



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for FY2021

June 17, 2022  
“Capital” (Page17) was revised.

May 12, 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

## FY2021 Financial results

- ✓ “Earning power” steadily improved due to growth in fee related businesses typical of a trust bank group such as real estate and asset management
- ✓ Recorded the highest Net business profit since integration. Achieved the level expected in the final year of the Medium-Term Management Plan (FY2022) ahead of schedule even after excluding the effect of favorable market conditions
- ✓ Steady reduction of strategic shareholdings by more than ¥50.0bn against a two-year target of ¥100.0bn (at cost). Good progress in mitigation of earnings volatility risk reduce risk to annual profit due to increase in unrealized losses on hedging transactions
- ✓ Increased net income YoY, even after making sufficient provision for credit risk

## FY2022 Forecast

- ✓ Net business profit: ¥ 310.0bn  
(due to absence of favorable market conditions in FY2021, consideration of future uncertainty, and increase in investment for DX, human capital and other items)
- ✓ Net income: ¥ 190.0bn (target for the final year of the Medium-Term Management Plan)
- ✓ Dividend per common share: ¥200, increase by ¥30 YoY, equivalent to consolidated payout ratio of 39.5%, in accordance with our shareholder return policy

# Financial results for FY2021, Forecast for FY2022

- Net business profit increased significantly YoY (highest profit since integration). Robust client related fee business earnings was the main driver, and favorable market conditions also contributed as a tailwind.
- Net income increased by ¥26.8bn YoY. Progress in mitigation of earnings volatility risk from hedging transactions. Increase in credit risk provision
- FY22 forecast of Net income: ¥190.0bn (target for the final year of the Medium-Term Management Plan). Dividend per common share: ¥200 (increased by ¥30)

## <Major KPIs>

	(Yen bn)	FY20	Forecast	FY21	change from FY20	change from Forecast	FY22	change from FY21
		Actual		Actual			Plan	
1	Net business profit before credit costs	294.7	330.0	346.0	+ 51.3	+ 16.0	310.0	(36.0)
2	Substantial gross business profit	739.2	795.0	808.1	+ 68.8	+ 13.1	800.0	(8.1)
3	Substantial G&A Expenses	(444.5)	(465.0)	(462.0)	(17.5)	+ 3.0	(490.0)	(27.9)
4	Total credit costs	(7.8)	(20.0)	(41.5)	(33.7)	(21.5)	(20.0)	+ 21.5
5	Net gains on stocks	(43.5)	(30.0)	(38.3)	+ 5.1	(8.3)	0.0	+ 38.3
6	Other net non-recurring profit, Extraordinary profit	(43.3)	(35.0)	(38.1)	+ 5.1	(3.1)	(25.0)	+ 13.1
7	Net income	142.1	170.0	169.0	+ 26.8	(1.0)	190.0	+ 20.9
8	Fee income ratio	52.9%		54.0%	+1.1%			
9	Overhead ratio	60.1%	58.5%	57.1%	(3.0%)	(1.4%)	61.3%	4.2%
10	Return on equity	5.41%		6.25%	+0.84%			
11	Common Equity Tier 1 capital ratio	12.12%		12.31%	+0.19%	(*)		

(\*) Pro-forma figure of Mar. 2022 CET1 Capital Ratio on finalized Basel III reform basis is 9.9%.

## <Per share information>

	(Yen)	FY20	FY21	change from FY20	FY22	change from FY21
		Actual	Actual		Plan	
12	Earnings per share (EPS)	379	451	+71	507	+55
13	Dividend per share (DPS)	150	170	+20	200	+30

	(Yen)	Mar. 21	Mar. 22	change from Mar. 21
14	Net assets per share (BPS)	7,192	7,249	+57

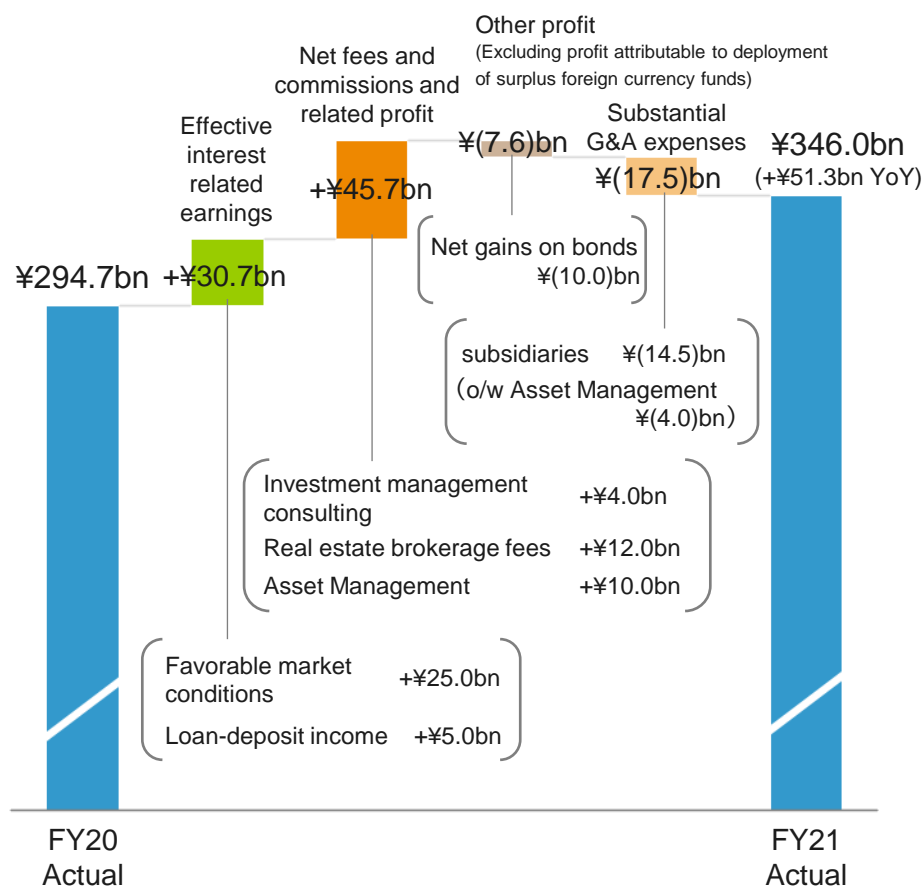
## <Shareholders' return>

	FY21	FY22	
	Actual	Plan	
15	Dividend payout ratio	37.7%	39.5%

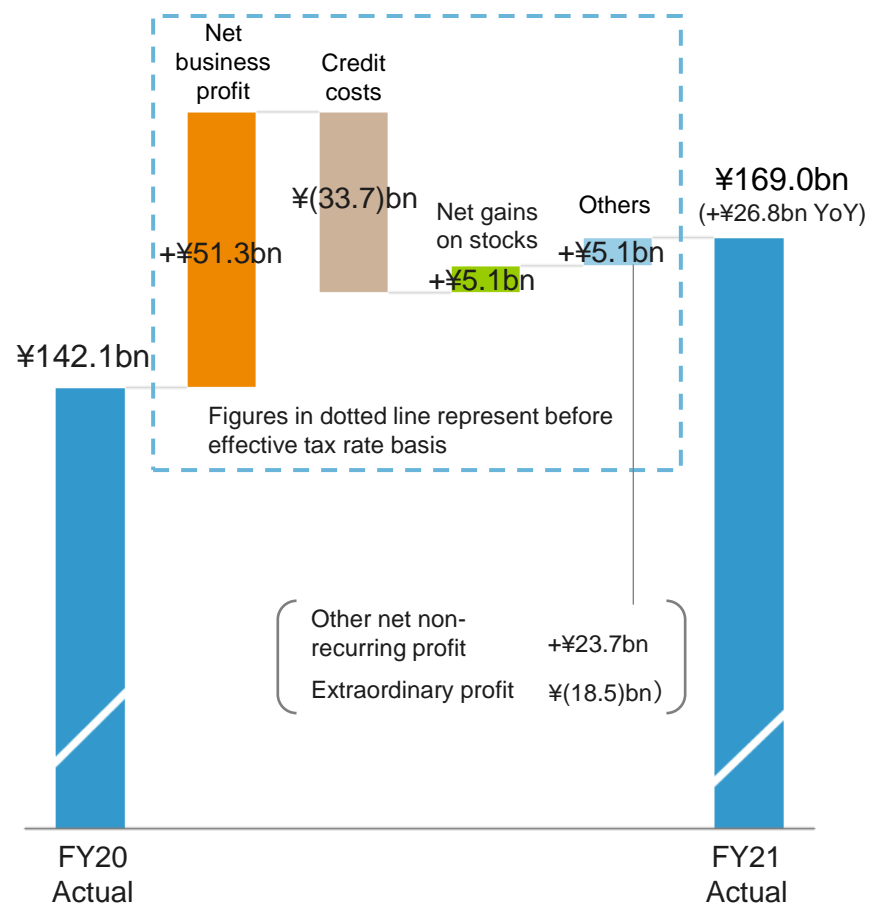
# Net business profit, net income increase/decrease from previous year

- Net business profit was boosted by approx. ¥25.0bn of the effect of favorable market conditions (investment partnership approx. +¥13.0bn, impact of foreign exchange approx. +¥6.0bn, etc)
- Net income increased mainly due to increase of net business profit even after considering increase of credit costs from deterioration in business conditions of our clients and additional special loan loss provision

## Net business profit



## Net income



# Overview of profits

	(Yen bn)	FY20	FY21	Change
1	Net business profit before credit costs (*1)	294.7	346.0	51.3
2	Substantial gross business profit (*1)	739.2	808.1	68.8
3	Effective interest related earnings (*2)	289.4	320.2	30.7
4	Net fees and commissions and related profit	391.1	436.9	45.7
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	58.6	51.0	(7.6)
6	Substantial G&A expenses (*1)	(444.5)	(462.0)	(17.5)
7	Total credit costs	(7.8)	(41.5)	(33.7)
8	Net gains on stocks	(43.5)	(38.3)	5.1
9	Other net non-recurring profit	(60.2)	(36.4)	23.7
10	Ordinary profit	183.1	229.7	46.5
11	Extraordinary profit	16.8	(1.7)	(18.5)
12	Income before income taxes	200.0	227.9	27.9
13	Total income taxes	(56.0)	(57.7)	(1.6)
14	Income attributable to non-controlling interests	(1.7)	(1.1)	0.5
15	Net income	142.1	169.0	26.8
16	Earnings per share (EPS) (Yen)	379	451	71
17	Number of shares issued (mn shares) (*3)	374.5	374.5	0.0

