



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Summary of Financial Results for 3QFY2021

January 27, 2022

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Definitions of terms in this document

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

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

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

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

Accounting for Business combination related to Management Integration

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

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

Key Messages

Net business profit before credit costs

- ✓ Achieved 81% of full year forecast of ¥310bn (revised in November, 2021)
- ✓ Increased mainly in Effective interest related earnings and Net fees and commissions
- ✓ Maintained strong performance in client related business and asset management business

Net Income

- ✓ Achieved 92% of full year forecast of ¥155bn
- ✓ Consider potential revision of full year forecast following progress of Net business profit, taking into account of impact on Net gains on stocks from the stock market level

Initiatives to reduce strategic shareholdings

- ✓ Made steady progress in strategic shareholdings reduction
- ✓ Achieved approx. 55% of the two-year reduction target of ¥100bn

Overview of profits

	(Yen bn)	FY20 1-3Q	FY21 1-3Q	Change	FY21 Forecast
1	Net business profit before credit costs (*1)	217.1	251.7	34.5	310.0
2	Substantial gross business profit (*1)	543.2	590.5	47.3	775.0
3	Effective interest related earnings (*2)	205.6	238.2	32.5	
4	Net fees and commissions and related profit	277.8	314.7	36.8	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	59.7	37.6	(22.1)	
6	Substantial G&A expenses (*1)	(326.0)	(338.8)	(12.7)	(465.0)
7	Total credit costs	(1.9)	3.4	5.3	(20.0)
8	Net gains on stocks	11.4	(38.9)	(50.4)	(30.0)
9	Other net non-recurring profit	(46.7)	(22.2)	24.4	
10	Ordinary profit	180.0	193.9	13.8	225.0
11	Extraordinary profit	(0.8)	(1.0)	(0.2)	
12	Income before income taxes	179.2	192.8	13.6	
13	Total income taxes	(51.1)	(50.3)	0.7	
14	Income attributable to non-controlling interests	(1.4)	(0.6)	0.8	
15	Net income	126.6	141.8	15.2	155.0
16	Earnings per share (EPS) (Yen)	338	378	40	
17	Number of shares issued (mn shares) (*3)	374.5	374.5	0.0	

(Reference)

18	Net interest income and related profit	181.2	225.4	44.1
19	Other profit	84.1	50.3	(33.7)
20	Profit attributable to deployment of surplus foreign currency funds	24.3	12.7	(11.6)
21	Other	59.7	37.6	(22.1)

Net business profit before credit costs

- YoY increase of +¥34.5bn
- Achieved 81% of full year forecast of ¥310.0bn
- Effective interest related earnings increased YoY by ¥32.5bn due to improvement of domestic loan-deposit income and +¥14bn of profits related to investment in partnership and market-based funding cost reduction
- Net fees and commissions and related profit increased YoY by ¥36.8bn. Investment management consulting and real estate brokerage business maintained strong performance in 3QFY21. Asset management business also performed well due to steady market condition
- Substantial G&A expenses increased in conjunction with Substantial gross business profit increases

Total credit costs

- Release of reserves due to improvement in business conditions of our clients mainly in 1HFY21. Posted ¥3.4bn as income

Net gains on stocks

- Steady progress in strategic shareholdings reduction (at cost: ¥35bn)
- Accelerate reduction of hedging transaction and posted ¥82bn of realized loss, while expect realized gain through sale of strategic shareholdings in 4Q. Posted ¥38.9bn losses vs full year forecast of ¥30bn

Other net non-recurring profit

- Increased substantially YoY, mainly due to improvement of net losses on stocks related derivatives by ¥7.0bn and amortization of actuarial net differences by ¥8.0bn

Net income

- Increased due to improvement in Net business profit contribution from improvement of credit cost and other non-recurring profit
- Achieved 92% of full year forecast of ¥155.0bn

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

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

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

Overview of balance sheet

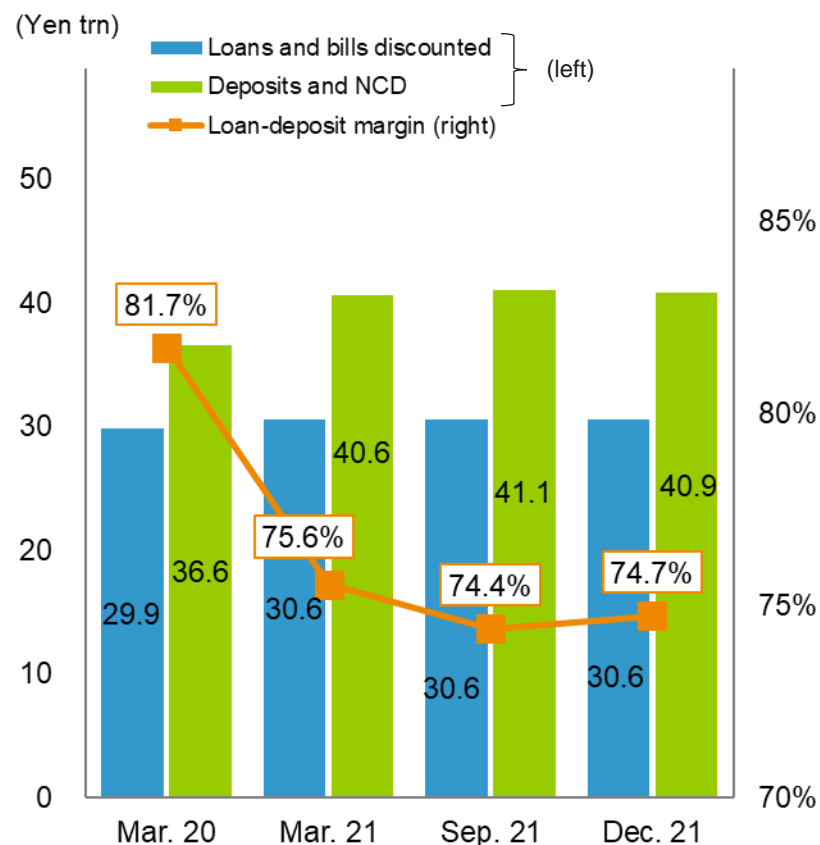
		(Yen bn)		
		Mar. 21	Dec. 21	Change
1	Assets (*1)	63,368.5	63,770.9	402.4
2	Cash and due from banks	18,488.7	19,013.8	525.1
3	Securities	6,983.4	7,544.0	560.5
4	Loans and bills discounted	30,506.9	30,604.5	97.6
5	Other assets (*1)	7,389.3	6,608.4	(780.8)
6	Liabilities (*1)	60,646.0	60,981.9	335.9
7	Deposits and NCD	40,628.2	41,128.9	500.6
8	Borrowed money from trust account	4,915.2	4,075.2	(840.0)
9	Other liabilities (*1)	15,102.5	15,777.8	675.2
10	Total net assets	2,722.5	2,789.0	66.4
11	Total shareholders' equity	2,416.0	2,490.2	74.2
12	Total accumulated OCI	277.7	269.6	(8.0)
13	Minority interests, etc.	28.7	29.1	0.3
14	Net assets per share (BPS) (Yen)	7,192	7,368	176
15	Number of shares issued (mn shares) (*2)	374.5	374.5	0.0
(Reference)				
16	Loan-deposit ratio (SuMi TRUST Bank)	75.6%	74.7%	(0.9%)
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



