



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Summary of Financial Results for 1HFY23

November 14, 2023

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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”

Financial results for 1HFY2023

- Net business profit before credit costs: Steady progress. Strong performance in corporate credit related fees and favorable stock market condition and weaker yen also made a positive contribution
- Net income : Decreased mainly due to reduction of bear funds with low B/E
- Dividend forecast for FY2023: Remains unchanged considering business progress and capital adequacy

<Major KPIs>

		1HFY22	1HFY23	Change	FY23	Revised on October 30, 2023	
		Actual	Actual		Plan	change from FY22	change from initial plan
		(Yen bn)					
1	Net business profit before credit costs	168.2	166.3	(1.9)	330.0	+ 5.3	+ 10.0
2	Substantial gross business profit	408.5	428.4	+ 19.8	860.0	+ 45.8	+ 10.0
3	Substantial G&A Expenses	(240.2)	(262.0)	(21.8)	(530.0)	(40.4)	-
4	Total credit costs	(8.8)	(1.7)	+ 7.1	(20.0)	(9.5)	-
5	Net gains on stocks	(2.5)	(95.4)	(92.9)	(160.0)	(163.0)	(175.0)
6	Other net non-recurring profit, Extraordinary profit	(12.3)	(14.4)	(2.1)	(35.0)	+ 10.8	-
7	Net income	104.0	44.0	(59.9)	(*) 85.0	(106.0)	(115.0)
8	Fee income ratio	53.2%	52.8%	(0.4%)			
9	Overhead ratio	58.8%	61.1%	+ 2.3%	61.6%	+ 1.5%	(0.8%)
10	Return on equity	7.63%	3.07%	(4.56%)			
11	Common Equity Tier 1 capital ratio (*2)	11.11%	10.73%	(0.38%)			

<Per share information>

		1HFY22	1HFY23	Change	FY23	change from FY22
		Actual	Actual		Plan	
		(Yen)				
12	Earnings per share (EPS)	279	121	(158)	234	(316)
13	Dividend per share (DPS)	100	110	+ 10	220	+10
		Mar. 23	Sep. 23	Change		
		(Yen)				
14	Net assets per share (BPS)	7,686	8,107	+ 421		

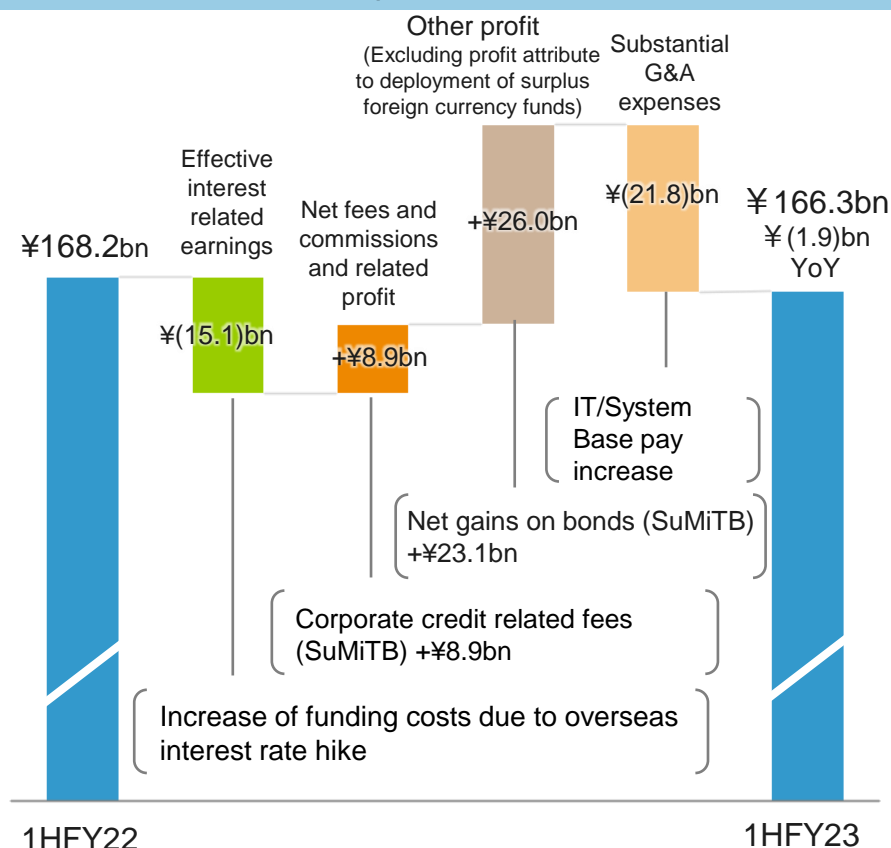
(*)1 Excluding impact of gains/losses from sales of strategic shareholdings and bear funds(#5 net gains on stocks), estimated that net income will be roughly in line with our original forecast(¥200bn)

(*)2 CET1 ratio(finalized base) as of Sep. 23 is 9.7%

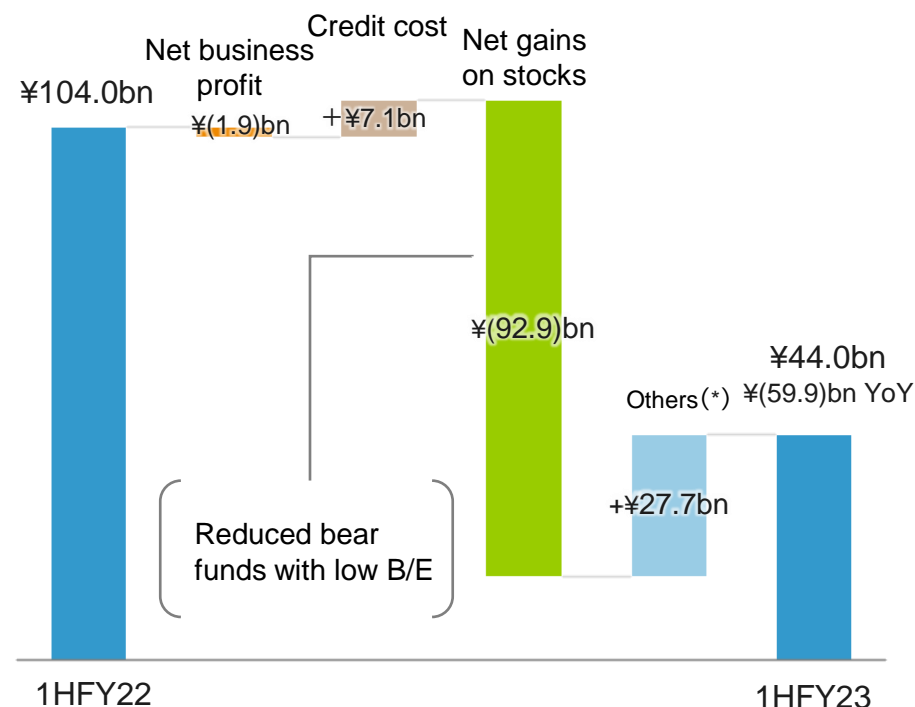
YoY Changes(Net business profit before credit cost and Net income)

- Net business profit before credit costs: Decreased (1.9)bn YoY. Despite positive contribution from corporate credit related fees, as well as the improvement in net gains on bonds which were booked in FY2022, profit declined mainly by the increase in funding cost due to overseas rate hikes and other rises in costs
- Net income: Decreased (59.9)bn YoY, mainly due to decrease in net gains on stocks

Net business profit before credit cost



Net income



(*) Includes "total income taxes".

Overview of profits

	(Yen bn)	1HFY22	1HFY23	Change	FY23 Forecast ^(*)
1	Net business profit before credit costs (*2)	168.2	166.3	(1.9)	330.0
2	Substantial gross business profit (*2)	408.5	428.4	19.8	860.0
3	Effective interest related earnings (*3)	151.3	136.1	(15.1)	
4	Net fees and commissions and related profit	217.5	226.5	8.9	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	39.6	65.7	26.0	
6	Substantial G&A expenses (*2)	(240.2)	(262.0)	(21.8)	(530.0)
7	Total credit costs	(8.8)	(1.7)	7.1	(20.0)
8	Net gains on stocks	(2.5)	(95.4)	(92.9)	(160.0)
9	Other net non-recurring profit	(11.7)	(17.5)	(5.8)	(35.0)
10	Ordinary profit	145.1	51.5	(93.5)	115.0
11	Extraordinary profit	(0.6)	3.0	3.6	
12	Income before income taxes	144.4	54.6	(89.8)	
13	Total income taxes	(39.9)	(10.1)	29.7	
14	Income attributable to non-controlling interests	(0.5)	(0.4)	0.1	
15	Net income	104.0	44.0	(59.9)	85.0
16	Earnings per share (EPS) (Yen)	279	121	(158)	
17	Number of shares issued (mn shares) (*4)	371.7	363.1	(8.6)	

(Reference)

18	Net interest income and related profit	117.5	(18.9)	(136.4)
19	Other profit	73.4	220.8	147.3
20	Profit attributable to deployment of surplus foreign currency funds	33.7	155.0	121.3
21	Other	39.6	65.7	26.0

(*)1 Revised on October 30, 2023.

