

# Value Creation Initiatives

## Virtuous circulation of funds, assets and capital

The most significant financial and social issue in Japan is that individual assets which are estimated to amount to 3,000 trillion yen, including real estate, and corporate internal reserves in excess of 600 trillion yen are stagnant, not used for investment or consumption.

The Group has a strength in that it can access the primary information rather than the secondary one for both origination, identifying and structuring profitable investment op-

portunities, and distribution, which provides optimal investment opportunities.

Leveraging this strength, we access both business operators and investors directly in broad-ranging business domains, and through our proprietary investments as a leading investor, we will realize the virtuous circulation of funds, assets and capital.

### (i) Supporting business operators in taking risks to create the future

The Group has banking, asset management, asset administration, and real estate functions, and has one of the largest presences in Japan in those respective domains. Utilizing these functions, we provide comprehensive solutions for the

diverse management issues of our corporate clients, including carbon neutrality, and support efforts to enhance their corporate values.

### (ii) Creating a foundation for investment with peace of mind and delivering returns to our investor clients

The Group provides products and services tailored to the investment needs and objectives of broad-ranging investors from individual investors to institutional investors.

As a trusted fiduciary, we are committed to exceeding the

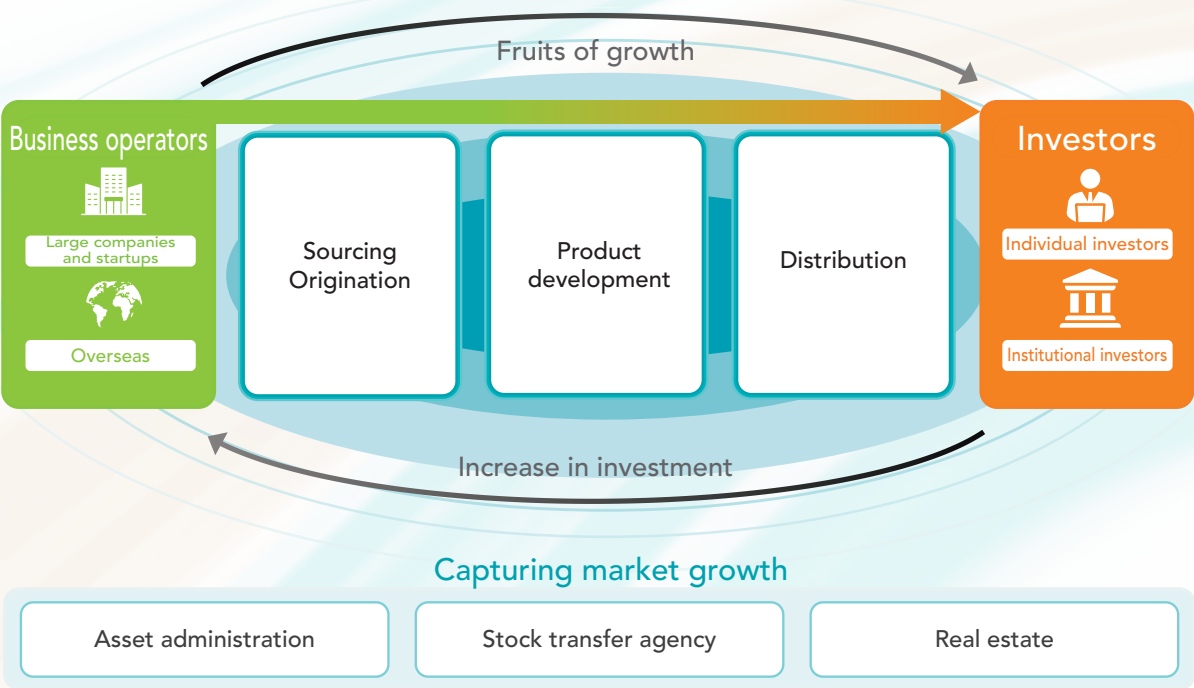
expectations placed in us and supporting long-term asset formation that enables people to live with financial peace of mind in the age of 100-year life.

### (iii) Contributing to the sound development of Japan's markets as a social infrastructure

The Group is an essential presence that provides financial and social infrastructure in its asset administration business, boasting amongst the largest scale in the capital and real

asset markets in Japan. We aim to expand our business as a platform provider by capturing the growth of markets, both within and beyond the Group.

#### ■ Virtuous circulation of funds, assets and capital



Exploring your story

## 1. The Roots of Value Creation

### The power to realize clients' aspirations and intentions for the future

People wish to believe in the future and entrust things of value to their destiny. The purpose of trusts, and our Company, is to turn that aspiration into reality.

One of the diverse functions of trust is the "time conversion function" typified by pension trusts. Trust banks are entrusted with corporate and public pension funds and manage them based on long-term relationships of trust with clients over a period of more than 40 years, from being a new employee to retirement.

Since the establishment of the qualified retirement pension programs in 1962, the Group has contributed to the asset formation of individual clients, and their safe and secure life in retirement. In addition, based on the long-term investment needs of institutional investors such as pension funds and financial corporations, we act as a bridge to create the future of business operators that need funds based on our extensive expertise and fiduciary responsibility as a trust group.

## 2. Value Creation Initiatives

### Contributing to the realization of the FINANCIAL WELL-BEING of our clients through Trust × Digital Transformation (DX)

SuMi TRUST Bank boasts the largest entrusted balance of corporate pension funds in Japan, and provides defined contribution pension (DC) services to approximately 1.7 million participants from approximately 6,000 companies. Leveraging the client base cultivated through decades of pension business, we are currently focusing on financial education, and online consultations for employees of companies whose funds we are entrusted to manage.