(Reference)

18	Net interest income and related profit	260.2	304.8	44.5
19	Other profit	87.8	66.3	(21.4)
20	Profit attributable to deployment of surplus foreign currency funds	29.1	15.3	(13.8)
21	Other	58.6	51.0	(7.6)

(\*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 +¥51.3bn. Achieved 105% of full year forecast
- Effective interest related earnings increased YoY by ¥30.7bn due to the effect of favorable market conditions (investment partnership+¥13.0bn, etc.) and improvement of domestic/ international loan-deposit income
- Net fees and commissions and related profit increased YoY by ¥45.7bn. Real estate brokerage business and investment management consulting maintained strong performance through FY21. Asset management business performed well due to favorable market conditions
- Overall G&A expenses increased in proportion with conjunction with substantial gross business profit increases

## Total credit costs

- Occurrence of credit cost events due to deterioration in business conditions of our clients. Release of special loan loss provision of approx.¥15.0bn, but total credit cost of (¥41.5bn) was recognized due to additional special loan loss provision of approx.¥17.5bn to for future uncertainty in FY22

## Net gains on stocks

- Steady progress in strategic shareholdings reduction(at cost: ¥53.8bn)
- Posted ¥126.7bn of realized loss from accelerated sale of hedging positions, while realizing ¥87.2bn gain from divestment of shareholdings. Posted ¥38.3bn losses in total

## Other net non-recurring profit

- Increased YoY, mainly due to improvement of net losses on stocks related derivatives by ¥8.6bn and amortization of actuarial net differences by ¥10.9bn

## Extraordinary profit

- Decrease one-time profit in FY20, accumulated retirement benefit obligations (approx. ¥37.0bn) and impairment losses on software (approx. ¥20.0bn)

## Net income

- YoY increase of +¥26.8bn.
- Mostly achieved ¥170.0bn of full year forecast

# Overview of balance sheet

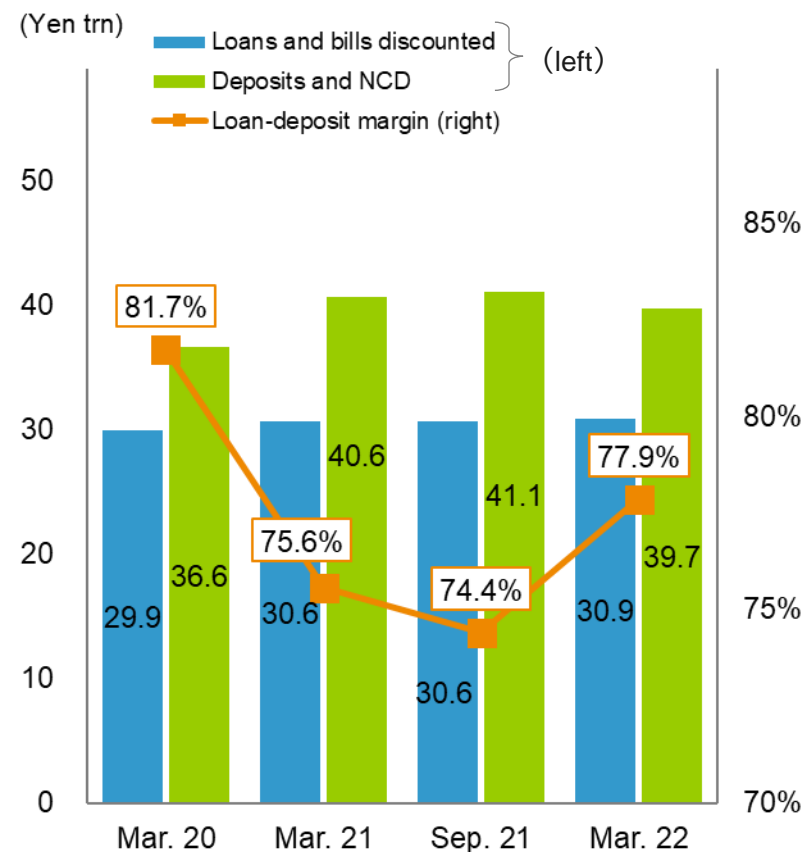
	(Yen bn)	Mar. 21	Mar. 22	Change
1 Assets (*1)		63,368.5	64,633.2	1,264.6
2 Cash and due from banks		18,488.7	18,223.3	(265.3)
3 Securities		6,983.4	7,879.2	895.7
4 Loans and bills discounted		30,506.9	30,876.5	369.5
5 Other assets (*1)		7,389.3	7,654.1	264.7
6 Liabilities (*1)		60,646.0	61,887.9	1,241.9
7 Deposits and NCD		40,628.2	39,818.1	(810.1)
8 Borrowed money from trust account		4,915.2	4,298.8	(616.3)
9 Other liabilities (*1)		15,102.5	17,770.9	2,668.4
10 Total net assets		2,722.5	2,745.2	22.7
11 Total shareholders' equity		2,416.0	2,517.5	101.5
12 Total accumulated OCI		277.7	198.0	(79.7)
13 Minority interests, etc.		28.7	29.7	0.9
14 Net assets per share (BPS) (Yen)		7,192	7,249	57
15 Number of shares issued (mn shares) (*2)		374.5	374.5	0.0
(Reference)				
16 Loan-deposit ratio (SuMi TRUST Bank)		75.6%	77.9%	2.3%
17 NPL ratio (SuMi TRUST Bank)		0.4%	0.6%	0.2%

(\*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

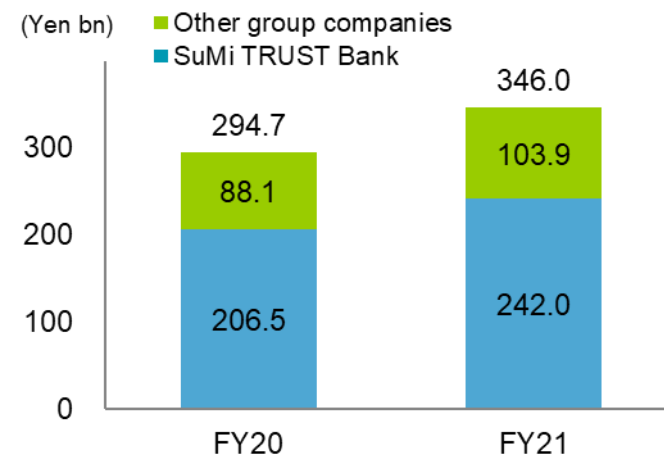
		(Yen bn)		
		FY20	FY21	Change
1	Net business profit before credit costs (*1)	294.7	346.0	51.3
2	SuMi TRUST Bank (*2)	206.5	242.0	35.5
3	SuMi TRUST AM	10.2	9.4	(0.7)
4	Nikko AM (*3)	19.3	30.7	11.4
5	SuMi TRUST Realty	3.6	6.8	3.2
6	SuMi TRUST Panasonic Finance (*3)	10.5	9.5	(0.9)
7	SuMi TRUST Loan & Finance	11.1	10.7	(0.4)
8	SBI Sumishin Net Bank (*3)	10.5	11.5	0.9
9	SuMi TRUST Guarantee (*3)	11.4	11.6	0.1
10	SuMi TRUST Club	1.8	1.5	(0.2)
11	Effect of purchase accounting method	0.3	-	(0.3)
12	Net income (*1)	142.1	169.0	26.8
13	SuMi TRUST Bank	95.9	113.3	17.4
14	SuMi TRUST AM	6.9	6.4	(0.5)
15	Nikko AM (*3)	12.3	18.5	6.2
16	SuMi TRUST Realty	2.3	4.7	2.4
17	SuMi TRUST Panasonic Finance (*3)	4.7	6.2	1.5
18	SuMi TRUST Loan & Finance	7.6	7.4	(0.2)
19	SBI Sumishin Net Bank (*3)	6.9	8.5	1.5
20	SuMi TRUST Guarantee (*3)	7.8	8.0	0.1
21	SuMi TRUST Club	0.8	1.5	0.7
22	Effect of purchase accounting method	1.0	(1.5)	(2.6)

(\*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.

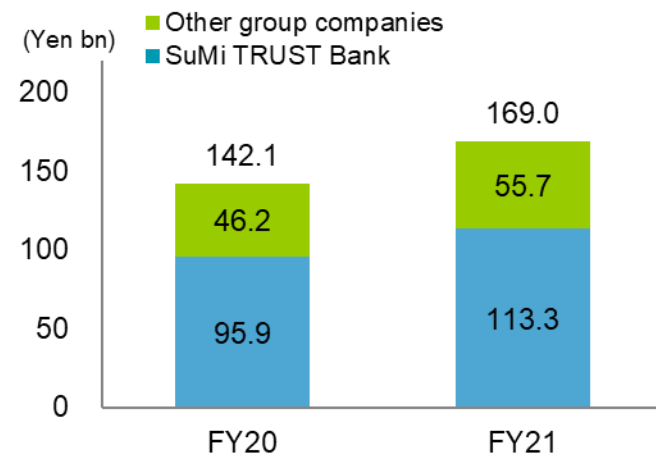
(\*2) Including dividend from group companies (FY20:¥8.5bn, FY21 ¥14.1bn, YoY change: ¥5.6bn)