(*)2 "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

(*)3 "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 "Other profit"

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

Net business profit before credit costs (#1)

• ¥166.3bn vs FY23 original forecast of ¥320.0bn (52% progress) due to strong performance in corporate credit related fees and positive contribution such as rise in stock price and weaker yen
Revised up full year forecast to ¥330.0bn(+10bn)

• Decreased ¥(1.9)bn YoY mainly due to ¥(15.1)bn of deterioration of effective interest related earnings from overseas interest rate hikes. Generally as expected at the beginning of FY23

• (#4: Net fees and commissions and related profit) Increased ¥8.9bn YoY Strong corporate credit related fees was the driver. Meanwhile, real estate brokerage fees declined. Steady asset management and asset administration fees due to rise in stock price and weaker yen

• (#6: Substantial G&A expenses) Increased YoY mainly due to investments in human capital and expenses linked with gross business profit increases

Net gains on stocks (#8)

• Posted ¥62.0bn of gains from reducing strategic shareholdings. Accelerate reduction of strategic shareholdings to twice the pace of FY22

• Posted ¥(157.0)bn of realized losses from sale of bear funds. Drastically reduced bear funds with low B/E in light of structural changes in the macro environment

• Continue to reduce bear funds with low B/E in 2H. Wipe out the risk of impairment of bear funds at levels below Nikkei 225 of ¥40,000 by the end of FY23

Net income (#15)

• Drastically reduced bear funds with low B/E to ease concerns about fluctuations in future periodic earnings. Posted ¥44.0bn, which is 22% progress vs original full year forecast

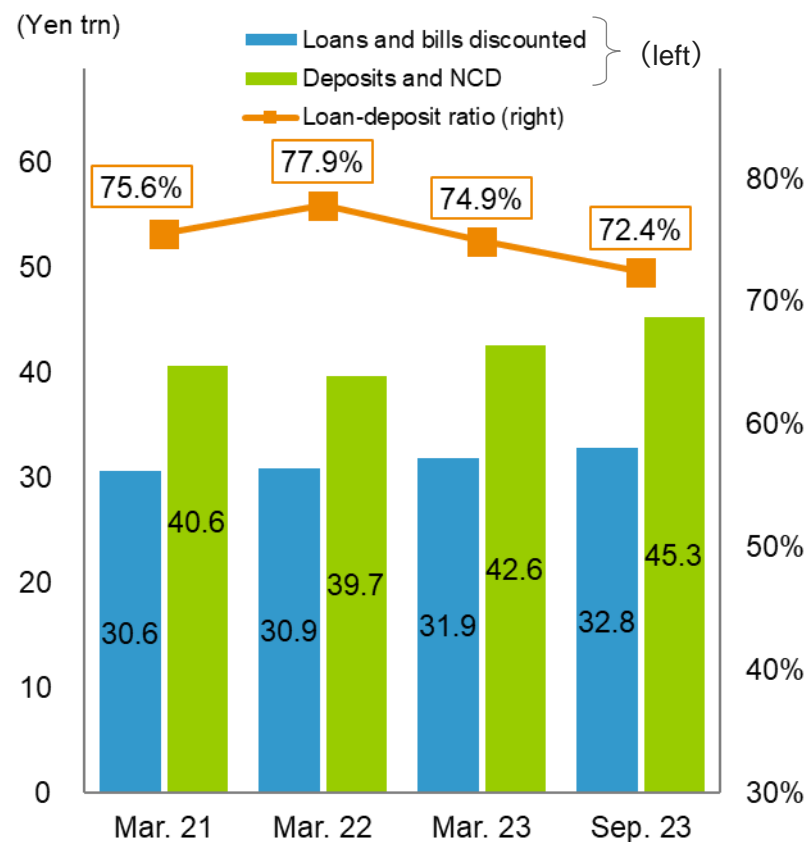
• Revised full year forecast to ¥85.0bn(decreased by ¥(115.0)bn) due to continuously reduction and changes in positions of bear funds in 2H (Disclosed on October 30, 2023)

Overview of balance sheet

(Yen bn)		Mar. 23	Sep. 23	Change
1	Assets	69,022.7	73,145.1	4,122.4
2	Cash and due from banks	21,602.4	22,257.0	654.5
3	Securities	6,933.0	8,190.2	1,257.1
4	Loans and bills discounted	31,810.9	32,722.6	911.6
5	Other assets	8,676.2	9,975.2	1,298.9
6	Liabilities	66,200.1	70,170.1	3,970.0
7	Deposits and NCD	42,848.2	45,502.5	2,654.2
8	Borrowed money from trust account	4,332.4	4,794.8	462.3
9	Other liabilities	19,019.4	19,872.8	853.4
10	Total net assets	2,822.5	2,974.9	152.3
11	Total shareholders' equity	2,587.8	2,591.3	3.4
12	Total accumulated OCI	204.2	352.9	148.7
13	Minority interests, etc.	30.4	30.6	0.1
14	Net assets per share (BPS) (Yen)	7,686	8,107	421
15	Number of shares issued (mn shares) (*)	363.2	363.1	(0.1)
(Reference)				
16	Loan-deposit ratio (SuMi TRUST Bank)	74.9%	72.4%	(2.5%)
17	NPL ratio (SuMi TRUST Bank)	0.4%	0.3%	(0.1%)

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

Loan - deposit ratio (SuMi TRUST Bank)



Profit by group company

	(Yen bn)	1HFY22	1HFY23	Change
1 Net business profit before credit costs (*1)		168.2	166.3	(1.9)
2 o/w SuMi TRUST Bank (*2)		126.1	152.1	26.0
3 SuMi TRUST AM		4.8	3.3	(1.5)
4 Nikko AM (*3)		8.2	6.1	(2.1)
5 SuMi TRUST Realty		3.1	3.7	0.6
6 SuMi TRUST Panasonic Finance (*3)		4.6	4.6	(0.0)
7 SuMi TRUST Loan & Finance		5.4	5.7	0.3
8 Sumitomo Mitsui Trust Bank (U.S.A.)		1.2	4.9	3.6
9 Sumitomo Mitsui Trust (Hong Kong)		2.4	3.0	0.5
10 SuMi TRUST Guarantee (*3)		5.8	5.6	(0.2)
11 SuMi TRUST Club		2.1	0.9	(1.2)
12 UBS SuMi TRUST Wealth Management		2.1	1.9	(0.2)
13 Net income (*1)		104.0	44.0	(59.9)
14 o/w SuMi TRUST Bank (*2)		82.4	48.9	(33.5)
15 SuMi TRUST AM		3.3	2.3	(1.0)
16 Nikko AM (*3)		9.0	8.0	(0.9)
17 SuMi TRUST Realty		2.2	2.6	0.3
18 SuMi TRUST Panasonic Finance (*3)		3.2	2.4	(0.7)
19 SuMi TRUST Loan & Finance		3.8	4.0	0.2
20 Sumitomo Mitsui Trust Bank (U.S.A.)		1.0	3.9	2.8
21 Sumitomo Mitsui Trust (Hong Kong)		2.0	2.6	0.5
22 SuMi TRUST Guarantee (*3)		4.3	3.9	(0.4)
23 SuMi TRUST Club		1.3	0.3	(0.9)
24 UBS SuMi TRUST Wealth Management		1.5	1.5	(0.0)

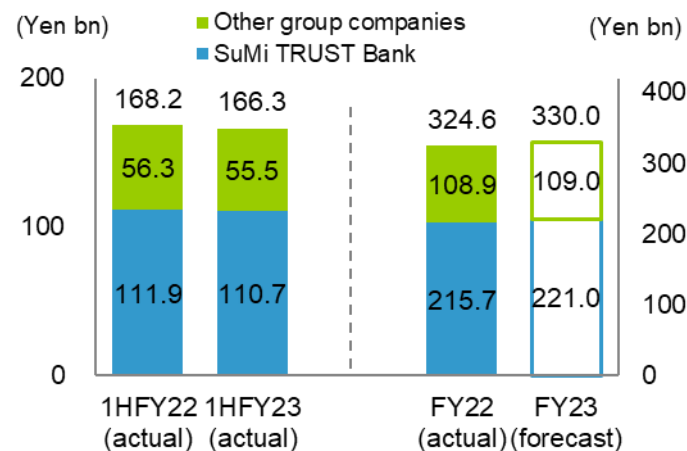
(*1) Figures on the table above are contribution of group companies, which are substantive amount excluding consolidation adjustment that do not relate directly to the group companies' business results.

(*2) Including dividend from group companies (1HFY22:¥14.2bn, 1HFY23:¥41.3bn, YoY change: +¥27.1bn)

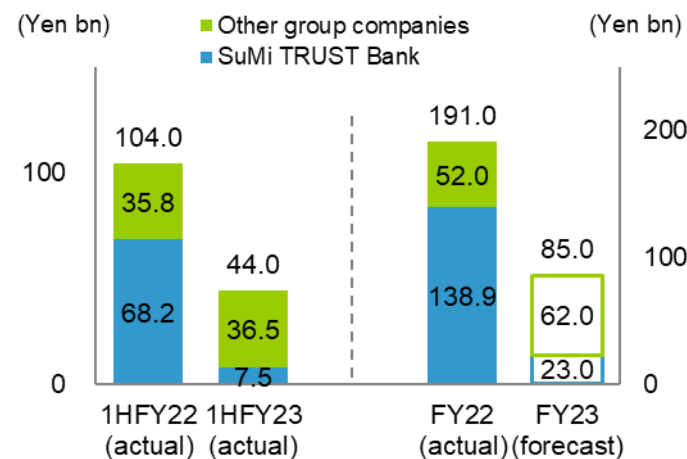
(*3) Consolidated basis

(*4) On the right bar chart, SuMiTRUST Bank figures do not include dividends from subsidiaries(see *2 and P22 in details)

Breakdown of Net business profit before credit costs (*4)



Breakdown of Net income (*4)