Profit by group company

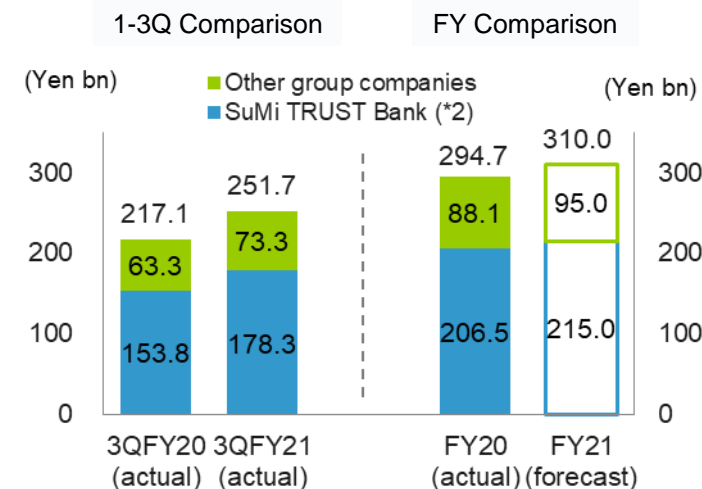
		FY20	FY21	Change
(Yen bn)		1-3Q	1-3Q	
1	Net business profit before credit costs (*1)	217.1	251.7	34.5
2	SuMi TRUST Bank (*2)	153.8	178.3	24.5
3	SuMi TRUST AM	7.6	7.4	(0.2)
4	Nikko AM (*3)	12.5	23.2	10.6
5	SuMi TRUST Realty	2.3	5.1	2.8
6	SuMi TRUST Panasonic Finance (*3)	7.5	7.0	(0.4)
7	SuMi TRUST Loan & Finance	8.4	8.0	(0.3)
8	SBI Sumishin Net Bank (*3)	7.7	8.3	0.6
9	SuMi TRUST Guarantee (*3)	8.6	8.7	0.1
10	SuMi TRUST Club	2.9	2.9	0.0
11	Effect of purchase accounting method	0.3	-	(0.3)
12	Net income (*1)	126.6	141.8	15.2
13	SuMi TRUST Bank	96.2	100.5	4.3
14	SuMi TRUST AM	5.2	5.1	(0.1)
15	Nikko AM (*3)	7.9	17.4	9.4
16	SuMi TRUST Realty	1.5	3.6	2.0
17	SuMi TRUST Panasonic Finance (*3)	3.5	3.6	0.0
18	SuMi TRUST Loan & Finance	5.8	5.5	(0.3)
19	SBI Sumishin Net Bank (*3)	4.9	6.5	1.6
20	SuMi TRUST Guarantee (*3)	5.9	6.1	0.1
21	SuMi TRUST Club	2.0	1.8	(0.2)
22	Effect of purchase accounting method	(1.1)	(0.0)	1.1

(*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.

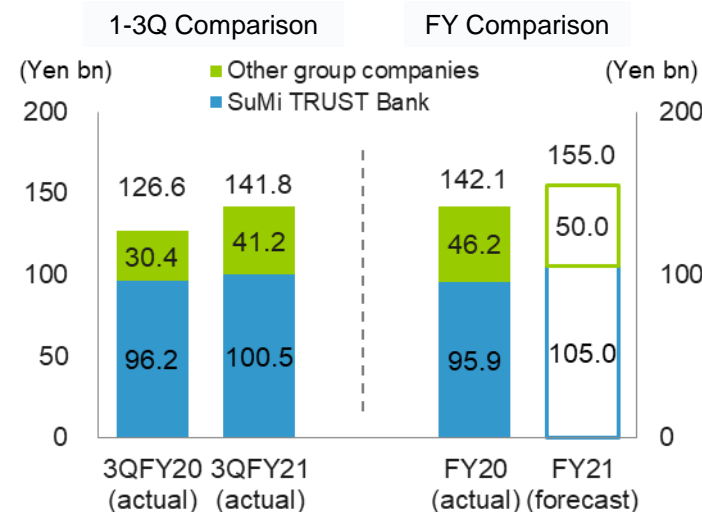
(*2) Including dividend from group companies (1-3QFY20:¥8.4bn, 1-3QFY21 ¥13.5bn, YoY change: ¥5.0bn)

(*3) Consolidated basis

Breakdown of Net business profit before credit costs



Breakdown of Net income



Profit by business segment

		FY20 1-3Q Net business profit before credit costs	Substantial gross business profit		FY21 1-3Q Net business profit before credit costs		FY21 Plan	
			Change	Substantial G&A expenses	Change			
1	Total	217.1	590.5	47.3	(338.8)	251.7	34.5	310.0
2	Retail total solution services	10.3	141.9	12.9	(116.4)	25.4	15.1	26.0
3	SuMi TRUST Bank	(4.1)	98.7	10.8	(87.5)	11.1	15.3	11.0
4	Other group companies	14.4	43.2	2.0	(28.9)	14.2	(0.1)	15.0
5	Wholesale financial services (*1)	92.1	154.7	6.6	(57.1)	97.6	5.5	123.0
6	SuMi TRUST Bank	71.1	111.0	5.2	(35.0)	75.9	4.8	95.0
7	Other group companies	20.9	43.7	1.4	(22.0)	21.6	0.6	28.0
8	Stock transfer agency services	17.1	33.2	1.0	(15.1)	18.1	0.9	19.0
9	SuMi TRUST Bank	16.3	19.9	0.8	(2.9)	16.9	0.6	18.0
10	Other group companies	0.8	13.3	0.2	(12.2)	1.1	0.2	1.0
11	Real estate	13.6	39.9	8.5	(18.9)	20.9	7.3	28.0
12	SuMi TRUST Bank	10.9	22.7	4.5	(7.3)	15.4	4.4	23.0
13	Other group companies	2.7	17.2	4.0	(11.6)	5.5	2.8	5.0
14	Fiduciary services (excl. Asset Mgt. business)	23.6	71.1	7.2	(39.8)	31.2	7.6	38.0
15	SuMi TRUST Bank	20.9	44.2	5.4	(17.5)	26.7	5.7	34.0
16	Other group companies	2.6	26.8	1.7	(22.3)	4.5	1.9	4.0
17	Asset management business (*2)	20.4	76.7	15.2	(45.9)	30.8	10.4	40.0
18	Global markets (*3)	44.4	38.1	(17.7)	(11.5)	26.6	(17.7)	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" (1-3QFY20: ¥0.4bn, 1-3QFY21: ¥1.7bn, YoY change: ¥1.3bn) and net gains/losses on stock related derivatives which is posted as "other non-recurring profit" (1-3QFY20: ¥(6.3)bn, 1-3QFY21: ¥(5.2)bn, YoY change: ¥1.0bn)

Overview of profit (SuMi TRUST Bank)

	(Yen bn)	FY20 1-3Q	FY21 1-3Q	Change
1	Net business profit before credit costs	153.8	178.3	24.5
2	Gross business profit	334.9	361.3	26.3
3	Effective interest related earnings	185.1	219.2	34.0
4	Net interest income and related profit	160.8	206.4	45.6
5	Profit attributable to deployment of surplus foreign currency funds	24.3	12.7	(11.6)
6	Net fees and commissions and related profit	112.4	127.1	14.6
7	Net trading profit	19.2	12.6	(6.6)
8	Net gains on foreign exchange transactions	10.2	38.8	28.6
9	Net trading profit	10.2	38.8	28.6
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	9.0	(26.2)	(35.2)
10	Net gains on bonds	13.4	10.8	(2.5)
11	Net gains from derivatives	6.5	(6.6)	(13.2)
12	General and administrative expenses	(181.1)	(182.9)	(1.8)
13	Total credit costs	(1.3)	5.0	6.3
14	Other non-recurring profit	(20.9)	(50.8)	(29.8)
15	Net gains on stocks	13.1	(39.4)	(52.6)
16	Amortization of net actuarial losses	(9.1)	(0.8)	8.2
17	Ordinary profit	131.5	132.5	0.9
18	Extraordinary profit	(0.8)	(1.1)	(0.3)
19	Income before income taxes	130.7	131.4	0.6
20	Total income taxes	(34.5)	(30.8)	3.7
21	Net income	96.2	100.5	4.3