(\*3) Consolidated basis

## Breakdown of Net business profit before credit cost



## Breakdown of Net income





# Profit by business segment

		FY20 Net business profit before credit costs	Substantial gross business profit		Substantial G&A expenses	FY21 Net business profit before credit costs	
			Change	Change		Change	
(Yen bn)							
1	Total	294.7	808.1	68.8	(462.0)	346.0	51.3
2	Retail total solution services	15.5	190.8	13.2	(158.6)	32.2	16.6
3	SuMi TRUST Bank	(1.2)	131.3	8.5	(117.6)	13.7	14.9
4	Other group companies	16.7	59.5	4.6	(41.0)	18.5	1.7
5	Wholesale financial services (*1)	132.1	212.5	4.7	(77.6)	134.9	2.8
6	SuMi TRUST Bank	102.3	150.0	1.1	(47.1)	102.8	0.4
7	Other group companies	29.7	62.5	3.6	(30.4)	32.1	2.3
8	Stock transfer agency services	20.8	40.8	0.5	(19.8)	21.0	0.1
9	SuMi TRUST Bank	19.7	23.8	0.2	(4.0)	19.7	0.0
10	Other group companies	1.1	17.0	0.2	(15.7)	1.2	0.1
11	Real estate	25.5	62.7	12.9	(25.8)	36.9	11.3
12	SuMi TRUST Bank	21.3	39.2	8.0	(9.9)	29.3	7.9
13	Other group companies	4.2	23.5	4.8	(15.9)	7.5	3.3
14	Fiduciary services (excl. Asset Mgt. business)	34.7	96.5	7.7	(54.2)	42.2	7.5
15	SuMi TRUST Bank	30.9	59.8	4.9	(23.7)	36.0	5.1
16	Other group companies	3.8	36.7	2.7	(30.5)	6.1	2.3
17	Asset management business (*2)	29.8	101.9	15.0	(61.4)	40.5	10.7
18	Global markets (*3)	54.4	52.3	(17.4)	(15.7)	36.5	(17.8)

(\*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" (FY20: ¥0.8bn, FY21: ¥1.8bn, YoY change: ¥1.0bn) and net gains/losses on stock related derivatives which is posted as "other non-recurring profit" (FY20: ¥(6.1)bn, FY21: ¥(4.4)bn, YoY change: ¥1.7bn)

# Overview of profit (SuMi TRUST Bank)

(Yen bn)		FY20	FY21	Change
1	Net business profit before credit costs	206.5	242.0	35.5
2	Gross business profit	451.9	490.6	38.6
3	Effective interest related earnings	259.1	290.5	31.4
4	Net interest income and related profit	229.9	275.2	45.3
5	Profit attributable to deployment of surplus foreign currency funds	29.1	15.3	(13.8)
6	Net fees and commissions and related profit	163.9	180.8	16.8
7	Net trading profit	16.7	20.3	3.5
8	Net trading profit	(33.2)	13.4	46.6
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	49.9	6.8	(43.1)
10	Net gains on bonds	(7.8)	(17.8)	(9.9)
11	Net gains from derivatives	22.4	19.0	(3.3)
12	General and administrative expenses	(245.4)	(248.5)	(3.1)
13	Total credit costs	(6.3)	(42.4)	(36.1)
14	Other non-recurring profit	(86.2)	(48.8)	37.3
15	o/w Net gains on stocks	(44.2)	(37.3)	6.8
16	Amortization of net actuarial losses	(12.1)	(1.1)	10.9
17	Ordinary profit	114.0	150.8	36.8
18	Extraordinary profit	15.6	(1.6)	(17.3)
19	Income before income taxes	129.6	149.1	19.4
20	Total income taxes	(33.7)	(35.7)	(2.0)
21	Net income	95.9	113.3	17.4

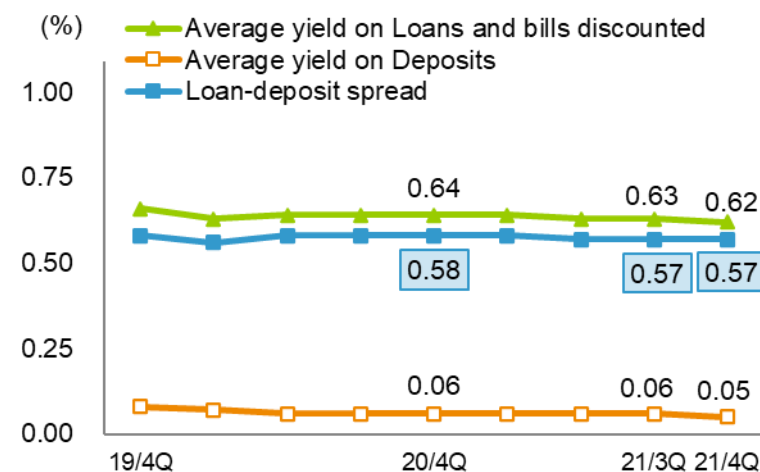
	FY20	FY21	Change	
22	Gross business profit	451.9	490.6	38.6
23	Net interest income and related profit	229.9	275.2	45.3
24	Net fees and commissions and related profit	163.9	180.8	16.8
25	Net trading profit	(33.2)	13.4	46.6
26	Net other operating profit (*)	91.3	21.1	(70.1)
27	o/w Net gains on foreign exchange transactions	79.1	22.2	(56.9)
28	Profit attributable to deployment of surplus foreign currency funds	29.1	15.3	(13.8)
29	other	49.9	6.8	(43.1)
30	Net gains on bonds	(7.8)	(17.8)	(9.9)
31	Net gains from derivatives	22.4	19.0	(3.3)
32	Net fees and commissions and related profit	163.9	180.8	16.8
33	o/w Investment management consulting	36.4	40.4	4.0
34	Asset management/administration	54.8	59.8	4.9
35	Real estate brokerage	25.0	32.9	7.8
36	Stock transfer agency services	23.5	23.8	0.2
37	Inheritance related services	3.9	4.2	0.3
38	Wholesale credit related	34.1	32.8	(1.2)
39	Net gains on bonds	(7.8)	(17.8)	(9.9)
40	Domestic bonds	(1.3)	(0.2)	1.1
41	Foreign bonds	(6.5)	(17.6)	(11.0)

(\*) Other profit within net business profit before credit costs in FY20 and FY21 is ¥(2.3)bn and ¥(2.3)bn, respectively.

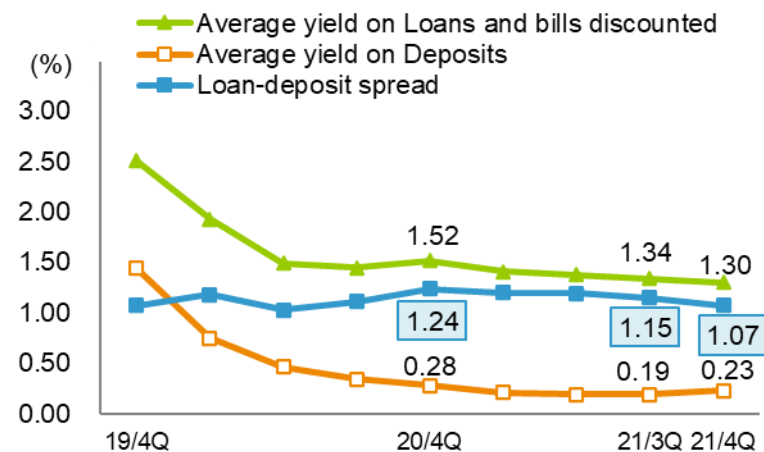
# Net interest income (SuMi TRUST Bank)

	FY21					
	Average Balance	Change from FY20	Average Yield	Change from FY20	Income/Expenses	Change from FY20
1 Net interest income					256.0	43.9
2 Domestic business			0.34%	(0.02%)	158.5	3.9
3 Interest-earning assets	45.88	2.64	0.46%	(0.02%)	214.9	6.5
4 o/w Loans and bills discounted	24.60	0.24	0.63%	(0.01%)	156.8	(0.0)
5 Securities	4.47	0.32	1.15%	0.06%	51.6	6.1
6 Interest-bearing liabilities	45.20	2.39	0.12%	0.00%	(56.3)	(2.6)
7 o/w Deposits	27.38	0.32	0.06%	(0.00%)	(16.6)	1.5
8 Borrowings from trust a/c	4.09	0.38	0.46%	(0.01%)	(19.0)	(1.3)
9 Swaps	---	---	---	---	(4.0)	(3.3)
10 International business			0.64%	0.21%	97.5	39.9
11 Interest-earning assets	15.32	1.77	0.96%	(0.07%)	148.4	8.8
12 o/w Loans and bills discounted	6.20	0.01	1.35%	(0.17%)	84.3	(10.1)
13 Due from banks	2.06	0.11	0.25%	0.06%	5.1	1.3
14 Securities	2.60	0.29	2.09%	0.46%	54.4	16.6
15 Interest-bearing liabilities	15.52	1.92	0.32%	(0.28%)	(50.9)	31.0
16 o/w Deposits	5.72	(0.11)	0.21%	(0.22%)	(12.1)	13.3
17 NCD / USCP	6.83	1.57	0.13%	(0.23%)	(9.3)	9.7
18 Repo	1.61	0.07	0.10%	(0.13%)	(1.6)	1.9
19 Expenses on swaps	---	---	---	---	(18.4)	8.4
20 (+) Trust fees from principal guaranteed trust a/c					19.1	1.4
21 (+) Profit attributable to deployment of surplus foreign currency funds					15.3	(13.8)
22 Effective interest related earnings					290.5	31.4
23 Loan-deposit spread / income in domestic business			0.57%	(0.01%)	140.2	1.5
24 Loan-deposit spread / income in international business			1.14%	0.05%	72.1	3.2