Profit by business segment

		1HFY22 Net business profit before credit costs (*1) (Yen bn)	Substantial gross business profit (*1)		1HFY23 Net business profit before credit costs (*1)		FY23 Plan Substantial gross business profit (*1)	Revised on October 30, 2023
			Substantial gross business profit (*1)	Change	Net business profit before credit costs (*1)	Change		Change from initial plan
1	Total	168.2	428.4	19.8	166.3	(1.9)	330.0	10.0
2	Retail Business	21.6	105.0	4.7	20.9	(0.6)	33.0	-
3	SuMi TRUST Bank	10.1	69.2	3.3	10.6	0.5	15.0	-
4	Other group companies	11.4	35.7	1.3	10.2	(1.1)	18.0	-
5	Corporate Business	67.5	124.1	13.2	73.5	6.0	141.0	2.0
6	SuMi TRUST Bank	53.0	83.1	8.8	58.5	5.5	114.0	2.0
7	Other group companies	14.5	41.0	4.3	15.0	0.5	27.0	-
8	Investor Services Business	29.5	67.8	3.9	29.9	0.4	63.0	2.0
9	SuMi TRUST Bank	23.3	37.8	(1.5)	19.6	(3.7)	45.0	-
10	Other group companies	6.1	29.9	5.4	10.2	4.1	18.0	2.0
11	Real Estate Business	16.8	27.6	(2.4)	13.1	(3.6)	40.0	-
12	SuMi TRUST Bank	13.2	14.4	(3.7)	8.9	(4.3)	32.0	-
13	Other group companies	3.5	13.2	1.3	4.1	0.6	8.0	-
14	Global Markets Business	33.7	43.6	2.7	34.7	1.0	44.0	-
15	Asset Management Business (*2)	13.2	43.3	(0.5)	9.7	(3.5)	23.0	2.0

(*1) Substantial gross business profit and net business profit include a part of non-recurring profit (net gains on stocks, net gains on stocks related derivatives and others) and adjust at total

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

Overview of profit (SuMi TRUST Bank)

	(Yen bn)	1HFY22	1HFY23	Change
1	Net business profit before credit costs	126.1	152.1	26.0
2	Gross business profit	254.9	294.3	39.3
3	Effective interest related earnings	143.9	154.7	10.7
4	Net interest income and related profit	110.1	(0.3)	(110.5)
5	Profit attributable to deployment of surplus foreign currency funds	33.7	155.0	121.3
6	Net fees and commissions and related profit	90.8	94.4	3.5
7	Net trading profit	18.5	23.9	5.3
8	Net gains on foreign exchange transactions			
	Net trading profit	(31.7)	(8.6)	23.1
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	50.2	32.5	(17.7)
10	Net gains on bonds	(25.8)	(2.7)	23.1
11	Net gains from derivatives	28.0	25.1	(2.8)
12	General and administrative expenses	(128.7)	(142.1)	(13.3)
13	Total credit costs	(8.9)	(0.6)	8.2
14	Other non-recurring profit	(7.3)	(104.4)	(97.1)
15	o/w Net gains on stocks	(0.5)	(97.0)	(96.5)
16	Amortization of net actuarial losses	(1.9)	(2.3)	(0.4)
17	Ordinary profit	109.8	47.0	(62.8)
18	Extraordinary profit	(0.5)	1.0	1.5
19	Income before income taxes	109.3	48.0	(61.2)
20	Total income taxes	(26.9)	0.8	27.7
21	Net income	82.4	48.9	(33.5)

		1HFY22	1HFY23	Change
22	Gross business profit	254.9	294.3	39.3
23	Net interest income and related profit	110.1	(0.3)	(110.5)
24	Net fees and commissions and related profit	90.8	94.4	3.5
25	Net trading profit	(31.7)	(8.6)	23.1
26	Net other operating profit	85.5	208.8	123.2
27	o/w Net gains on foreign exchange transactions	84.0	187.6	103.6
28	Profit attributable to deployment of surplus foreign currency funds	33.7	155.0	121.3
29	other	50.2	32.5	(17.7)
30	Net gains on bonds	(25.8)	(2.7)	23.1
31	Net gains from derivatives	28.0	25.1	(2.8)
32	Net fees and commissions and related profit	90.8	94.4	3.5
33	o/w Investment management consulting	20.6	20.5	(0.1)
34	Asset management/administration	33.3	34.5	1.2
35	Real estate brokerage	15.0	10.9	(4.0)
36	Stock transfer agency services	12.7	12.3	(0.3)
37	Inheritance related services	1.9	2.1	0.1
38	Corporate credit related	14.3	23.3	8.9
39	Net gains on bonds	(25.8)	(2.7)	23.1
40	Domestic bonds	(6.9)	(0.0)	6.8
41	Foreign bonds	(18.9)	(2.7)	16.2

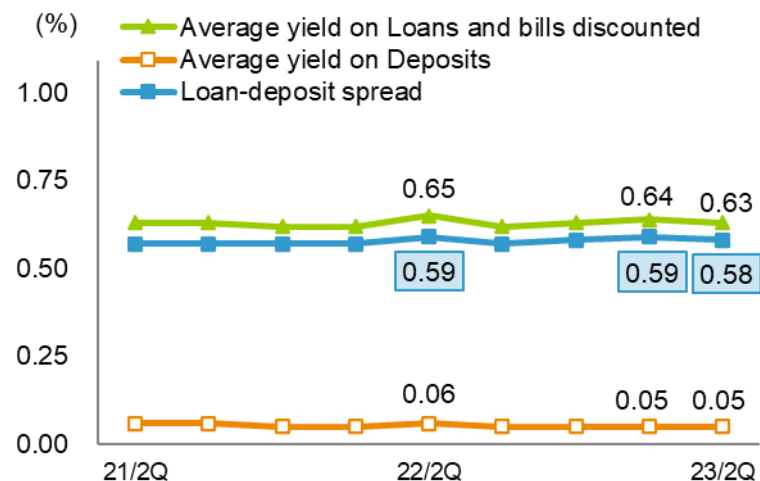
(*) Including dividend from subsidiaries (1HFY22:¥14.2bn, 1HFY23:¥41.3bn, YoY change: +¥27.1bn)

Net interest income (SuMi TRUST Bank)

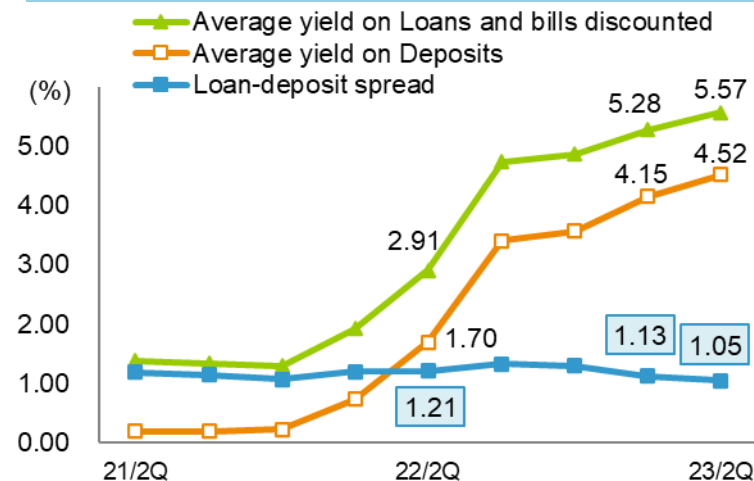
		1HFY23					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from 1HFY22	Average Yield	Change from 1HFY22	Income/ Expenses	Change from 1HFY22
1	Net interest income					(11.1)	(111.3)
2	Domestic business			0.46%	0.09%	109.4	21.8
3	Interest-earning assets	48.07	1.72	0.58%	0.08%	140.0	21.9
4	o/w Loans and bills discounted	24.87	0.25	0.63%	(0.01%)	79.5	0.2
5	Securities	3.83	(1.03)	2.97%	1.54%	57.0	21.9
6	Interest-bearing liabilities	47.37	1.66	0.12%	(0.01%)	(30.6)	0.0
7	o/w Deposits	29.11	1.66	0.05%	(0.00%)	(7.8)	0.1
8	Borrowings from trust a/c	4.54	0.27	0.47%	0.01%	(10.7)	(0.7)
9	Swaps	---	---	---	---	(4.7)	0.2
10	International business			(1.35%)	(1.52%)	(120.6)	(133.1)
11	Interest-earning assets	17.97	1.30	4.01%	2.27%	360.3	214.8
12	o/w Loans and bills discounted	7.61	0.67	5.43%	2.99%	207.0	121.9
13	Due from banks	2.63	(0.21)	4.82%	3.43%	63.4	43.5
14	Securities	3.36	0.55	4.32%	1.98%	72.6	39.7
15	Interest-bearing liabilities	17.93	1.08	5.36%	3.79%	(481.0)	(348.0)
16	o/w Deposits	6.90	0.13	4.34%	3.11%	(150.1)	(108.0)
17	NCD / USCP	7.46	0.66	4.95%	3.47%	(184.9)	(134.4)
18	Repo	1.12	(0.32)	5.33%	3.89%	(30.1)	(19.6)
19	Expenses on swaps	---	---	---	---	(72.2)	(55.5)
20	(+) Trust fees from principal guaranteed trust a/c					10.7	0.7
21	(+) Profit attributable to deployment of surplus foreign currency funds					155.0	121.3
22	Effective interest related earnings					154.7	10.7
23	Loan-deposit spread / income in domestic business			0.58%	(0.01%)	71.6	0.3
24	Loan-deposit spread / income in international business			1.09%	(0.12%)	56.8	13.8

(*) Including dividend from subsidiaries (1HFY22:¥14.2bn, 1HFY23:¥41.3bn, YoY change: +¥27.1bn)

Domestic loan-deposit spread (quarterly)