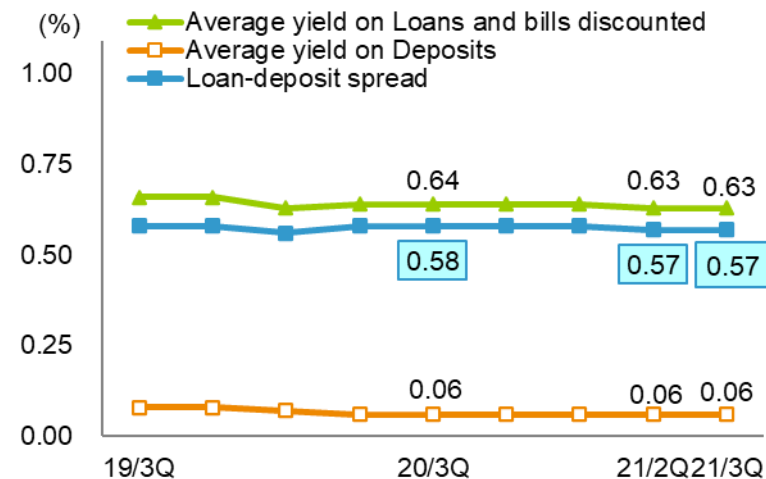
	FY20 1-3Q	FY21 1-3Q	Change	
22	Gross business profit	334.9	361.3	26.3
23	Net interest income and related profit	160.8	206.4	45.6
24	Net fees and commissions and related profit	112.4	127.1	14.6
25	Net trading profit	10.2	38.8	28.6
26	Net other operating profit (*)	51.4	(11.1)	(62.6)
27	Net gains on foreign exchange transactions	33.4	(13.4)	(46.8)
28	Profit attributable to deployment of surplus foreign currency funds	24.3	12.7	(11.6)
29	other	9.0	(26.2)	(35.2)
30	Net gains on bonds	13.4	10.8	(2.5)
31	Net gains from derivatives	6.5	(6.6)	(13.2)
32	Net fees and commissions and related profit	112.4	127.1	14.6
33	Investment management consulting	25.0	30.4	5.4
34	Asset management/administration	38.7	44.2	5.4
35	Real estate brokerage	13.7	18.1	4.3
36	Stock transfer agency services	19.1	19.9	0.8
37	Inheritance related services	2.6	3.0	0.4
38	Wholesale credit related	22.5	21.3	(1.1)
39	Net gains on bonds	13.4	10.8	(2.5)
40	Domestic bonds	0.0	1.2	1.2
41	Foreign bonds	13.4	9.6	(3.7)

(*) Other profit within net business profit before credit costs in 1-3QFY20 and 1-3QFY21 is ¥(1.8)bn and ¥(1.8)bn, respectively.

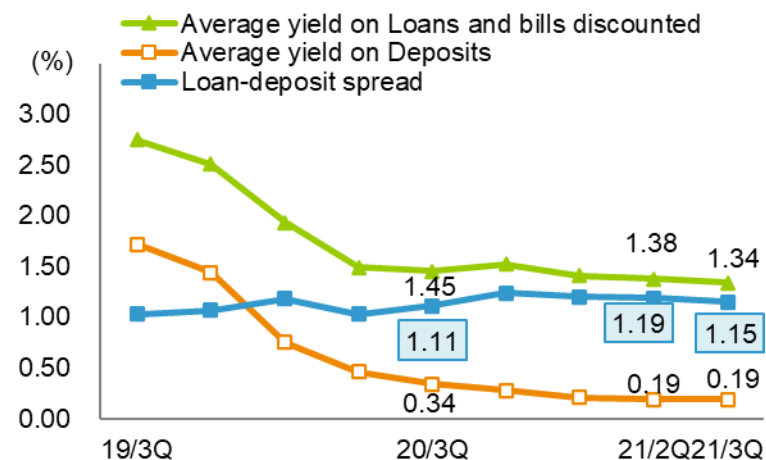
Net interest income (SuMi TRUST Bank)

		FY21/1-3Q					
		Average Balance	Change from 1-3QFY20	Average Yield	Change from 1-3QFY20	Income/Expenses	Change from 1-3QFY20
(Average balance: Yen trn) (Income/Expenses: Yen bn)							
1	Net interest income					192.1	44.3
2	Domestic business			0.33%	(0.01%)	115.8	7.2
3	Interest-earning assets	45.85	3.02	0.45%	(0.01%)	157.7	7.7
4	Loans and bills discounted	24.62	0.33	0.64%	(0.00%)	118.7	1.2
5	Securities	4.35	0.26	1.04%	0.13%	34.3	6.2
6	Interest-bearing liabilities	45.18	2.74	0.12%	(0.00%)	(41.9)	(0.4)
7	Deposits	27.42	0.52	0.06%	(0.00%)	(12.6)	1.3
8	Borrowings from trust a/c	4.07	0.45	0.46%	(0.02%)	(14.3)	(1.2)
9	Swaps	---	---	---	---	(2.2)	(1.4)
10	International business			0.67%	0.29%	76.2	37.1
11	Interest-earning assets	14.94	1.82	0.99%	(0.08%)	112.3	5.7
12	Loans and bills discounted	5.95	(0.04)	1.38%	(0.25%)	62.0	(11.9)
13	Due from banks	1.89	0.02	0.21%	0.01%	3.0	0.1
14	Securities	2.51	0.32	2.31%	0.67%	43.8	16.7
15	Interest-bearing liabilities	14.98	2.03	0.32%	(0.37%)	(36.1)	31.3
16	Deposits	5.46	(0.11)	0.20%	(0.31%)	(8.2)	13.3
17	NCD / USCP	6.65	1.75	0.12%	(0.33%)	(6.3)	10.3
18	Repo	1.59	0.11	0.08%	(0.18%)	(1.0)	1.9
19	Expenses on swaps	---	---	---	---	(14.2)	6.3
20	(+) Trust fees from principal guaranteed trust a/c					14.3	1.2
21	(+) Profit attributable to deployment of surplus foreign currency funds					12.7	(11.6)
22	Effective interest related earnings					219.2	34.0
23	Loan-deposit spread / income in domestic business			0.58%	0.00%	106.0	2.5
24	Loan-deposit spread / income in international business			1.18%	0.06%	53.7	1.3