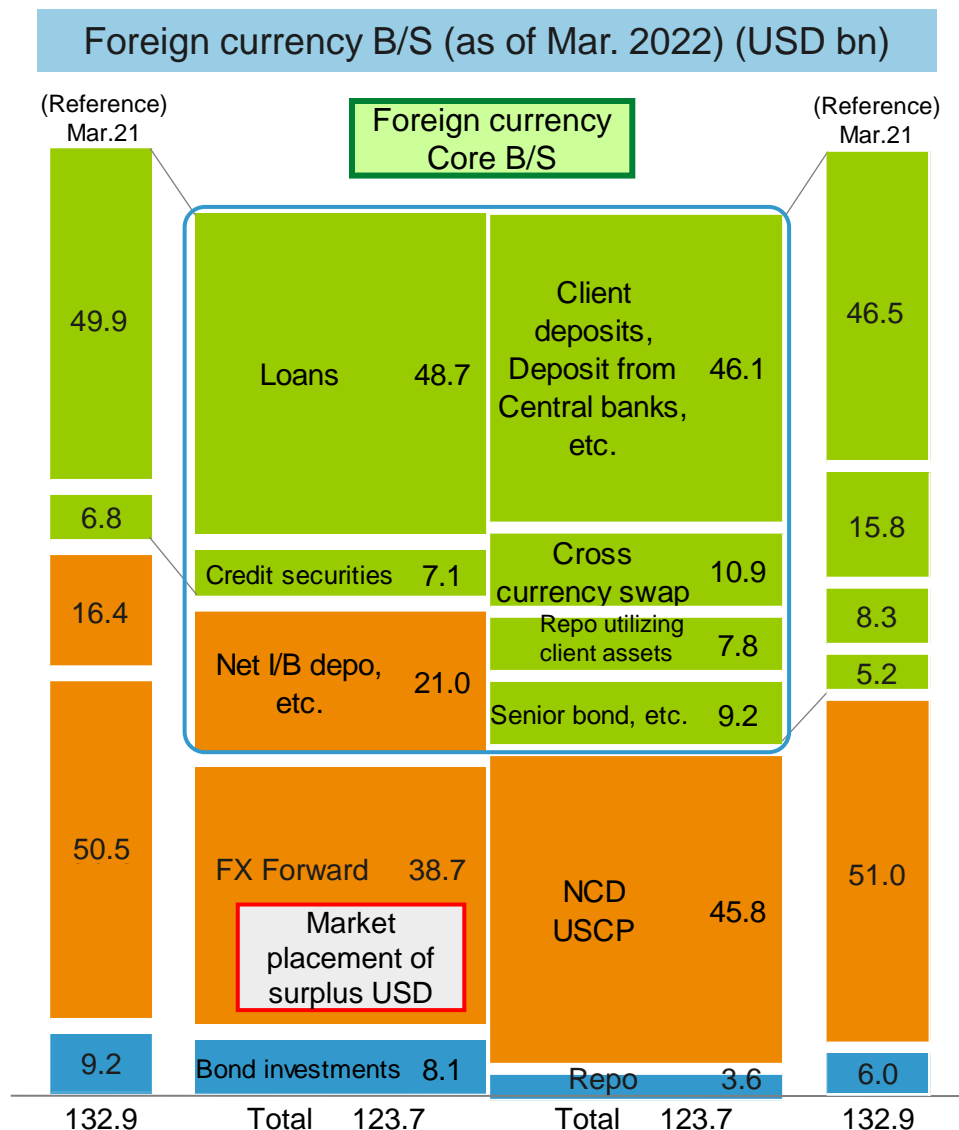
## Domestic loan-deposit spread (quarterly)



## International loan-deposit spread (quarterly)



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



## Foreign currency ALM management

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

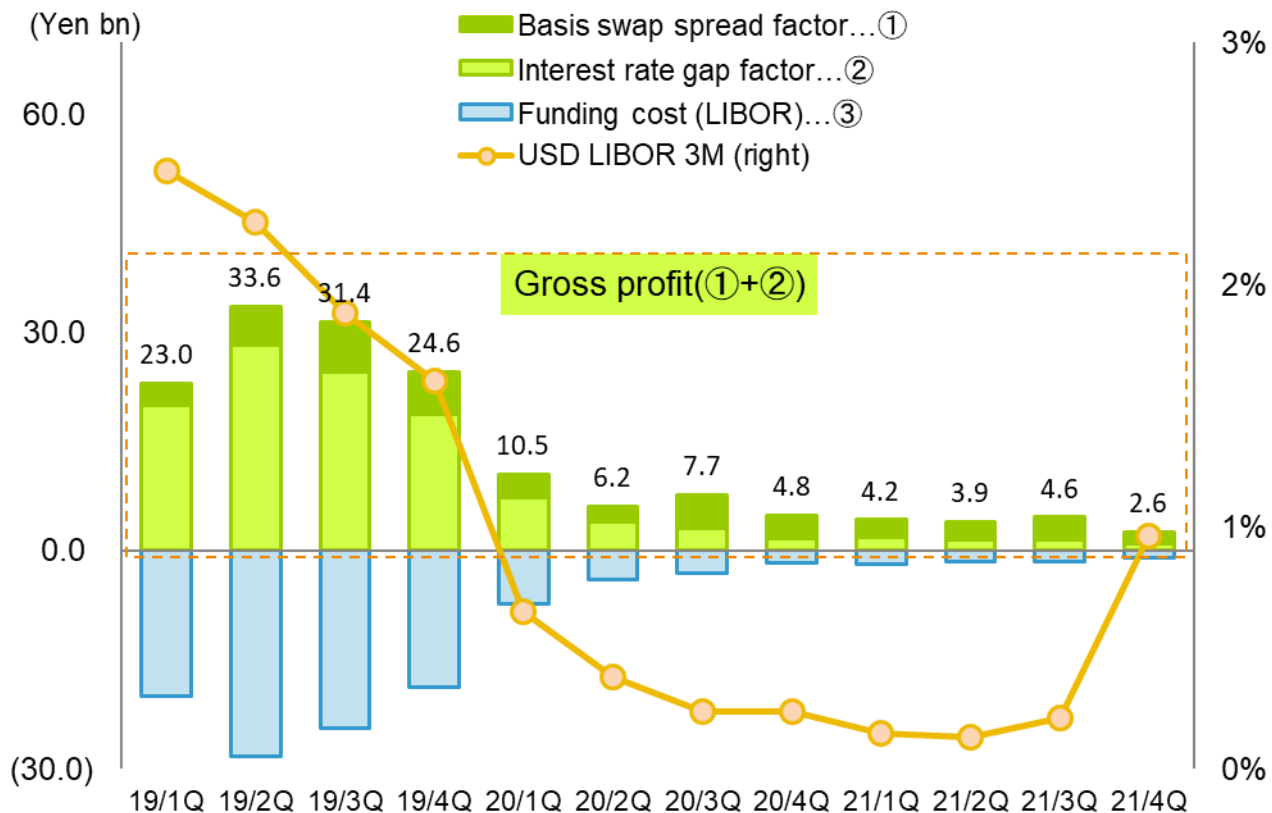
## Basis swap spread (\*) (USD/JPY)



(\*) basis swap spread with SOFR and TONA as the indexes

# 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	<b>&lt;Basis swap spread factor&gt;</b> Stable demand observed even even though it depends on market fluctuations
	<b>&lt;Interest gap factor&gt;</b> Gap between USD and JPY interest rates is nearly the same level as USD LIBOR under zero interest environment of JPY

## [Funding] Mainly NCD/USCP

Net interest income and related profit	<b>&lt;Funding cost&gt;</b> 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 (FY21)	
(Yen bn)	1H		2H	FY21		
1	SuMi TRUST Bank	(6.3)	6.0	(48.5)	(42.4)	Occurrence of credit cost events due to deterioration in business conditions of our clients. Release of special loan loss provision of approx.¥14.0bn Additional special loan loss provision of approx.¥16.5bn for future uncertainty Release special loan loss provision of approx.¥15.0bn As of March 2022, special loan loss provision of approx.¥21.0bn
2	General allowance for loan losses	4.7	6.2	7.2	13.4	
3	Specific allowance for loan losses	(7.8)	1.5	(54.5)	(53.0)	
4	Recoveries of written-off claims	0.3	0.6	0.3	1.0	
5	Losses on sales of claims, written-off	(3.5)	(2.3)	(1.5)	(3.8)	
6	Other group companies, etc.	(1.5)	(0.9)	1.8	0.8	SuMi TRUST Panasonic Finance +¥0.7bn
7	Total	(7.8)	5.1	(46.6)	(41.5)	

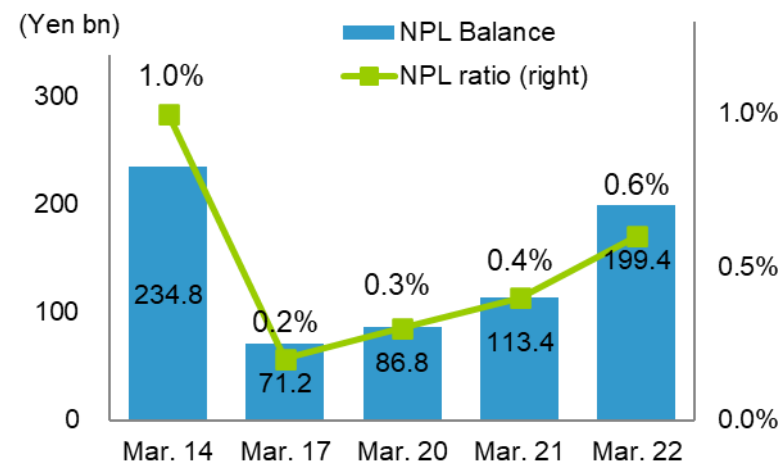
## [NPL (SuMi TRUST Bank)]

(Yen bn)		Mar. 22	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 21
8	NPL	199.4	66.3%	52.7%	86.0
9	NPL ratio (ratio to Total loan balance)	0.6%	---	---	0.2%
10	Bankrupt and practically bankrupt	16.7	100.0%	100.0%	(4.8)
11	Doubtful	117.8	77.6%	71.7%	73.3
12	Substandard	64.9	37.0%	10.3%	17.5
13	Other special mention debtors	310.0	---	---	(194.0)
14	Ordinary assets	30,931.8	---	---	361.5
15	Total loan balance	31,441.2	---	---	253.5

(\*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	
	Mar. 22	Change from Mar. 21	Mar. 22	Change from Mar. 21
1 Available-for-sale securities	6,847.6	927.1	401.7	(65.4)
2 Japanese stocks	548.9	(56.2)	660.4	(155.7)
3 Japanese bonds	3,484.9	1,143.2	(13.4)	(14.1)
4 Others	2,813.7	(159.8)	(245.2)	104.4
5 Held-to-maturity debt securities	237.9	(90.2)	13.1	(3.2)