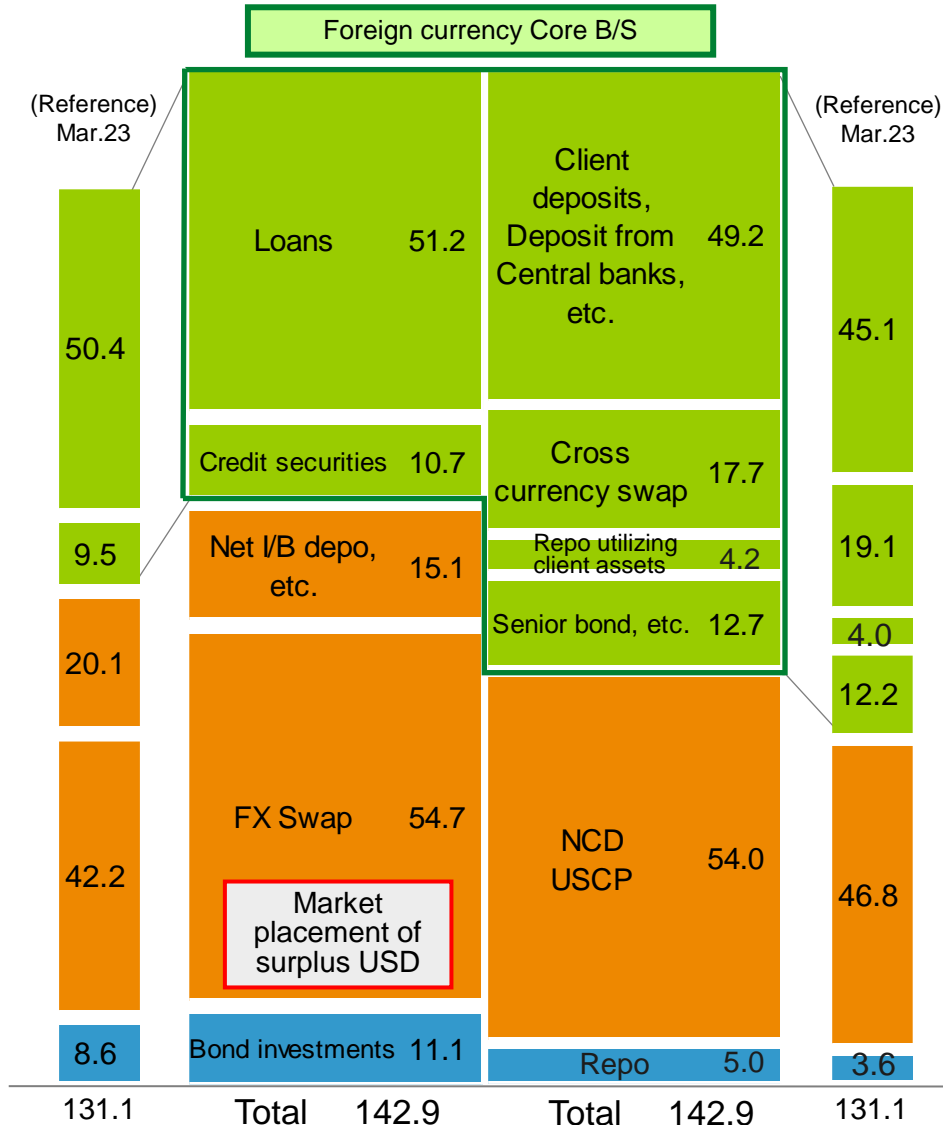


International loan-deposit spread (quarterly)



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

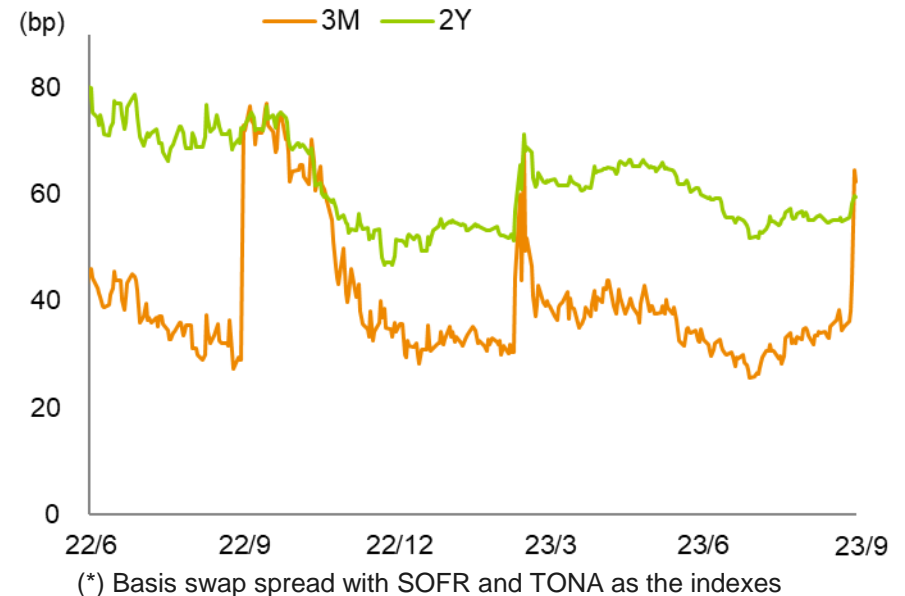
Foreign currency B/S (as of Sep. 23) (USD bn)



Foreign currency ALM management

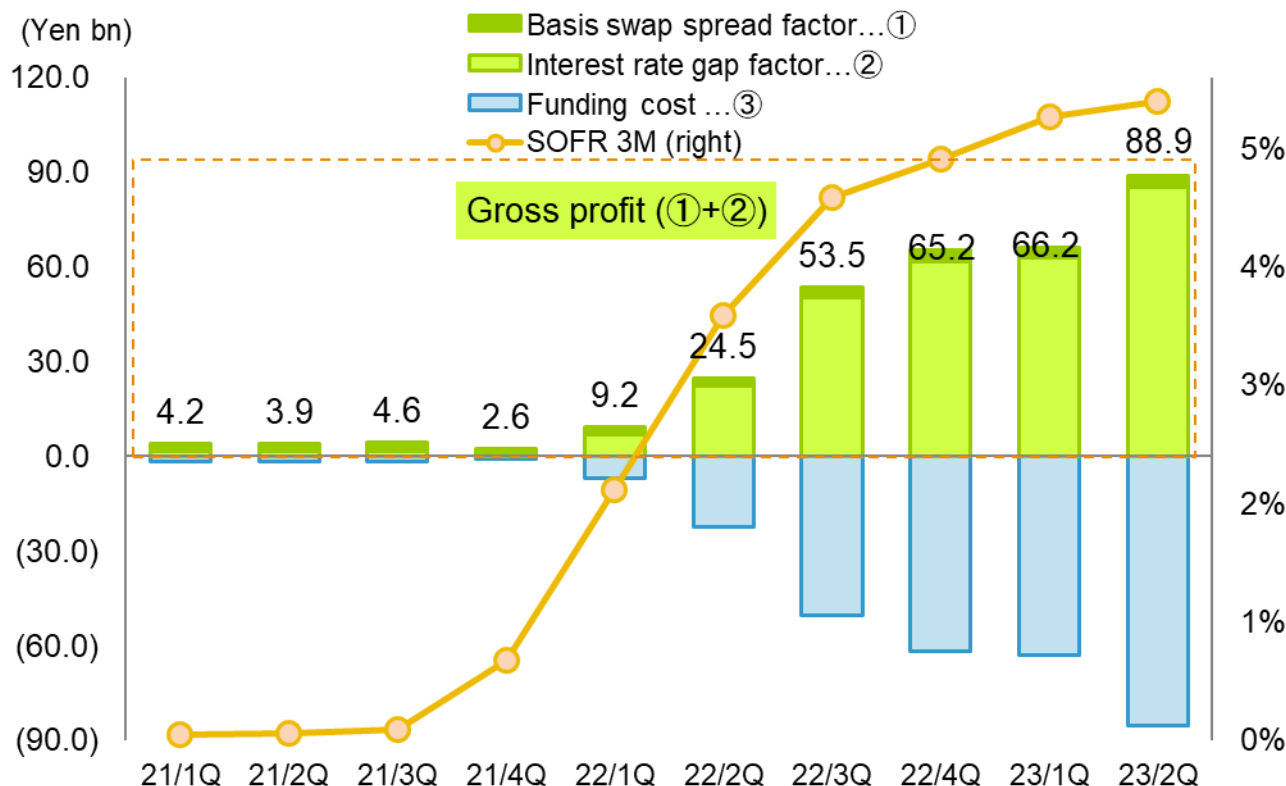
- ◆ Loans and credit investment securities constitute foreign currency Core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets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

Basis swap spread (*) (USD/JPY)



Profit structure of market deployment of surplus foreign currency

- Profit from FX swap consists of basis swap spread and interest rate gap. Interest rate gap is offset by USD funding costs
- Increased gross funding costs and investment profits due to rising US short-term interest rate. Net profit slightly increased YoY



[Investment] FX Swap

Net other operating profit	<Basis swap spread factor> Stable demand observed even even though it depends on market fluctuations
	<Interest gap factor> Gap between USD and JPY interest rates is nearly the same level as BSBY (*1) around zero interest environment of JPY

[Funding] Mainly NCD/USCP

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

(*1) Bloomberg Short-term Bank Yield Index

(*2) 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. Funding costs are estimated by Libor until FY22/4Q and by BSBY from FY23/1Q.