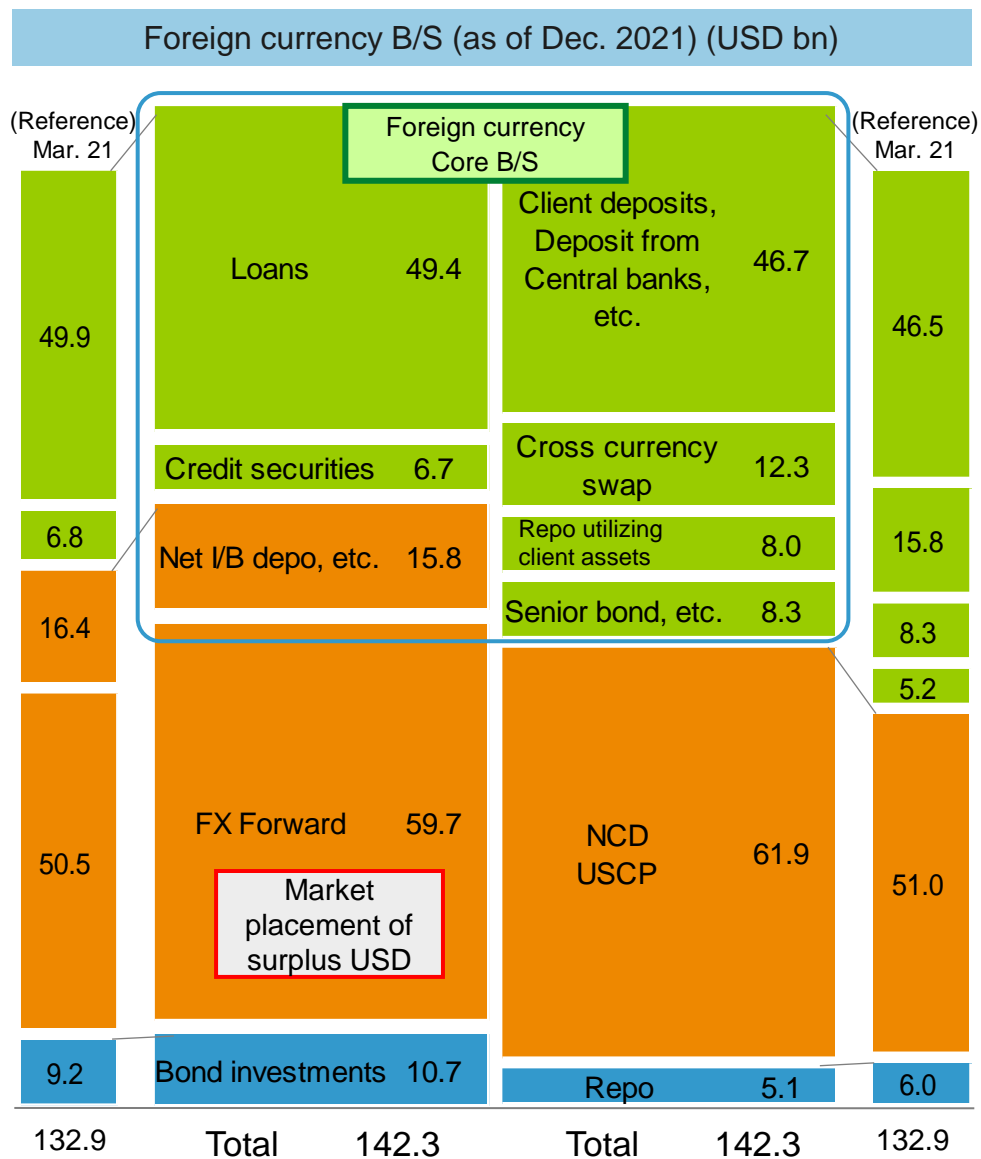
Domestic loan-deposit spread (quarterly)



International loan-deposit spread (quarterly)



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



Foreign currency ALM management

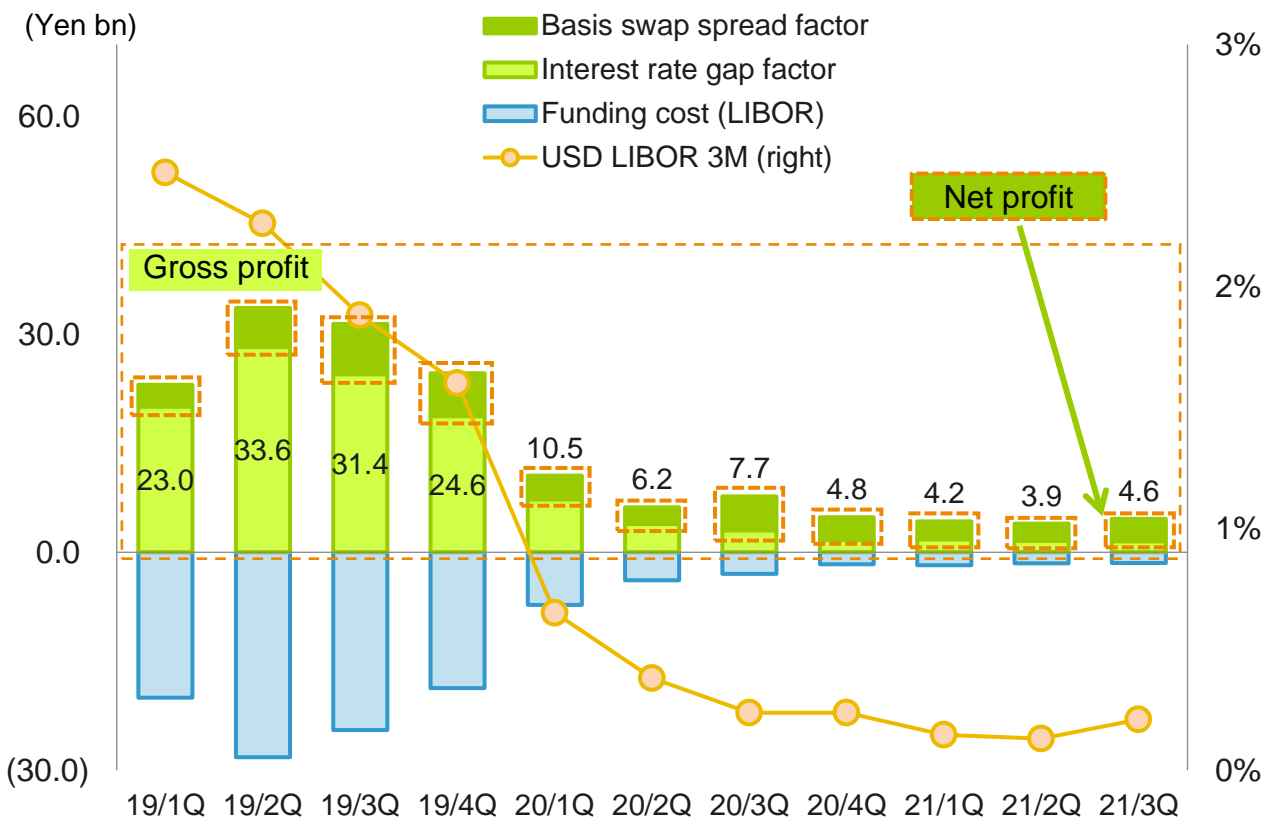
- ◆ Loans and credit investment securities constitute foreign currency core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets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

Basis swap spread (CCS) (USD/JPY)



Profit structure of market deployment of surplus foreign currency

- Profit from FX forward transactions(Investment) consists of basis swap spread and interest rate gap factor. Interest rate gap is offset by USD funding costs
- Gross funding costs and investment profits decreased due to lowering of US interest rate, reflecting YoY decrease in Net profit



[Investment] FX forward transactions

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

[Funding] NCD/USCP

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

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

Total credit costs and problem assets

[Total credit costs]		FY20	FY21		Major factors (1-3QFY21)
(Yen bn)			1H	1-3Q	
1	SuMi TRUST Bank	(6.3)	6.0	5.0	
2	General allowance for loan losses	4.7	6.2	6.2	Reversal of reserves due to improvement in business conditions of our clients, Release of special loan provision 1.5bn A few cases of new occurrence
3	Specific allowance for loan losses	(7.8)	1.5	0.3	
4	Recoveries of written-off claims	0.3	0.6	0.7	
5	Losses on sales of claims, written-off	(3.5)	(2.3)	(2.3)	
6	Other group companies, etc.	(1.5)	(0.9)	(1.6)	
7	Total	(7.8)	5.1	3.4	

