

# Investor Meeting on Financial Results for FY2022

May 19, 2023

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- ◆ This is Toru Takakura of SuMi TRUST Holdings.
- ◆ Thank you very much for attending our Investor Meeting on Financial Results for FY2022.
- ◆ It has been two years since I took over as president. Today, although it is a hybrid format, it is good to finally be able to hold a face-to-face meeting with you.
- ◆ First, I would like to briefly explain key points of today's meeting.
- ◆ In the financial results for FY2022, we achieved the “Net Income of 190 billion yen, and dividend payout ratio of 40%”, which we had committed to in the previous Medium-term Management Plan. Adding that, our efforts to reduce strategic shareholdings to zero were well understood by many corporate clients, and we reached to the first two-year target, reduction of 100 billion yen or more at cost basis, with almost no negative impact on transactions, while maintaining our long relationship of trust with clients.  
This is the first time for me to review our Medium-term Management Plan since I took over as president. I am frankly relieved that we were able to keep our promise with our shareholders with regards to such major plans.
- ◆ As for the current external environment, there are social issues which Japan needs to address over the long-term, including the age of 100-year life, as well as carbon neutrality.  
On the other hand, the Japanese economy has entered an inflationary trend after a long while, with corporates raising wages and prices rising. We can look forward to individuals and corporates making a full-fledged shift of their fund, which had long been stagnant in Japan, to investments.
- ◆ This large-scale transfer into investments, and the circulation of funds in Japan, will serve as the growth driver of SuMi TRUST.
- ◆ We will utilize our strengths as a trust bank group, including our wide-ranging business connections and long-term relations of trust, in domains such as social issues where significant circulation of funds will take place, and grow together with society and clients.

(Continued to the next page)

# Agenda

## Today's contents

### 1 Financial results for FY2022/Forecast for FY2023 ..... P. 5~

### 2 Medium- Term Management Plan ..... P. 9~

Previous Medium- Term Management Plan review(FY2020-FY2022)

New Medium- Term Management Plan summary (FY2023-FY2025)

Initiatives to key strategic businesses

Capital policy

### 3 Appendix ..... P. 39~

Readiness for various risks

Human resource management

Sustainability

Corporate governance

- ◆ In the growth strategy of the New Medium-term Management Plan, there are 3 key points as followings;
- ◆ The first point is that, we, as a value-creation company, will achieve robust profit growth towards an ROE of 10%.
- ◆ The second point is to grow the size of “AUF”, or assets under fiduciary.  
AUF is a KPI that we have newly set this time to measure our business growth.  
We plan to more than double our AUF over the next 10 years, following the doubling we saw in the past 10 years, mainly focusing on asset management and asset administration businesses.  
The key challenge to our profit growth will be the extent to which we can grow our AUF, in areas such as private assets, where we assume a relatively high expected return in the markets.
- ◆ The third is enhancing our capital efficiency.  
We will utilize our capital in an efficient manner by balancing growth investments and share repurchase. Dividend per share will be progressive, and consolidated dividend payout ratio will be determined at 40% or above, revised from the current level, or around 40%.  
We will keep maintaining our capital policy with strong consciousness of shareholders return.
- ◆ Now, let me move on to the presentation material.  
I will skip the details of our financial results for FY22 today, as I assume you have already confirmed them last week.
- ◆ Please turn to page 11 of the material.

## Key Messages

### Financial results for FY2022 and forecast for FY2023

#### FY2022 Financial results

- ✓ Net income achieved 191.0bn yen exceeding fiscal year plan
- ✓ Dividend per share is 210 yen (increased of 40 yen). Consolidated dividend payout ratio is 40.2%

#### FY2023 Forecast

- ✓ Net income forecast is 200.0bn yen. Continuous growth trend despite uncertain environment

### Medium- Term Management Plan (FY2023-FY2025)

#### Work on growth strategy to achieve ROE of 10% and P/B ratio of 1x or above as soon as possible

- ✓ Engage in three key strategic businesses, “The age of 100-year life”, “ESG/sustainable management”, “Networking” and create a virtuous circulation of funds
- ✓ Expand AUF centered around asset management and asset administration. Strive to expand assets with high investor return expectation
- ✓ Balance capital utilization between investment for growth and share repurchase. Focus on shareholder returns with progressive dividend. Consolidated dividend ratio is 40% or above

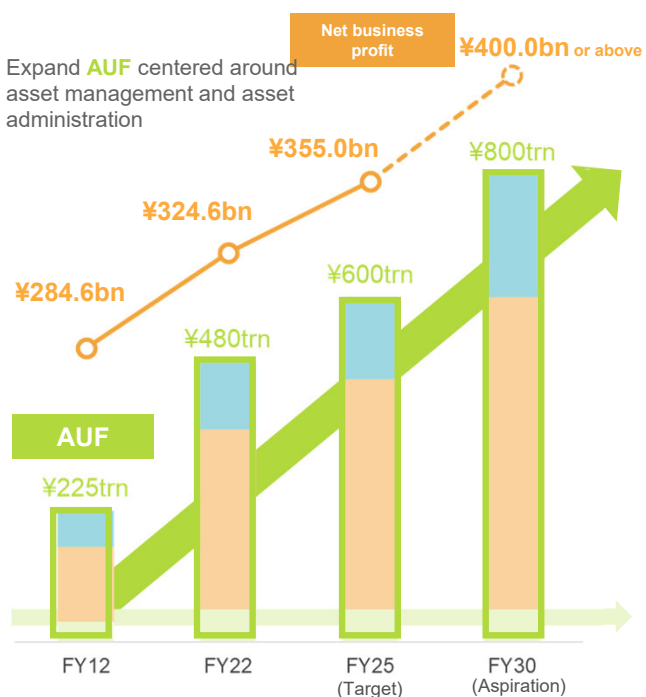
## Assets Under Fiduciary (AUF)

# AUF

(Assets Under Fiduciary)

Indicator of the scale of our initiatives to contribute to solving social issues and creating and expanding markets

Expand **AUF** centered around asset management and asset administration



## AUF(Assets Under Fiduciary)

||

AUM

+

AUC  
&  
AUA

+

B/S

### Assets Under Management

- ✓ Taking on challenge in areas with high return expectations, such as private assets
- ✓ Capturing local and global growth over a wide range of businesses

### Assets Under Custody/Administration

- ✓ Expand BPO services for investors and asset management companies
- ✓ Expect to increase managed balances due to growth in capital markets as well as our businesses

### Our own balance sheet

- ✓ Maintain balance almost at current level
- ✓ Sequential replacement to assets with higher capital return

# ① Financial results for FY2022 and forecast for FY2023

## Financial results for FY2022/Forecast for FY2023

- Net business profit and Net income exceed forecast. Achieved 105%, 101%
- Dividend per share : ¥210 (increased by ¥40), Consolidated dividend payout ratio : 40.2%
- FY23 forecast of Net income : ¥200.0bn (increased by ¥8.9bn YoY). Dividend per share: ¥220 (increased by ¥10)

### <Major KPIs>

	(Yen bn)	FY21 Actual	Forecast	FY22 Actual	change from FY21	change from Forecast	FY23 Plan	change from FY22
1	Net business profit before credit costs	346.0	310.0	324.6	(21.4)	+ 14.6	320.0	(4.6)
2	Substantial gross business profit	808.1	800.0	814.1	+ 5.9	+ 14.1	850.0	+ 35.8
3	Substantial G&A Expenses	(462.0)	(490.0)	(489.5)	(27.4)	+ 0.5	(530.0)	(40.4)
4	Total credit costs	(41.5)	(20.0)	(10.4)	+ 31.1	+ 9.6	(20.0)	(9.5)
5	Net gains on stocks	(38.3)	0.0	3.0	+ 41.4	+ 3.0	15.0	+ 11.9
6	Other net non-recurring profit, Extraordinary profit	(38.1)	(25.0)	(45.8)	(7.6)	(20.8)	(35.0)	+ 10.7
7	Net income	169.0	190.0	191.0	+ 21.9	+ 1.0	200.0	+ 8.9
8	Fee income ratio	54.0%		55.1%	+ 1.1%			
9	Overhead ratio	57.1%	61.3%	60.1%	+ 3.0%	(1.2%)	62.4%	+ 2.3%
10	Return on equity	6.25%		6.93%	+ 0.68%			
11	Common Equity Tier 1 capital ratio	12.31%		10.79%	(1.52%)	(*)		

(\*) Pro-forma figure of Mar.23 CET1 Capital Ratio on finalized Basel III reform basis is 9.5%.

### <Per share information>

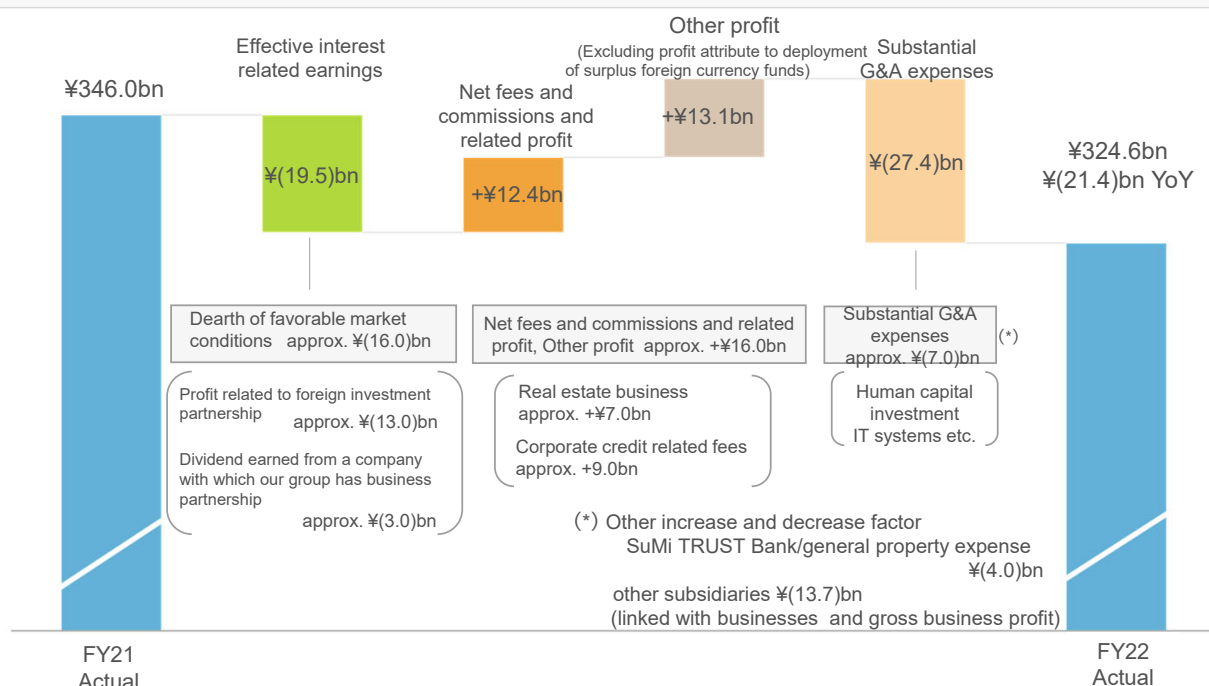
	(Yen)	FY21 Actual	FY22 Actual	change from FY21	FY23 Plan	change from FY22
12	Earnings per share (EPS)	451	517	+ 66	541	+24
13	Dividend per share (DPS)	170	210	+40	220	+10
		Mar. 22	Mar. 23	change from Mar. 22		
14	Net assets per share (BPS)	7,249	7,686	+436		

### <Shareholders' return>

<Shareholders' return>		FY22 Actual	FY23 Plan
15	Dividend payout ratio	40.2%	40.0%

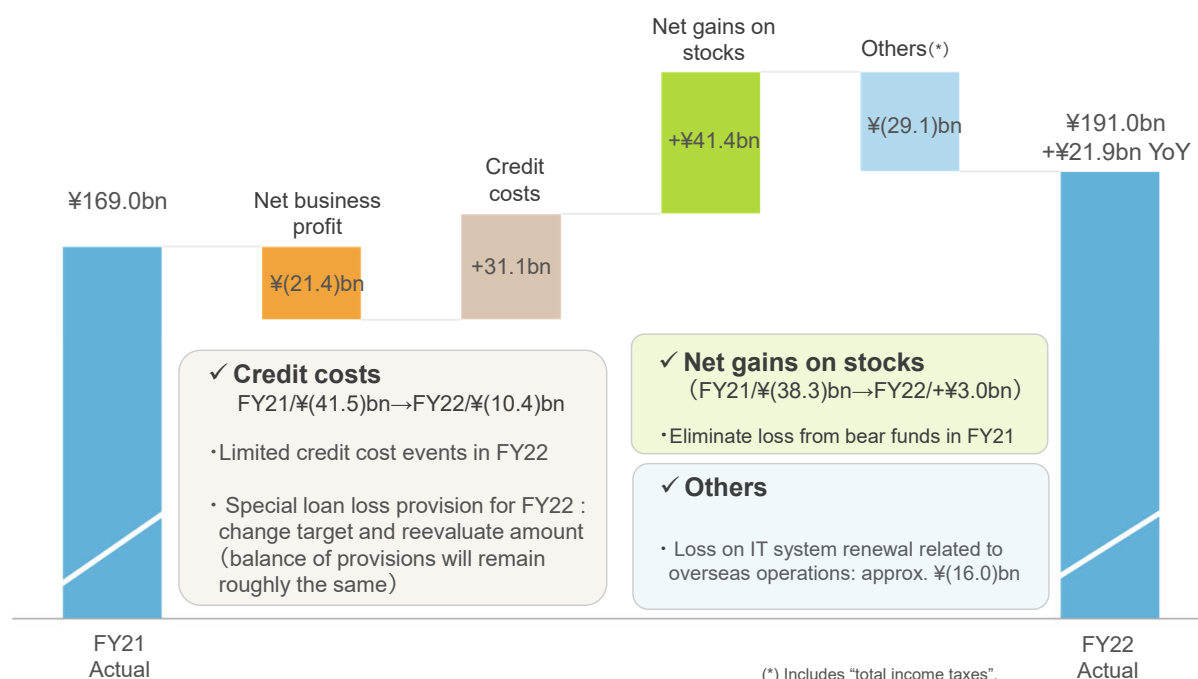
## Net business profit before credit cost (FY2022)

- Effective interest-related earnings declined, mainly due to dearth of favorable market conditions that prevailed in the previous fiscal year
- Net fees and commissions increased. Real estate business continued to perform well and corporate credit-related fees also contributed
- Substantial G&A expenses increased due to investments in human capital and IT systems in addition to expenses linked with gross business profit increases



## Net Income (FY2022)

- Achieved ¥191.0bn exceeding forecast of ¥190.0bn. Increase of ¥21.9 bn YoY
- Improvements in credit costs and net gains on stocks offset decrease in net business profit and extraordinary loss



## ② Medium- Term Management Plan (FY2023-FY2025)

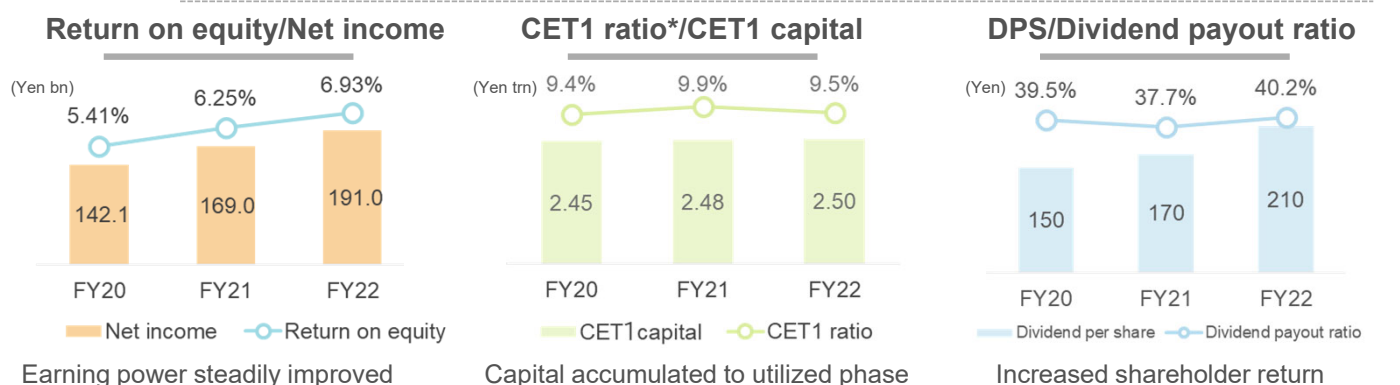
# Previous Medium- Term Management Plan (FY2020-FY2022) Review

## Review previous Medium- Term Management Plan ~KPI

- Achieve ROE and profit targets. Recorded highest net income of ¥191.0bn since integration
- CET1 ratio was 9.5%(\*) as of Mar. 2023. Continue to invest in growth and repurchase shares considering capital buffer and timeline
- Dividend per share increased by ¥60 in three years. Achieved 40% of dividend payout ratio

(\*) : Finalized Basel III

Target in 2023	KPI	Return on equity	Net business profit before credit cost	Net income	CET1 ratio*	Dividend payout ratio
	Target	Around 7%	¥310bn	¥190bn	Lower 10% range	Around 40%
	Actual	6.93%	¥324.6bn	¥191bn	9.5%	40.2%
	Assessment	○	○	○	△	○



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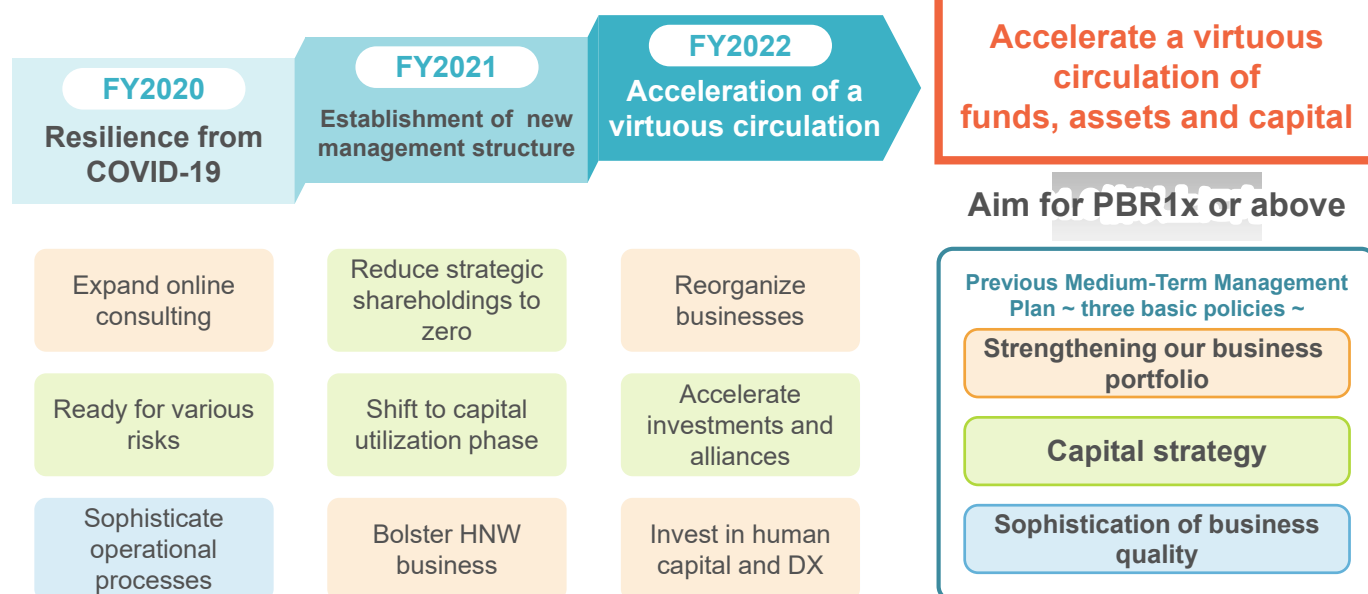
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- ◆ First, allow me to briefly review the previous Medium-term Management Plan which was up to last fiscal year ended March, 2023.
- ◆ The key metrics are as shown in the table at the middle of page 11.
- ◆ We were able to achieve almost all targets, including income and ROE.
- ◆ The CET1 ratio as of the end of March, 2023 was 9.5% on a Basel 3 finalization basis. We are investing in growth opportunities and share repurchases, taking into account capital buffers and timeframes for Basel 3 finalization.
- ◆ The dividend per share increased 60 yen during the 3 years, and we also achieved our target of 40% consolidated dividend payout ratio.
- ◆ On the next page 12, we show some of the major initiatives during these 3 years, so please take a look later.
- ◆ Please turn to page 14.

