High-level integration with finance	 Energy system Engineering	 Energy device Engineering	 Materials Engineering	 System Integration Engineering	 Environment Engineering
①	Master of Engineering	Ph.D.	Ph.D.	Ph.D.	Ph.D.	Master of Engineering	Ph.D.
②	Environmental Management	Life science /Finance	Hydrogen・Fuel cell	All solid Li-air battery	Inorganic materials and processes	Power Grid System, Tele-communications	Environment, fuel
③	Environmental-related consulting at audit firm	Engaged in drug discovery research at a national research institute, new business development at a private company, and investment business at a VC firm.	Energy system related researcher at energy company	EMS battery pack, battery exhaust gas treatment system R&D	Engineer of general electric manufacturer	Power grid telecontrol system engineer	Fuel R&D, chemicals related business development

①Academic credential ②Expertise ③Career experience

## **(5) 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 banking 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)	FY22 (Target)	(For reference) Medium/Long-term Target	
Net business profit	¥294.7bn	¥290.0bn		
Net income	¥142.1bn	¥190.0bn		
OHR (Overhead ratio)	60.1%	Lower 60% range	Upper 50% range	Promote efficiency despite limited OHR decline based on enhancing fee business
Fee income ratio	52.9%	Upper 50% range	Maintain above 60%	Increase stable fee revenue
Common Equity Tier 1 ratio (*)	9.4%	Mid-range b/w 10-11%	Maintain stable 10% range	Maintain prudent level of capital
Return on equity	5.4%	Around 7%	Around 9%	Aim for self-sustaining improvement of ROE
Dividend payout ratio	39.5%	About 40%		

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

# Appendix



# Our policy of exercise voting rights as for strategic shareholdings

- Announced revised basic policy of corporate governance and exercise of voting rights criteria in accordance with new policy on strategic shareholdings
- Apply new voting right guidelines on general meetings from Jun. 22

## Overall schedule

May. 2021

Announced policy of “In principle, we shall not hold any Strategic shareholdings as a conventional stable shareholder.”

Started reviewing the exercise voting rights guidelines

Nov. 2021

Revise the basic policy of corporate governance (applied in Apr. 22)

Disclose revised exercise voting rights guidelines

Jun.2022~

Establish internal system for exercise voting rights

Apply new guidelines for annual shareholder meetings



## Summary of revised exercise voting rights guidelines

Establish and publish guidelines for exercise voting rights of investee companies