As of Dec. 2021
Special loan loss provision of approx.17.0bn

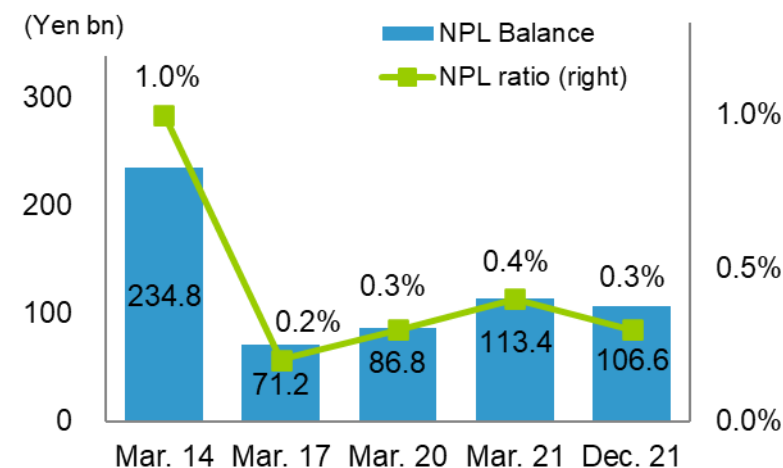
[NPL (SuMi TRUST Bank)]

(Yen bn)		Dec. 21	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 21
8	NPL	106.6	72.0%	40.0%	(6.9)
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	(0.1%)
10	Bankrupt and practically bankrupt	17.9	100.0%	100.0%	(3.6)
11	Doubtful	39.9	90.6%	78.2%	(4.6)
12	Substandard	48.7	46.5%	10.5%	1.3
13	Other special mention debtors	381.8	---	---	(122.2)
14	Ordinary assets	30,671.8	---	---	101.6
15	Total loan balance	31,160.2	---	---	(27.5)

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

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

Total Balance and ratio of NPL



Securities portfolio

[Securities with fair value]

(Yen bn)	Costs		Unrealized gains/losses	
	Dec. 21	Change from Mar. 21	Dec. 21	Change from Mar. 21
1 Available-for-sale securities	6,491.5	571.0	457.5	(9.6)
2 Japanese stocks	568.3	(36.8)	751.1	(64.9)
3 Japanese bonds	2,896.6	554.9	(1.5)	(2.2)
4 Others	3,026.4	52.9	(292.1)	57.5
5 Held-to-maturity debt securities	236.0	(92.1)	15.4	(0.9)

[Securities with fair value (SuMi TRUST Bank)]

6 Available-for-sale securities	6,323.1	591.7	473.7	(12.6)
7 Japanese stocks	539.5	(35.9)	777.4	(65.8)
8 Japanese bonds	2,896.6	554.9	(1.5)	(2.2)
9 Government bonds	2,179.0	534.8	(3.9)	(2.1)
10 Others	2,886.8	72.8	(302.2)	55.5
11 Domestic investment	77.6	6.4	2.1	(0.2)
12 International investment	1,741.2	264.9	(2.0)	(10.7)
13 US Treasury	721.5	59.2	(2.3)	(9.0)
14 Others (Investment trust, etc.)	1,067.9	(198.5)	(302.3)	66.5
15 for hedging of strategic shareholdings (*1)	936.3	(238.6)	(305.9)	67.7

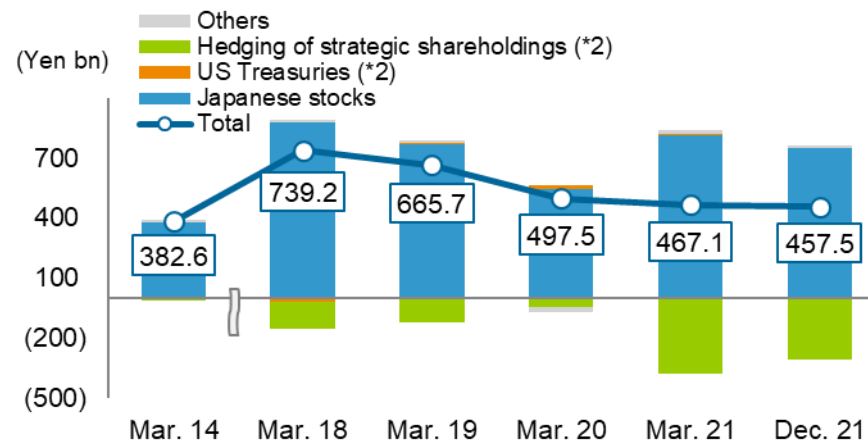
(*1) Hedging effect under capital regulation is recognized: Costs ¥784.0bn,

Unrealized gains/losses ¥(260.8)bn

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

16 Held-to-maturity debt securities	235.9	(92.1)	15.4	(0.9)
17 Government bonds	117.6	(0.2)	14.9	(0.7)
18 International investment	56.1	(78.2)	0.0	(0.1)

Unrealized gains/losses of AFS securities with fair value



(*2) SuMi TRUST Bank

Securities portfolio of Global markets (*3)