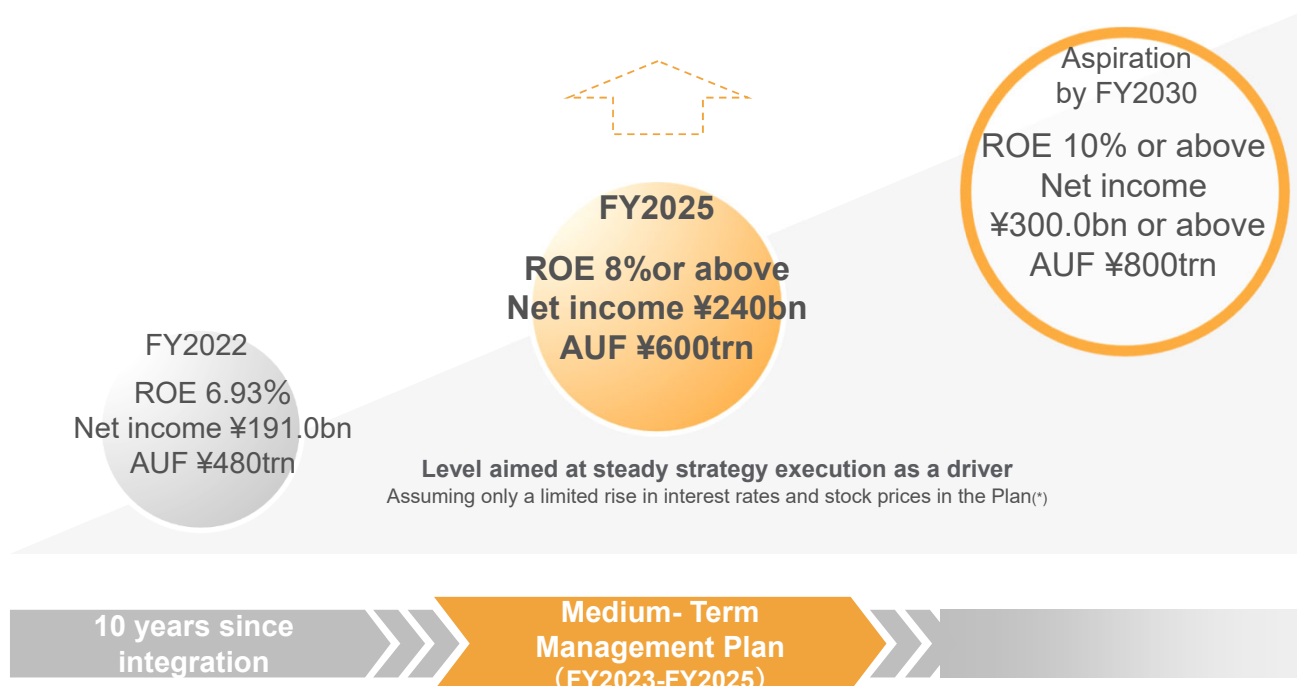
## Review of the previous Medium- Term Management Plan ~initiatives

- Established new management structure in FY2021. Announced initiatives to reduce strategic shareholdings to zero. Shift to capital utilization phase from capital accumulation phase
- Achieve capital-efficient profit growth centered on trust-related businesses such as asset management and asset administration



# New Medium- Term Management Plan (FY2023-FY2025) Summary

## Positioning of Medium- Term Management Plan(FY2023-2025)



(\*) Market environment assumption (FY23/FY25) : 10YJGB yield 0.50%/0.70%, Nikkei225 ¥28,000/¥28,000, USD/JPY ¥130/¥120

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- ◆ In the new Medium-term Management Plan, we set an ROE target of 8% or above for the final year, FY2025.
- ◆ As of now, we are incorporating limited positive impacts expected from market factors into the Plan, such as the interest rate or stock prices.
- ◆ We will work on the growth strategies that we outline today, and achieve an ROE of 10% or above, but we believe it possible to achieve it earlier, depending on the market environment.
- ◆ On page 15, we show the major KPIs up to FY2030.  
Please take a look later.
- ◆ Now, please turn to page 16.

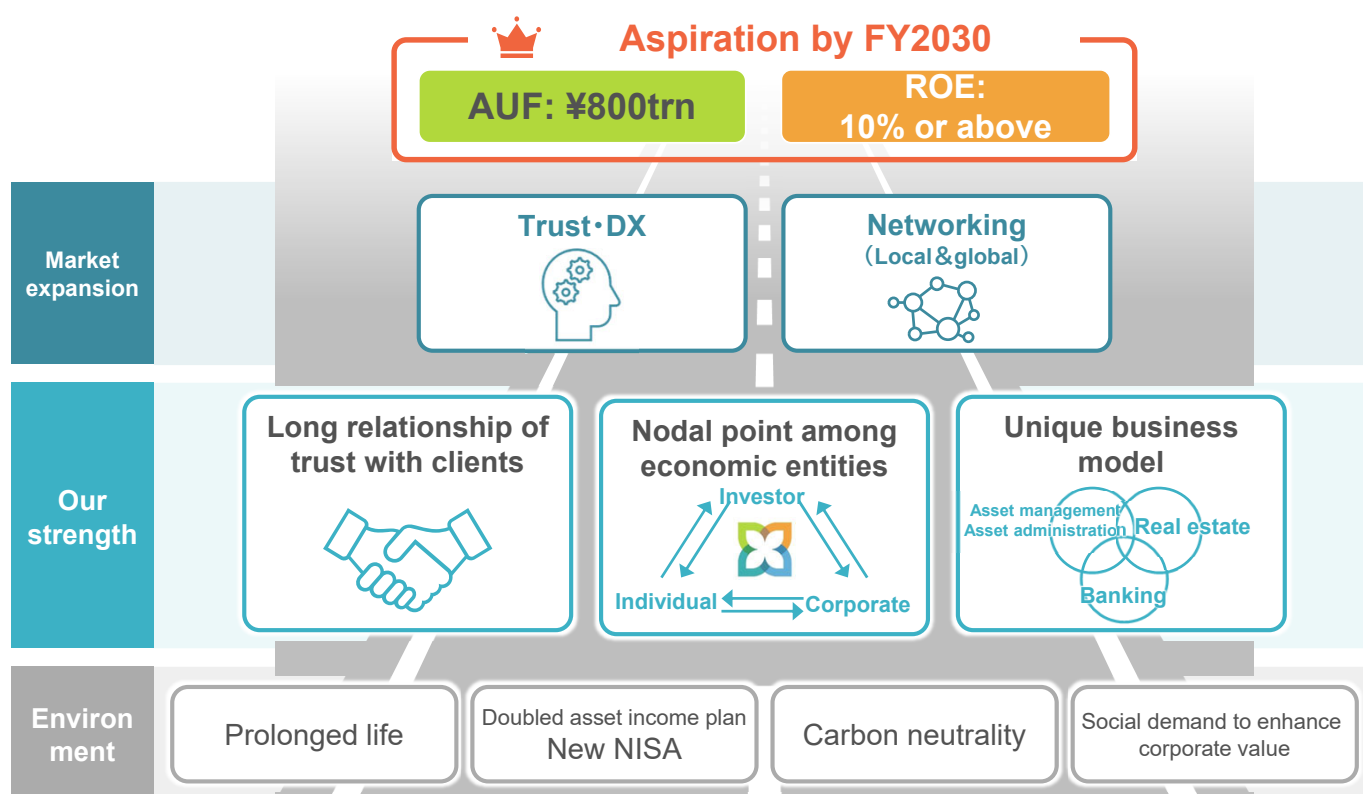
## Key Performance Indicators(KPI)

		FY2022 (Actual)	FY2023 (Plan) <sup>*1</sup>	FY2025 (Target) <sup>*1</sup>	By FY2030 (Aspiration)
<b>Profitability Efficiency</b>	<b>Return on equity</b>	6.93%	<b>Lower 7% range</b>	<b>8% or above</b>	10% or above
<b>Source of investment/distribution</b>	<b>Substantial gross business profit</b>	¥814.1bn	<b>¥850.0bn</b>	<b>¥920.0bn</b>	¥1trn or above
<b>Earning power/Growth</b>	<b>Net business profit</b>	¥324.6bn	<b>¥320.0bn</b>	<b>¥355.0bn</b>	¥400.0bn or above
	<b>Net income</b>	¥191.0bn	<b>¥200.0bn</b>	<b>¥240.0bn</b>	¥300.0bn or above
<b>Business model</b>	<b>AUF(outstanding)<sup>(*)</sup></b>	¥480trn	<b>¥500trn</b>	<b>¥600trn</b>	¥800trn
	<b>Fee income ratio</b>	55%	<b>Mid-50% range</b>	<b>Mid-50% range</b>	60% or above
<b>Cost effectiveness</b>	<b>OHR</b>	60%	<b>Lower 60% range</b>	<b>Lower 60% range</b>	Upper 50% range
<b>Capital adequacy</b>	<b>CET1 ratio (Finalized Basel III base)</b>	9.5%	<b>Mid-9% range</b>	<b>9.5% ~around 10%</b>	Stably maintain 10% or above

(\*) Market environment assumption (FY23/FY25) : 10YJGB yield 0.50%/0.70%, Nikkei225 ¥28,000/¥28,000, USD/JPY ¥130/¥120  
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(\*) AUF: Assets Under Fiduciary

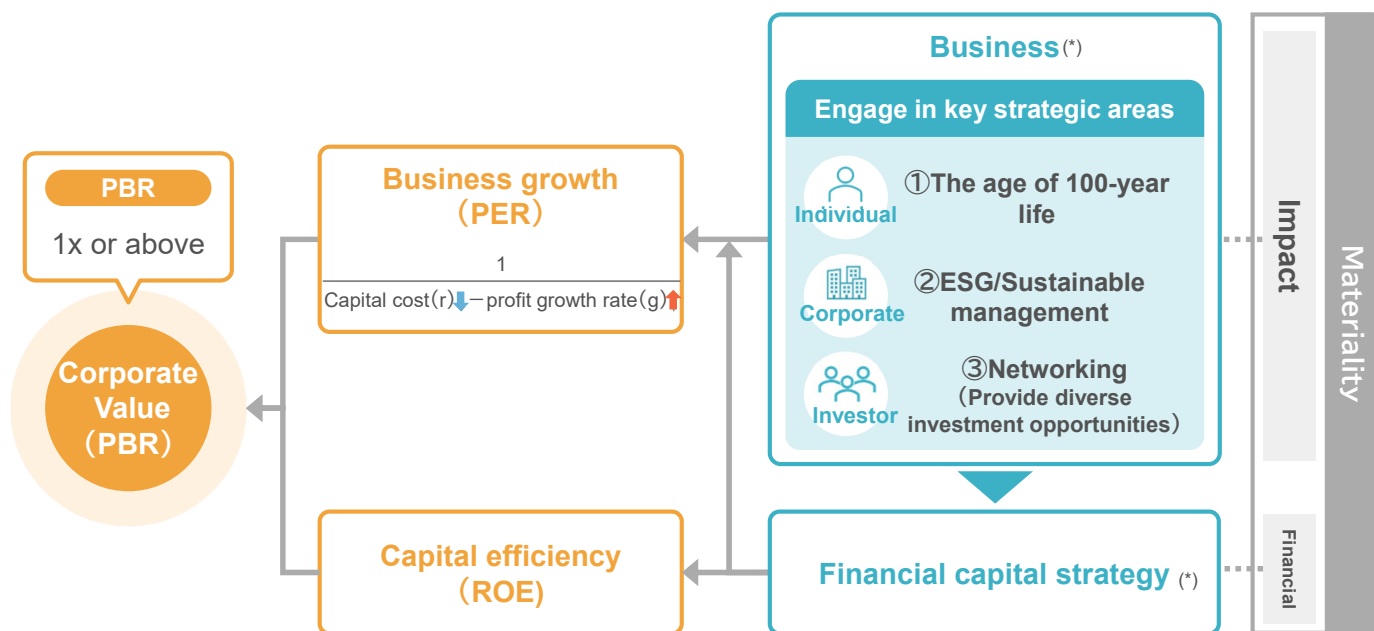
## Roadmap for ROE 10% or above



- ◆ Here, we show the roadmap towards achieving the 10% ROE target, including the external environment, our key features and strengths, and the market expansion to accelerate growth.
- ◆ As I mentioned earlier, Japan has several social issues that must be resolved over the long-term and require huge investments, such as the age of 100-year life, and carbon neutrality.
- ◆ This will be a big challenge for individuals and corporate clients, but actually, initiatives like these which “take a long time and require heavy investments” are precisely areas in which we can leverage on our strengths.
- ◆ The key feature of us, as a financial group with trusts at its core, is that we have contact with a wide range of clients and the market, and have a business foundation based on long-term relationships of trust with clients in a wide area including pensions or inheritance. We will utilize strengths such as this to make significant contributions to the circulation of funds and the expansion of investments in Japan.
- ◆ Moreover, we will further enhance the flow of investments generated from the circulation of funds through the utilization of functions and products related to trusts, DX, as well as our network with business partners in both Japan and overseas, leading to significant growth of our business with various markets together.
- ◆ Please turn to page 17.

## Initiatives to enhance corporate value

- Focus on three key strategic businesses that promote a large circulation of funds by tackling to social and clients' issues
- Achieve P/B ratio of 1x or above as soon as possible with a unique growth model centered on the trust business



(\*) Generally corresponds to "9 Strategies" (1) to (4) in the Mid-Term Management Plan. Please see page 72 for more information about Medium- Term Management plan

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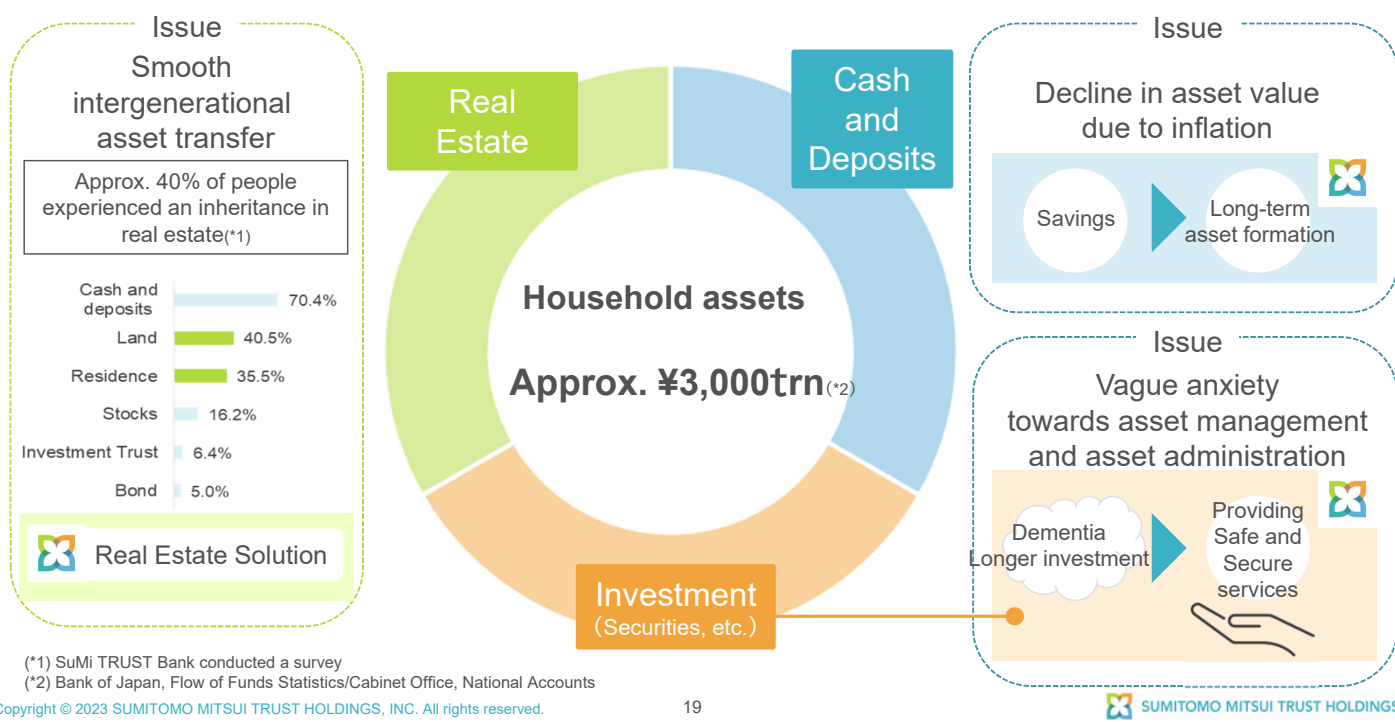
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- ◆ This is an image of how we plan to achieve the PBR of 1 times or above, which we explained you at such a meeting in November last year.
- ◆ I will explain, on the next page onwards, the 3 key strategic businesses, as well as financial and capital policy, which we are focused on in terms of creating a significant circulation of funds here in Japan.
- ◆ Please turn to page 19.