Quantitative  
criteria setting

Appointment of  
directors

Appointment of  
corporate auditor

Disposal of  
surplus

Director's  
compensation  
Director's bonus  
retirement  
benefit

Performance linked  
compensation  
Stock compensation  
Stock option

Prior warning-type rights plan

Consideration

Information through relationship and dialogue with  
investee companies

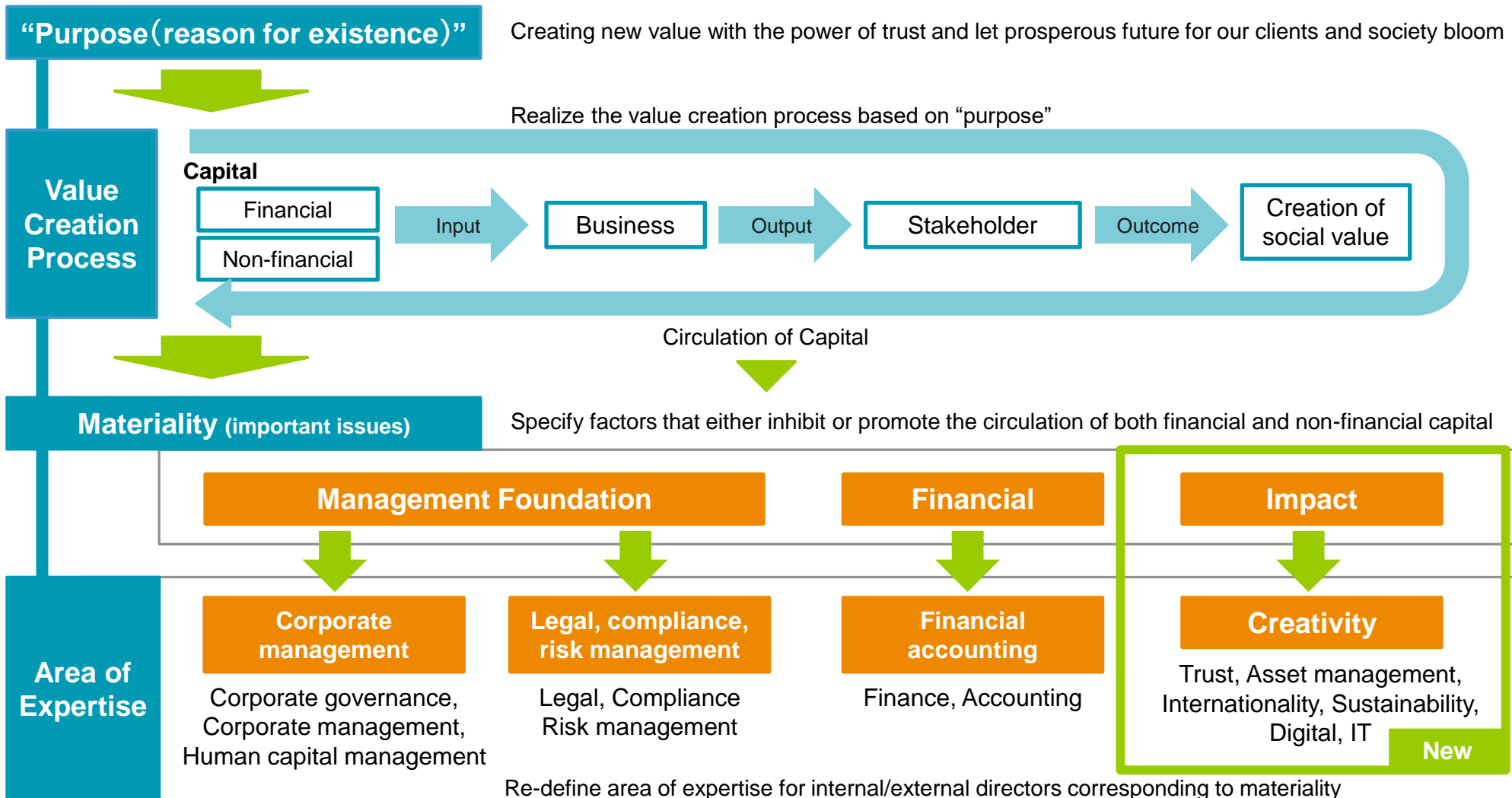


dialogue



# Governance ~Required expertise for composition of the Board of Directors~

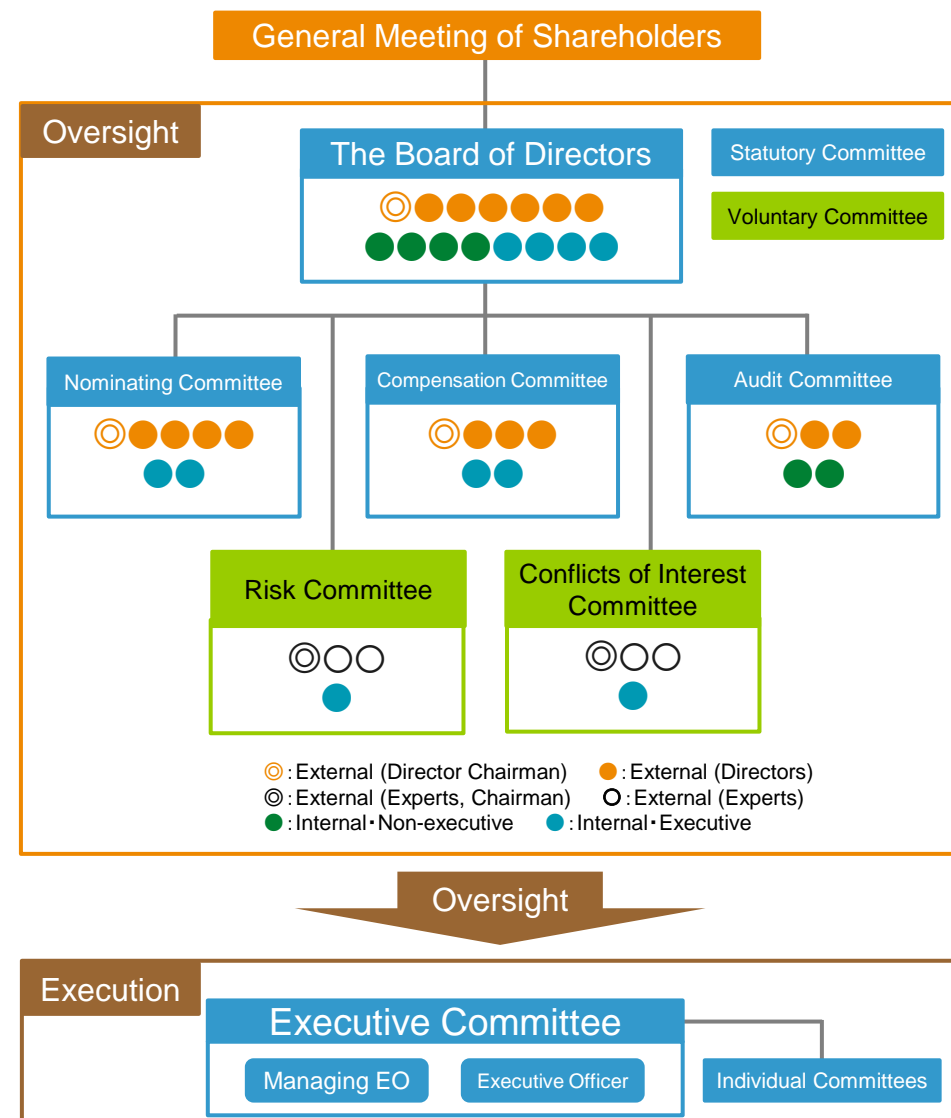
- Define the skills sets of the board of directors based on Materiality as below through discussions at the board meeting
- “Creativity” was newly defined for impact materiality, as an expertise: intelligence and experience related to creation of social value
- Establish the policy to organize the board of directors in a well-balanced and diversified manner as a whole



# Governance ~Skill matrix / oversight structure~

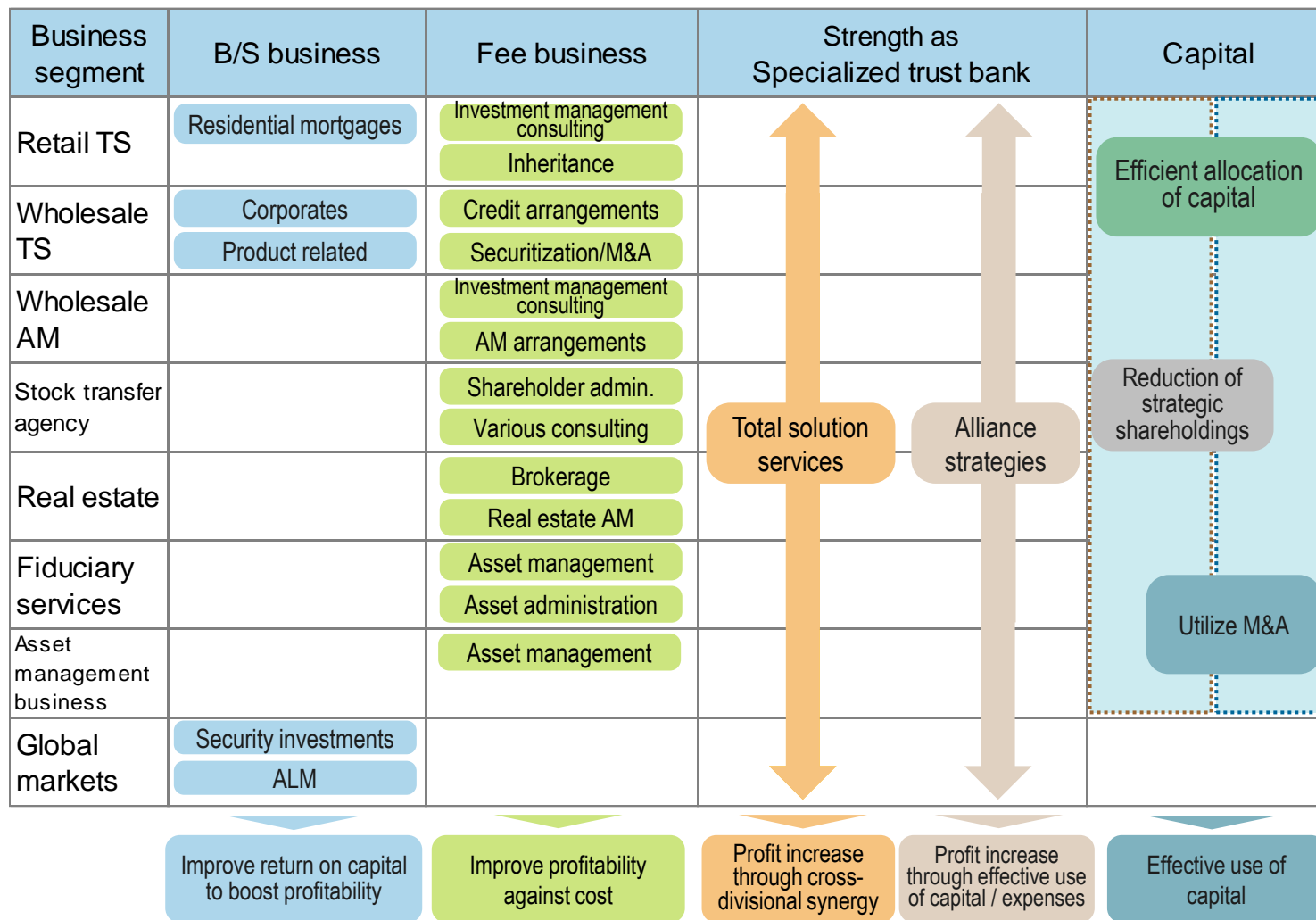
## Skill matrix for Board members

Name		Area of expertise			
		Corporate Management	Financial accounting	Legal, Risk management, Compliance	Creativity
Internal	Toru Takakura	•	–	•	•
	Jiro Araumi	•	–	•	•
	Nobuaki Yamaguchi	•	•	–	•
	Kazuya Oyama	•	•	•	•
	Tetsuo Ohkubo	•	•	•	•
	Masaru Hashimoto	•	•	•	•
	Kuniyuki Shudo	•	–	•	•
	Kouji Tanaka	•	–	•	•
External	Isao Matsushita	•	•	–	•
	Shinichi Saito	•	•	•	•
	Hiroko Kawamoto	•	–	•	•
	Mitsuhiro Aso	–	–	•	•
	Nobuaki Katoh	•	–	–	•
	Masanori Yanagi	•	–	–	•
	Kaoru Kashima	•	•	•	•