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

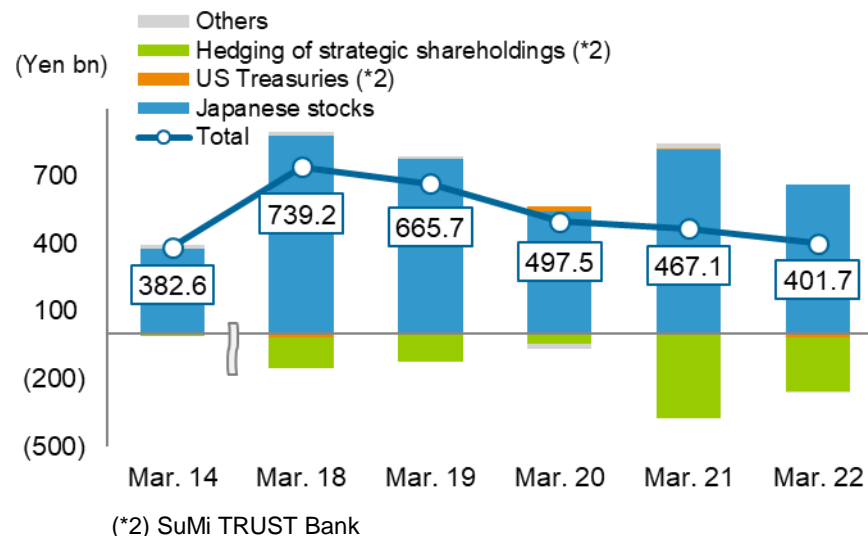
6 Available-for-sale securities	6,692.3	960.9	416.5	(69.7)
7 Japanese stocks	522.4	(53.1)	684.4	(158.8)
8 Japanese bonds	3,484.9	1,143.2	(13.4)	(14.1)
9 o/w Government bonds	2,736.6	1,092.3	(14.6)	(12.8)
10 Others	2,684.9	(129.0)	(254.4)	103.2
11 Domestic investment	88.6	17.4	2.1	(0.3)
12 International investment	1,554.9	78.7	(18.8)	(27.6)
13 o/w US Treasury	522.2	(140.0)	(15.6)	(22.3)
14 Others (Investment trust, etc.)	1,041.3	(225.2)	(237.7)	131.1
15 o/w for hedging of strategic shareholdings (*1)	839.9	(335.0)	(241.7)	132.0

(\*1) Of which hedging effect under capital regulation is recognized: Costs ¥721.5bn, Unrealized gains/losses ¥(200.4)bn

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

16 Held-to-maturity debt securities	237.9	(90.2)	13.1	(3.2)
17 o/w Government bonds	117.5	(0.3)	13.1	(2.5)
18 International investment	59.9	(74.4)	(0.4)	(0.5)

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



## Securities portfolio of Global markets (\*3)

(Yen bn)	10BPV (*4)		Duration (years) (*4)	
	Mar. 22	Change from Mar. 21	Mar. 22	Change from Mar. 21
19 JPY	7.1	0.9	2.3	(0.8)
20 Others (*5)	1.6	(1.6)	2.9	(1.4)

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

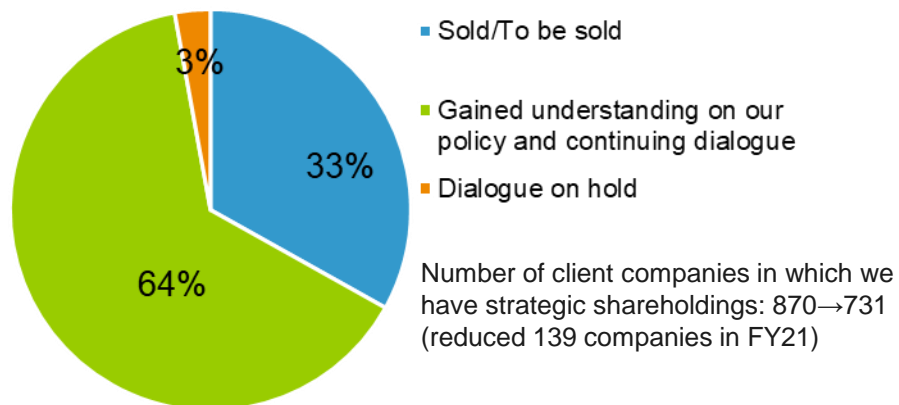
(\*4) In the calculation of 10BPV and duration, investment balance hedged by derivatives transactions, etc. were excluded

(\*5) total of securities denominated in USD, EUR and GBP

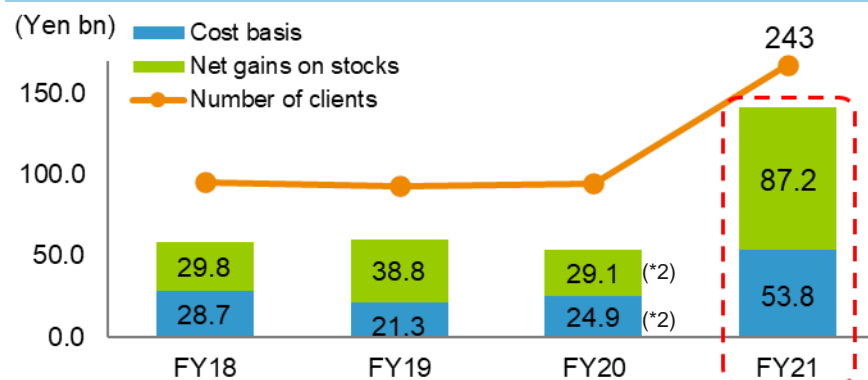
# Reduction of strategic shareholdings

- Steady progress in dialogue with clients, based on our new policy regarding reduction of strategic shareholdings
- Reduced ¥53.8bn(at cost) in FY21. Amount sold/ to be sold reached 70% of the two-year target

## Dialogue with clients

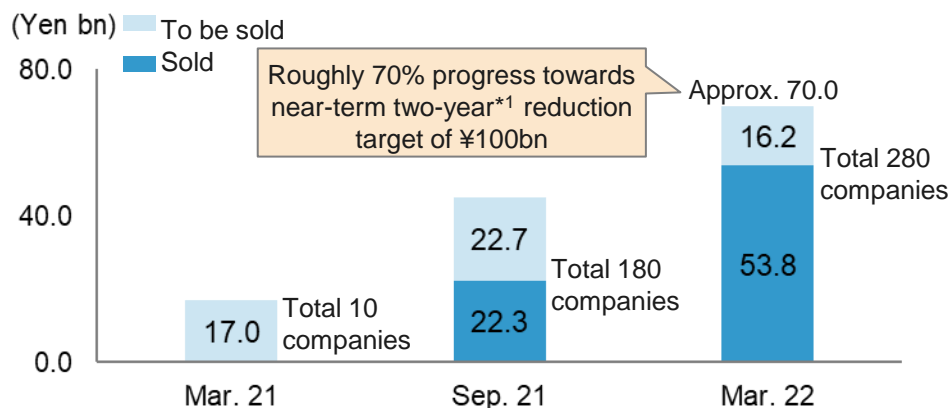


## Reduction (consolidated basis)



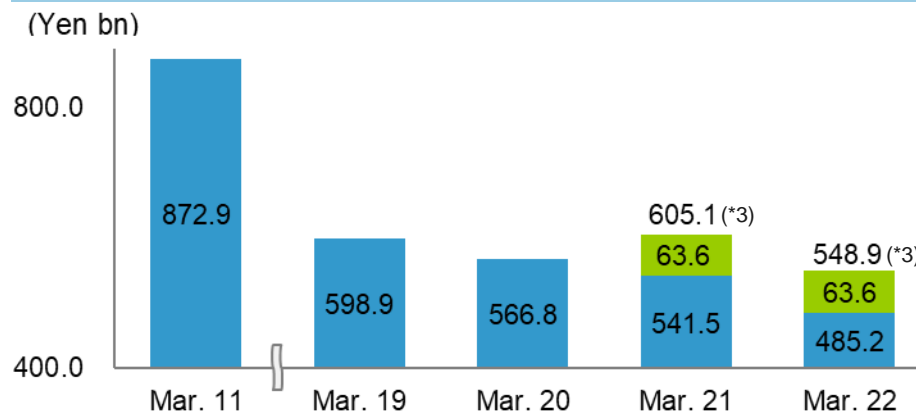
(\*2) Excluding sold and repurchased shares in FY20/4Q

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



(\*1) From April 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



# Capital

- Common Equity Tier 1 ratio:12.31%. Up 0.19 ppt from Mar. 2021 due to decrease in exposure to stock index futures, etc., in global market. 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	Mar. 22	Change
		(Yen bn)		
1	Total capital ratio	15.76%	15.61%	(0.15%)
2	Tier 1 capital ratio	13.51%	13.71%	0.20%
3	Common Equity Tier 1 capital ratio	12.12%	12.31%	0.19%
4	Total capital	3,190.9	3,144.4	(46.5)
5	Tier 1 capital	2,736.7	2,761.5	24.8
6	Common Equity Tier 1 capital	2,455.1	2,480.1	25.0
7	Instruments and reserves	2,666.6	2,682.8	16.1
8	Accumulated other comprehensive income (*1)	277.7	198.0	(79.7)
9	Regulatory adjustments	(211.5)	(202.6)	8.8
10	Additional Tier 1 capital	281.5	281.3	(0.2)
11	Tier 2 capital	454.2	382.9	(71.3)
12	Total risk-weighted assets	20,243.3	20,135.3	(108.0)
13	Credit risk	17,843.7	17,921.0	77.3
14	Market risk	1,427.2	1,268.5	(158.7)
15	Operational risk	972.3	945.7	(26.6)

(\*1) Valuation differences on Available-for-Sale Securities (Mar. 2022): ¥277.6bn  
(Change from Mar. 2021: ¥(51.8)bn)

(\*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 4QFY2021. "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: +¥25.0bn

- Net income: +¥169.0bn
- Unrealized gains/losses of AFS: ¥(51.8)bn
- Dividend: ¥(63.7)bn
- Intangible assets (goodwill, software): ¥(32.6)bn

### [Risk-weighted assets]

(2) Credit risk: +¥77.3bn

- Decrease in exposure to stock index futures, etc., in global market : approx. ¥(350.0)bn
- Increase in foreign currency credit (equivalent yen) due to depreciation of JPY : approx. +¥210.0bn