## ◆ Initiatives to key strategic businesses

## The age of 100-year life ~household assets in Japan~

- Household assets, ¥3,000trn, are the key to creating a circulation of funds in Japan.
- Eliminate vague anxiety that individual clients have in the age of 100 year life by leveraging strengths of a trust group

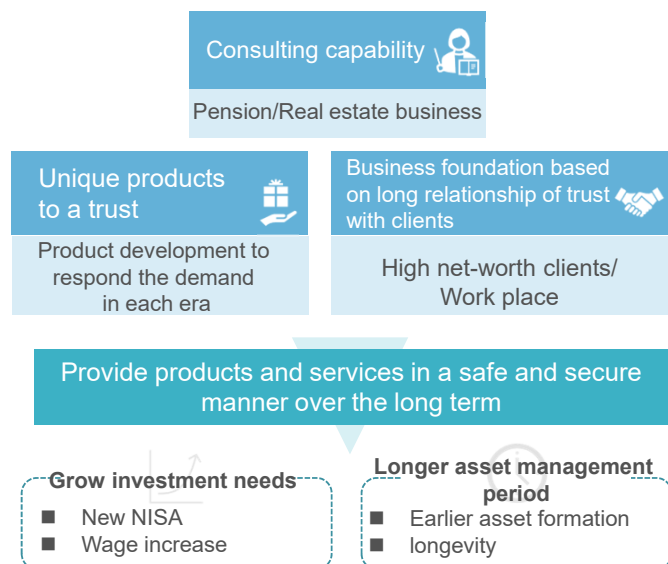


- ◆ The key to resolving “the age of 100-year life” issue lies in whether the 3,000 trillion yen of assets held by households can create a circulation of funds in Japan.
- ◆ The breakdown of the 3,000 trillion yen is 2,000 trillion yen of financial assets and 1,000 trillion yen of real estate.
- ◆ Out of the financial assets, 1,000 trillion yen is in the form of cash and deposits. It is stagnant, generating no returns, and hindering the economic growth of Japan as well as asset formation of the Japanese people.  
There is momentum to make the shift from savings to asset formation a nation-wide initiative, and we, engaging in a wide range of businesses, will make significant contributions to the asset formation of the Japanese people.
- ◆ The rest of the financial assets, 1,000 trillion yen, is invested in assets such as investment securities, but with the increase in longevity, people are feeling a stronger sense of vague anxiety about the future, with more funds becoming necessary to support people’s long lives, as well as factors such as dementia.  
We will provide safety and security to address these anxieties felt by individual clients, with our products and services based on the characteristics of trusts and through our business foundation in workplace covering employees of corporate clients.
- ◆ The remaining 1,000 trillion yen is real estate.  
Around 40% of people experience inheritance of real estate, and feel anxiety about the smooth transfer of assets between generations.  
As a trust group with strength in real estate, we shall play a major role in alleviating such anxieties.
- ◆ We will explain our initiatives to address these various issues on page 20 onwards.

## The age of 100-year life ~Asset formation and Asset administration~

- Our strength is our wide range of highly specialized products and services. Provide products and services in a safe and secure manner based on long-term relationships of trust
- Support asset formation of our clients. Aim to grow our profits by expansion of AUF

### Leveraging our Strengths to respond Society's Needs



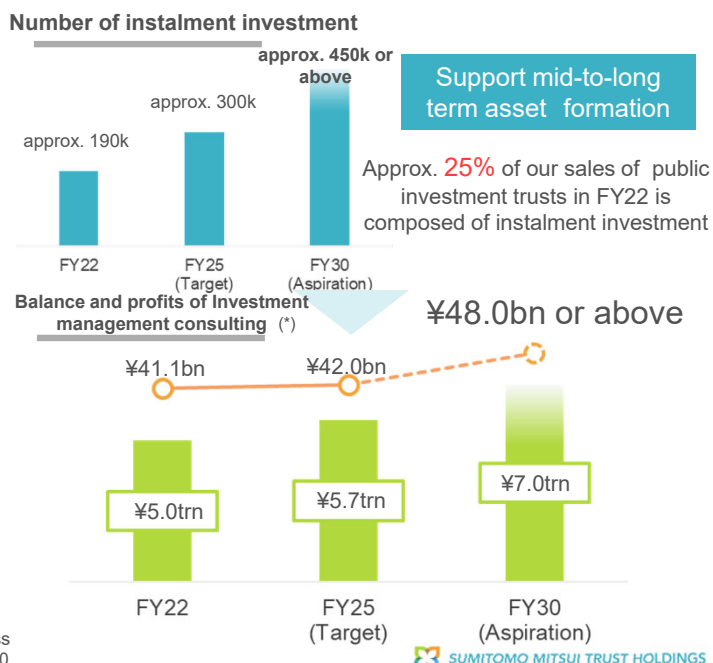
(\*) Income total of sales fees of investment trust and insurance, and administration fee in Retail Business.

Balance total of investment trust, fund wrap, SMA and insurance in Retail Business

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### Achieve our growth by expansion of balance of investment management consulting (AUF)



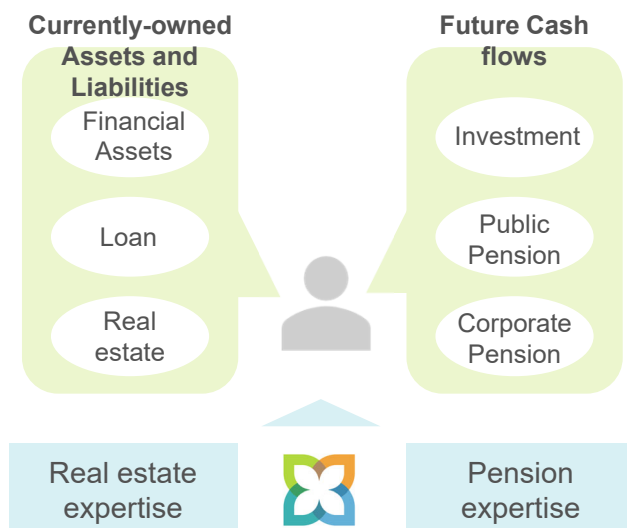
- ◆ The demand for investing, as well as the amounts invested, are expected to grow, with support from the government such as its plan to double asset-based income, as well as the income effect from higher wages.
- ◆ More people are starting asset formation early, while they are still working.
- ◆ We are addressing these needs by providing consulting that utilizes our experience and know-how built up over many years in the pension and real estate businesses, as well as unique products. In engaging with the asset formation segment, there has been an increase in instalment-type investments, and a quarter of publicly offered investment trusts are being invested in this format.
- ◆ We will support long-term asset formation and investment needs of our individual clients, and seek to grow profit through the expansion of AUF.
- ◆ On page 21, we explain the consulting services and asset administration products I just mentioned, as well as our platform in workplace-related businesses such as a Defined Contribution pension plan.
- ◆ Please turn to page 22.

## The age of 100-year life ~Asset formation and Asset administration~

- Engaging consulting services that covers future cash flows such as real estate or pensions, utilizing our experience and expertise in the trust businesses
- Supporting long-term asset management by providing products and services to respond to needs of clients

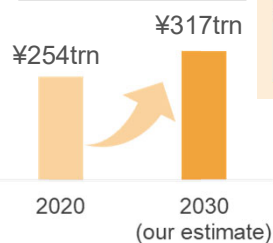
### Consulting capability(Total Asset Approach)

#### Consulting considering future cash flow



### Unique products to a trust(100 year passport+)

#### asset freeze by dementia

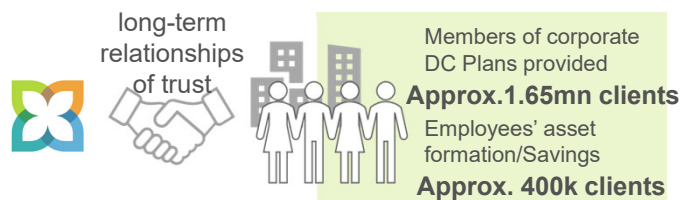


Resolve vague anxiety about the future

**Support long-term asset management**

#### Clients foundation

(transactions with employees of our corporate clients)

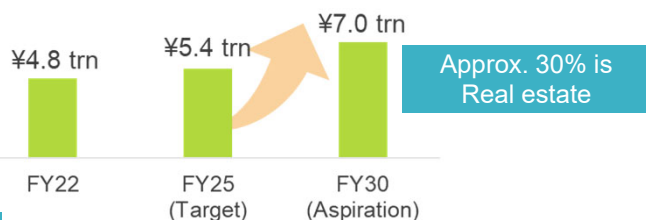


## The age of 100-year life ~Asset succession and Real estate~

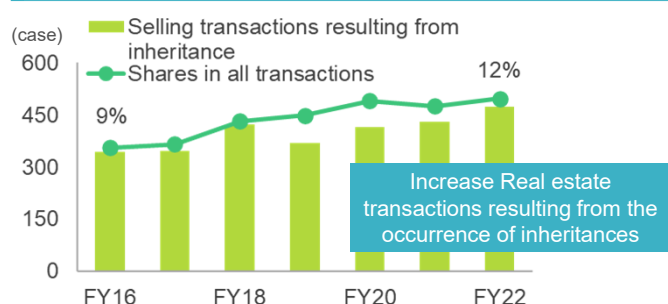
- Expand needs for will trusts prolonged life(real estate accounts for 30% of AUF)
- Real estate transactions resulting from the occurrence of inheritances are expected to increase continuously. Expand earnings by accelerating our group collaboration

### Will trusts × Real estate

#### Entrusted asset(AUF)

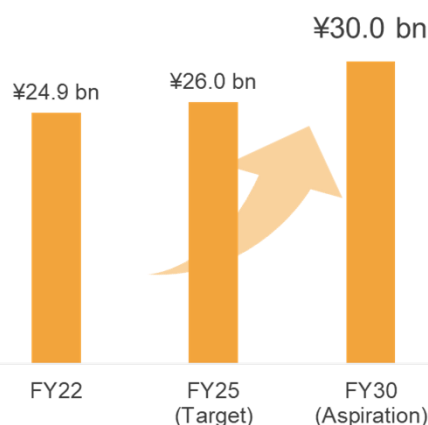


### Inheritance × Real estate



### Expand earnings from Real estate

#### Real estate brokerage fee(\*) (SuMi TRUST Realty)



Increased transactions referrals from SuMi TRUST Bank  
Accelerate to strengthen group collaboration and increase  
real estate earnings

(\*) based on contract based commissions

◆ It has been more than a decade since the start of super-aging society, and there is ever stronger interest towards will trusts.

We expect the total balance of will trusts to grow by 50%, to 7 trillion yen by 2030, out of which 30% is real estate.

◆ Moreover, real estate transactions resulting from inheritance is increasing as well.

We will further increase real estate business with individual clients, by strengthening the collaboration between SuMi TRUST Realty and SuMi TRUST Bank in the future.

◆ Please turn to page 23.

## The age of 100-year life ~Digital/ alliances~

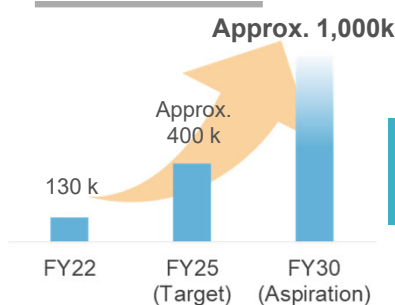
- Expand business foundation with asset formation generation by enhancing IT/digital-related services
- Promote businesses with high net-worth clients by collaboration with UBS SuMi TRUST

### Digital technology (Smart Life Designer: SLD)



- Simulation function  
elaborate future cashflow  
simulation including pension  
benefit
- Providing information  
contribute to enhancement  
of financial literacy

Total number of SLD  
downloads



Further Expansion  
of Functions

Expand client base  
for asset formation  
generation

### Collaboration with business partners (UBS SuMi TRUST)

FY22/ROC<sup>(\*)</sup>  
over 10%

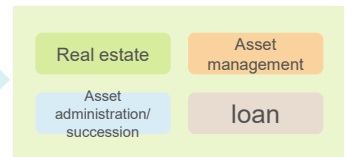
UBS | SuMi TRUST

UBS  
Group

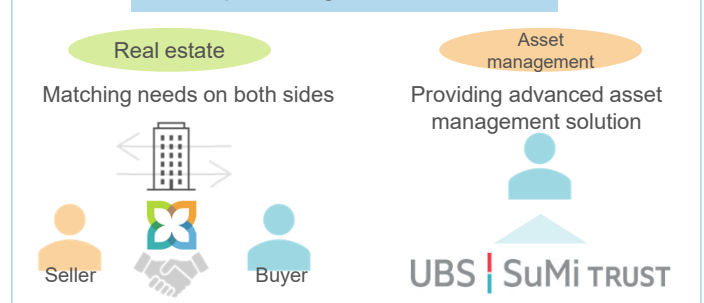
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(\*) Profit before amortization of  
goodwill and after tax / required capital

High net-worth clients' needs



#### Example of large transactions<sup>(\*)</sup>



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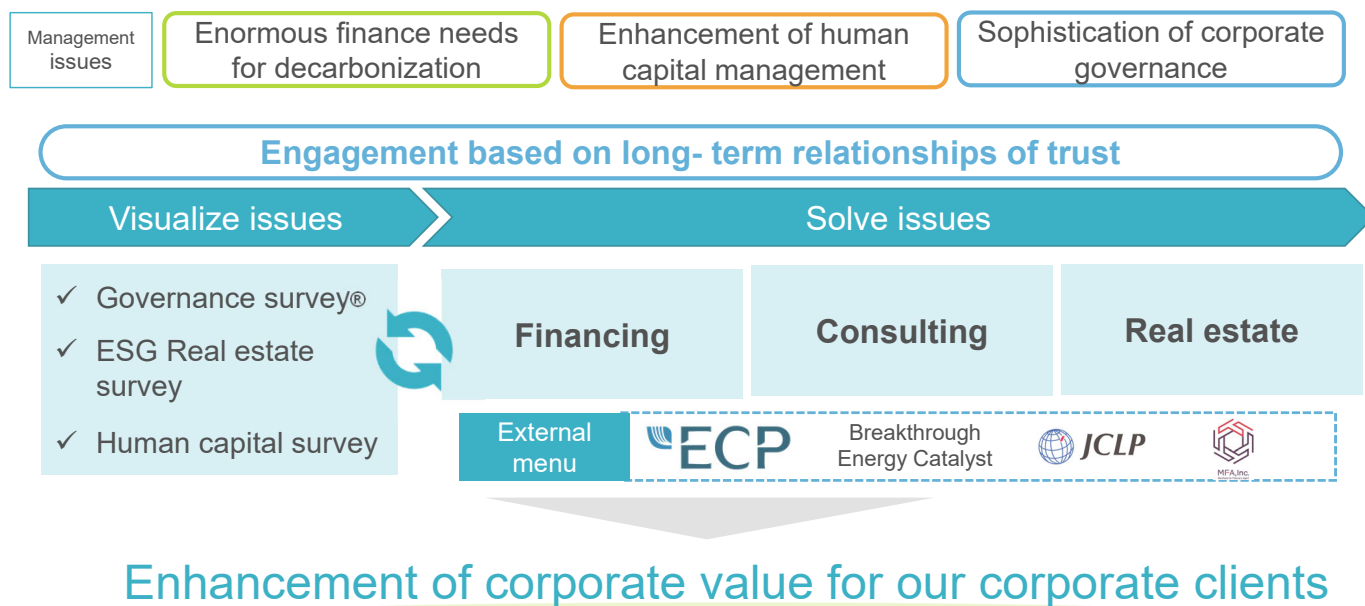
(\*) 1 billion yen or above per transaction

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- ◆ The Smart Life Designer, introduced last April, can run simulations of asset management including pensions and real estate, and is effective in expanding the business with the working generation. We are preparing collaboration with NEOBANK, run by SBI Sumishin Net Bank, to further enhance clients' convenience.
- ◆ In the joint venture with UBS group, we have been utilizing each other's strengths in areas such as asset management or real estate, and have begun to see some large contracts that are unique to high net-worth clients. We will continue to focus on expanding the high net-worth business.
- ◆ Please turn to page 24.

## ESG/Sustainable management ~overview of strategy~

- Visualize management issues faced by corporate clients and provide a wide range of solution menus
- Enhance corporate value for our clients by engaging in fruitful dialogue based on long-term relationships of trust



- ◆ I will explain our contribution to the ESG management and sustainability management of our corporate clients.
- ◆ The ESG-related issues faced by corporates can be categorized roughly into the transition towards decarbonization, human capital management, and the sophistication of corporate governance.
- ◆ Especially, listed companies face issues that take time to resolve, in each of the areas of Environment, Social and Governance.  
However, many corporates have not necessarily been able to grasp what exactly those issues are, what are expected of them by the capital markets and investors, as well as how to resolve those issues.
- ◆ We will utilize measures such as surveys that cover a large number of companies, and “visualize” the current position and challenges, thereby providing solutions to address challenges in a wide range of areas.  
The challenges faced by companies are wide-ranging, and requires a high level of specialization to be solved in many cases, so we will continue to collaborate with external business partners as well.
- ◆ Please turn to page 25.