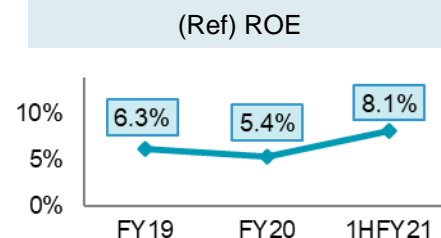
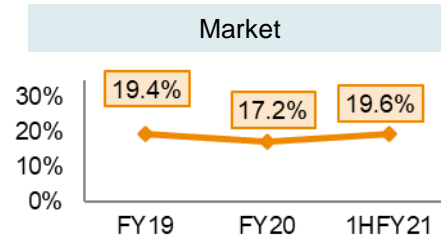
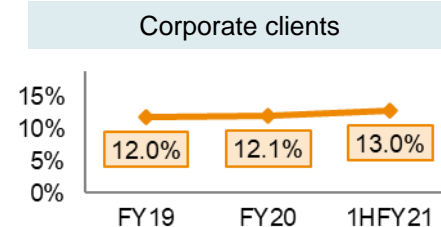
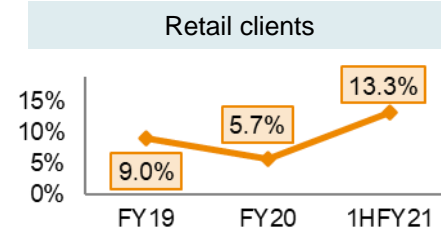


- ✓ The Board of Directors' meeting and other committees to be chaired by External Directors
- ✓ External director % : 47% (7/15)

# Efforts of each business segment to improve ROE



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)

# **(Ref) Financial Results for 1HFY2021**

# 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)

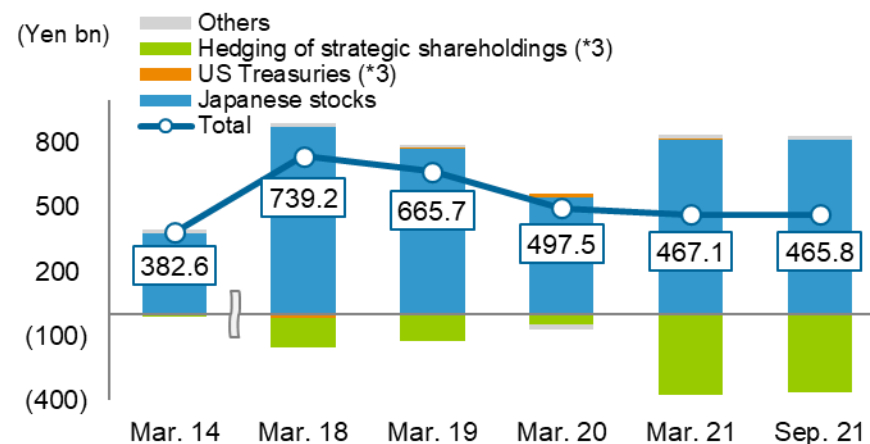
16 Loan-deposit ratio (SuMi TRUST Bank)	75.6%	74.4%	(1.2%)
17 NPL ratio (SuMi TRUST Bank)	0.4%	0.3%	(0.1%)

(\*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

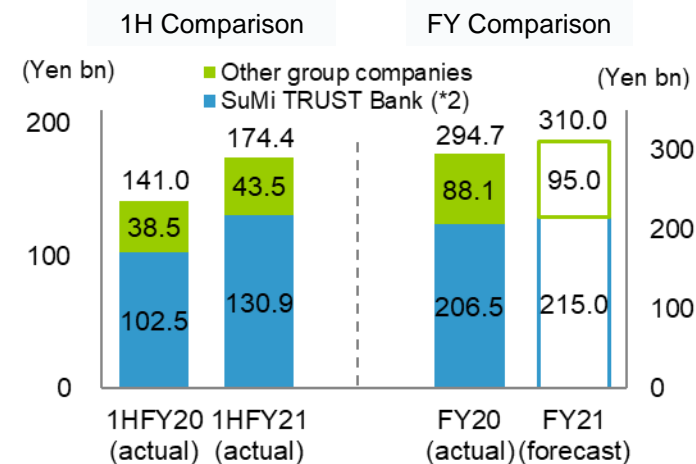
	(Yen bn)	1HFY20	1HFY21	Change
1 Net business profit before credit costs (*1)		141.0	174.4	33.3
2 o/w SuMi TRUST Bank (*2)		102.5	130.9	28.4
3 SuMi TRUST AM		5.6	5.4	(0.2)
4 Nikko AM (*3)		8.1	17.0	8.9
5 SuMi TRUST Realty		0.9	2.8	1.9
6 SuMi TRUST Panasonic Finance (*3)		4.9	4.7	(0.2)
7 SuMi TRUST Loan & 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.

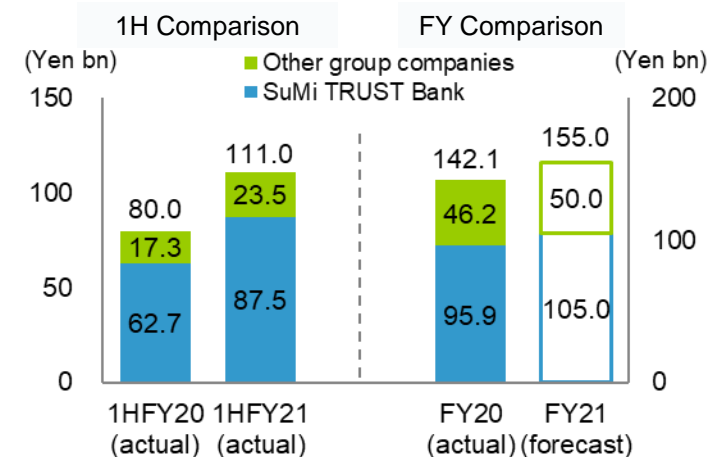
(\*2) Including dividend from group companies (1HFY20:¥8.4bn, 1HFY21 ¥13.5bn, YoY change: ¥5.0bn)

(\*3) Consolidated basis

## Breakdown of Net business profit before credit costs



## Breakdown of Net income





# Profit by business segment

		1HFY20 Net business profit before credit costs					FY21 Net business profit before credit costs		
					Substantial G&A expenses				
			Substantial gross business profit	Change		1HFY21 Net business profit before credit costs	Change	initial plan	11/11 revised
(Yen bn)									
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 gains on foreign exchange transactions				
9 Net trading profit		17.5	38.1	20.5
10 Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)		(7.4)	(26.3)	(18.8)
11 Net gains on bonds		13.5	8.1	(5.3)
12 Net gains from derivatives		4.3	0.3	(4.0)
13 General and administrative expenses		(122.4)	(122.9)	(0.5)
14 Total credit costs		(1.5)	6.0	7.6
15 Other non-recurring profit		(16.6)	(21.6)	(4.9)
16 o/w Net gains on stocks		11.7	(18.5)	(30.2)
17 Amortization of net actuarial losses		(6.1)	(0.5)	5.5
18 Ordinary profit		84.2	115.4	31.1
19 Extraordinary profit		(0.5)	(0.7)	(0.2)
20 Income before income taxes		83.7	114.7	30.9
21 Total income taxes		(21.0)	(27.2)	(6.1)
22 Net income		62.7	87.5	24.7