### <Major factors of change in finalized Basel III>

- Reflection of clarified rule for capital floor (contributed 0.15ppt up for CET1 ratio)
- Decrease in risk-weighted assets of strategic shareholdings (divestment, declining of market value) (contributed 0.15ppt up for CET1 ratio)

### <Other ratios required in prudential regulations (consolidated)>

		Mar. 22	Change from Mar. 21
		(Yen bn)	
16	Leverage ratio (*2)	5.32%	(0.21%)
17	Including current account with the Bank of Japan	4.12%	(0.04%)
18	Tier 1 capital	2,761.5	24.8
19	Total exposure (*2)	51,876.9	2,435.6
20	Including current account with the Bank of Japan	66,961.2	1,288.4
21	Liquidity coverage ratio (*3)	160.8%	7.1%
22	Total high-quality liquid assets	17,729.2	403.2
23	Net cash outflows	11,018.7	(253.6)

# Forecast for FY2022

- Net business profit: ¥ 310.0bn decreased by (¥36.0bn) YoY due to absence of favorable market conditions in FY2021 and consideration of future uncertainty
- Net income: ¥190.0bn increased by ¥20.9bn YoY. Aim to achieve target of the Medium- Term Management Plan
- Dividend per common share : ¥200 increased by ¥30 YoY, equivalent to consolidated payout ratio of 39.5% in accordance with our shareholder return policy

		(Yen bn)	FY21 Actual	1H Forecast	2H Forecast	FY22 Forecast	Change from FY21	
1	Net business profit before credit costs		346.0	145.0	165.0	310.0	(36.0)	(1)
2	SuMi TRUST Bank		242.0	105.0	115.0	220.0	(22.0)	
3	Substantial gross business profit		808.1	385.0	415.0	800.0	(8.1)	
4	SuMi TRUST Bank		490.6	230.0	245.0	475.0	(15.6)	
5	Other group companies		317.5	155.0	170.0	325.0	7.4	
6	Substantial G&A Expenses		(462.0)	(240.0)	(250.0)	(490.0)	(27.9)	
7	SuMi TRUST Bank		(248.5)	(125.0)	(130.0)	(255.0)	(6.4)	
8	Other group companies		(213.5)	(115.0)	(120.0)	(235.0)	(21.4)	
9	Total credit costs		(41.5)	(10.0)	(10.0)	(20.0)	21.5	(2)
10	Net gains on stocks		(38.3)	0.0	0.0	0.0	38.3	(3)
11	Other non-recurring profit		(36.4)	(12.0)	(13.0)	(25.0)	11.4	
12	Ordinary profit		229.7	123.0	142.0	265.0	35.2	
13	SuMi TRUST Bank		150.8	92.5	102.5	195.0	44.1	
14	Net income		169.0	90.0	100.0	190.0	20.9	
15	SuMi TRUST Bank		113.3	70.0	75.0	145.0	31.6	
16	Dividend per common share (Yen)		170	100	100	200	+30	
17	Consolidated dividend payout ratio		37.7%	---	---	39.5%	(1.8%)	

## (\*) 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: ¥(36.0)bn YoY

- Substantial gross business profit is expected to decrease mainly due to absence of favorable market conditions. (excluding this factor, substantial profit increase)
- Substantial G&A Expenses is expected to increase in proportion with conjunction with substantial gross business profit increases and investment for DX, human capital and other items

### (2) Total credit costs: forecast ¥(20.0)bn

- Substantial balance of allowance for losses is ¥(41.0)bn including special loan loss provision ¥(21.0)bn as of Mar.22

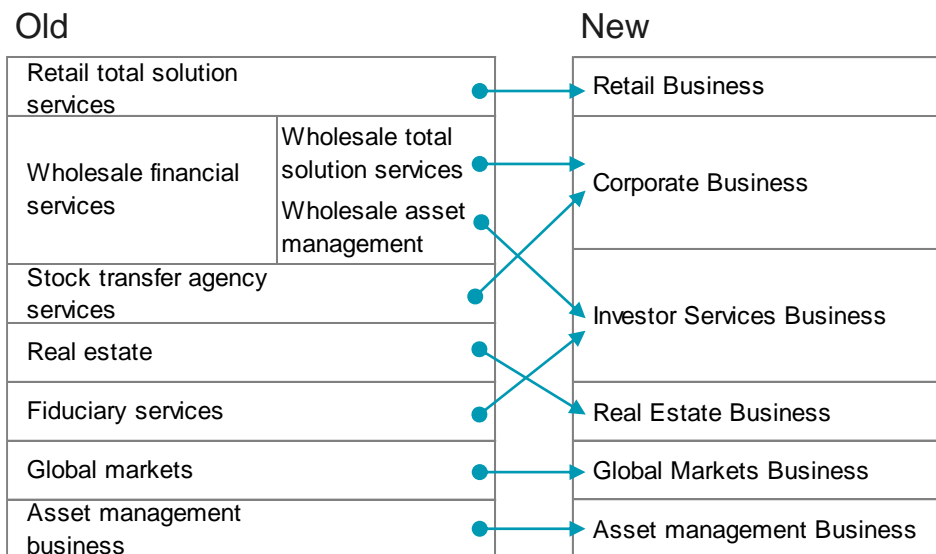
### (3) Net gains on stocks: forecast ¥0.0bn

- Expected gains from divestment of strategic shareholdings is fully offset by recognition of unrealized losses on hedging transactions

# Forecast for FY2022 (by business segment)

## Reorganization of the businesses

- ✓ Implementation on April 1, 2022
- ✓ SuMi TRUST Bank will newly establish Retail Business, Corporate Business and Investor Services Business to develop a value creation process that meets the needs of each economic entity, responding to various changes in the domestic and global environment surrounding us.



## Net business profit before credit cost

		(Yen bn)		
		FY21 Actual	FY22 Forecast	Change
1	Total	346.0	310.0	(36.0)
2	Retail Business	32.2	34.0	1.7
3	SuMi TRUST Bank	13.7	16.0	2.2
4	Other group companies	18.5	18.0	(0.5)
5	Wholesale Business	126.4	126.0	(0.4)
6	SuMi TRUST Bank	98.2	101.0	2.7
7	Other group companies	28.2	25.0	(3.2)
8	Investor Services Business	71.6	51.0	(20.6)
9	SuMi TRUST Bank	60.3	43.0	(17.3)
10	Other group companies	11.2	8.0	(3.2)
11	Real Estate Business	36.9	35.0	(1.9)
12	SuMi TRUST Bank	29.3	29.0	(0.3)
13	Other group companies	7.5	6.0	(1.5)
14	Global Markets Business	36.5	48.0	11.4
15	Asset management business(*1)	40.5	30.0	(10.5)

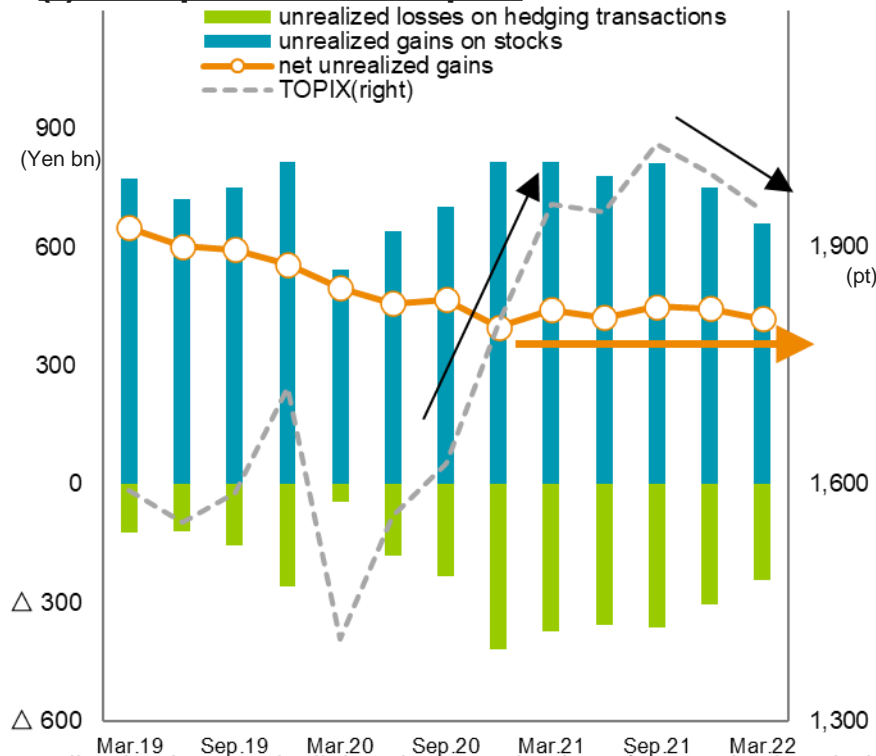
(\*1) Sum of Asset management companies (SuMi TRUST AM, Nikko AM (consolidated), Sky Ocean AM, JP AM)

# Stock price fluctuation risk

- Continue restraining net stock price fluctuation risks on capital through hedging transactions
- Mitigated the risk of effect on earnings in FY22 by reducing hedging transactions with low B/E in FY21

## Hedging transactions for strategic shareholdings

### Controlling fluctuations in net unrealized gains (\*) incorporated into capital



Net unrealized gains are declining due to reduction of strategic shareholdings  
Effective in curbing the impact of stock price fluctuations on capital

(※) Actual impact on capital is the amount after tax effect accounting is applied