## ESG/Sustainable management ~Financing~

- Significantly expand decarbonization-related investment needs toward 2030
- Increased target for sustainable finance to 15 trillion yen in light of growing awareness of issues and demands for funds from corporate clients

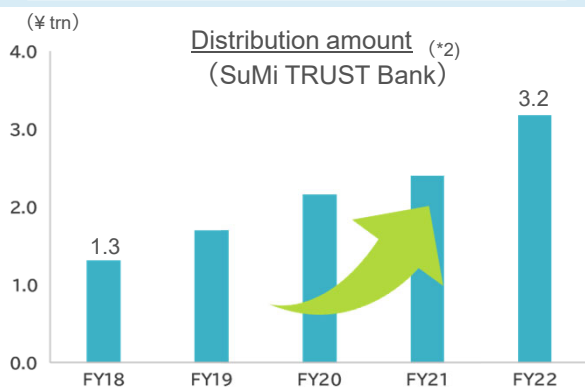
### Decarbonization-related investment needs

Until 2030 (estimated amount of investment related to carbon neutrality) (\*1)

Cumulative **¥150trn**



Expand investment needs



(\*1) Source: from "Clean energy interim strategy" (Ministry of Environment)

(\*2) Cumulative total of top 50 SMTB's clients

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### Sustainable finance

Increase of sustainable finance contribute to increase in corporate credit-related fees

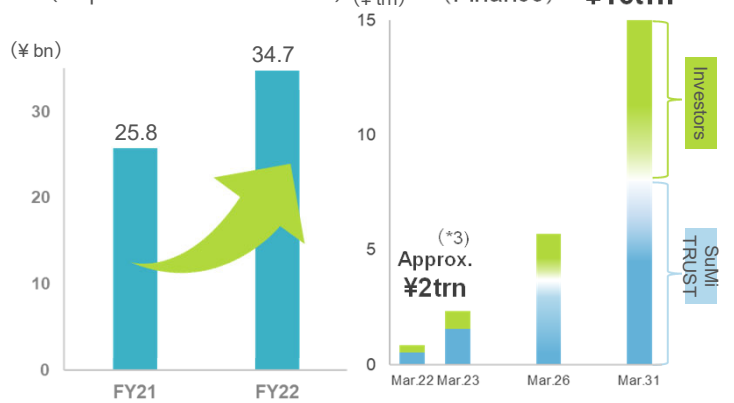
Long-term target  
(FY2030)

¥10trn



**¥15trn**

(corporate credit-related fees) (¥ bn) (Finance) **¥15trn**



(\*3) Aggregated amount by SuMi TRUST Bank

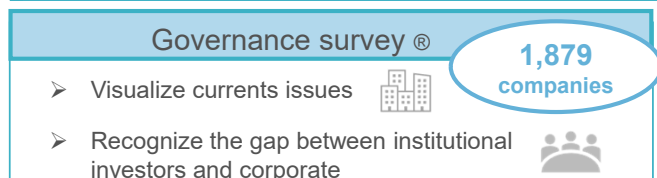
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- ◆ As shown on the right, we raised our sustainable finance target from 10 to 15 trillion yen by FY2030, based on stronger demand from corporate and investor clients.
- ◆ Aside from investments and loans using our own balance sheet, we will gather a significant amount of money from investors who have an interest in ESG, and create a circulation of funds that supports the sustainability management of corporate clients.
- ◆ Please turn to page 26.

## ESG/Sustainable management ~sophistication of corporate governance~

- Environment and issues surrounding Japanese corporates have changed significantly. Visualize current issues of corporate clients through Governance survey
- Contribute to the revitalization of capital markets by leveraging our unique business model and expertise

### Visualize issues and provide solutions



Board Advisors Japan, Inc.  
株式会社ボードアドバイザーズ



三井住友信託銀行  
SUMITOMO MITSUI TRUST BANK

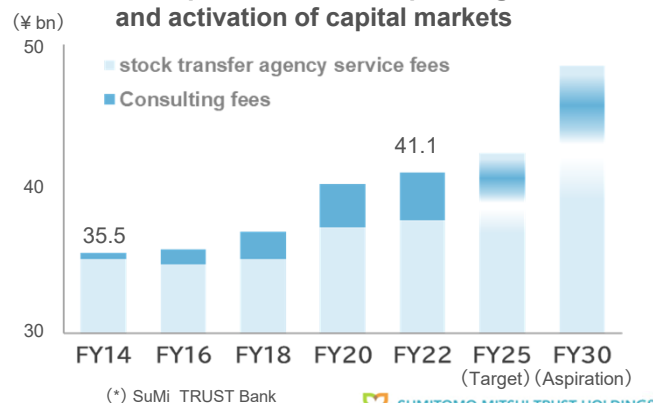
### Support for sophistication of corporate governance

Largest client base in Japan

Highly expertise

Partners

### Contribute to sophistication of corporate governance and activation of capital markets



- ◆ With the penetration of the corporate governance code in Japan, awareness among the top management of corporates towards corporate value enhancement and the dialogue with investors has become ever stronger.
- ◆ SuMi TRUST has deep engagement historically with capital markets, through the stock transfer agency business, and we ourselves have the features of an institutional investor in our asset management business.  
We will fully utilize our strength of having a distinct business model and many contacts with capital markets, and through initiatives such as supporting the sophistication of corporate governance, we will contribute in enhancing corporate value and vitalizing the market.
- ◆ The demand among corporates is extremely wide-ranging, and is evolving day by day. We have just recently announced our capital and business alliance with Board Advisors Japan, Inc. We will proceed with collaborating with such external partners that have strong specialties whenever necessary.
- ◆ On page 27, we show some examples of the various surveys that “visualize” issues faced by corporates that I mentioned earlier, so please take a look later.
- ◆ Next, I will explain the 3rd key strategic business area, which is “Networking”.  
Please turn to page 28.

## ESG/Sustainable management ~various surveys~

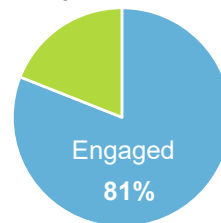
- Conduct various surveys as a tool to objectively understand management issues and positions of corporate clients
- Lead to specific consultations and contracts by identifying unrevealing issues through surveys

### Various surveys (\*1)

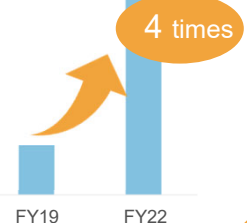
Compensation survey
1,123 companies
<ul style="list-style-type: none"> <li>Conducted with Deloitte Tohmatsu</li> <li>Diversified analysis of compensation levels and composition by position</li> </ul>

ESG Real estate survey
161 companies
<ul style="list-style-type: none"> <li>Survey on ESG initiatives in real estate investment management</li> <li>Capture ESG trend and room for improvement</li> </ul>

#### <companies engaged in workplace review>



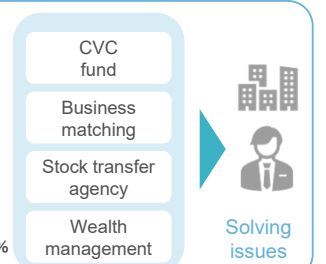
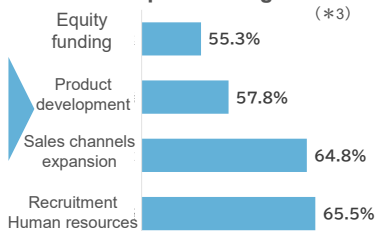
#### <brokerage large transactions> (\*2)



Human capital survey
540 companies
<ul style="list-style-type: none"> <li>Focus on human capital management and employees' well-being</li> <li>Contribute to initiatives for enhancement of corporate value and employees' sustainable well-being</li> </ul>

Start-up survey
528 companies
<ul style="list-style-type: none"> <li>Compare and analyze start-up management</li> <li>Contribute to growth of start-up segment with solving issues and management strategy</li> </ul>

#### <Start-ups' challenges> (\*3)



(\*1) Each number of participated companies is collected in FY22

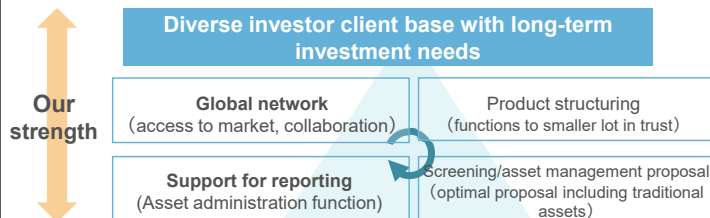
(\*2) Based on transaction. ¥20bn or more property and corporates seller were selected

(\*3) Only the top-responding companies were selected

## Networking ~asset management and asset administration businesses~

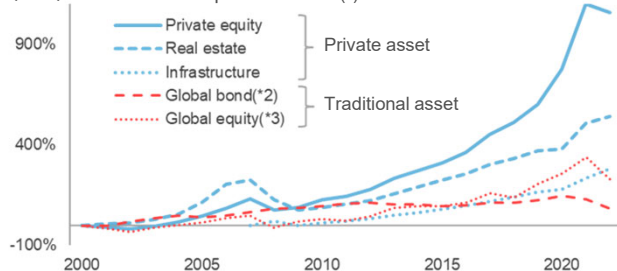
- Our strength lies in diverse investor client foundation with long-term investment needs and global investment and product providing capability
- Focus on private assets with attractive medium to long term return potential

### Creating investment opportunities that responds to investor needs



Assets with attractive medium- to long-term return potential

(Ref.) Performance of private asset (\*)



(\*) Source: Preqin Pro

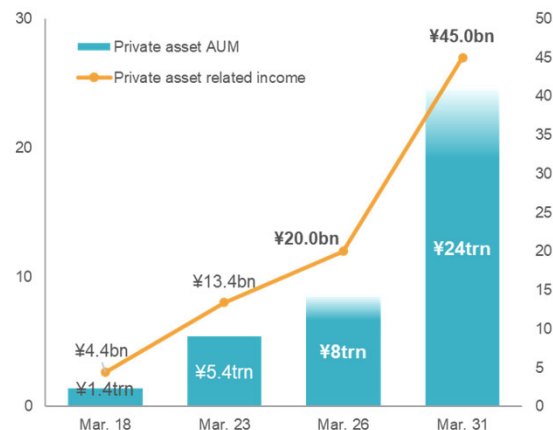
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### Increase private asset related income



[Private asset AUM and related income]



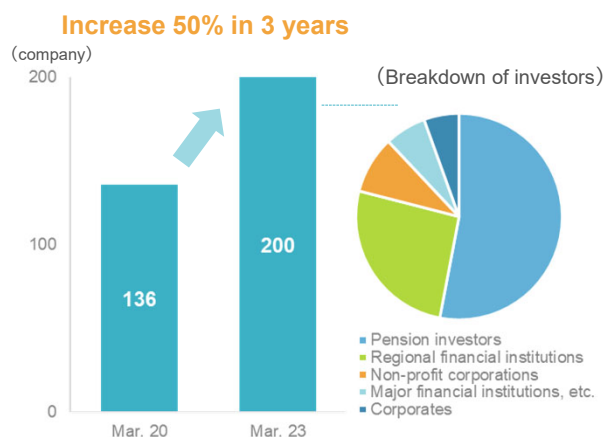
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- ◆ This is an initiative to achieve profit growth that is capital-light and unique as a trust group, by utilizing the investor clients base that we have built up so far, as well as the collaborative network with partners.
- ◆ In the asset management and asset administration businesses, our strength lies in our business foundation with a diverse range of investors with long-term investment needs, centered around institutional investors.  
We will significantly grow AUM in areas such as private assets, where attractive returns can be expected in the midium-to long-term, thereby seeking to grow our revenue as well.
- ◆ Please turn to page 29.

## Networking ~asset management and asset administration businesses~

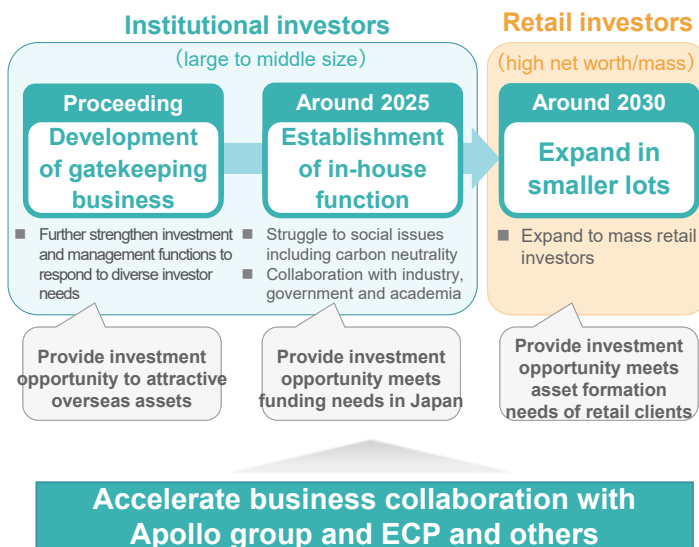
- Steadily expanded investor client base for private assets. Strive to expand the base to general institutional investors and individuals going forward
- Expand businesses through launching inhouse fund and providing investment opportunities to individuals. Accelerate collaboration with business partners

### Track record of expanding private asset investor client base



**Developed investor client base including diverse Japanese institutional investors**

### Future expansion of private asset business and investor client base

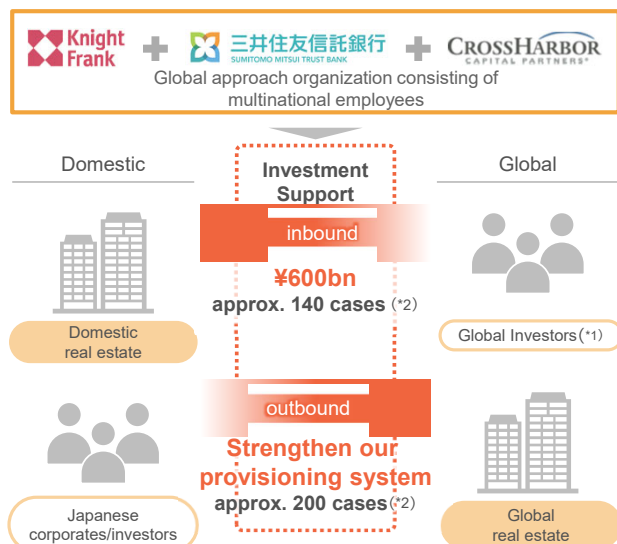


- ◆ So far, we have been providing investment opportunities in the area of private assets, mainly to institutional investors. We will accelerate our collaboration with business partners such as Apollo, and work on expanding the investor clients base.
- ◆ For example, we will launch new inhouse funds, as well as develop products for individuals by making it possible to invest in small amounts, as described on the right-hand side of the page.
- ◆ Please turn to page 30.

## Networking ~Real estate business~

- Partnerships with leading global real estate players to provide investment opportunities for inbound and outbound investment needs
- Steadily expanding overseas investor base by leveraging our network of partners and overseas financial institutions

### Providing global real estate investment opportunities through alliances



(\*)1 Foreign investors without a base in Japan

(\*)2 Cumulative total since FY12 (as of Mar. 23). Outbound numbers include leasing, sales, etc

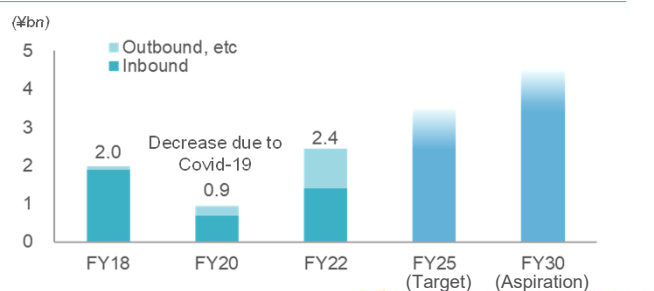
(\*)3 Foreign investors with investment experience in Japan

### Expand overseas investor base (\*1,3) by utilizing network

#### Leverage our network of partners and overseas financial institutions



### Expand inbound and outbound related revenues



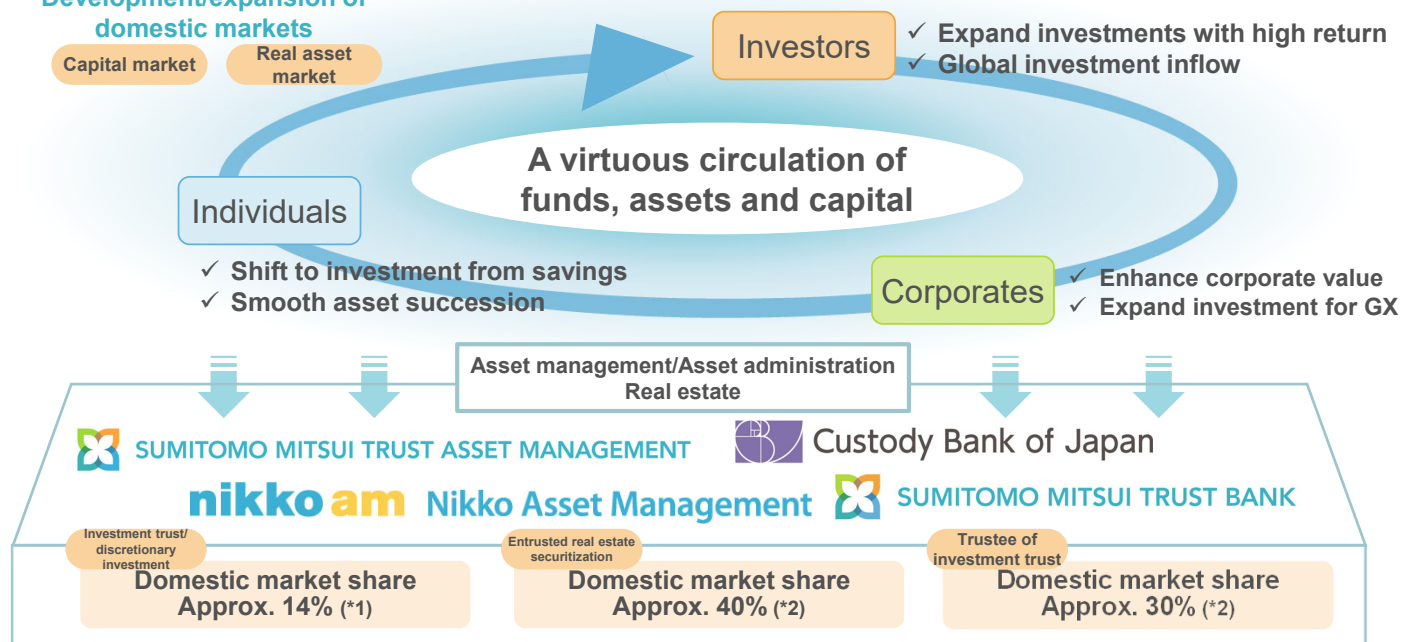
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- ◆ SuMi TRUST Bank has alliances with major real estate players overseas, such as Knight Frank and CrossHarbor, addressing investment demand of more than 600 billion yen so far.
- ◆ Real estate in Japan is still relatively attractive to global investors, when compared from the perspective of investment yield and the country's economic stability. We plan to use our international network to grow our revenue.
- ◆ Please turn to page 31.