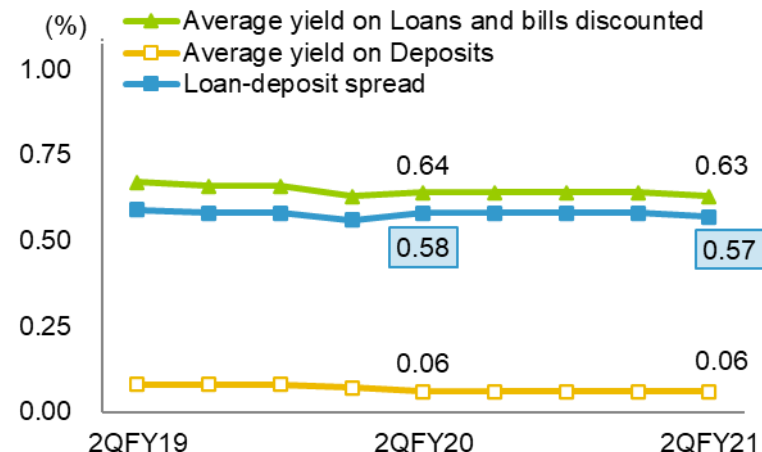
	1HFY20	1HFY21	Change
22 Gross business profit	224.9	253.9	28.9
23 Net interest income and related profit	108.9	146.1	37.1
24 Net fees and commissions and related profit	72.0	80.7	8.6
25 Net trading profit	17.5	38.1	20.5
26 Net other operating profit (*)	26.3	(11.0)	(37.4)
27 o/w Net gains on foreign 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.

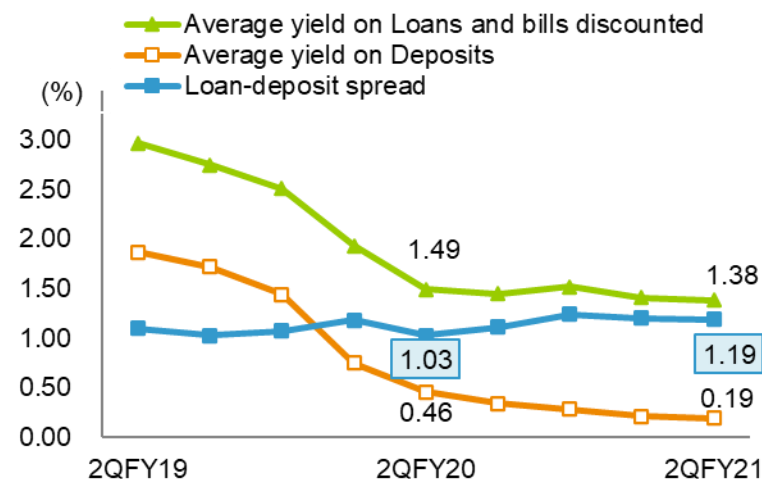
# Net interest income (SuMi TRUST Bank)

		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)

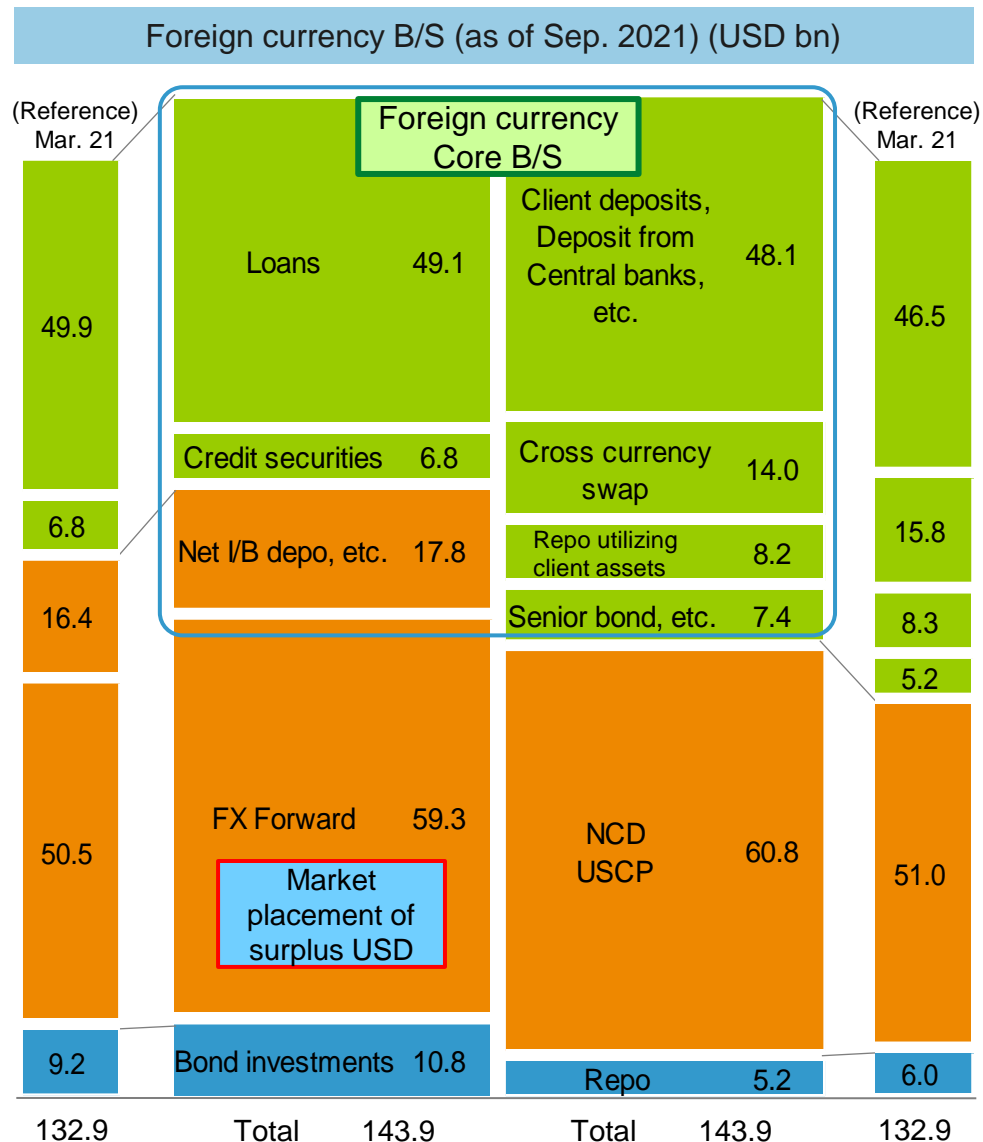
Domestic loan-deposit spread (quarterly)



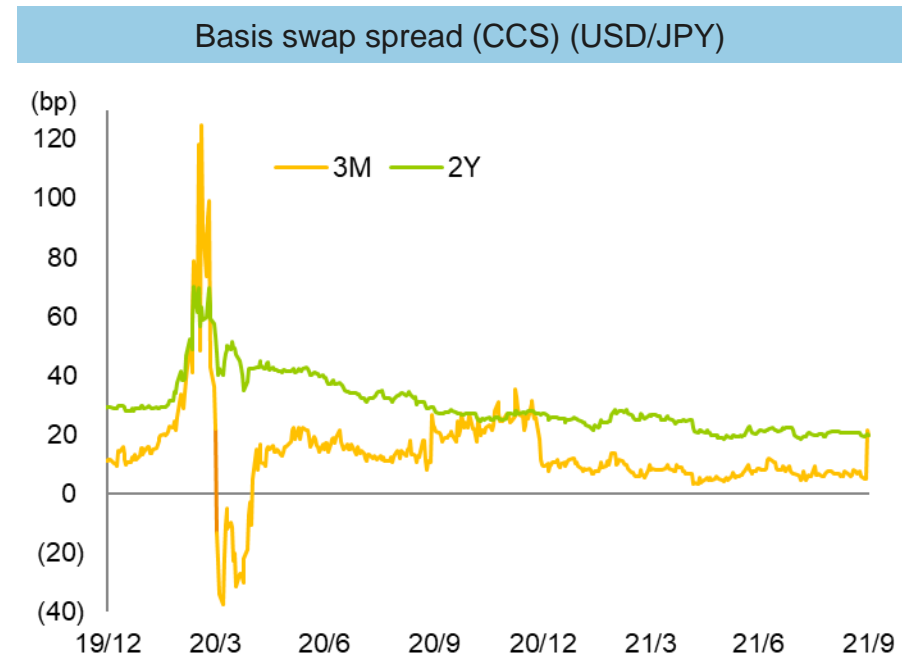
International loan-deposit spread (quarterly)