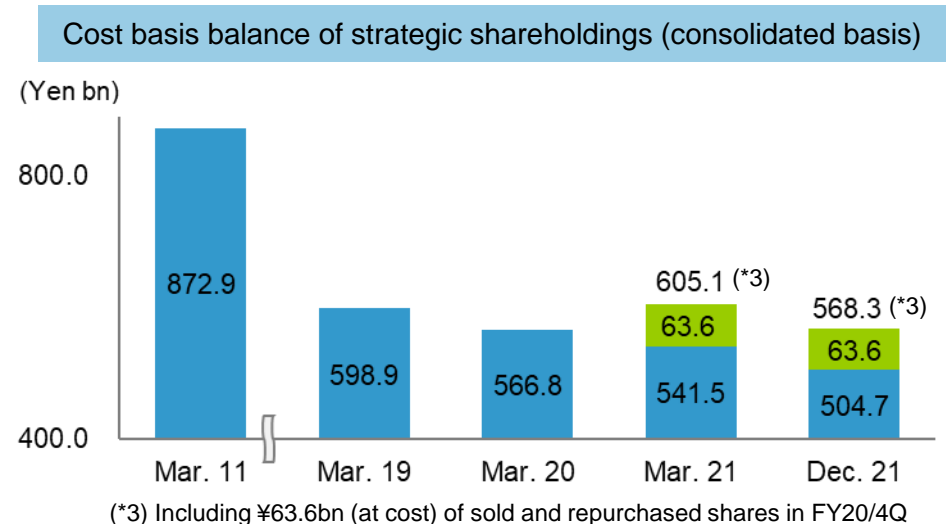
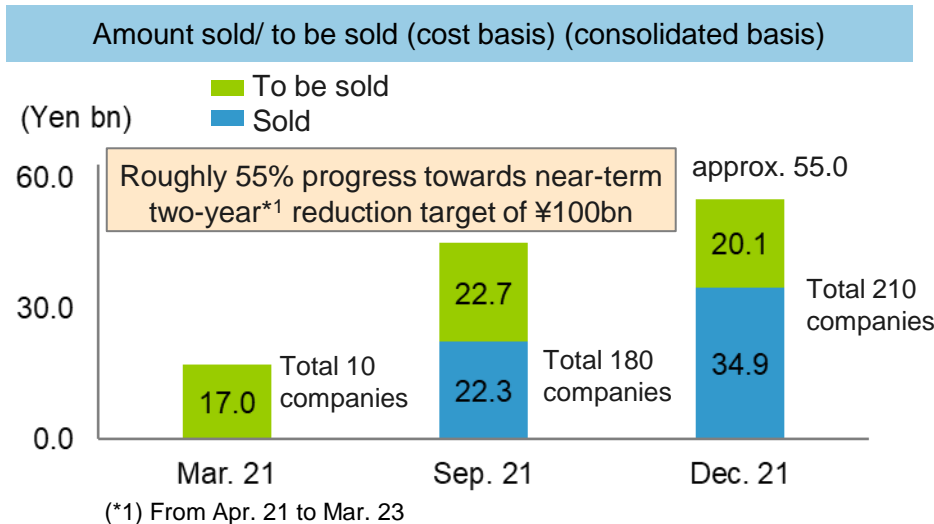
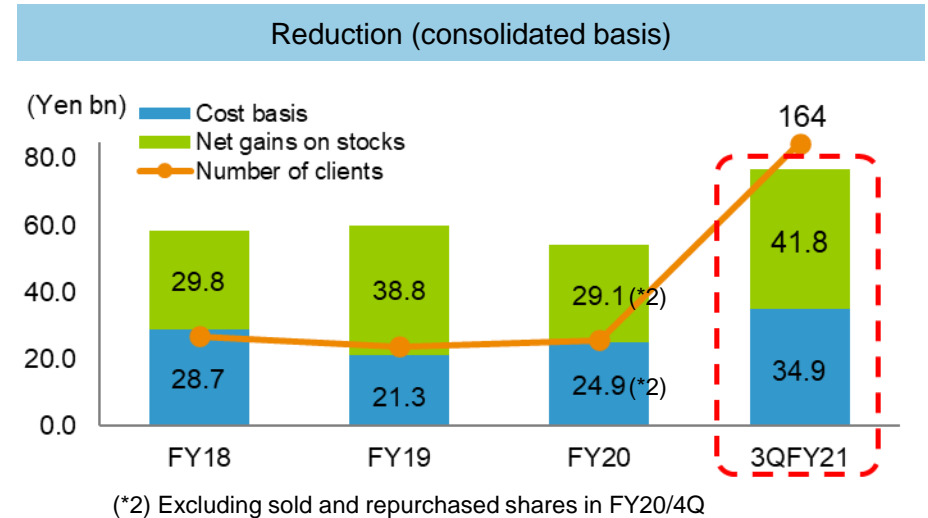
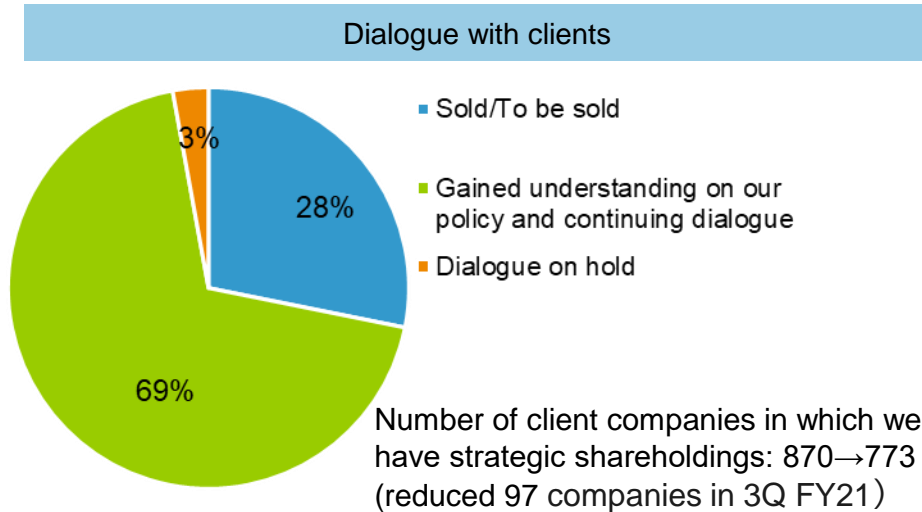
(Yen bn)	10BPV (*4)		Duration (years) (*4)	
	Dec. 21	Change from Mar. 21	Dec. 21	Change from Mar. 21
19 JPY	6.7	0.5	2.7	(0.5)
20 Others	2.8	(0.4)	3.5	(0.8)

(*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

Reduction of strategic shareholdings

- Steady progress in dialogue with clients, based on our new policy regarding strategic shareholdings
- Reduced ¥34.9bn at cost in 3QFY21. Amount sold/to be sold reached approx. 55% of the two-year target



Forecast for FY2021(Reshown, disclosed in Nov. 2021)

- 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	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	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	SuMi TRUST Bank	87.5	17.4	105.0	9.0	(10.0)
16	Dividend per common share (Yen)	80	80	160	+10	-
17	Consolidated dividend payout ratio	---	---	38.7%	(0.8%)	-

(*) Shareholder return policy

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

【Assumptions】

- Net business profit: up ¥30.0bn vs original forecast**
 - Gross profit increased for both SuMi TRUST Bank and Other group companies
 - Substantial G&A expenses increased mainly due to other group companies' expenses linked to increase of substantial Gross business profit.
 - Net business profit increased net basis
- Total credit costs: unchanged/ ¥(20.0)bn**
 - Total credit cost remains unchanged original full year forecast at this time
- Net gains on stocks: forecast ¥(30.0)bn**
 - Expect reasonably large gains on stocks in 2HFY21 as well, but offset by expected realized losses of hedging transactions.
 - Prioritize sale of hedging transactions with low B/E, to contain future earnings at risk caused by hedging portfolio

Fee business: Investment management consulting

- Total Income increased by ¥5.4bn YoY to ¥30.4bn due to increased sales volume and improvement of market value
- Total Sales volume increased by ¥366.8bn YoY to ¥893.7bn due to generation-specific consulting following good market conditions

Income from marketing of investment products

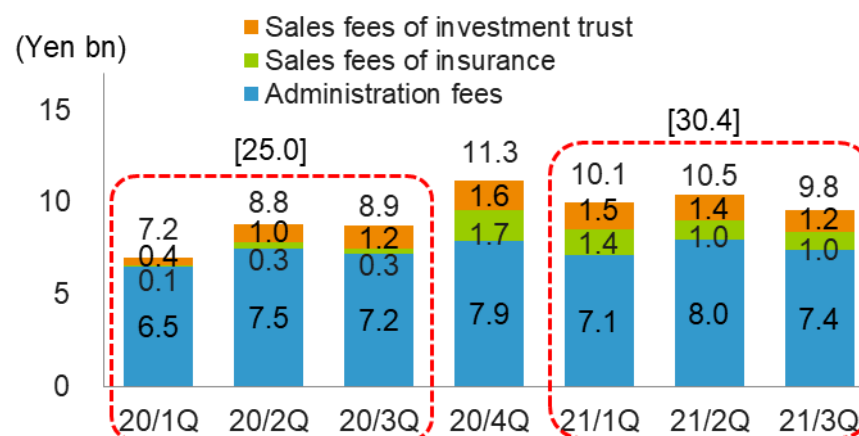
	(Yen bn)	FY20	FY21	Change	FY21 Plan
		1-3Q	1-3Q		
1 Income total		25.0	30.4	5.4	39.0
2 Sales fees of investment trust		2.8	4.3	1.5	6.0
3 Sales fees of insurance		0.9	3.4	2.5	3.0
4 Administration fees		21.3	22.6	1.3	30.0