## Networking ~grow with markets~

- Promote a virtuous circulation of funds, assets and capital through tackling social issues. Realize development and expansion of domestic markets
- SuMi TRUST Group's strength lies in its ability to grow with markets by running businesses as an infrastructure for capital and real asset market

### Development/expansion of domestic markets



(\*1) As of Dec. 22 (\*2) As of Mar. 23

- ◆ Today, I talked about facing head on the social issues we are focused on, and creating and expanding a circulation of funds with investment return among individual, corporate and investor clients and in the domestic market.
- ◆ This virtuous circulation of funds begins with moving the 3,000 trillion yen of household assets in Japan.  
This circulation will bring about the safe and secure asset formation and asset succession to Japanese individuals. It will also bring about positive results such as the value enhancement of corporates, as well as establishing a green society.
- ◆ We serve as the infrastructure of the market, in areas such as asset management, asset administration and real estate. Our strength lies in the fact that the stronger the flow and the larger the investments, the more we can grow our business "together with" the expansion of the market.
- ◆ Lastly, I will explain our capital policy.
- ◆ Please turn to page 33.

## ◆ Capital policy

## Capital policy ~basic approach to capital management ~

- Target for CET1 ratio (Finalized Basel3) remains unchanged at “stably maintain 10% or above”. However, even at the current level (9.5%), we will use of financial capital in an efficient manner considering prospects for stable profit accumulation
- Focus on shareholder returns, in addition to utilizing capital for future growth. Based on a progressive dividend, repurchase own shares in a flexible manner

### ✓ Target of CET1 ratio(\*)

Basic policy
Stably maintain 10% or above

Regulation :7.5%  
Financial buffer :2.0%  
Management buffer:0.5%

### Financial capital utilization

- ✓ Investment for growth (expand trust group's businesses)
- ✓ Investment in solution for social issue
- ✓ Share repurchase

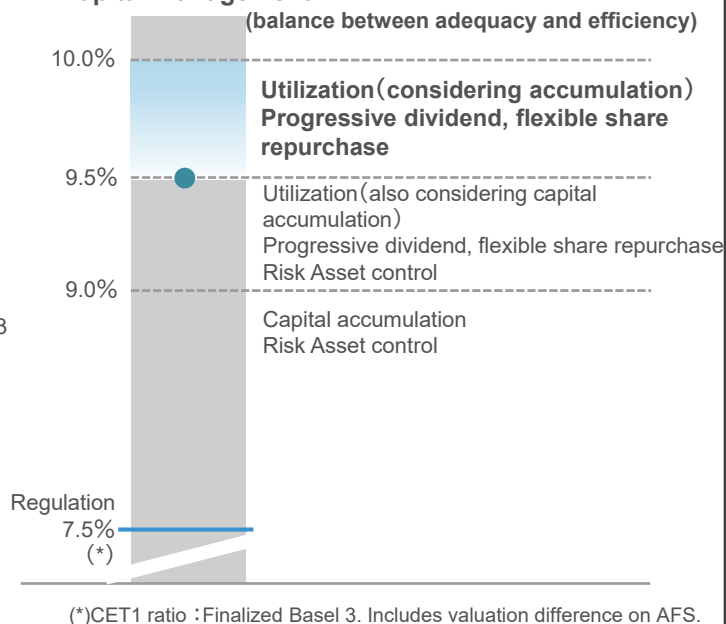
Current level(9.5%) :  
Capital utilization phase

- Time frame for finalized Basel 3
- Stable profit accumulation
- Readiness for various risks
- Reduction of strategic shareholdings to zero

(Ref.) impact on CET1 ratio of each indicator(as of Mar.23)

		(10)%	+10%
Stock price	Nikkei 225	(7)bp	+7bp
FX	JPY/ USD	+17bp	(16)bp

### ✓ Capital management



- ◆ We have not changed our basic policy for capital management, which is to set the target of a CET1 ratio under the Basel 3 finalized basis of “stably maintain 10% or above”.
- ◆ We are utilizing our capital, considering factors such as our capability to generate stable profits, our efforts to reduce the strategic shareholdings to zero, and the timeframe.  
As a result, the CET1 ratio last fiscal year was 9.5%.
- ◆ We will utilize our capital efficiently, striking the right balance between investments that generate future growth, equity investments that bring about a positive impact to society and clients, as well as share repurchase.
- ◆ Please turn to page 34.

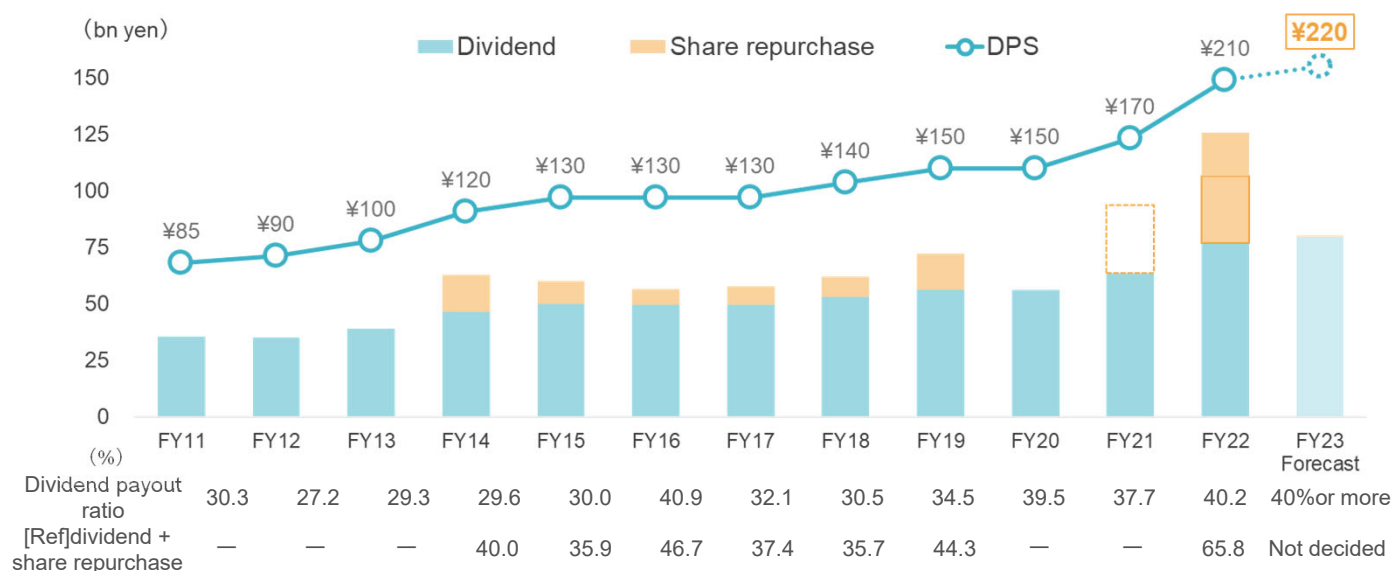
## Capital policy～dividend and share repurchase～

### Dividend

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

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.



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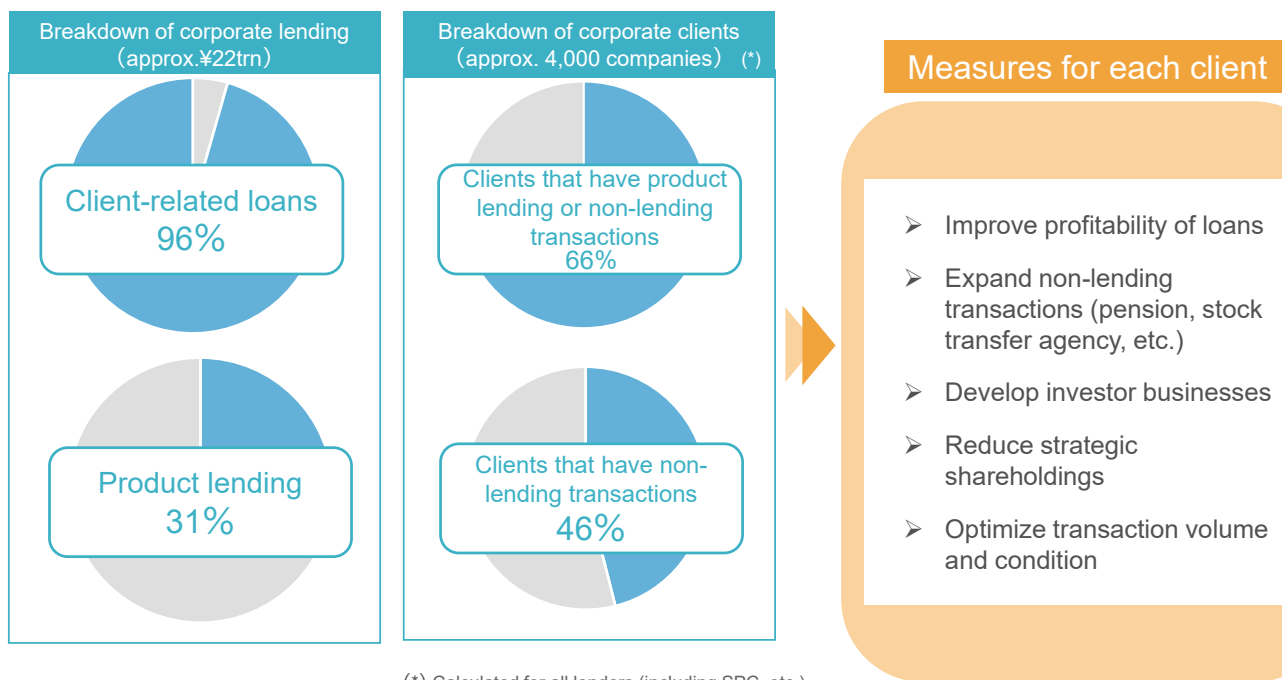
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- ◆ We have changed a part of the shareholder return policy that dividend per share will be progressive, while aiming to increase it through profit growth.  
We have also changed the wording for our consolidated dividend payout, from “around” 40% to “at or above” 40%, clarifying our stance of strengthening shareholder return.
- ◆ We consider that share repurchase is effective measure especially while our PBR is below 1 time, so we will continue to flexibly consider and execute repurchases, being mindful of growth investment opportunities, our earnings, as well as the market environment.
- ◆ Please turn to page 35.

## Credit portfolio for corporate clients

- Analyze all of existing transactions and details of loan for each individual corporate client
- Promote optimization of transaction volume and conditions for each client with the aim for improving capital efficiency



◆ As for the corporate credit portfolio of SuMi TRUST Bank, we are analyzing whether or not we have non-lending transactions such as the pension and stock transfer agency businesses, as well as the status of lending transactions, for each corporate client.

◆ The business foundation based on the long-term relationship of trust with corporate clients is extremely important in moving forward all of our initiatives, including the trust business, and supports our business model.

Meanwhile, we will not reach our targeted capital efficiency level by relying on lending transactions alone. We will optimize transaction volume and conditions based on the assessment of comprehensive business potential of each corporate client.

◆ Please turn to page 36.

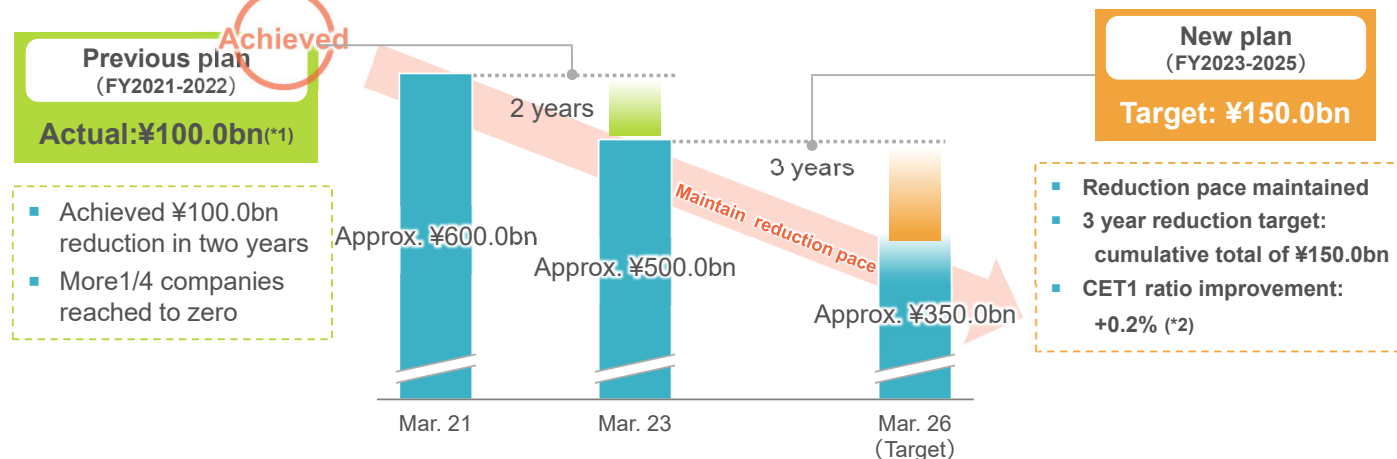
## Initiatives to reduce strategic shareholdings

### Announcement of reduction of strategic shareholdings to zero (May, 2021)

We shall not hold any "strategic shareholding as a conventional stable shareholder."

#### Cost basis balance of strategic shareholdings

Conduct persistent dialogue to ensure continuation of long-term relationship of trust with clients



#### Proxy voting

- Exercised voting rights according to voting rights guidelines for strategic shareholdings at SuMi TRUST bank since Jun. 2022
- Emphasize pre-engagement activities that lead to enhance corporate value for investors

\*1: Achieved ¥100.6bn reduction exclude sold and repurchased shares in FY20/4Q

\*2: Estimate based on actual results as of the end of Mar. 23 (finalized Basel III basis), incorporating a reduction in RWA equivalent to the reduction target (¥150 bn) for the new plan period.

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◆ In terms of reducing the strategic shareholdings, which we declared in May 2021 that we will aim for zero, we have completed the disposal of shares worth more than 100 billion yen at cost basis, and have achieved our initial target.

We will at least keep the current pace in FY2023 onwards, and will reduce our strategic shareholdings by 150 billion yen or more during the Medium-term Management Plan period.

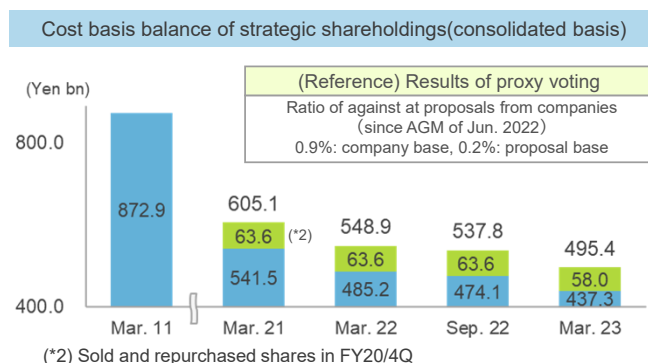
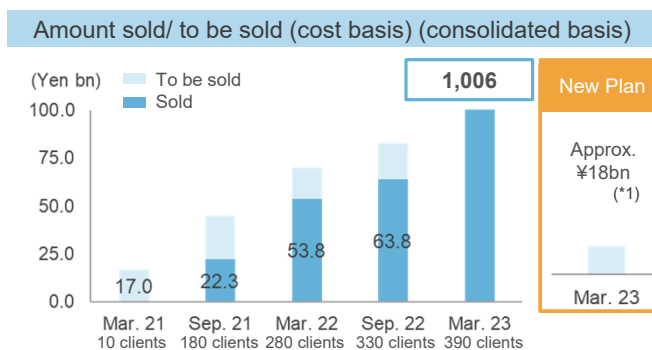
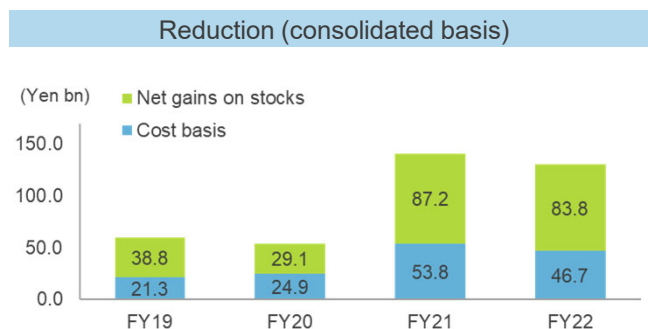
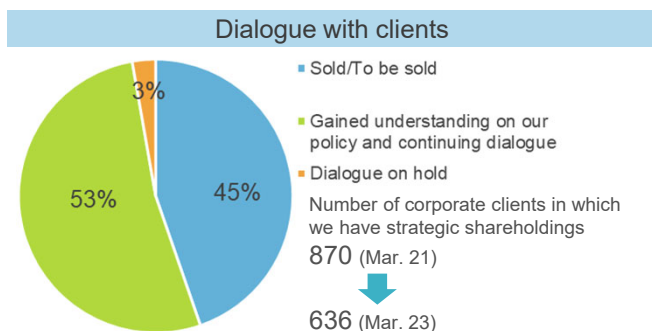
◆ Over the past 2 years, we have been able to reduce our strategic shareholdings with almost no negative impact to our business, and while maintaining the long-term relationship of trust with our clients.

From this fiscal year onwards, we assume we will be having more opportunities to negotiate with corporate clients with which we hold larger amounts of strategic shareholdings. We will continue to engage with care, to minimize the impact on our business.

◆ Please turn to page 37.

## Reduction of strategic shareholdings

- Achieved target (FY21-22) of 100 billion yen reduction over 2 years
- Good start to fiscal year with approx. ¥18bn (at cost) agreed to be sold during FY23, already exceeding FY22 progress at the beginning of the fiscal year



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- ◆ As of the end of March 2023, there were 636 corporates for which we had strategic shareholdings. There were 870 such corporates to begin with, and we lowered our shareholding to zero for more than a quarter of the corporates in 2 years.
- ◆ The balance of strategic shareholdings to be sold in FY 2023, for which we have already agreed on with the corporates, is 18 billion yen at cost basis.
- ◆ Lastly, on page 38, we describe our initiatives to enhance corporate value, which I explained today, while on the right we show some examples of initiatives to lower our cost of capital, for your reference.
- ◆ That concludes my explanation of the slides. I would like to add a word in closing.
- ◆ We newly set a metric called AUF(Assets Under Fiduciary), as a KPI to achieve growth with high capital efficiency.  
This is a KPI that allows stakeholders to trust and actually feel our growth as a trust group, and we will continue to regularly update it, together with ROE and revenues.
- ◆ I was not able to explain in detail today, due to time constraints, about non-financial capital such as human resources and business networks, where we are steadily seeing the results of our past investments and initiatives.  
We are building up our talent base in our strategic business areas, including mid-career employees, by hiring professionals with PhDs that have strengths in advanced technologies, as well as global ESG specialists.  
Moreover, aside from our inhouse efforts, we are making progress in forming alliances with strong business partners here in Japan as well as overseas, as well as building networks with local communities including universities and municipalities.
- ◆ On top of our existing strength of “ability to generate revenue, and readiness for various risks”, we have been able to secure resources to engage in key strategic areas.  
I would like to share my strong commitment to achieve the New Medium-term Management Plan with all of our stakeholders including employees and investors, and intend to grow powerfully together with you all.
- ◆ I look forward to your continued support and understanding.