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

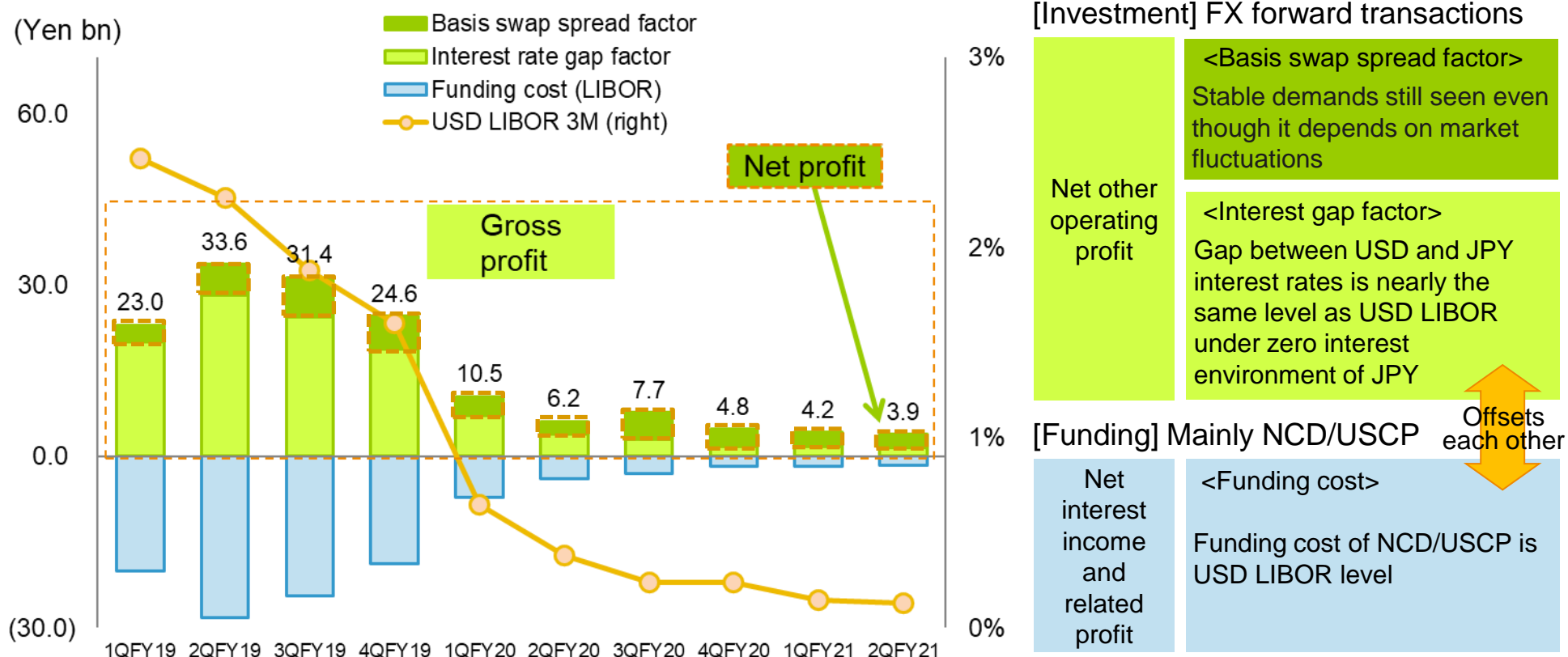


- Foreign currency ALM management
- ◆ Loans and credit investment securities constitute foreign currency core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
  - ◆ Short term funds 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.



# 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



(\*) 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.

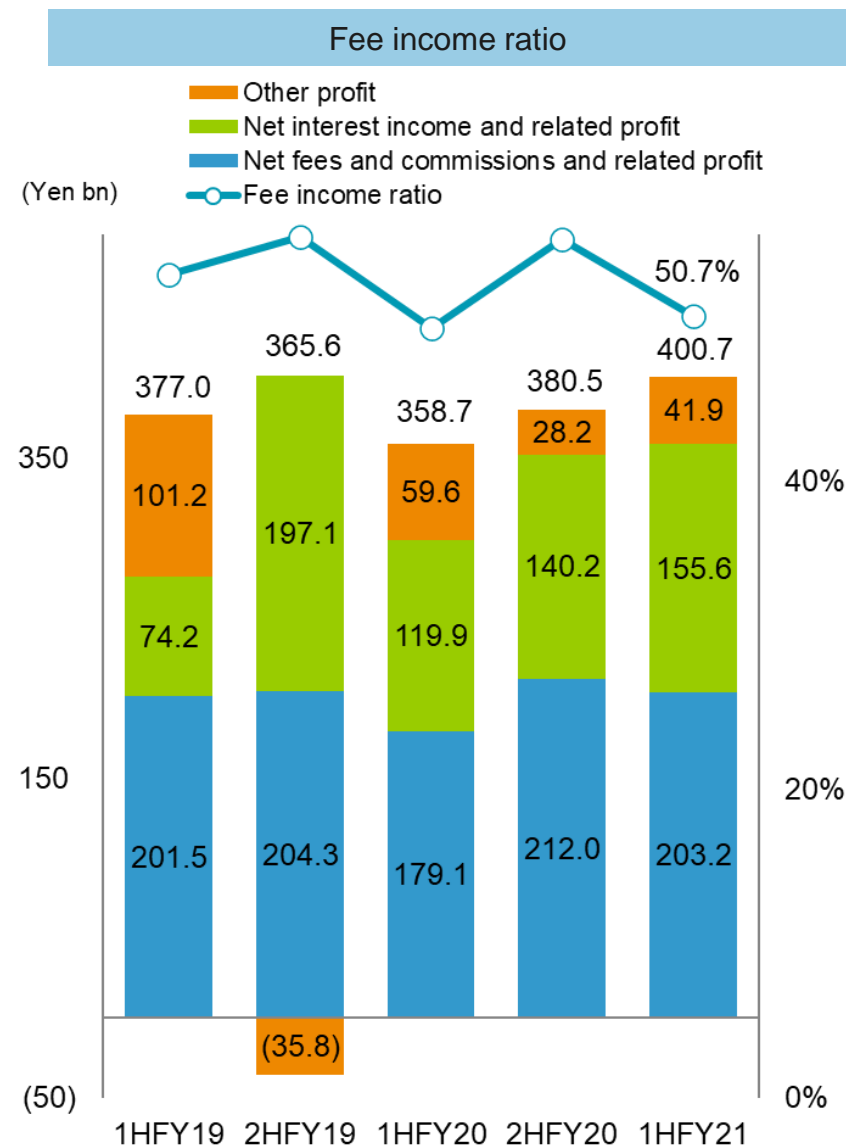
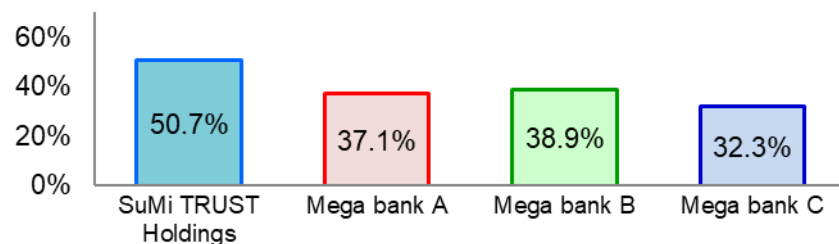
# Net fees and commissions and related profit