Sales volume / balance

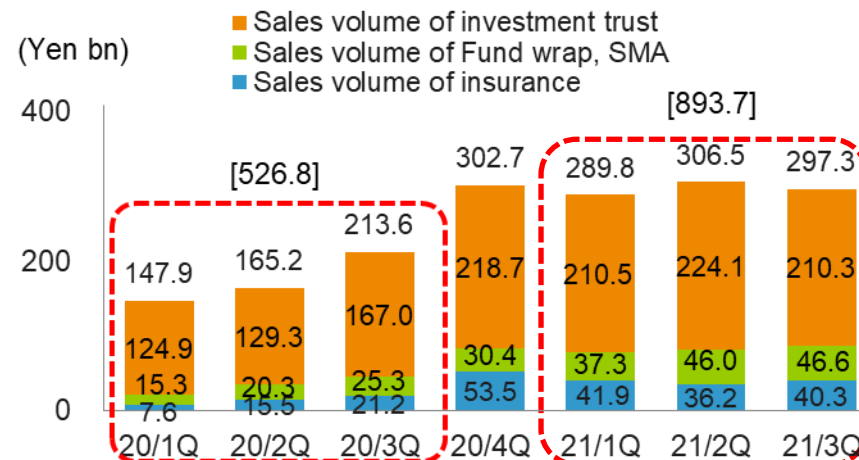
	(Yen bn)	FY20	FY21	Change	FY21 Plan
		1-3Q	1-3Q		
5 Sales volume total		526.8	893.7	366.8	995.0
6 Investment trust		421.3	645.1	223.7	735.0
7 Fund wrap, SMA		61.0	130.0	68.9	120.0
8 Insurance		44.4	118.5	74.1	140.0

	(Yen bn)	Mar. 21	Dec. 21	Change	Mar. 22 Plan
9 Balance total		6,896.4	7,232.3	335.8	7,100.0
10 Investment trust		3,533.0	3,861.6	328.5	3,750.0
11 Fund wrap, SMA		918.7	1,011.7	93.0	970.0
12 Insurance		2,444.6	2,358.9	(85.7)	2,380.0
13 Wrap Selection		1,843.2	1,882.7	39.5	1,870.0

Income from marketing (quarterly)



Sales volume (quarterly)



Fee business: Real estate

- Corporate client(SuMi TRUST Bank): Increased by ¥4.3bn YoY to ¥18.1bn due to steady transaction completion from deal pipeline
- Retail client (SuMi TRUST Realty): Increased by ¥4.0bn YoY to ¥16.2bn, maintaining good performance

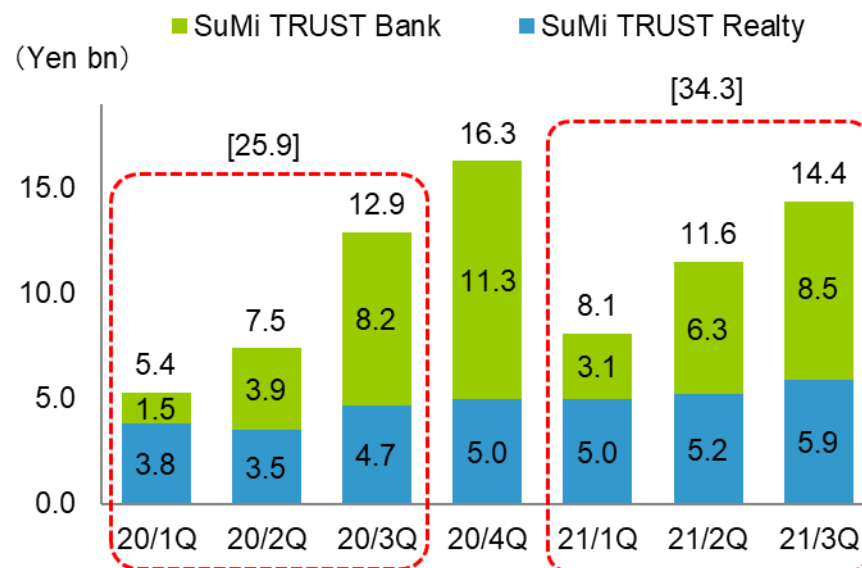
Income (group base)

(Yen bn)		FY20 1-3Q	FY21 1-3Q	Change	FY21 Plan
1	Real estate brokerage fees	25.9	34.3	8.3	46.0
2	SuMi TRUST Bank	13.7	18.1	4.3	27.0
3	SuMi TRUST Realty	12.1	16.2	4.0	19.0
4	Real estate trust fees, etc.	4.4	4.6	0.1	6.0
5	Net other real estate profit	0.9	1.0	0.0	2.0
6	SuMi TRUST Bank	-	-	-	-
7	Group companies	0.9	1.0	0.0	2.0
8	Total	31.3	39.9	8.5	54.0
9	SuMi TRUST Bank	18.2	22.7	4.5	33.0

Assets under management / administration

(Yen bn)		Mar. 21	Dec.21	Change
10	Securitized real estate	20,047.4	21,119.2	1,071.7
11	Assets under custody from J-REITs	16,785.3	17,160.8	375.5
12	Assets under management	613.1	607.9	(5.2)
13	Private placement funds	341.5	336.3	(5.2)
14	J-REITs	271.6	271.6	-

Real estate brokerage fees (quarterly)



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

- AUM increased by ¥5.7trn to ¥122.5trn from March 2021 mainly due to further growth of market value and cash inflow
- AUC increased for each asset category in both domestic and overseas from March 2021

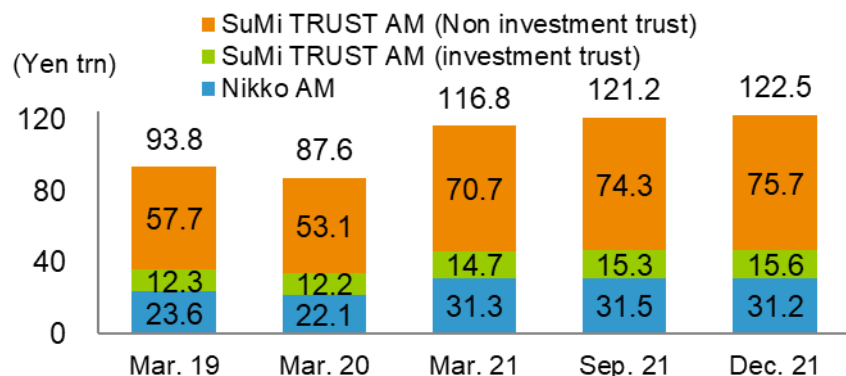
Assets under management (AUM)

(Yen trn)		Mar. 21	Dec. 21	Change
1	Assets under management (*1)	116.8	122.5	5.7
2	SuMi TRUST AM	85.5	91.3	5.8
3	Investment trust	14.7	15.6	0.8
4	Non investment trust (*2)	70.7	75.7	4.9
5	Corporate pension trust	14.6	15.0	0.4
6	Public pension trust	12.9	13.0	0.1
7	Discretionary investment	43.2	47.5	4.3
8	Nikko AM(*3)	31.3	31.2	(0.1)

(*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



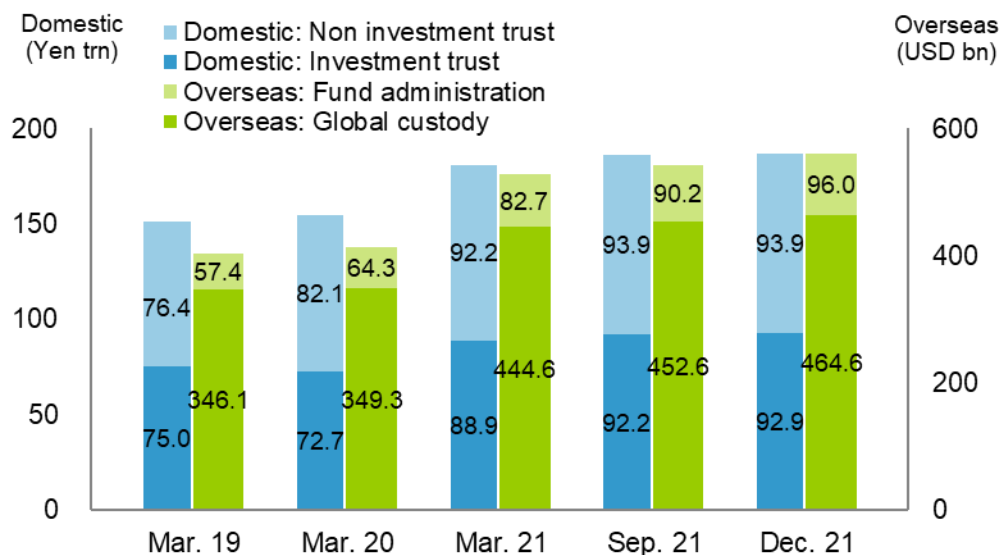
USD/JPY	110.95	108.69	110.65	111.91	114.98
TOPIX	1,591.64	1,403.04	1,954.00	2,030.16	1,992.33