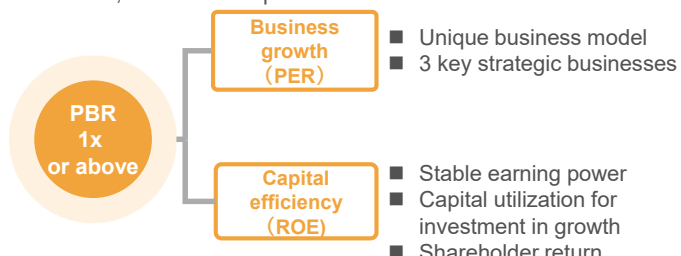
# Management conscious of capital cost and stock price

- Control earning volatility by stable profit growth with higher fee income ratio and appropriate risk control
- Continue to enhance dialogue with stakeholders and manage with awareness of capital cost and stock price, both quantitatively and qualitatively

## Enhancement of corporate value

See p. 17

Enhancement of corporate value by a virtuous circulation of funds, assets and capital



## KPIs

See p. 15

KPI	FY22 Actual	FY25 Target	By FY30 Aspiration
ROE	6.93%	8% or above	10% or above
AUF (balance)(*)	¥480trn	¥600trn	¥800trn
Fee income ratio	55%	Mid-50% range	60% or above

(\*) Assets under fiduciary. See page 4 for details

## Initiatives to lower capital cost

### Control earning volatility

- High-quality earnings growth
  - Increase fee income ratio
  - Diversified business portfolio
- Appropriate risk control
  - Initiative to reduce strategic shareholdings to zero
  - Improve profitability of credit portfolio

### Dialogue with capital market

- Dialogue with various stakeholders
  - Easy-to-understand information disclosure and announcement to investors
  - Enhancement of engagement to corporates
  - Timely information sharing to Board of Directors
  - Reflection on management strategy

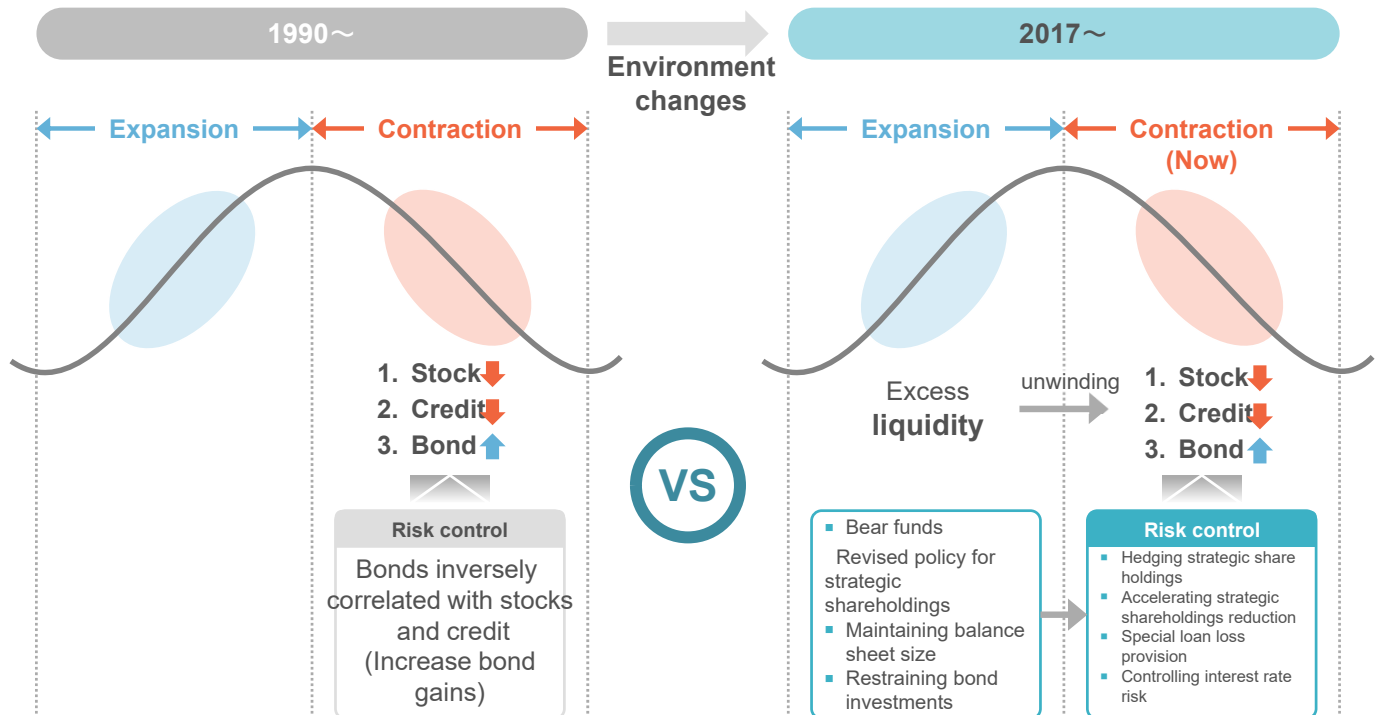
Continuously disclose progress by using opportunities such as investor meetings

# Appendix

# Readiness for various risks

## Readiness for various risks (Adapting to the changing environment)

- Shift of risk control strategy and operation since FY17 allows us to adapt to the changing environment

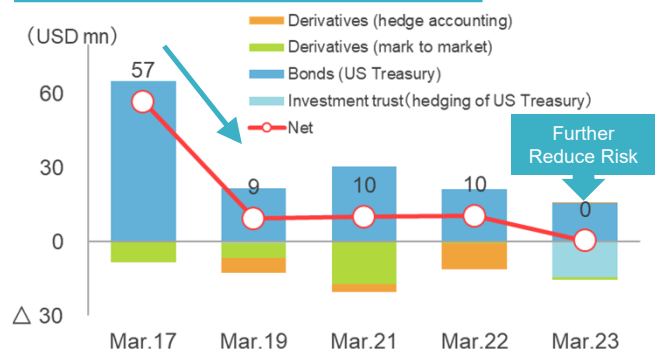


- Limited interest risk after drastically reducing UST in FY17
- Continued efforts to reduce strategic shareholdings to zero and hedging with bear funds to limit capital volatility

## Interest risk

### 10 Basis Point Value(\*1)

#### Drastically reduced after 2017



Unrealized losses of US Treasury ¥(17.2)bn + Unrealized losses of hedging transactions ¥(1.9)bn = Net losses (As of Mar.23) ¥(19.1)bn

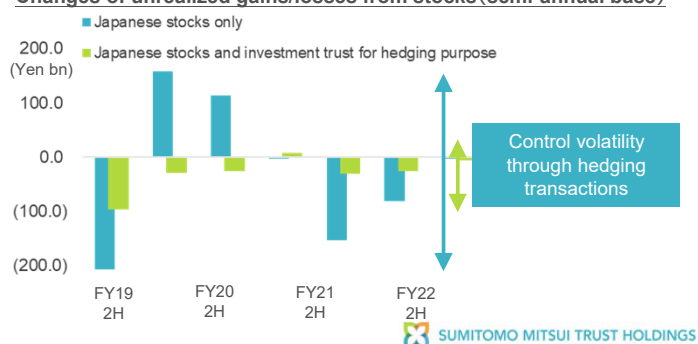
(\*1) Change in unrealized gains/losses when US interest rates decrease by 0.1% Debt securities and derivatives held by Global Markets (except ALM purposes)

## Stock price fluctuation risk

### Managing stock price fluctuation risk from strategic shareholdings by utilizing bear funds



### Changes of unrealized gains/losses from stocks (semi-annual base)



- Approx. 60% of JPY funding from retail deposit. Long-term and stable funding structure, mainly time deposits of 1 year or longer
- At least 50% of foreign currency funding for core assets from long-term funding of 1 year or longer. Conservatively limit liquidity risk

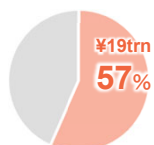
## JPY liquidity risk

### JPY deposits, etc. (\*1)

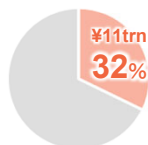
Stable funding structure centered on time deposits from individuals

#### Breakdown of deposits, etc. (As of Mar.23)

##### Individual Deposit Ratio



##### Current deposit ratio (\*2)

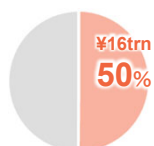


(\*1) Managerial reporting basis; Deposits and trust principal, exclude negotiable deposit

(\*2) Current deposits include liquid deposits, separate deposits, non-resident yen deposits, etc.

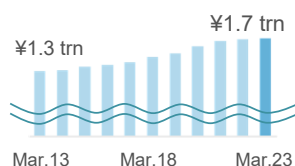
About 50% is  
1 year or longer term deposit

#### long-term funding ratio (\*3)



#### Term deposits for DC and asset formation savings

Stable and sustainable financing



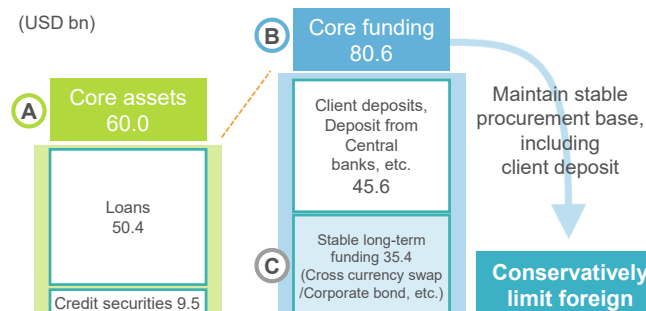
(\*3) Percentage of total deposits, etc. with contract terms of 1 year or longer

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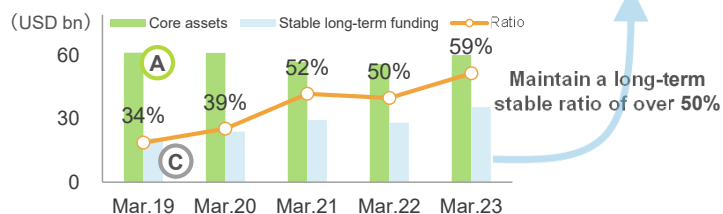
## Foreign currency liquidity risk

### Foreign currency balance sheet (As of Mar.2023)

(USD bn)



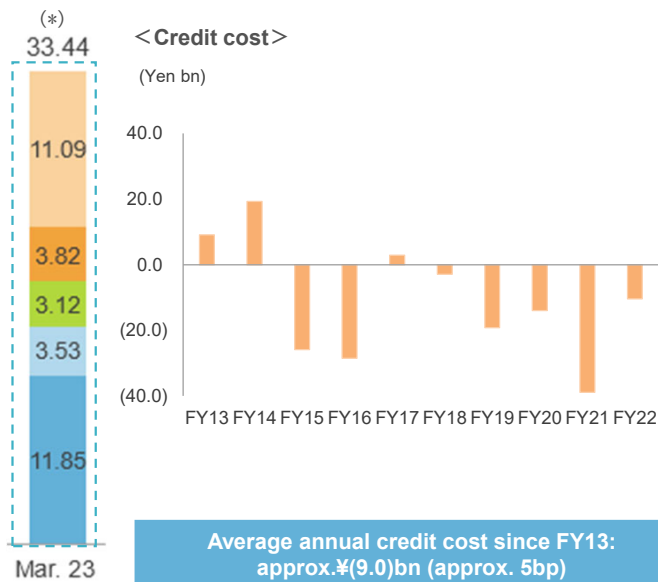
#### Ratio of stable long-term funding (C / A)



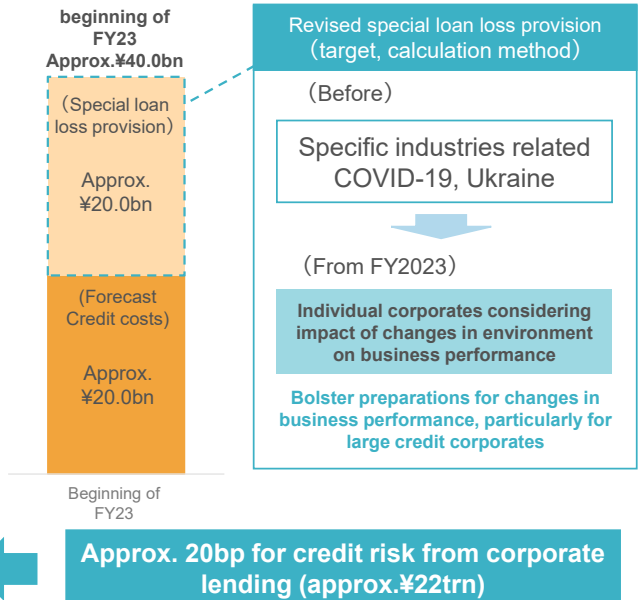
## Credit risk (credit cost/special loan loss provision)

- Credit portfolio to creditworthy clients is our strength. Average credit cost is approx. ¥9.0bn for the past ten years
- Posted approx. ¥20.0bn for special loan loss provision. Bolster preparations for changes in business performance, particularly for large credit corporates

### Credit cost



### Special loan loss provision

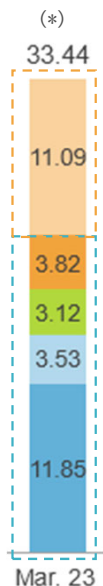


(\*) Credit portfolio. See to P92 "Loan/investment business: Credit portfolio (SuMi TRUST Bank)

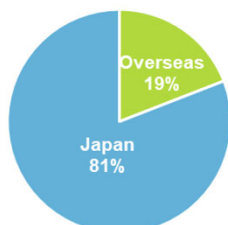
- Approx. 80% of corporate lending balance is domestic. For overseas lending, more than 90% of the exposure is to developed countries
- 94% of individual loan is mortgage loan. 180+ days delinquency rate is 0.002%

For corporate clients (¥22.34 trn)

For individual clients (¥11.09 trn)



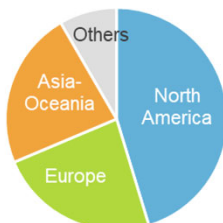
<Geographical breakdown of corporate lending>



To Japan: approx. 80%

To developing countries: 3%

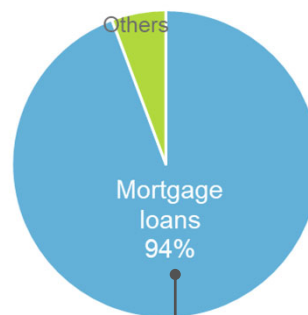
<Breakdown of overseas lending>



To Russia and Ukraine: zero

To China, Taiwan and Hong Kong: approx. 6%

94.3% of mortgage loans with high-end clients



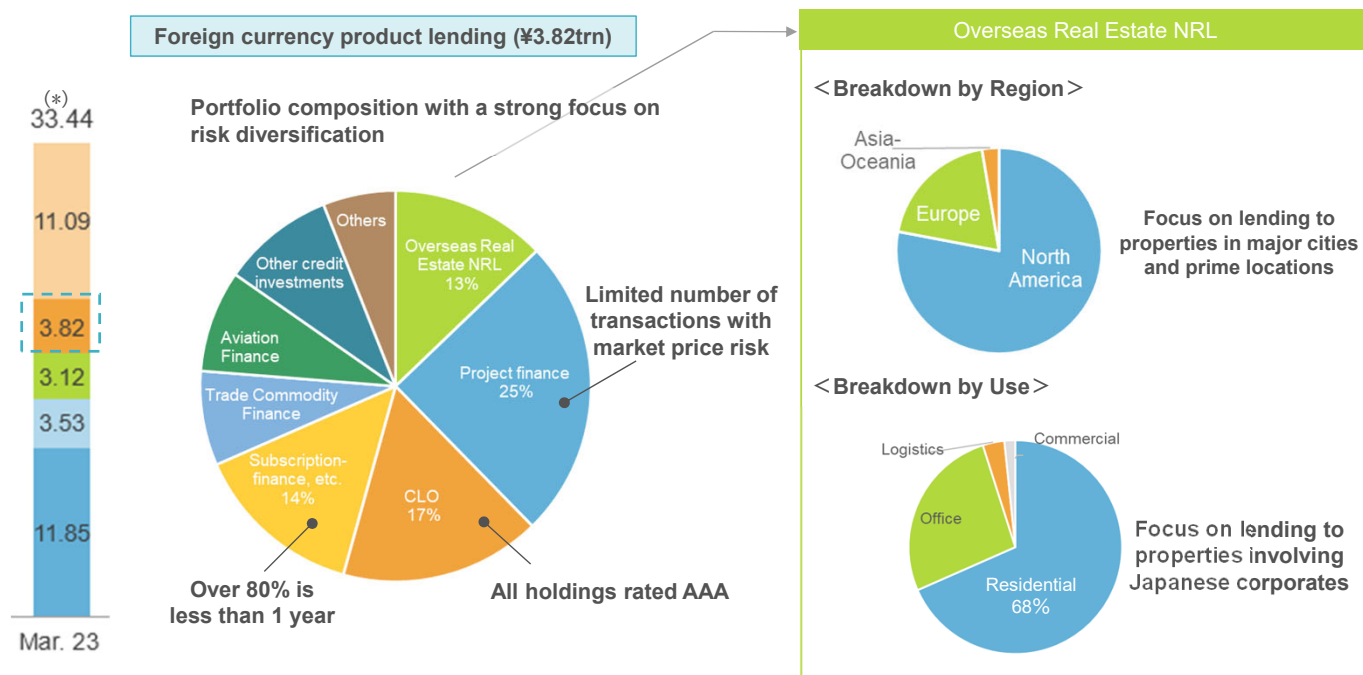
180+ days delinquency rate  
0.002%

(\*) Credit portfolio. See to P92 "Loan/investment business: Credit portfolio (SuMi TRUST Bank)

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- Foreign currency product credit portfolio is structured with a strong focus on diversification
- Overseas real estate NRL focus on rental residential projects in major cities. Office projects involving Japanese corporates.