		SuMi TRUST Bank		SuMi TRUST Group (*1)	
		1HFY21	Change from 1HFY20	1HFY21	Change from 1HFY20
(Yen bn)					
1	Net fees and commissions and related profit	80.7	8.6	203.2	24.0
2	Investment trust and insurance sales	20.6	4.5	20.6	4.5
3	Card	-	-	17.7	0.9
4	Asset management / administration	29.2	3.0	95.6	13.1
5	Profit	48.7	3.9	105.4	13.5
6	Fees paid out for outsourcing	(19.5)	(0.9)	(9.8)	(0.3)
7	Stock transfer agency services	12.7	0.0	21.4	(0.0)
8	Profit	18.3	0.1	21.4	0.0
9	Fees paid out for outsourcing	(5.5)	(0.1)	-	-
10	Real estate	12.6	4.1	23.6	7.0
11	Others (Loan arrangement fees, etc.)	5.4	(3.1)	24.1	(1.5)
12	Fee income ratio (*2)	31.7%	(0.3%)	50.7%	0.8%

(\*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)

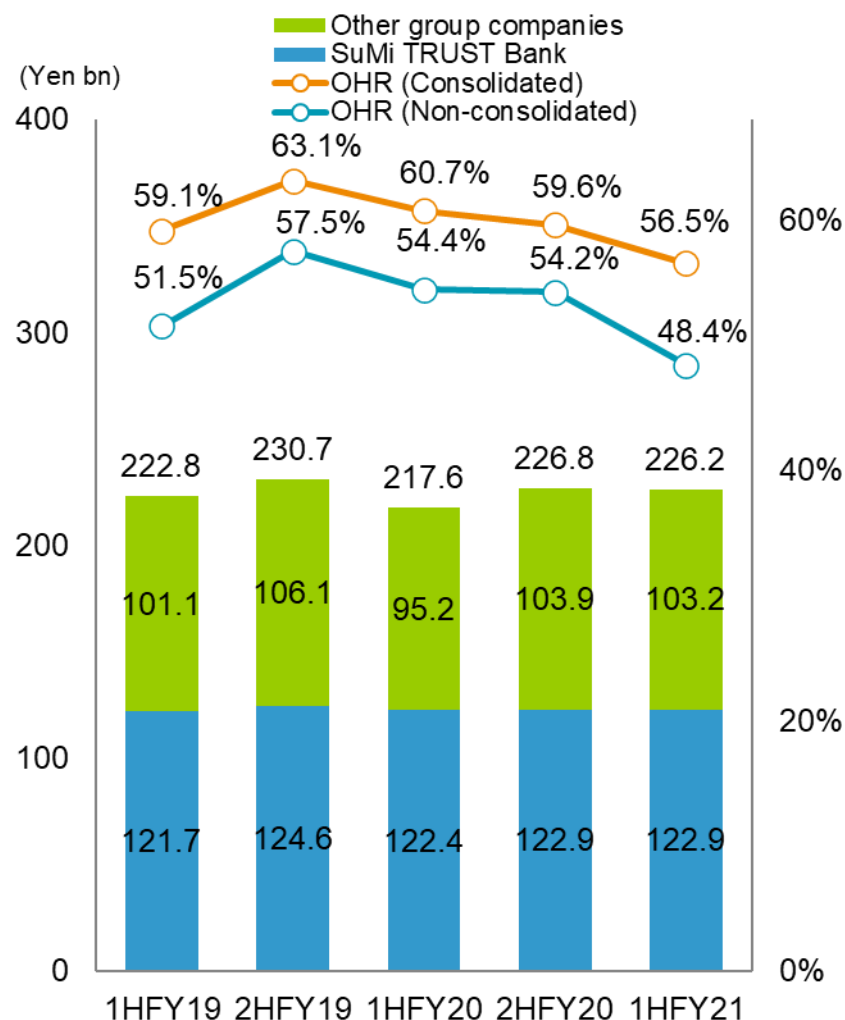
	1HFY20	1HFY21	Change
1 Personnel expenses	(98.6)	(104.4)	(5.7)
2 Non-personnel expenses excluding taxes	(109.3)	(114.0)	(4.7)
3 Taxes other than income taxes	(9.7)	(7.8)	1.8
4 Substantial G&A expenses	(217.6)	(226.2)	(8.6)
5 Overhead ratio	60.7%	56.5%	(4.2%)

## [SuMi TRUST Bank]

(Yen bn)

	1HFY20	1HFY21	Change
6 Personnel expenses	(53.5)	(55.4)	(1.9)
7 Salaries etc.	(49.9)	(51.9)	(2.0)
8 Retirement benefit expenses	5.1	5.4	0.2
9 Others	(8.7)	(8.9)	(0.1)
10 Non-personnel expenses excluding taxes	(62.2)	(62.7)	(0.5)
11 IT system related costs	(24.0)	(22.2)	1.8
12 Others	(38.1)	(40.5)	(2.3)
13 Taxes other than income taxes	(6.7)	(4.8)	1.9
14 G&A expenses	(122.4)	(122.9)	(0.5)
15 Overhead ratio	54.4%	48.4%	(6.0%)

## Breakdown of G&A expenses





# Total credit costs and problem assets

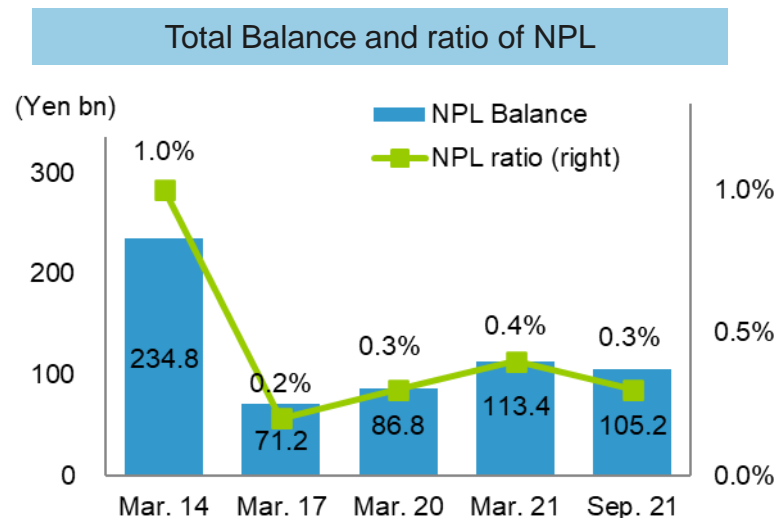
[Total credit costs]		1HFY20	1HFY21	Major factors (1HFY21)
(Yen bn)				
1	SuMi TRUST Bank	(1.5)	6.0	
2	General allowance for loan losses	7.5	6.2	Release of reserves due to the improvement in business conditions of our clients, Release of special loan provision approx. 1.5bn
3	Specific allowance for loan 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)]		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)