## Reduced the risk that hedging transactions pose to annual profit and loss

### Operation in FY21

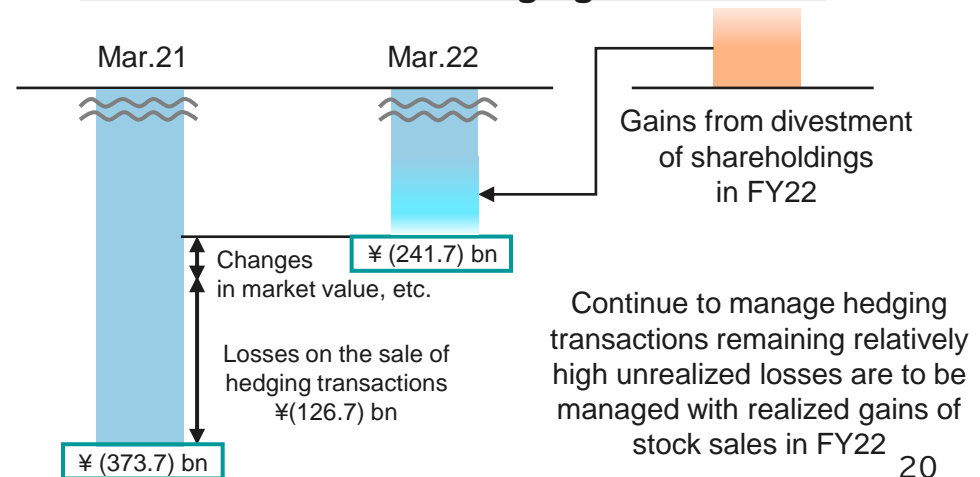
Accelerate reduction of strategic shareholdings

Reduce hedging positions with relatively high unrealized losses

(gains / losses on the sale in FY21)

Total	Strategic shareholdings	Hedging transactions
¥ (39.5) bn	¥ 87.2 bn	¥ (126.7)bn

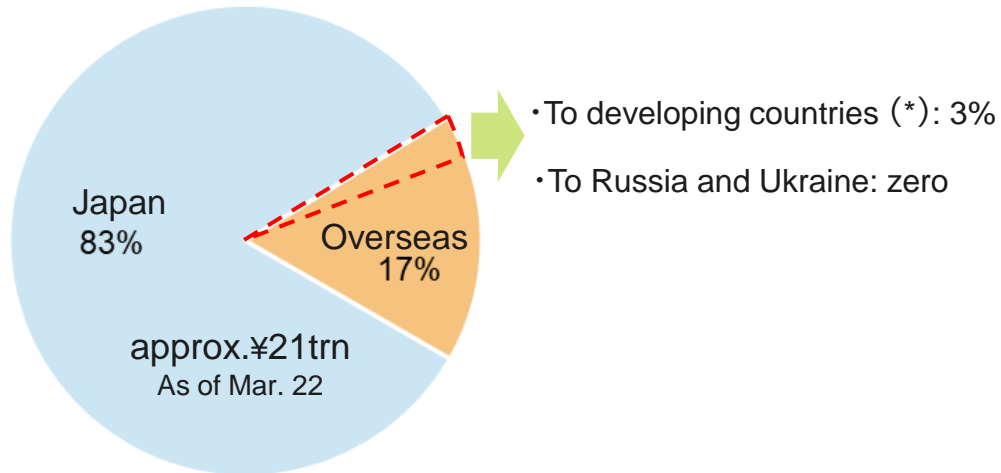
### Unrealized losses of hedging transactions



# Credit risk

- Exposure to Russia and Ukraine is zero
- Increase special loan loss provision considering COVID-19 and uncertain environment of ambiguities such as inflation

## Composition of credit risk for Japan and overseas



(\*) Divided into developing countries and others based on IMF definition  
Limited sovereign or sub sovereign risk in lending to developing countries

## FY22 special loans loss provision

### ■ Revised profile and calculation

#### Before

Expansion of COVID-19 infection

#### This time

Expansion of COVID-19 infection

- Soaring resource prices
- Issues with supply chain

( Yen bn )	Mar.21			Mar.22
		reversal	additional	
Special loan loss provision	18.4	(14.9)	17.5	21.0

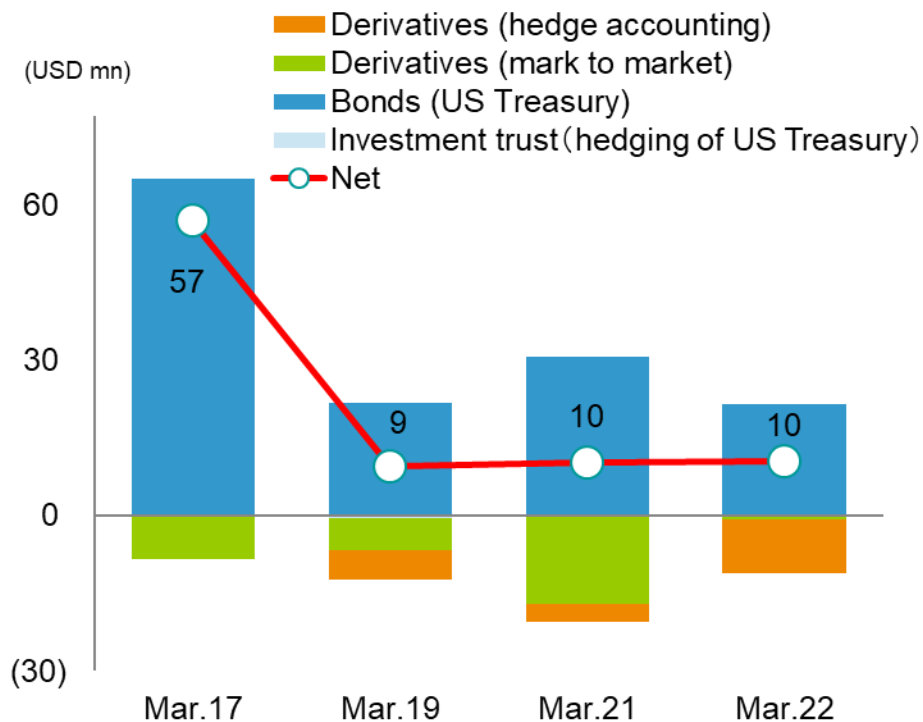
**Approx.¥41.0bn in total**  
(Special loan loss provision + forecast of credit cost)

# Interest risk and liquidity risk

- Continued restraining US interest rate risk
- Control liquidity risk by sourcing stable long-term funding with corporate bonds and highly sticky client deposits for core assets

## Risk volume of USD interest (SuMi TRUST Bank)

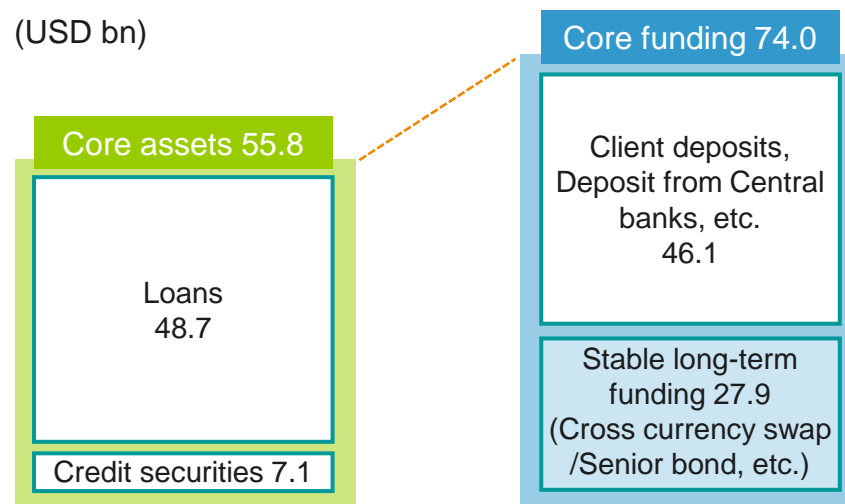
### 10 Basis Point Value(\*)



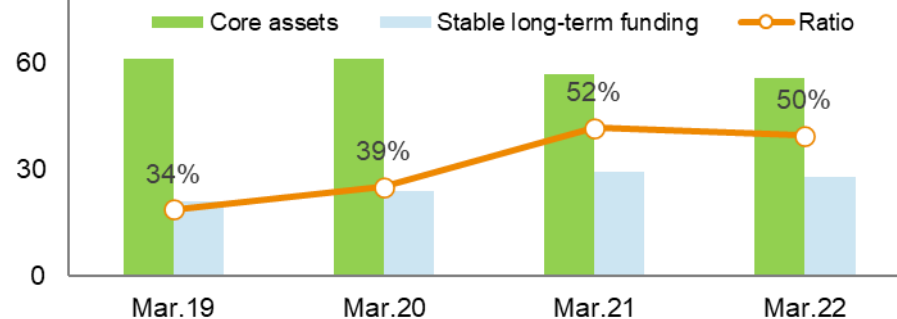
(\*)Held by Global Markets (except ALM position)

## Foreign currency balance sheet (SuMi TRUST Bank, As of Mar.2022)

(USD bn)



(USD bn)



# Fee business: Investment management consulting

- Total Income increased by ¥4.0bn YoY to ¥40.4bn due to increased sales volume and rising market value
- Total Sales volume increased by ¥324.0bn YoY to ¥1,153.6bn due to the progress of generation-specific consulting

## Income from marketing of investment products

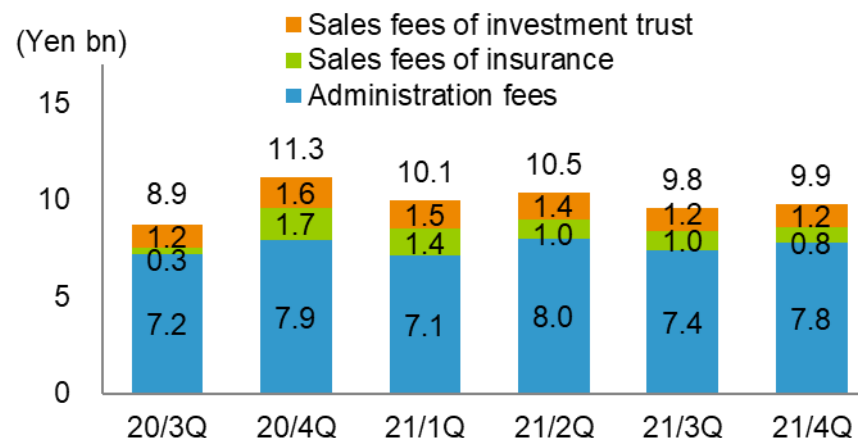
(Yen bn)		FY20	FY21	Change
1	Income total	36.4	40.4	4.0
2	Sales fees of investment trust	4.4	5.5	1.0
3	Sales fees of insurance	2.6	4.3	1.7
4	Administration fees	29.3	30.5	1.2