Assets under custody/administration (AUC)

(Yen trn)		Mar. 21	Dec. 21	Change
[Domestic]				
9	Investment trust (*4)	88.9	92.9	3.9
10	Non investment trust (*4)	92.2	93.9	1.6
[Overseas] (USD bn)				
11	Global custody (*5)	444.6	464.6	20.0
12	Fund administration	82.7	96.0	13.2

(*4) Entrusted balance of SuMi TRUST Bank

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



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

- Individuals: New loan amount increased compared to 1-3QFY20 when marketing activities were restricted by COVID-19
- Corporate: (Yen) Decreased mainly due to repayment of short term loans
(Foreign currency) Decreased by more selective investment decisions from profitability point of view

New loan amount and balance for individuals

(Yen bn)		FY20	FY21	Change
		1-3Q	1-3Q	
1	New loan amount to individuals	826.2	944.9	118.7
2	Residential mortgage loans	756.2	878.0	121.7

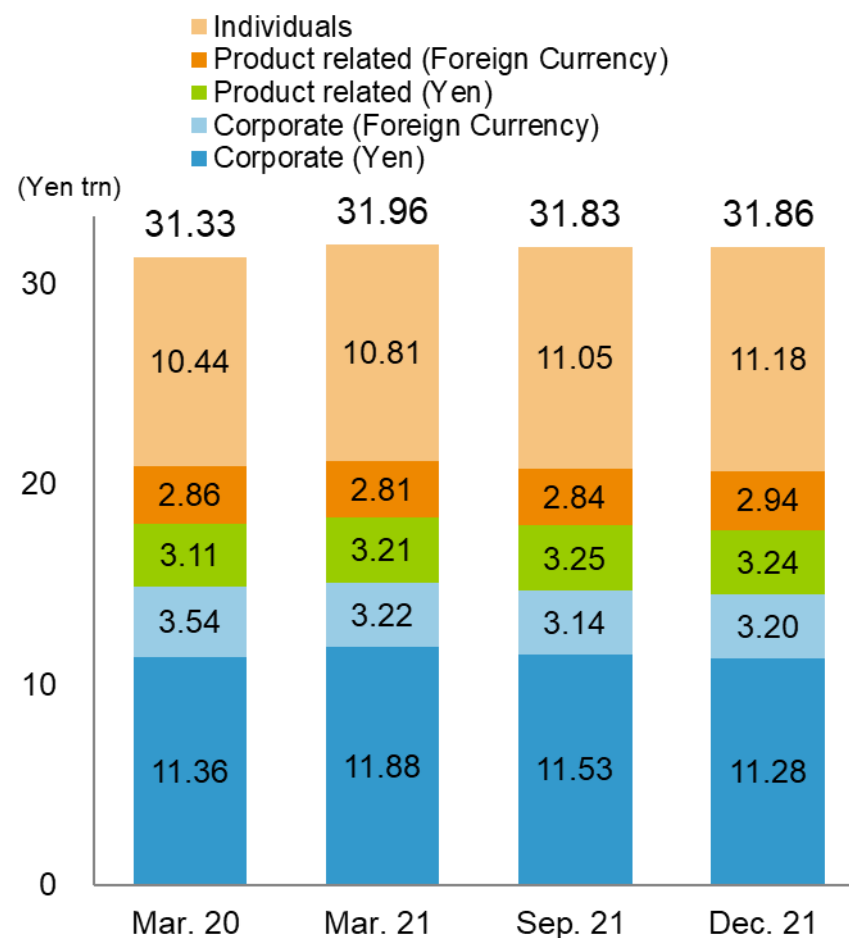
(Yen bn)		Mar. 21	Dec. 21	Change
3	Balance of loans to individuals	10,819.6	11,182.7	363.1
4	Residential mortgage loans	10,141.8	10,488.2	346.4

Balance of credit for corporates

(Yen bn)		Mar. 21	Dec. 21	Change (*)
5	Corporate (Yen)	11,885.4	11,281.6	(603.8)
6	Corporate (Foreign Currency)	3,225.4	3,203.7	(21.7)
7	Product related (Yen)	3,217.5	3,246.8	29.3
8	Product related (Foreign Currency)	2,812.7	2,948.1	135.3
9	Total balance of credit for corporates	21,141.1	20,680.3	(460.8)
10	Product related	6,030.2	6,194.9	164.7

(*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥114.0bn,
Product related (Foreign Currency) approx. ¥94.0bn

Credit portfolio balance



Capital

- Common Equity Tier 1 ratio:12.59%. Up 0.47 ppt from Mar. 2021 due to decrease in corporate credit. Pro-forma CET1 capital ratio on finalized Basel III:9.9% also up 0.5ppt
- Both leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

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

		Mar. 21	Dec. 21	Change
		(Yen bn)		
1	Total capital ratio	15.76%	16.27%	0.51%
2	Tier 1 capital ratio	13.51%	14.00%	0.49%
3	Common Equity Tier 1 capital ratio	12.12%	12.59%	0.47%
4	Total capital	3,190.9	3,248.7	57.8
5	Tier 1 capital	2,736.7	2,795.0	58.3
6	Common Equity Tier 1 capital	2,455.1	2,513.1	57.9
7	Instruments and reserves	2,666.6	2,760.8	94.2
8	Accumulated other comprehensive income (*1)	277.7	269.6	(8.0)
9	Regulatory adjustments	(211.5)	(247.7)	(36.2)
10	Additional Tier 1 capital	281.5	281.9	0.3
11	Tier 2 capital	454.2	453.7	(0.4)
12	Total risk-weighted assets	20,243.3	19,959.7	(283.6)
13	Credit risk	17,843.7	17,162.2	(681.4)
14	Market risk	1,427.2	1,848.5	421.2
15	Operational risk	972.3	948.9	△ 23.4

(*1) Valuation differences on Available-for-Sale Securities (Dec. 2021): ¥319.1bn

(*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 3QFY2021. "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: +¥57.9bn

- Net income: +¥141.8bn
- Unrealized gains/losses of AFS: ¥(10.2)bn
- Dividend: ¥(29.9)bn

[Risk-weighted assets]

(2) Credit risk: ¥(681.4)bn

- Decrease in corporate credit (corporate loans, commitment lines, etc.) : approx. ¥(450.0)bn
- Decrease in exposure to stock index futures, etc., in global market : approx. ¥(280.0)bn

<Major factors of change in finalized Basel III>

- Decrease in 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)>

		Dec. 21	Change from Mar. 21
		(Yen bn)	
16	Leverage ratio (*2)	5.62%	0.09%
17	Including current account with the Bank of Japan	4.22%	0.06%
18	Tier 1 capital	2,795.0	58.3
19	Total exposure (*2)	49,687.3	246.0
20	Including current account with the Bank of Japan	66,183.6	510.9
21	Liquidity coverage ratio (*3)	198.4%	44.7%
22	Total high-quality liquid assets	18,165.8	839.8
23	Net cash outflows	9,154.6	(2,117.7)