# 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)]

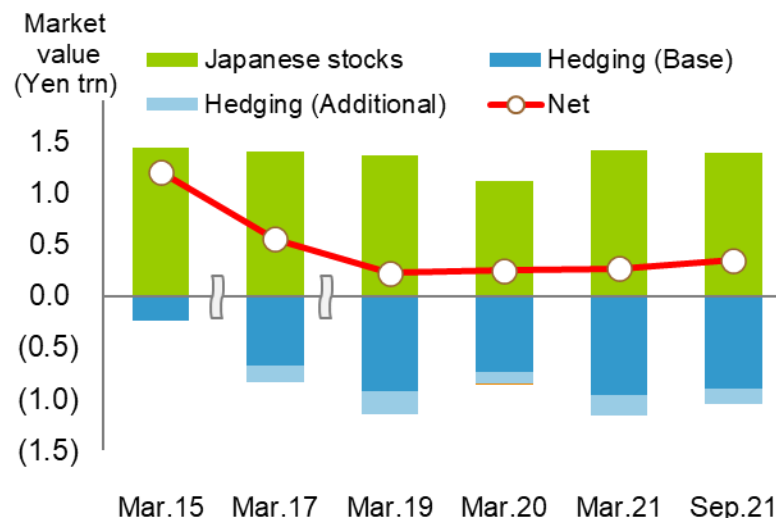
6 Available-for-sale securities		5,826.4	95.0	483.0	(3.2)
7 Japanese stocks		552.5	(23.0)	840.2	(3.0)
8 Japanese bonds		2,371.4	29.6	(0.0)	(0.8)
9 o/w Government bonds		1,659.2	14.9	(2.7)	(0.9)
10 Others		2,902.5	88.4	(357.0)	0.6
11 Domestic investment		94.3	23.1	2.1	(0.2)
12 International investment		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)>

	(Yen bn)	Mar. 21	Sep. 21	Change
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
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)
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)>

	(Yen bn)	Sep. 21	Change from Mar. 21
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)

# 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 Actual	2H Forecast	FY21 Forecast	Change from FY20	Change from Initial Plan
1	Net business profit before credit costs	174.4	135.5	310.0	15.2	30.0 (1)
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	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	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)	- (2)
10	Net gains on stocks	(18.0)	(11.9)	(30.0)	13.5	(30.0) (3)
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】

### (1) 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

### (2) Total credit costs: unchanged/ ¥(20.0)bn

- Total credit cost remains unchanged original full year forecast at this time

### (3) 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

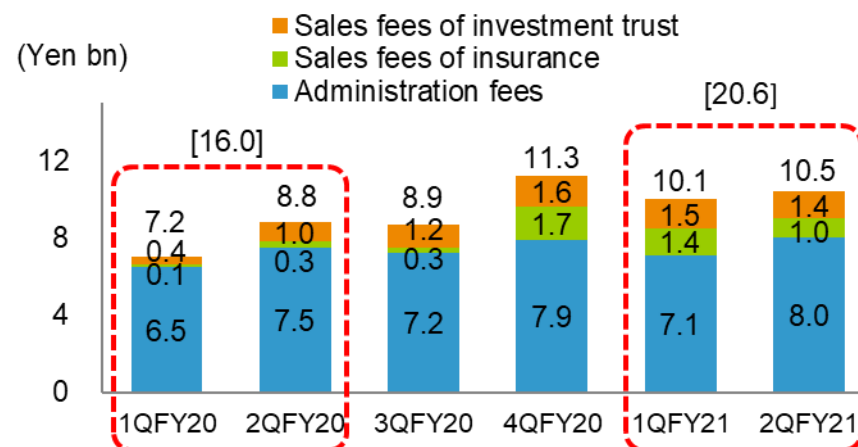
	(Yen bn)	1HFY20	1HFY21	Change	FY21 Plan
1 Income total		16.0	20.6	4.5	39.0
2 Sales fees of investment trust		1.5	3.0	1.5	6.0
3 Sales fees of insurance		0.5	2.4	1.9	3.0
4 Administration fees		14.0	15.2	1.1	30.0

## Sales volume / balance

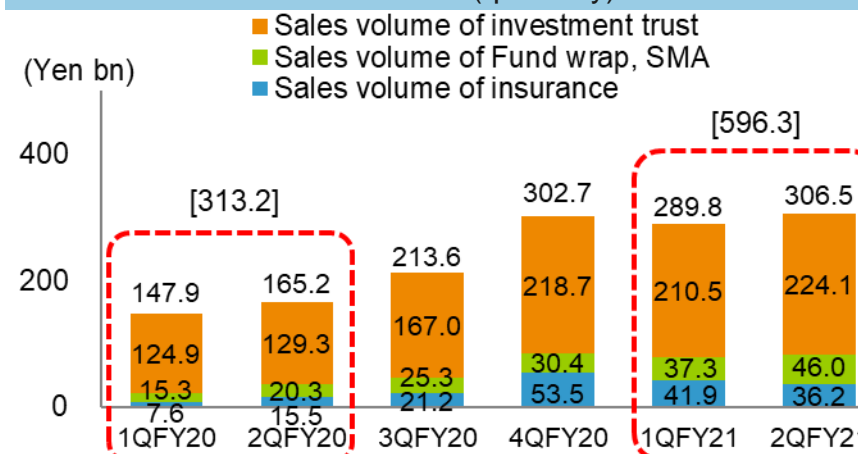
	(Yen bn)	1HFY20	1HFY21	Change	FY21 Plan
5 Sales volume total		313.2	596.3	283.1	995.0
6 Investment trust		254.2	434.7	180.4	735.0
7 Fund wrap, SMA		35.6	83.4	47.7	120.0
8 Insurance		23.2	78.2	55.0	140.0

	(Yen bn)	Mar. 21	Sep. 21	Change	Mar. 22 Plan
9 Balance total		6,896.4	7,080.8	184.3	7,100.0
10 Investment trust		3,533.0	3,730.0	197.0	3,750.0
11 Fund wrap, SMA		918.7	973.0	54.2	970.0
12 Insurance		2,444.6	2,377.6	(66.9)	2,380.0
13 Wrap Selection		1,843.2	1,867.1	23.8	1,870.0

## 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

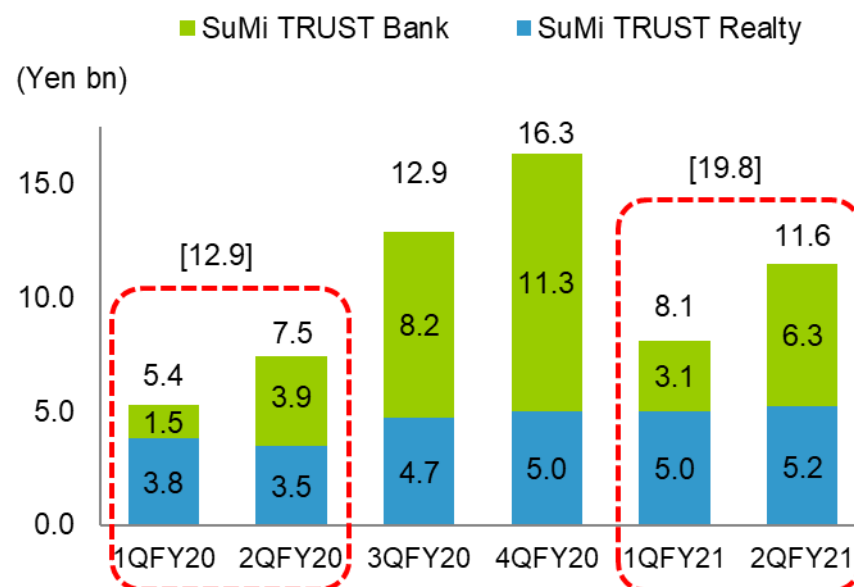
## Income (group base)