Total credit costs and Non-Performing Loans (NPLs) based on Banking Act and Reconstruction Act

[Total credit costs]		1HFY22	1HFY23	Major factors (1HFY23)
(Yen bn)				
1	SuMi TRUST Bank	(8.9)	(0.6)	
2	General allowance for loan losses	4.3	(2.1)	Downgraded: Approx. ¥(9.0)bn Upgraded: Approx. +¥2.5bn Changes in loan balance, etc. (including recoveries of written-offs) Approx. +¥6.0bn
3	Specific allowance for loan losses	(12.6)	5.3	
4	Recoveries of written-off claims	0.4	0.2	
5	Losses on sales of claims, written-off	(1.0)	(4.1)	
6	Other group companies, etc.	0.0	(1.0)	SuMi TRUST Panasonic Finance ¥(1.0)bn
7	Total	(8.8)	(1.7)	

As of September 2023, special loan loss provision of approx.¥22.0bn

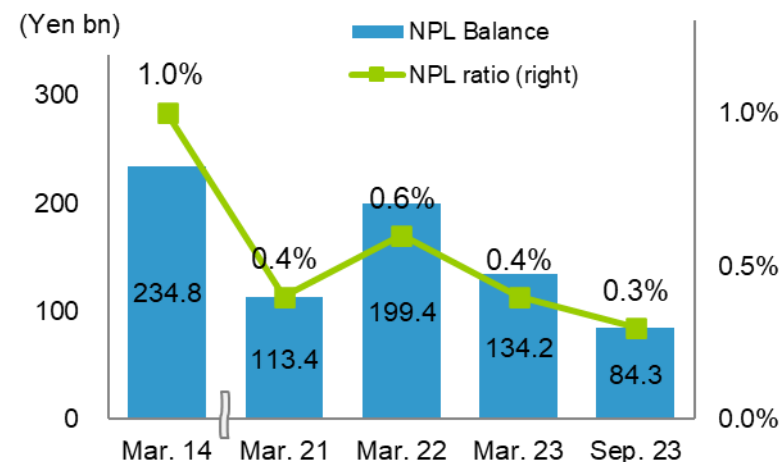
[Non-performing loans (NPLs) based on Banking Act and Reconstruction Act]

		Sep. 23	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 23
(Yen bn)					
8	NPL	84.3	65.2%	37.4%	(50.0)
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	(0.1%)
10	Bankrupt and practically bankrupt	9.0	100.0%	100.0%	0.5
11	Doubtful	36.1	83.4%	66.5%	(50.1)
12	Substandard	39.2	40.5%	8.7%	(0.3)
13	Loans past due 3 months or more	-	---	---	-
14	Restructured loans	39.2	---	---	(0.3)
15	Assets to borrowers requiring caution(excluding Substandard)	393.0	---	---	96.6
16	Assets to normal borrowers	32,977.7	---	---	885.6
17	Grand total	33,454.9	---	---	932.2

(*1) (Collateral value after considering haircuts + 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

[Consolidated] (*1)

	(Yen bn)	Costs		Unrealized gains/losses	
		Sep. 23	Change from Mar. 23	Sep. 23	Change from Mar. 23
1 Available-for-sale securities		6,695.0	1,019.7	502.7	130.1
2 Japanese stocks		511.8	16.4	670.8	93.6
3 Japanese bonds		2,622.0	443.5	(9.3)	(8.9)
4 Others		3,561.1	559.7	(158.6)	45.4
5 Held-to-maturity securities		315.5	16.3	8.1	(1.8)

[SuMi TRUST Bank (Available-for-sale securities)] (*1)

6 Available-for-sale securities		6,531.5	1,009.0	514.1	127.8
7 Japanese stocks		487.5	15.8	691.7	93.4
8 Japanese bonds		2,622.0	443.5	(9.3)	(8.9)
9 o/w Government bonds		1,854.8	421.3	(7.7)	(6.2)
10 Others		3,421.9	549.6	(168.3)	43.4
11 Domestic investment		109.9	2.0	1.7	(0.0)
12 International investment		2,500.5	734.3	(74.0)	(44.0)
13 o/w US Treasury (*2)		1,067.0	416.5	(61.7)	(44.4)
14 Others (Investment trust, etc.)		811.4	(186.7)	(95.9)	87.5
15 o/w for hedging of strategic shareholdings (*3)		522.5	(103.7)	(128.6)	62.9

[SuMi TRUST Bank (Held-to-maturity securities)]

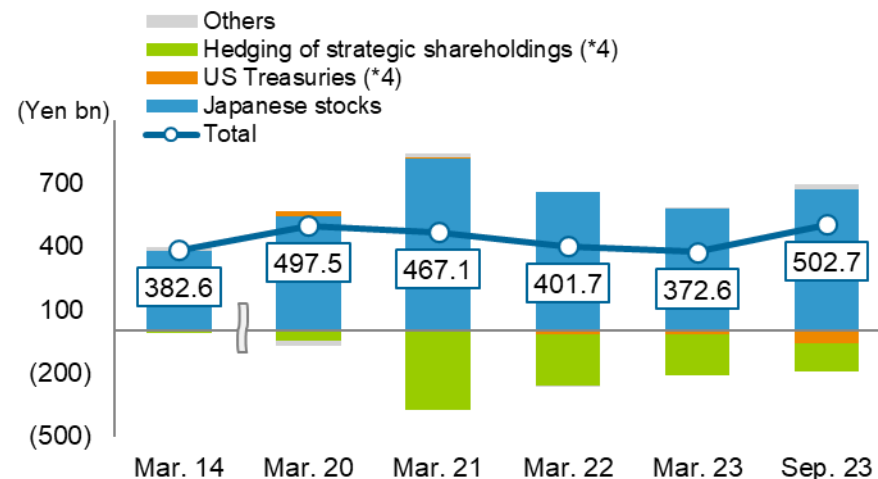
16 Held-to-maturity securities		315.4	16.3	8.1	(1.8)
17 o/w Government bonds		117.0	(0.1)	7.9	(2.7)
18 International investment		147.1	19.5	(0.1)	1.0

(*1) Not include stocks with no market price and investment partnership and others

(*2) Unrealized losses on US Treasury after adjusting PL from hedging transactions is ¥(36.8)bn

(*3) Of which hedging effect under capital regulation is recognized: Costs ¥468.9bn, Unrealized gains/losses ¥(105.6)bn

Unrealized gains/losses of AFS securities with fair value



(*4) SuMi TRUST Bank

Securities portfolio of Global markets (*5)

	(Yen bn)	10BPV (*6)		Duration (years) (*6)	
		Sep. 23	Change from Mar. 23	Sep. 23	Change from Mar. 23
19 JPY		6.3	1.0	2.9	(0.1)
20 Others (*7)		3.6	2.6	3.0	1.6

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

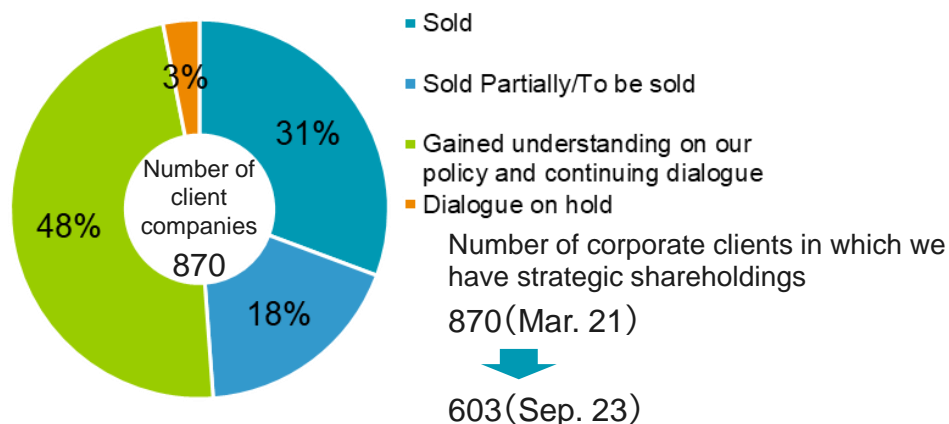
(*6) In the calculation of 10BPV and duration, investment balance hedging transactions were excluded

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

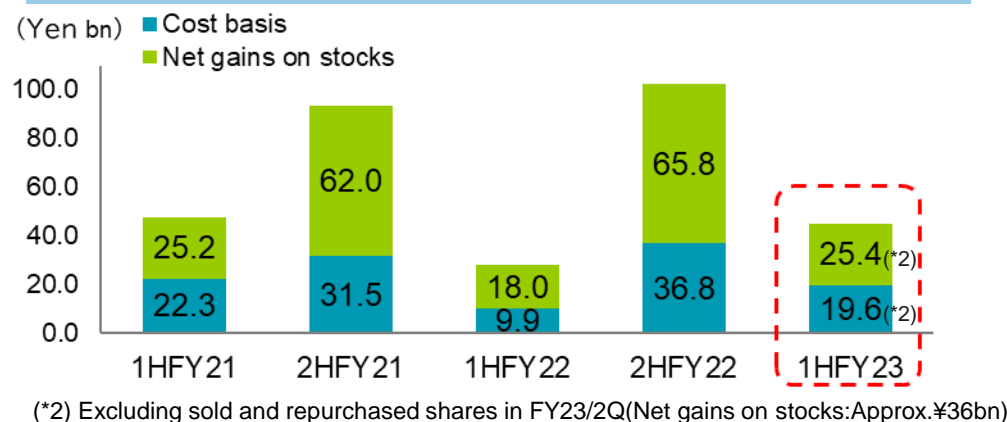
Reduction of strategic shareholdings

- Continue careful dialogue with clients based on long-term relationship of trust. The number of companies with strategic holdings decreased by 30%
- Amount sold/ to be sold reached approx. ¥35bn. Expect to exceed ¥50bn reduction in FY2023