(\*) Credit portfolio. See to P92 "Loan/investment business: Credit portfolio (SuMi TRUST Bank)

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## ◆ Human Resource Management ~ Enhance well-being ~

## Enhance employee compensation

FY2023 **Over 5% increase in annual salary**

<b>Base pay increase</b>	<b>2.5% of monthly salary</b> achieved for two consecutive years
<b>+</b>	
<b>Increase monthly salary for younger employees</b>	<b>Approx. 5~20%(*)</b> Mainly employees in their 20's
<b>+</b>	
<b>Raise salary for new graduates</b>	<b>Over 20% increase in monthly salary</b> From ¥214k to ¥260k for college new graduate
<b>+</b>	
<b>Promotion/pay raise</b>	<b>Continuous increases every fiscal year</b>

(\*)total including base pay increase

Continuing from FY2022

**Stock Incentives**  
(incentives for stock ownership plans, RS Trust)

**Reskilling**  
Provide learning opportunity

## Support for skill development

### IT Digital Reskilling Program

Established a structure that allows for digital development, utilization and modification at the field level

### Data-driven contest (internal)

Foster a culture that values data-driven decision making

< Grand Prize for FY2022 >

Awarded to an employee working at headquarters who developed support tool for new sales activities



### Expand job area for regional employees

Launched an initiative to develop regional employees skills by allowing them to challenge jobs of head office in a fully remote way

(Example)  
From Matsuyama to Head office (Tokyo)  
Administration of contracted services



(Example)  
From Nagoya to Head office (Tokyo)  
Asset business supervision  
Global custody business etc.



## Enhance well-being -Ensure diversity, digital strategy, and obtain specialists-

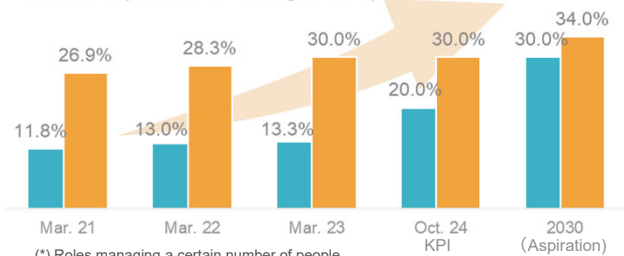
### Diverse corporate culture

(SuMi TRUST Bank)

#### Active participation of women in decision-making

■ Women above section manager level

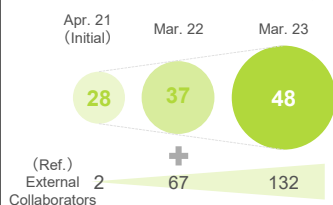
■ Women responsible for management operations(\*)



### Promotion of Digital Strategy

Trust Base, a digital strategy company, was established as a subsidiary in Apr. 21 aiming for leading DX throughout the Group.

#### The number of Trust Base employees



Launch the "Heir Relationship Diagram Creation Support System" in FY2023.



#### Mid-Career employees

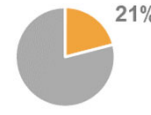
(SuMi TRUST Bank)

	FY20	FY21	FY22
Number of mid-career recruitment	118	139	247

Ratio of mid-career recruitment to all employees



Employ as a percentage of managerial positions and above



### Enhance specialist portfolio

(SuMi TRUST Bank)

Enhance specialist portfolio based on social and clients' issues and needs

As of Mar.23

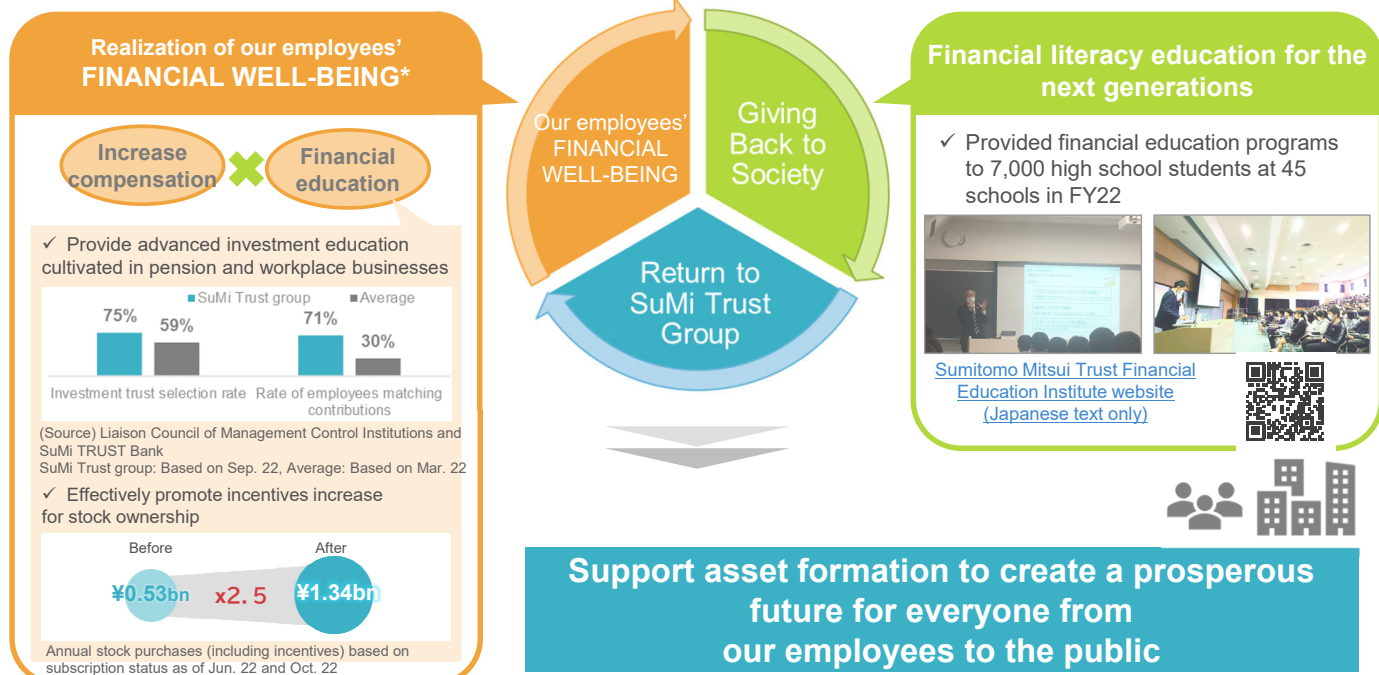
In-house lawyer	Number of registered real estate transaction agents	TBF* team
37	6,522	12

(\*) Technology based finance

## Enhance well-being - Asset formation support -

### Asset formation support

Provide advanced financial education to our employees, unique to SuMi Trust group



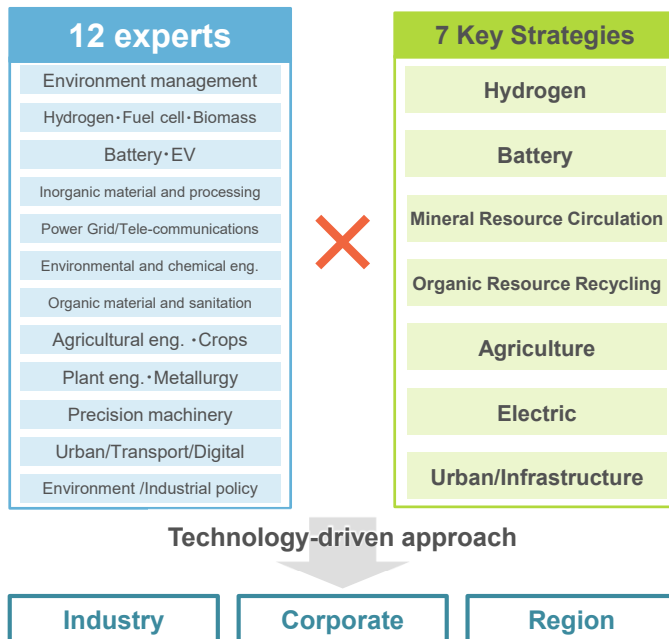
(\*) FINANCIAL WELL-BEING is "a state that individual has prepared the money and assets they may need for contingencies and for the future, allowing them to have peace of mind."

## ◆ Sustainability

## Development of impact business

- Accelerate impact businesses through Initiatives to integrate "technology," "finance" and "policy" lead by TBF team

### Technology based Finance (TBF) Team Activity



### Initiatives to impact business

Month and Year		Initiatives to impact business
2019	Mar.	Provided positive Impact Finance
	Oct.	Developed Japan Equities impact investment fund (commercialized in 2020) (Sumitomo Mitsui Trust Asset Management )
2021	Mar. Apr.	Launched providing impact analysis services to investment funds
	Nov.	Collaborated with Kanazawa university and provide knowledge
2022	Apr.	Launched impact equity investments
	Jul.	Expanded providing impact analysis services to local government
	Nov.	Collaborated with regional financial institutions and provide impact finance

above initiatives were appreciated

the "Principles for Financial Action for the 21st Century"  
the Minister of the Environment  
Award for the Best Efforts in Fiscal  
Year 2022 (General Sector)  
(Mar.23)



# Road Map toward Carbon Neutrality

	FY2020	FY2021	FY2022	...	FY2030	FY2040	FY2050
① Net Zero GHG Emissions in inv. & loan portfolio (NZBA)							Net Zero
Electricity (emission intensity, g-CO <sub>2</sub> eq/kWh)	249				138~173		
Oil/Gas (emission reduction ratio, MtCO <sub>2</sub> e)	5.7				▲13%~▲31%		
Other Highly Carbon Intensive Sectors <sup>*1</sup>			Successively set by Sep. 2024 (studying "steel," "automobile," "real estate," and "shipping")				
② Net Zero GHG Emissions in investment portfolio (NZAMI)							Net Zero
SuMi Trust Asset Management				➤	Halve emission intensity for 50% of managed assets <sup>*2</sup> from 2019		
Nikko Asset Management				➤	Halve emission intensity for 43% of managed assets <sup>*3</sup> from 2019		
⑤ Total amount of cumulative sustainable financing which we have worked on <sup>*4</sup>		0.83trillion yen		➤	Total 15 trillion yen		
④ Loan balance for coal-burning power plants							
Loan for projects		142.7 billion yen		➤	Halve from Mar. 2020	Zero	
Corporate loans (new/expansion)		20.1 billion yen		➤		Zero	
⑤ Net Zero GHG Emissions of SuMi TRUST Group			Completed shift to electricity from renewable sources in domestic branch offices of the trust bank	➤	Net Zero		
⑥ Strengthen risk control set-up							
Scenario analysis							
Transition risk	Elect. utilities sector	Shipping sector	<ul style="list-style-type: none"> <li>Simple analysis per sector</li> <li>Detailed analysis of each energy company</li> </ul>		Successively expand targeted sectors for specific analyses		
Physical risk	Mortgage loans		<ul style="list-style-type: none"> <li>National real estate finance</li> </ul>		Start analysis of national project finances and others successively		
GHG Emissions in loan & investment portfolios		Initial trial calculation	<ul style="list-style-type: none"> <li>Successively set and update measurement</li> </ul>		Continuous review and enhancement		
Manage portfolio (Revision of Sector Policy)		Clarify trades banned/to note	<ul style="list-style-type: none"> <li>Partially ban lending to coal-burning power plants</li> <li>Clarify transition supports</li> </ul>		Continuous review and enhancement		

\*1: Highly carbon-intensive sectors are 9 sectors to which targets should be set with priority according to the NZBA guideline: agriculture, aluminum, cement, coal, commercial/residential real estate, steel, oil/gas, power generation, transportation

\*2: Targeting 43 trillion yen, 50% of 85 trillion yen of total managing assets as of Jun 30, 2021. Excluded managing assets are sovereign bonds, etc., for which a method to calculate has not been established yet but will be successively added as target assets, when a method is established from now on

\*3: Targeting approximately 13 trillion yen, 43% of 31 trillion yen of managing assets as of the end of Dec. 2021

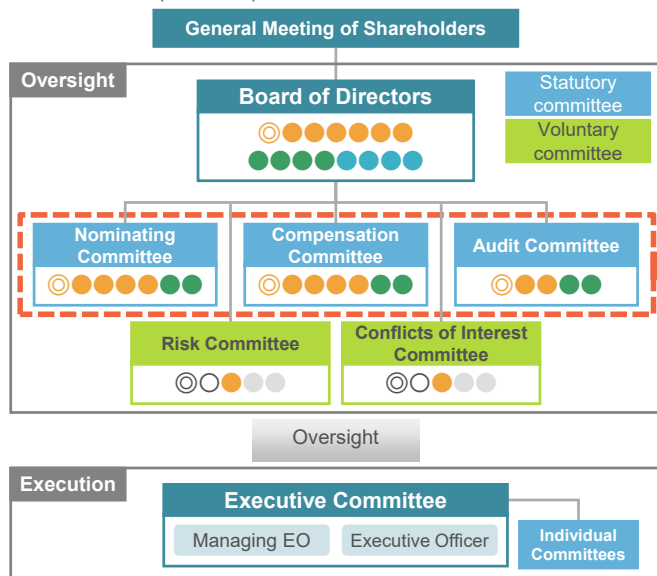
\*4: Sustainable financing is a general term for financial services to businesses and clients which contribute to solving environmental/social issues based on international standards such as the Green Bond Principle and the Social Bond Principle. Initially SuMi TRUST Bank set the target to tackle to a total of 10 trillion yen, but has changed to a total of 15 trillion yen since FY2023, responding to expanding financial needs for accelerated environmental/climate change

## ◆ Corporate Governance

# Governance ~Oversight structure~

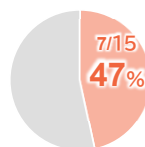
## Oversight structure (As of Jun. 23 (Plan))

- Company with Three Committees
  - The Board of Directors' meeting and other committees to be chaired by external directors
- ◎: External (Director Chairman)   ●: External (Directors)   ⊙: External (Experts, Chairman)  
 ○: External (Experts)   ●: Internal·Non-executive   ●: Internal·Executive  
 ●: Executive officer (non-director)

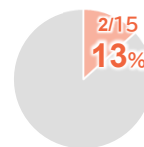


## Breakdown by director types

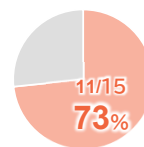
### Independent external directors



### Female directors



### Non-executive directors



## Composition of Statutory committee

- Executive internal directors are not included statutory committee

	Name	Nominating Committee	Compensation Committee	Audit Committee
External Director	Isao Matsushita	◎	○	
	Hiroko Kawamoto	○	◎	
	Mitsuhiro Aso	○	○	◎
	Nobuaki Katoh	○	○	
	Kaoru Kashima			○
	Tomonori Ito			○
Internal Non-executive director	Hajime Watanabe	○	○	
	Tetsuo Ohkubo	○	○	
	Masaru Hashimoto	○	○	
	Kouji Tanaka			○
	Toshiaki Nakano			○
Percentage of external directors		71%	71%	60%

# Building an Effective BoD – “areas of expertise” & performance-linked compensation-

## Areas of expertise of external Directors (as of June, 2023(scheduled))

- In accordance with revision of materiality items, Board of Directors resolved on the corresponding skills in Apr.23

### Expertise of seven external directors

		External directors						
		Isao Matsushita	Hiroko Kawamoto	Mitsuhiro Aso	Nobuaki Katoh	Kaoru Kashima	Tomonori Ito	Hajime Watanabe
Corporate management		●	●		●	●		●
		●				●		●
Finance, Accounting		●				●		●
Legal affairs, risk management, and compliance			●	●		●		●
Trust, asset management, asset administration							●	●
Digital, IT and technology					●			
Internationality(*1)		●		●	●		●	●
Sustainability	Environment (*2)	●			●		●	●
	Social(*3)	●		●	●			●
	DE&I		●			●		

(\*1) Including experience of working overseas, academic activities in cooperation with overseas universities, and studying at universities and graduate schools

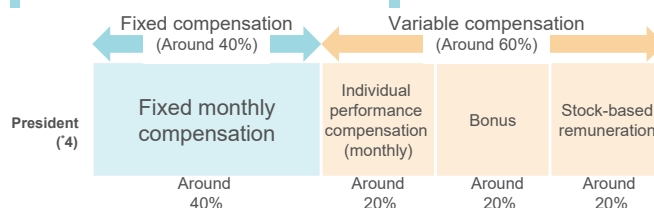
(\*2) Including ESG investment/environmental rating finance and supply chain management (\*3) Including human rights and supply chain management

(\*4) Monthly compensation (for non-presidents) around 45%:fixed compensation, around 25% individual performance compensation, around 20%:bonus for directors and executive officers, around 10%:stock remuneration (\*5)MSCI, FTSE, Sustainalytics

## Overview of the Compensation System

- Revised evaluation system to better reflect medium- to long-term contributions and ESG-related contributions since Jul. 22

### Overview of the Compensation System



### Performance assessment system for stock-based remuneration

Indicators (KPIs) for performance-linked compensation		Assessment weighting	
Linked to near-term earnings	(1) Consolidated net business profit	33.3%	22.2%
	(2) Consolidated net profit attributable to owners of the parent		11.1%
Linked to medium-term financial metrics	(3) Consolidated shareholders' equity and ROE	33.3%	11.1%
	(4) Consolidated CET1 ratio (common equity tier 1 capital ratio)		11.1%
	(5) Consolidated overhead ratio (OHR)		11.1%
Linked to ESG	(6) ESG overall assessment (categories: climate change, FD & CS activities, employee engagement, DE&I (empowerment of women, etc.), ESG assessment by external organizations*5)	33.3%	

(\*5) MSCI, FTSE, and Sustainalytics

## Deliberation Medium- Term Management Plan by Board of Directors

- Continued to deliberate the direction of medium- to long-term management strategies toward SuMi TRUST Vision 2030 since FY2021
- In the process of developing the next Medium-Term Management Plan, significant themes are set as “management themes and deliberation themes”. The Board of Directors and the execution departments mutually review and discuss the plan through a “rallying process” with two-way dialogues

### Deliberation by the Board of Directors related to next medium- term management plan

Month and Year		Deliberations	Rallying process of developing strategy	
2021	Jul.	Business portfolio analysis as part of the value creation process	Management theme	Dialogue related strategy
	Oct.	Status of business portfolio analysis study	Management theme	
	Nov.	(TB BoD) managerial significant issues at each business	Deliberation theme	Develop strategy
	Dec.	Status of business portfolio analysis and reorganization	Management theme	
2022	Jul.	Sophistication of management accounting that contributes to group-wide profitability analysis and management resource allocation	SuMi TRUST Vision 2030	<div>Board of Directors</div> <div>Execution department</div>
	Aug.	the status of consideration of the next mid-term management plan	Management theme	
	Oct.	Discussion on planning next mid- term management plan	Management theme	
	Dec.	Direction of next mid- term management plan of SuMi TRUST Group		
2023	Jan.	Direction of asset management business strategy as a group	Management theme	<div>(*)management theme and deliberation theme</div> <ul style="list-style-type: none"> <li>At HD Board of Directors meetings, in addition to matters required by law and regulations, materiality management issues and other management themes from a mid- to long-term point of view are selected as "management theme". External directors of SuMi TRUST Bank also participate in deliberations on management theme without the requirement to reach any specific conclusions.</li> <li>At TB Board of Directors meetings, Important management themes which are also discussed with HD external directors, are set as "deliberation theme"</li> </ul>
	Feb.	(TB BoD) Direction of business managerial key strategic businesses	Deliberation theme	
	Mar.	SuMi TRUST Group medium term management plan		