	(Yen bn)	1HFY20	1HFY21	Change	FY21 Plan
1 Real estate brokerage fees		12.9	19.8	6.8	46.0
2 SuMi TRUST Bank		5.5	9.5	4.0	27.0
3 SuMi TRUST Realty		7.4	10.2	2.8	19.0
4 Real estate trust fees, etc.		2.9	3.0	0.1	6.0
5 Net other real estate profit		0.6	0.7	0.0	2.0
6 SuMi TRUST Bank		-	-	-	-
7 Group companies		0.6	0.7	0.0	2.0
8 Total		16.6	23.6	7.0	54.0
9 o/w SuMi TRUST Bank		8.4	12.6	4.1	33.0

## Assets under management / administration

	(Yen bn)	Mar. 21	Sep. 21	Change
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

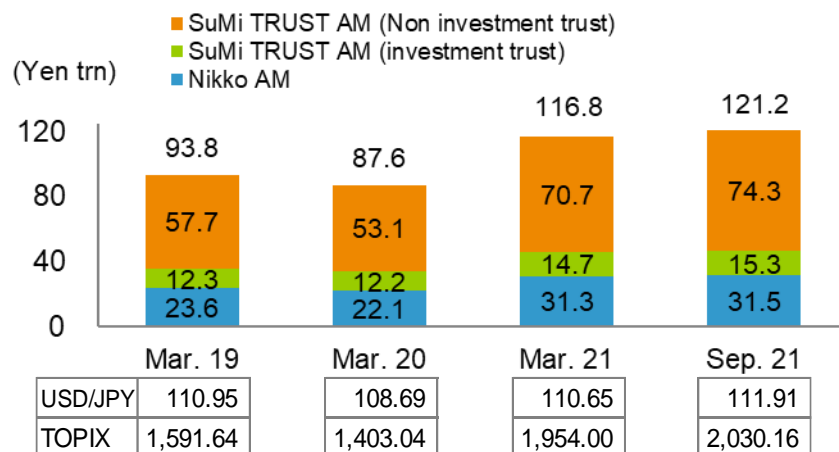
## Assets under management (AUM)

(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 unconsolidated : ¥(1.1)trn

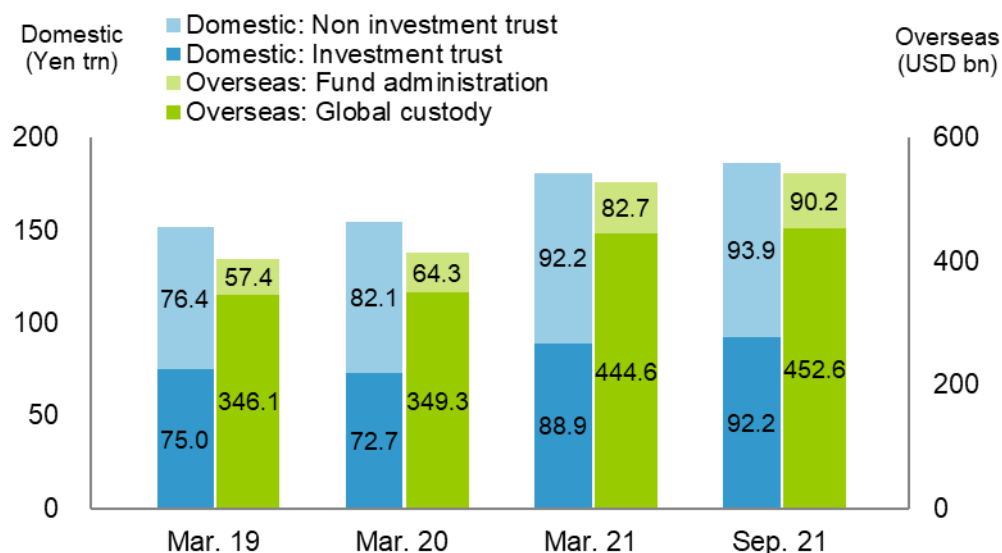


## Assets under custody/administration (AUC)

(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

		1HFY20	1HFY21	Change
		(Yen bn)		
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

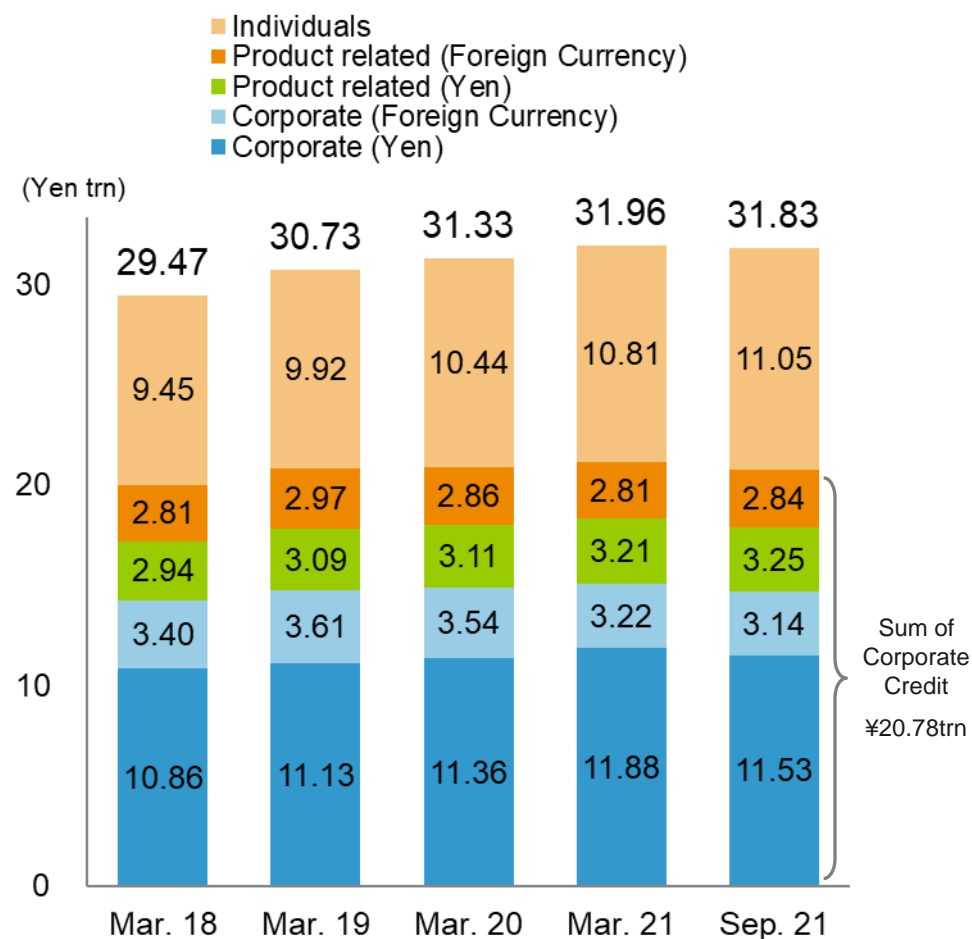
		Mar. 21	Sep. 21	Change
		(Yen bn)		
3	Balance of loans to individuals	10,819.6	11,054.1	234.5
4	o/w Residential mortgage loans	10,141.8	10,368.2	226.4

## Balance of credit for corporates

		Mar. 21	Sep. 21	Change (*)
		(Yen bn)		
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



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