## Sales volume / balance

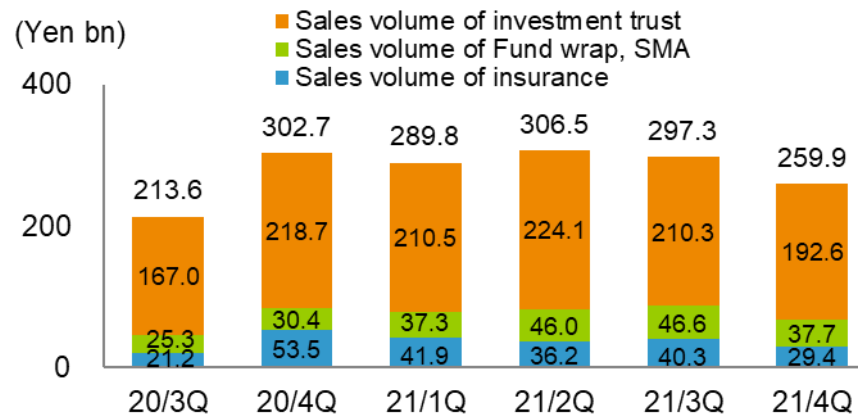
(Yen bn)		FY20	FY21	Change
5	Sales volume total	829.6	1,153.6	324.0
6	Investment trust	640.0	837.7	197.6
7	Fund wrap, SMA	91.5	167.8	76.2
8	Insurance	98.0	148.0	50.0

(Yen bn)		Mar. 21	Mar. 22	Change
9	Balance total	6,896.4	7,306.6	410.1
10	Investment trust	3,533.0	3,886.8	353.7
11	Fund wrap, SMA	918.7	1,032.3	113.6
12	Insurance	2,444.6	2,387.4	(57.2)
13	Wrap Selection	1,843.2	1,642.1	(201.0)

## Income from marketing (quarterly)



## Sales volume (quarterly)



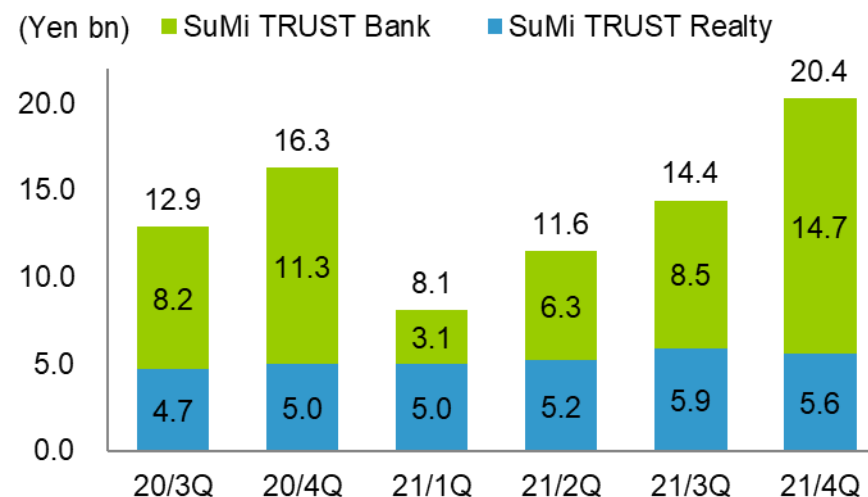
# Fee business: Real estate

- Real estate brokerage fee increased by ¥12.4bn YoY to ¥54.7bn, the highest record since integration
- The business maintained strong performance with both corporate and individual clients due to sufficient deal pipeline closing

## Income (group base)

(Yen bn)		FY20	FY21	Change
1	Real estate brokerage fees	42.2	54.7	12.4
2	SuMi TRUST Bank	25.0	32.9	7.8
3	SuMi TRUST Realty	17.2	21.8	4.6
4	Real estate trust fees, etc.	6.1	6.3	0.2
5	Net other real estate profit	1.4	1.6	0.1
6	SuMi TRUST Bank	-	-	-
7	Group companies	1.4	1.6	0.1
8	Total	49.8	62.7	12.9
9	o/w SuMi TRUST Bank	31.1	39.2	8.0

## Real estate brokerage fees (quarterly)



## Assets under management / administration

(Yen bn)		Mar. 21	Mar. 22	Change
10	Securitized real estate	20,047.4	22,023.8	1,976.4
11	Assets under custody from J-REITs	16,785.3	17,508.0	722.6
12	Assets under management	613.1	624.5	11.4
13	Private placement funds	341.5	340.2	(1.2)
14	J-REITs	271.6	284.3	12.6



# Fee business: Asset management/administration

- AUM increased by ¥3.9trn to approx. ¥121trn 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 operations from March 2021

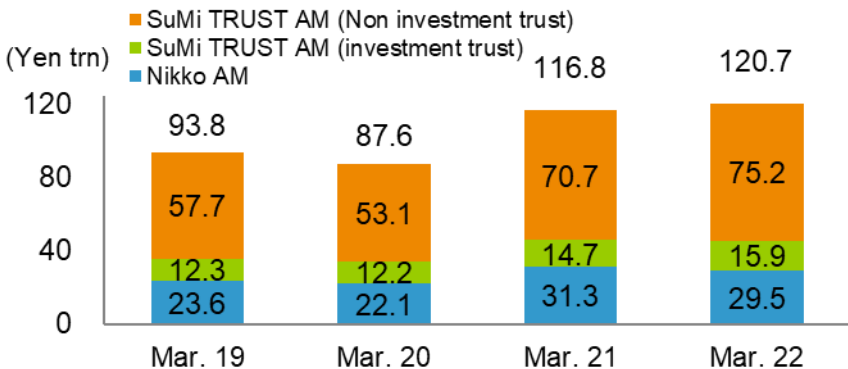
## Assets under management (AUM)

		Mar. 21	Mar. 22	Change
	(Yen trn)			
1	Assets under management (*1)	116.8	120.7	3.9
2	SuMi TRUST AM	85.5	91.2	5.7
3	Investment trust	14.7	15.9	1.1
4	Non investment trust (*2)	70.7	75.2	4.5
5	Corporate pension trust	14.6	14.8	0.2
6	Public pension trust	12.9	12.9	0.0
7	Discretionary investment	43.2	47.5	4.2
8	Nikko AM(*3)	31.3	29.5	(1.7)

(\*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



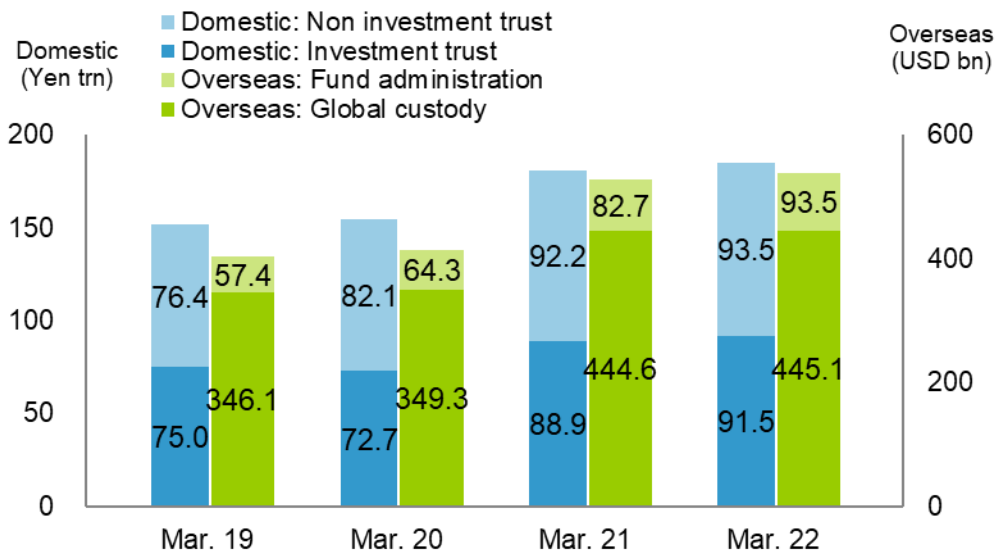
USD/JPY	110.95	108.69	110.65	122.38
TOPIX	1,591.64	1,403.04	1,954.00	1,946.40

## Assets under custody/administration (AUC)

		Mar. 21	Mar. 22	Change
	(Yen trn)			
9	[Domestic] Investment trust (*4)	88.9	91.5	2.5
10	[Domestic] Non investment trust (*4)	92.2	93.5	1.2
	(USD bn)			
11	[Overseas] Global custody (*5)	444.6	445.1	0.5
12	[Overseas] Fund administration	82.7	93.5	10.7

(\*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)

- Individual: New loan amount increased compared to FY20 when marketing activities were restricted by COVID-19
- Corporate:(Corporate Yen) COVID-19 related financing needs settled down. (Foreign currency) Reduced on local currency-denominated basis.

## Individual clients

		FY20	FY21	Change
		(Yen bn)		
1	Annual amount of individuals	1,227.7	1,275.7	48.0
2	Mortgage loans	1,125.5	1,175.0	49.4

		Mar. 21	Mar. 22	Change
		(Yen bn)		
3	Outstanding of individual loans	10,819.6	11,251.6	432.0
4	Mortgage loans	10,141.8	10,543.7	401.9

## Corporate clients

		Mar. 21	Mar. 22	Change (*)
		(Yen bn)		
5	Corporate lending(Yen)	11,885.4	11,283.2	(602.2)
6	Corporate lending(Foreign Currency)	3,225.4	3,322.4	97.0
7	Product related (Yen)	3,217.5	3,260.9	43.4
8	Product related (Foreign Currency)	2,812.7	3,144.8	332.0
9	Total balance of credit for corporates	21,141.1	21,011.4	(129.6)
10	Product related	6,030.2	6,405.7	375.5

(\*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥310.0bn,  
Product related (Foreign Currency) approx. ¥280.0bn

## Credit portfolio balance