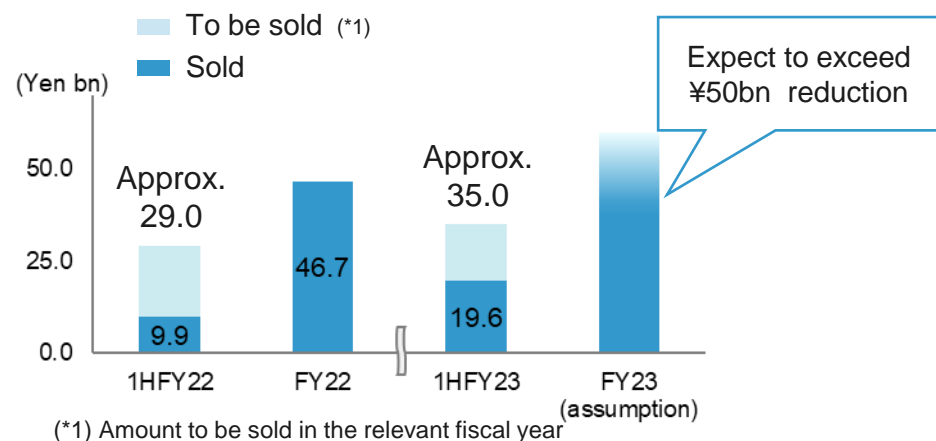
Dialogue with clients



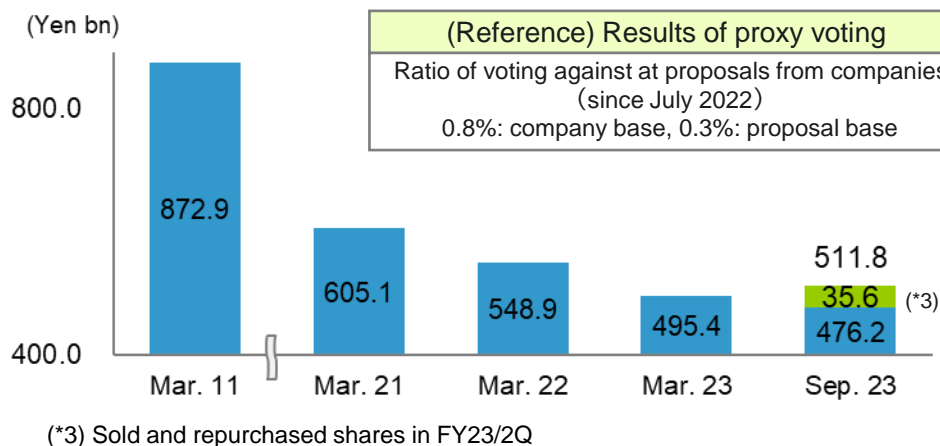
Reduction (consolidated basis)



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



Cost basis balance of strategic shareholdings (consolidated basis)



Capital

- Common Equity Tier 1 ratio: 10.73%. Down 0.06 ppt from Mar. 23 mainly due to increase RWA of foreign currency denominated assets as a result of JPY depreciation.
Pro-forma CET1 capital ratio on finalized Basel III: 9.7%. Improved by 0.2 ppt from Mar. 23 mainly due to elaborate on calculation of risk weight
- 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. 23	Sep. 23	Change
1	Total capital ratio	13.24%	13.02%	(0.22%)
2	Tier 1 capital ratio	12.01%	11.90%	(0.11%)
3	Common Equity Tier 1 capital ratio	10.79%	10.73%	(0.06%)
4	Total capital	3,081.2	3,166.8	85.5
5	Tier 1 capital	2,793.5	2,894.4	100.9
6	Common Equity Tier 1 capital	2,509.7	2,609.9	100.1
7	Instruments and reserves	2,752.9	2,905.1	152.1
8	Accumulated other comprehensive income (*1)	204.2	352.9	148.7
9	Regulatory adjustments	(243.2)	(295.2)	(51.9)
10	Additional Tier 1 capital	283.7	284.5	0.8
11	Tier 2 capital	287.7	272.3	(15.3)
12	Total risk-weighted assets	23,256.8	24,308.9	1,052.0
13	Credit risk	20,411.9	21,412.5	1,000.6
14	Market risk	1,838.2	1,819.4	(18.7)
15	Operational risk	1,006.7	1,076.8	70.1

(*1) Valuation differences on Available-for-Sale Securities (Sep. 2023): ¥350.8bn
(Change from Mar. 2023: +¥92.6bn)

(*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 2QFY2023. "Change from Mar. 23" represents the comparison to figure for 4QFY2022 calculated in the same manner

<Major factors of change in capital adequacy ratios>

[Capital]

(1) Common Equity Tier 1 capital: +¥100.1bn

- Net income: +¥44.0bn
- Valuation differences on AFS (considering valuation differences on hedging items): +¥97.3bn
- Dividend: ¥(40.0)bn

[Risk-weighted assets]

(2) Credit risk: +¥1,000.6bn

- Increase in foreign currency-denominated assets due to JPY depreciation : approx. +¥800.0bn

<Other ratios required in prudential regulations (consolidated)>

(Yen bn)		Sep. 23	Change from Mar. 23
16	Leverage ratio (*2)	5.21%	(0.15%)
17	Including current account with the Bank of Japan	3.86%	(0.09%)
18	Tier 1 capital	2,894.4	100.9
19	Total exposure (*2)	55,466.4	3,349.1
20	Including current account with the Bank of Japan	74,965.3	4,303.4
21	Liquidity coverage ratio (*3)	151.6%	13.3%
22	Total high-quality liquid assets	20,631.0	1,179.4
23	Net cash outflows	13,603.0	(455.8)

Fee business: Invest management consulting

- Total income posted ¥20.5bn, same level as 1HFY2022. Decreased sales fees of investment trust. Increased administration fees due to increase of balance
- Total balance increased by ¥617.2bn to ¥7,996.3bn from Mar. 2023. Growth of market value was approx.¥460.0bn

Income from marketing of investment products

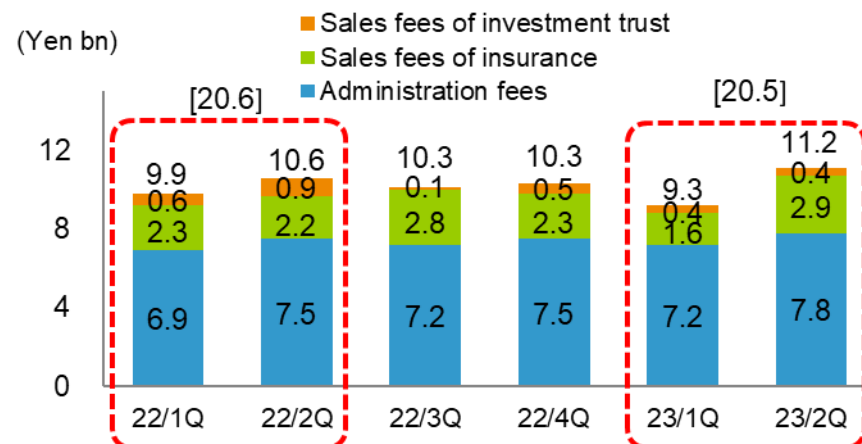
	(Yen bn)	1HFY22	1HFY23	Change
1 Income total		20.6	20.5	(0.1)
2 Sales fees of investment trust		1.5	0.8	(0.6)
3 Sales fees of insurance		4.5	4.6	0.0
4 Administration fees		14.5	15.0	0.5

Sales volume / balance

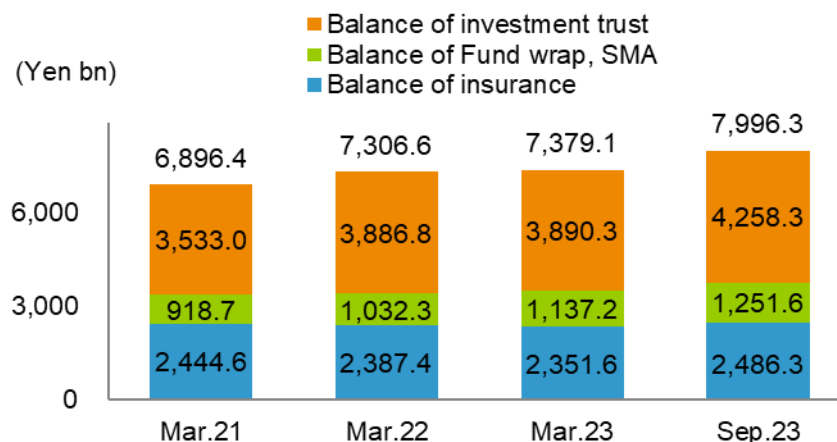
	(Yen bn)	1HFY22	1HFY23	Change
5 Sales volume total		608.2	661.6	53.4
6 Investment trust		357.8	383.7	25.9
7 Fund wrap, SMA		117.3	117.6	0.2
8 Insurance		133.0	160.2	27.2

	(Yen bn)	Mar. 23	Sep. 23	Change
9 Balance total		7,379.1	7,996.3	617.2
10 Investment trust		3,890.3	4,258.3	368.0
11 Fund wrap, SMA		1,137.2	1,251.6	114.4
12 Insurance		2,351.6	2,486.3	134.7

Income from marketing (quarterly)



Balance



Fee business: Real estate

- Corporate real estate brokerage (SuMi TRUST Bank): Decreased by ¥4.0bn YoY to ¥10.9bn mainly due to decrease in large transactions
- Retail real estate brokerage (SuMi TRUST Realty): Maintained strength and increased by ¥1.2bn YoY to ¥12.3bn

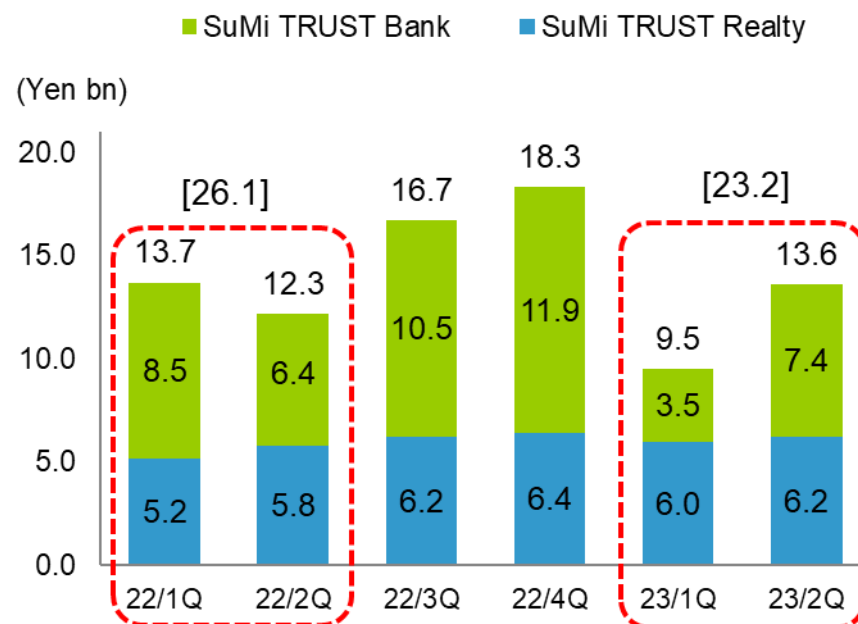
Income (group base)