In financial education seminars, we support the improvement of financial literacy in broad-ranging domains by having people learn about pensions, which they are not aware of in their daily lives, as part of their asset formation plans.

In online consultations, our specialists, who are well-versed

in the unique pension schemes of each company, provide detailed explanations, including the public pension and NISA (Nippon Individual Savings Account) systems.

In addition, by utilizing the smartphone app "Smart Life Designer," we make proposals aligned with each client's needs and life plans. The app enables users to centrally manage information from other financial institutions, DC accounts, and credit cards. By entering details such as family structure and income, users can also simulate their retirement funding outlook (Q.P.45).

The Group will contribute to the realization of individual FINANCIAL WELL-BEING by fusing the expertise it has cultivated over the years with the power of digital technology to reduce customers' anxiety about the future.

### Our strengths

- Long-term relationships of trust with clients
- Wide array of functions of a trust
- Trust × DX

### Value we create

- Realization of the FINANCIAL WELL-BEING of clients





## Breaking fresh ground



## Cultivating assets

### 1. The Roots of Value Creation

#### The loan trusts that supported Japan's high growth

In the 1950s, Japan had a pressing need to raise funds for critical infrastructure projects such as power development and shipbuilding for reconstruction after the war. In response to these societal issues, "loan trusts" were introduced in 1952 through the initiative of six trust companies. These trusts served as a mechanism to provide massive long-term funds to mainstay industries utilizing household savings as a stable funding source.

In contrast to the interest rate on one-year time deposits at that time of 6%, the interest rate on five-year loan trusts

was 9.5%, which contributed significantly to household asset formation.

In 1971, as Japan's economy advanced and its industrial structure evolved, the role of loan trusts expanded to include a broader range of fund recipients across various industries.

In this way, the Group has continued to be a presence that takes on the challenge of the resolution of social issues and breaks fresh ground.

### 2. Value Creation Initiatives

#### New challenges for the democratization of private assets

With investors' interests expanding into "social significance" in addition to "profitability," SuMi TRUST Bank started providing the "Future Trust," a new money trust, in October 2024. This product provides long-term, stable funding to business operators that contribute to the realization of a green society, increase the interests of individual investors in private asset investment, and serve as a stepping-stone towards the democratization of private assets.

In addition, we are also accelerating the initiatives for comprehensive domestic infrastructure funds for institutional investors. With the First Fund, which closed in 2024, we raised 33 billion yen from more than twenty investors, exceeding initial expectations. Approximately 60% of the sourcing

information originates from SuMi TRUST Bank's clients. We are involved in all of the investment chain, from the origination of investment target assets to the development and formation of investment products, and the provision of investment opportunities, and we are advancing initiatives in areas that bring profits to investors.

Even if products change with the times, like loan trusts that have fulfilled their role have done in the past, the essential mission that trusts bear to tackle social issues and connect investors and business operators remains unchanged. The value creation of the Group always lies within challenges for the future.

#### Our strengths

- Spirit of challenge and development
- Ability to develop diverse products that meet the needs of the times
- Our presence connecting investors and business operators

#### Value we create

- Wealth creation for Japanese citizens through democratization of private assets

### 1. The Roots of Value Creation

#### New value creation cultivated through land trusts

The value of trusts lies in the flexibility to work on the assets themselves, not only in managing the funds.

In 1973, land trusts were developed under the leadership of Mitsui Trust and Banking, a leading member of the Trust Companies Association of Japan at the time. These are products unique to trust banks, which are reliable experts acting on behalf of landowners, conducting all operations related to management and administration, and combining financial functions with property management functions or

ganically.

In 1986, following the legalization of land trusts for national and public lands, Sumitomo Trust and Banking became the first to undertake such a trust for national and public lands. Subsequently, in fields such as urban redevelopment, they led the industry as a pioneer of land trusts, responding to the evolving needs such as urban development and regional revitalization under public and private collaboration.

### 2. Value Creation Initiatives

#### Creating new markets through the flexibility of trusts

Japan is one of the world's most forested countries and most of the forests that were planted after World War II have reached their prime for utilization. However, rather than their utilization progressing, these forests are increasingly facing negative impacts.

In August 2020, SuMi TRUST Bank was entrusted with a "Forestry Trust," in which a forest is a trust asset, from an individual client who owns approximately ten hectares of forest in Nishiwakura Village, Okayama Prefecture. We are contributing to the resolution of social issues such as forest degradation due to depopulation and a shortage of workers, and regional revitalization by outsourcing management to forestry business operators, managing the income, distributing profits from main and secondary logging to the

owner or their designated parties.

In the digital assets domain, which has achieved rapid growth in recent years, we established Japan Digital Asset Trust Preparatory Company, inc. (JADAT) aimed at starting services for the entrusted asset administration of digital assets, including crypto assets. By leveraging the know-how in asset administration business that the Group has cultivated over many years, and providing services with high security and reliability, we aim to create a new market for digital assets and contribute to market expansion as infrastructure.

We will continue to utilize the flexibility of trusts from now on to create and expand the new markets required by the times.

#### Our strengths

- The flexibility and public nature of trusts
- The breadth of assets that can be entrusted
- High level asset administration know-how and track record cultivated over many years

#### Value we create

- The creation and expansion of new markets