	(Yen bn)	1HFY22	1HFY23	Change
1 Real estate brokerage fees		26.1	23.2	(2.8)
2 SuMi TRUST Bank		15.0	10.9	(4.0)
3 SuMi TRUST Realty		11.0	12.3	1.2
4 Real estate trust fees, etc.		3.1	3.4	0.2
5 Net other real estate profit		0.8	0.9	0.1
6 SuMi TRUST Bank		(0.0)	0.0	0.0
7 Group companies		0.8	0.9	0.0
8 Total		30.1	27.6	(2.4)
9 o/w SuMi TRUST Bank		18.2	14.4	(3.7)

Assets under management / administration

	(Yen bn)	Mar. 23	Sep. 23	Change
10 Securitized real estate		24,182.3	25,933.0	1,750.6
11 Assets under custody from J-REITs		17,023.4	17,671.1	647.6
12 Assets under management		658.4	668.1	9.7
13 Private placement funds		367.9	377.6	9.7
14 J-REITs		290.5	290.5	-

Real estate brokerage fees (quarterly)



Fee business: Asset management/administration

- AUM increased by ¥4.2trn to approx. ¥126trn from Mar.23 mainly due to growth of market value
- AUC increased in domestic businesses and global custody mainly due to growth of market value

Assets under management (AUM)

	(Yen trn)	Mar. 23	Sep. 23	Change
1 Assets under management		121.4	125.7	4.2
2 SuMi TRUST Bank (*1)		7.6	8.5	0.8
3 Private asset		5.4	6.2	0.7
4 SuMi TRUST AM		85.9	85.7	(0.2)
5 Nikko AM		27.8	31.4	3.6

(*1) Not include duplicate amount from re-entrustment to SuMi TRUST AM and Nikko AM

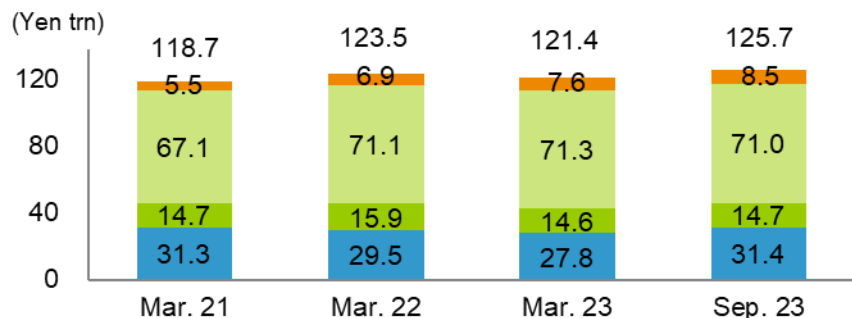
Assets under custody/administration (AUC)

	(Yen trn)	Mar. 23	Sep. 23	Change
[Domestic]				
6 Investment trust (*2)		87.6	92.8	5.1
7 Non investment trust (*2)		96.1	97.5	1.4
[Overseas] (USD 10bn)				
8 Global custody (*3)		38.8	39.8	0.9
9 Fund administration		9.1	9.0	(0.1)

(*2) Entrusted balance of SuMi TRUST Bank

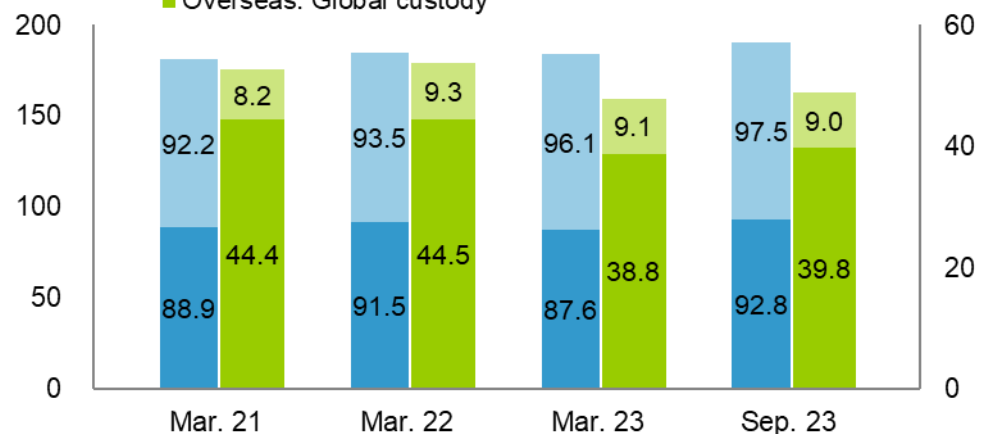
(*3) Combined figures of SuMi TRUST Bank, SuMi TRUST Bank (U.S.A) and SuMi TRUST Bank (Lux.)

■ SuMi TRUST Bank
■ SuMi TRUST AM (Non investment trust)
■ SuMi TRUST AM (investment trust)
■ Nikko AM



USD/JPY	110.65	122.38	133.54	149.53
TOPIX	1,954.00	1,946.40	2,003.50	2,323.39

■ Domestic: Non investment trust
■ Domestic: Investment trust
■ Overseas: Fund administration
■ Overseas: Global custody



Loan/Investment: Credit portfolio (SuMi TRUST Bank)

- Individual: New mortgage loans continued to decline, due to intensifying of interest rate competition. Balance was almost flat
- Corporate credit: Continue to shift to product lending. Increase in balance was mainly due to product lending (foreign currency) and JPY depreciation

Individual clients

	(Yen bn)	1HFY22	1HFY23	Change
1 Annual amount of new loans to individuals		444.0	374.4	(69.5)
2 Mortgage loans		395.9	340.9	(55.0)

	(Yen bn)	Mar. 23	Sep. 23	Change
3 Outstanding of individual loans		11,094.4	11,071.8	(22.5)
4 Mortgage loans		10,461.5	10,434.0	(27.4)

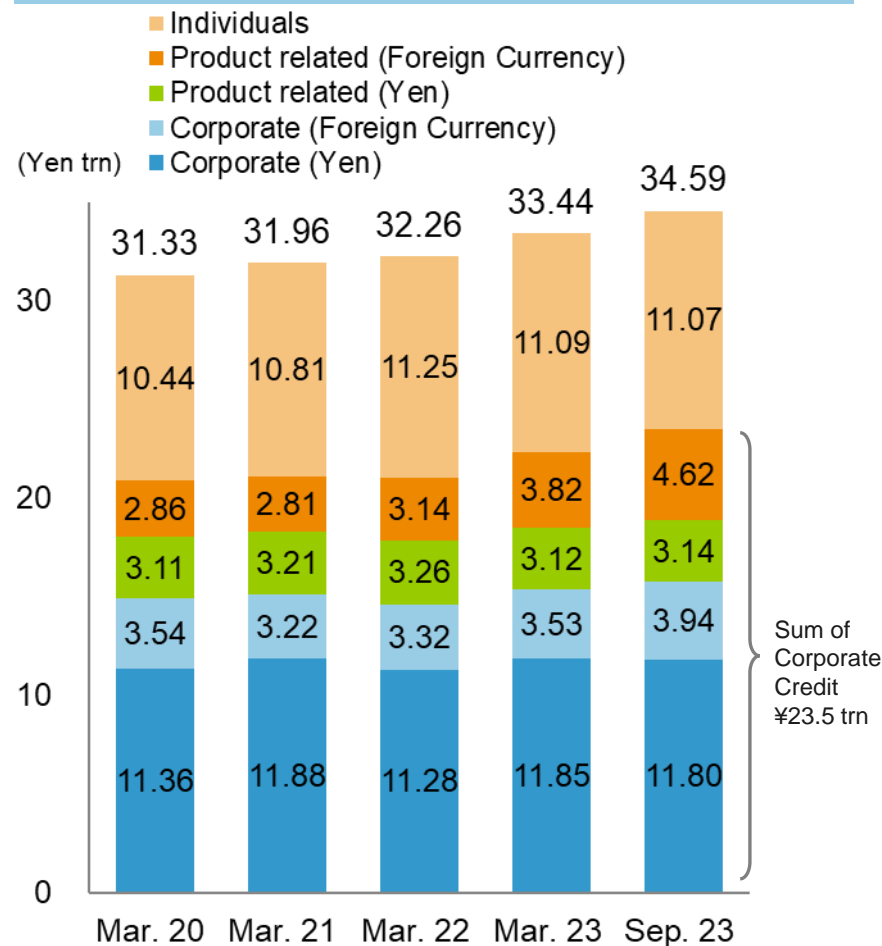
Corporate clients

	(Yen bn)	Mar. 23	Sep. 23	Change(*2)
5 Corporate lending(Yen)		11,859.6	11,809.4	(50.2)
6 Corporate lending(Foreign Currency)		3,533.6	3,943.6	410.0
7 Product related (Yen)		3,128.7	3,149.6	20.8
8 Product related (Foreign Currency)		3,824.9	4,620.2	795.2
9 Total balance of credit for corporates(*1)		22,347.0	23,522.9	1,175.8
10 Product related		6,953.7	7,769.8	816.0

(*1) Balance of equity investment(excluding strategic shareholdings) is ¥538.6bn on Sep. 23

(*2) Impact of foreign exchange: Corporate lending(Foreign Currency) approx. ¥400.0bn,
Product related (Foreign Currency) approx. ¥460.0bn

Credit portfolio balance



Revision of earnings forecasts for FY2023 (announced in October 30)

- Steady progress in net business profit before credit costs. Revised full year forecast of net income downward by realizing losses from reduction of bear funds with low B/E
- Remains unchanged of dividend forecast for FY2023 considering business progress and capital adequacy

(Billions of Yen)		1HFY2023 estimate		FY2023 forecasts (revised)	Change from previous ones	Key points of revision of consolidated earnings	
1	Net business profit before credit costs	1	166.3	330.0	10.0	1	Steady progress driven by macro environment
2	Substantial gross business profit		428.4	860.0	10.0		
3	Substantial G&A expenses		(262.0)	(530.0)	—	2	
4	Total credit costs		(1.7)	(20.0)	—		Reduce bear funds with low B/E Accelerate activities to reduce strategic shareholdings
5	Net gains on stocks	2	(95.4)	(160.0)	(175.0)		
6	Other non-recurring profit		(17.5)	(35.0)	—	3	Downwardly revised mainly due to above 2 Increased certainty of achieving future profit targets
7	Ordinary profit		51.5	115.0	(165.0)		
8	Net income attributable to owners of the parent	3	44.0	85.0	(115.0)	4	Remain unchanged of dividend forecast considering business progress and capital adequacy
9	Dividend per share (common share) (Yen)	4	110 yen	220 yen	—		

(*) Market environment assumption (2HFY23) : Nikkei 225:¥ 32,000, USD/JPY ¥145

(Reference) Revision of earnings forecasts for FY2023 (announced in October 30)

- Net business profit: Revised up ¥10.0bn to ¥330.0bn due to steady business progress.
- Net income: Revised forecaste to ¥85.0bn, a decreased of ¥115.0bn YoY, due to reduction of bear funds with low B/E
- Dividend per share: Remains unchanged from original forecast for FY2023, considering business progress and capital adequacy

	(Yen bn)	FY22 Actual	FY23 Forecast	Change from FY22	Change from Initial Plan
1	Net business profit before credit costs	324.6	330.0	5.3	10.0
2	SuMi TRUST Bank	245.9	263.0	17.0	4.0
3	Substantial gross business profit	814.1	860.0	45.8	10.0
4	SuMi TRUST Bank (*)	508.1	548.0	39.8	4.0
5	Other group companies (*)	305.9	312.0	6.0	6.0
6	Substantial G&A Expenses	(489.5)	(530.0)	(40.4)	-
7	SuMi TRUST Bank	(262.2)	(285.0)	(22.7)	-
8	Other group companies	(227.2)	(245.0)	(17.7)	-
9	Total credit costs	(10.4)	(20.0)	(9.5)	-
10	Net gains on stocks	3.0	(160.0)	(163.0)	(175.0)
11	Other non-recurring profit	(31.4)	(35.0)	(3.5)	-
12	Ordinary profit	285.8	115.0	(170.8)	(165.0)
13	Net income	191.0	85.0	(106.0)	(115.0)
14	SuMi TRUST Bank	169.1	65.0	(104.1)	(119.0)
15	Dividend per common share (Yen)	210	220	+10	-

(*) SuMi TRUST Bank includes dividends from subsidiaries (FY22(actual) :¥30.1bn, FY23(forecast) : approx.¥42.0bn)
 Other group companies includes offset elimination of transaction between group companies related above dividends (FY22(actual):¥(30.1bn), FY23(forecast): approx. ¥(42.0bn))

【Differences from original forecast】

(1) Net business profit: +¥10.0bn vs original forecast

- Substantial gross business profit: Revised up the forecasts of both SuMiTB and group companies, due to strong performance in corporate credit-related fees and favorable stock market condition and weaker yen.
- Substantial G&A Expenses: Progressed generally in line with original forecast

(2) Total credit costs: remains unchanged

- Total credit costs: Limited losses due to allowance and partial reversal of provisions. Maintain ¥(20.0)bn based on past results, while no specific client is considered

(3) Net gains on stocks: ¥(175.0)bn vs original forecast

- Drastically reduced bear funds with low B/E through FY2023, to reduce risks of fluctuations in future periodic earnings

【Shareholder return policy [announced on May 12, 2023]】

- ✓ Dividend per share will be progressive, while aiming to increase the dividend per share through profit growth. The dividend payout ratio will be determined at 40% or above.
- ✓ Share repurchase will be implemented flexibly on the premise of securing sufficient capital, while balancing the use of capital for medium-to-long term profit growth and the effects of better capital efficiency

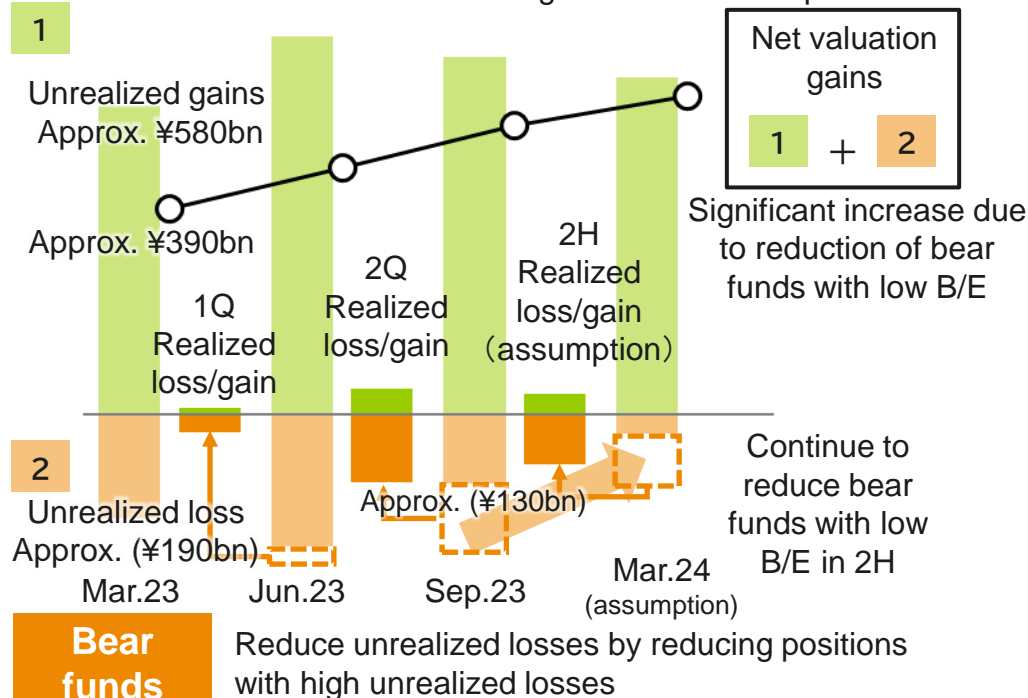
Reduction of bear funds with low B/E

- Accounting for losses on bear funds with high unrealized losses. Reduced risk to future periodic profit and loss
- Wipe out the risk of impairment of bear funds at levels below Nikkei 225 of 40,000 yen by the end of FY2023

Net valuation gains and losses

Strategic shareholdings

Steady reduction through dialogue with clients based on long-term relationship of trust
Increased unrealized gains due to stock price rise

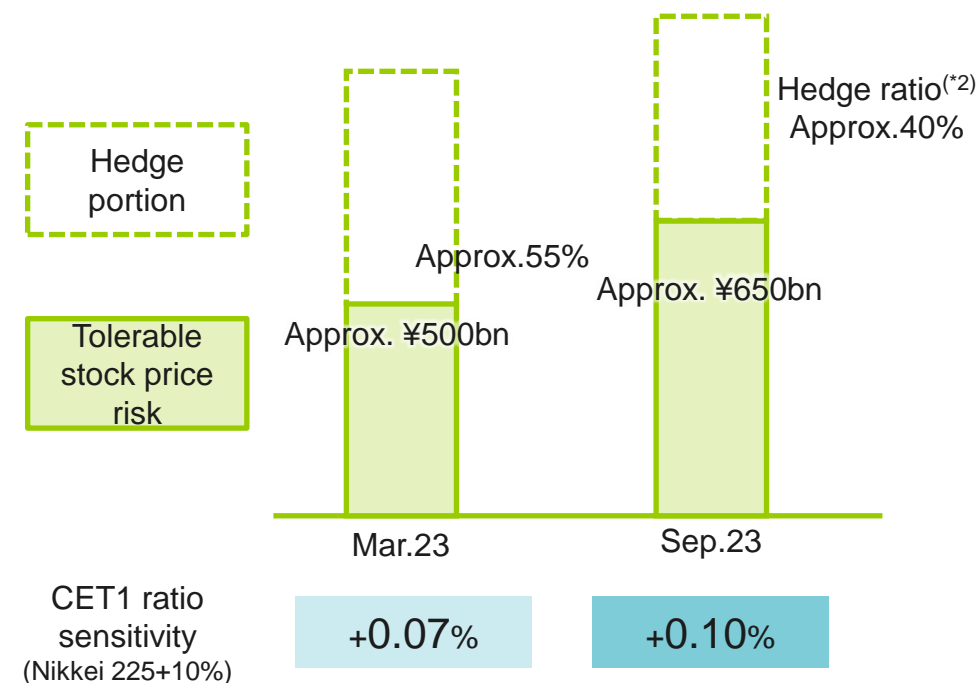


Impairment level raised to above Nikkei average of 40,000 yen^(*) at Mar.24

(*) TOPIX:2,920pt or above (calculate based on 13.7x of NT ratio as of Sep.23)

Revision of hedge policy

Reduced same amount of strategic shareholdings (market value) and hedge positions (Decrease hedge ratio)



Reduce hedge positions considering progress of strategic shareholdings reduction, market trends and capital

(**) Holding only TOPIX typed bear funds as of Sep. 23