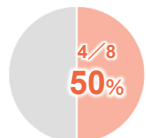
## Board of Directors of major group companies (diversified governance)

- Increased diversity in governance at major group companies through the appointment of female and non-Japanese directors



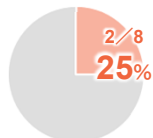
### SUMITOMO MITSUI TRUST ASSET MANAGEMENT

Independent external directors

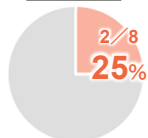


(As of Mar. 23)

Female directors



Non-Japanese directors

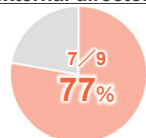


Participate in global initiatives



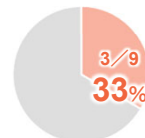
### Nikko Asset Management

Independent external directors

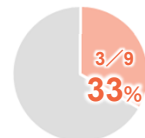


As of Mar. 23

Female directors



Non-Japanese directors



Appointed non-Japanese female to President (Diligent for 9 years/Internal promotion)

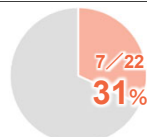


### SuMi TRUST



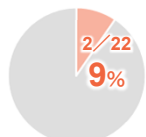
### SUMITOMO MITSUI TRUST BANK

Independent external directors



(As of Jun. 23 (scheduled))

Female directors

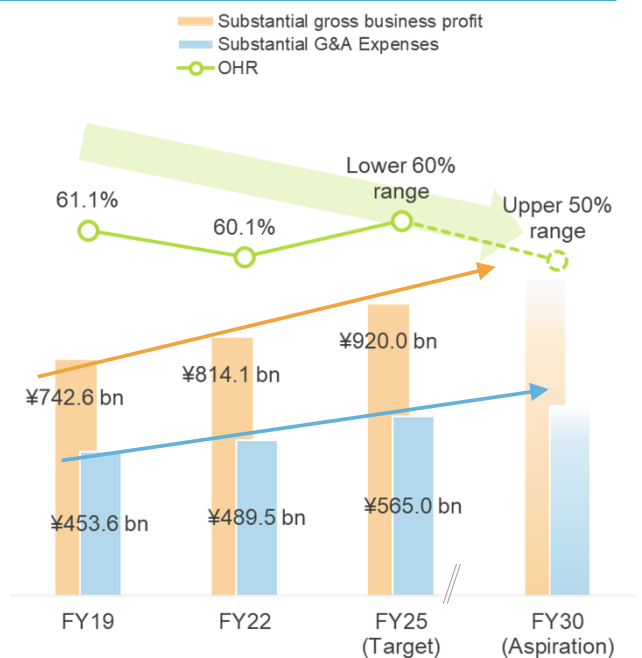


## ◆ Expenses

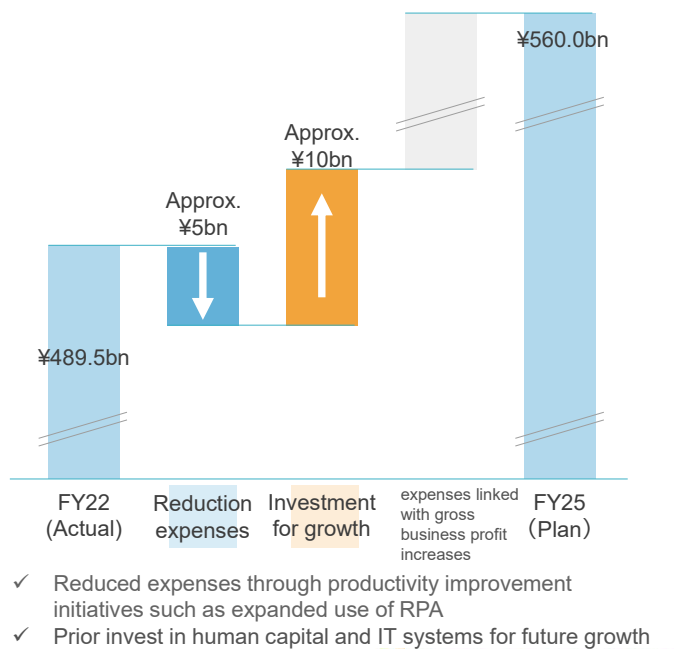
## Expenses

- Continued to increase mainly due to higher gross profit . Control on an OHR basis
- Allocate reduced expenses to prior investments for the future growth

### Expenses/OHR



### Breakdown of expenses (FY22 actual vs FY25 plan)



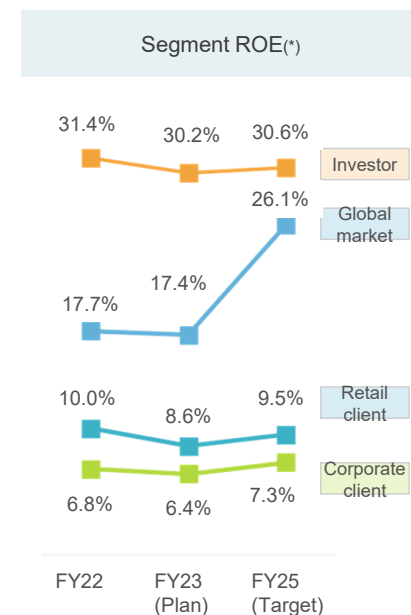
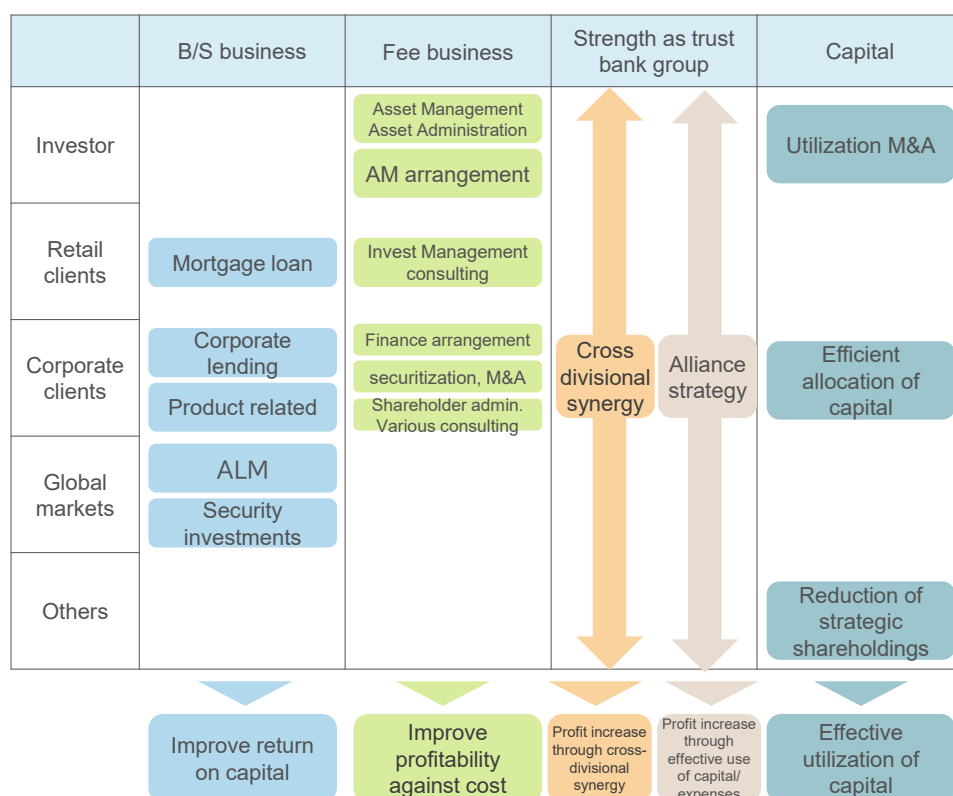
## ◆ Business segment

## Plan and Target by business segment

		FY22	FY23 Plan		FY25 Target	
		Net business	Net business	Change	Net business	Change
		profit before	profit before	from FY22	profit before	from FY22
		credit costs	credit costs		credit costs	
(Yen bn)						
1	Total	324.6	320.0	(4.6)	355.0	30.3
2	Retail Business	41.5	33.0	(8.5)	33.0	(8.5)
3	SuMi TRUST Bank	21.3	15.0	(6.3)	14.0	(7.3)
4	Other group companies	20.1	18.0	(2.1)	19.0	(1.1)
5	Corporate Business	140.8	139.0	(1.8)	155.0	14.1
6	SuMi TRUST Bank	111.1	112.0	0.8	123.0	11.8
7	Other group companies	29.6	27.0	(2.6)	32.0	2.3
8	Investor Services Business	57.7	61.0	3.2	68.0	10.2
9	SuMi TRUST Bank	43.1	45.0	1.8	51.0	7.8
10	Other group companies	14.5	16.0	1.4	17.0	2.4
11	Real Estate Business	42.1	40.0	(2.1)	45.0	2.8
12	SuMi TRUST Bank	33.9	32.0	(1.9)	36.0	2.0
13	Other group companies	8.1	8.0	(0.1)	9.0	0.8
14	Global Markets Business	54.1	44.0	(10.1)	61.0	6.8
15	Asset Management Business (*1)	22.2	21.0	(1.2)	27.0	4.7

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

## Segment ROE

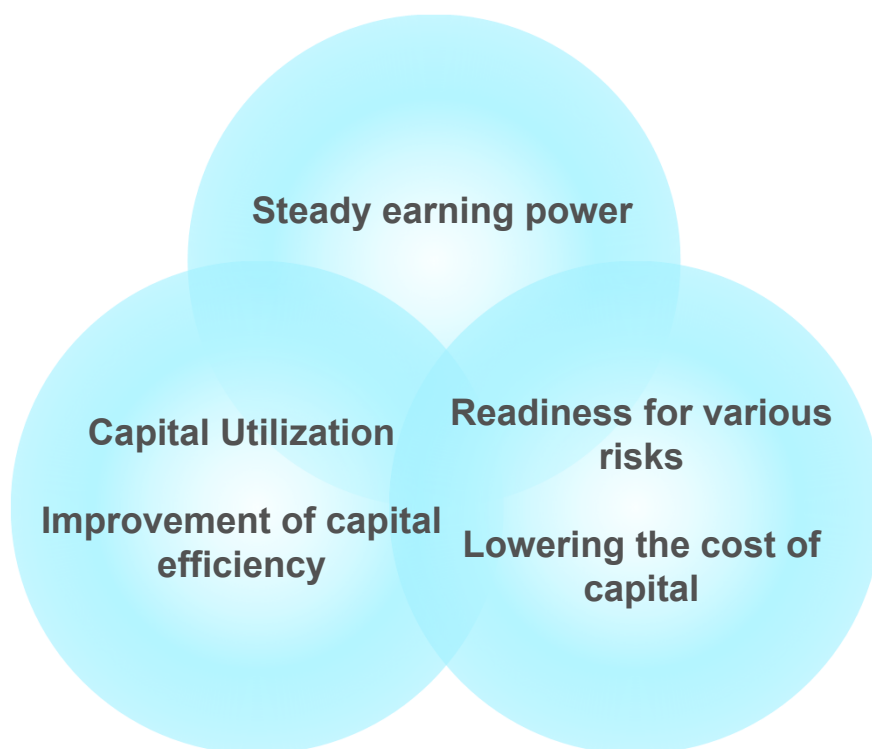


(\*)

- Profit in Global markets business and Real estate business is divided into Investor, Retail client or Corporate client, respectively
- In the case of accounting for pension related business included in Investor to Corporate client. Corporate client : FY22:7.9%, FY23:7.4%, FY25:8.3%
- Investor includes Asst management business
- Not included above graphs are headquarters expense, profit/loss and RWA of strategic shareholdings and hedging transactions

## ◆ Transformation since integration

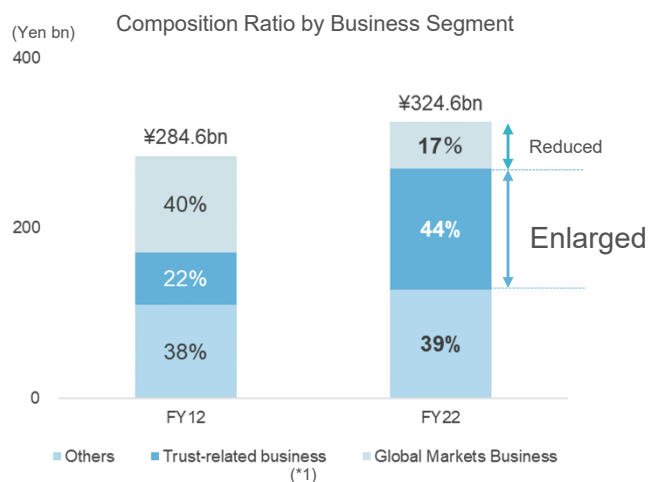
## Transformation of the Group since the management integration



# Steady earning power ①

## Changes in Earnings Structure

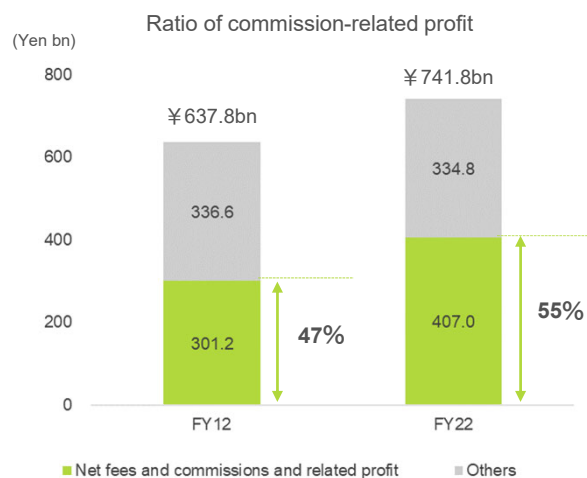
### Consolidated net business profit before credit costs



Ratio of Trust-related businesses to Net business profit increased  
Structure to be less overly dependent on profit from Global Markets Business

(\*1) FY12: Total of stock transfer agency services business, fiduciary services business, and real estate business  
FY22: Total of investor services business, real estate business, asset management business, and net business profit corresponding to former stock transfer agency services business

### Consolidated gross business profit (\*2)



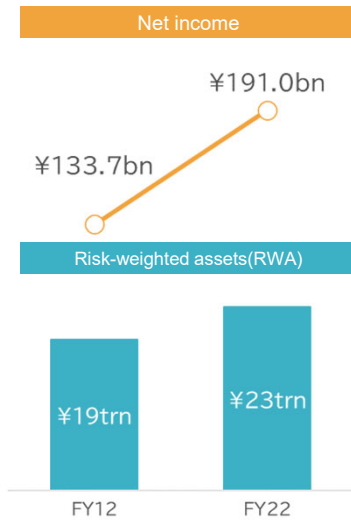
Strengthen business areas unique to the trust group  
Ratio of net fees and commissions and related profit increased

(\*2) Figures based on financial accounting without taking into account equity-method affiliates, etc.

## Steady earning power ②

### RWA and net income

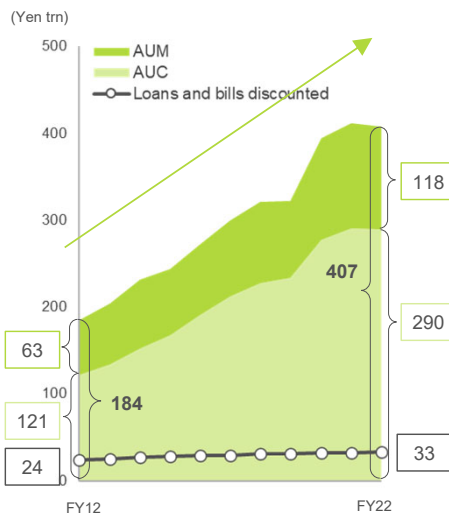
Achieved profit growth without RWA increase



(\*) Excludes investments in alternative asset portfolios managed by Apollo Group

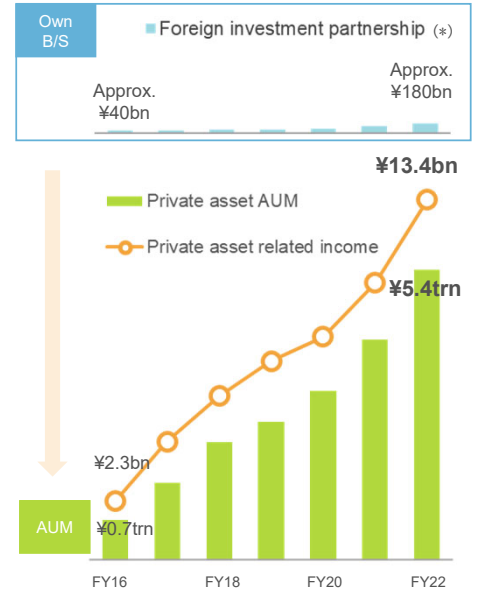
### Loan outstanding and AUM/AUC

Loan outstanding balance almost unchanged Doubled AUM and AUC



### Case study (private asset business)

Develop business for Investor clients by leveraging own B/S



# Capital Utilization, Improve capital efficiency

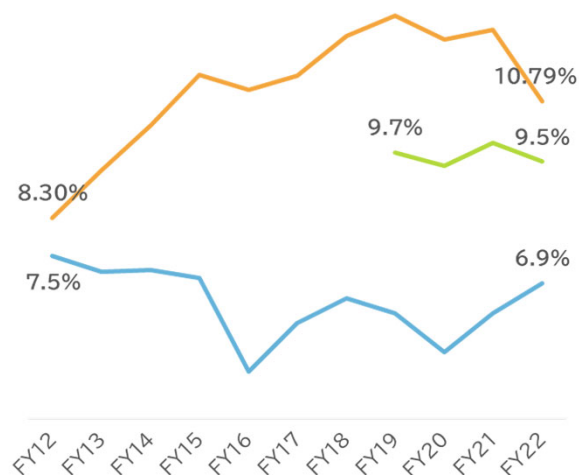
## CET1 ratio and ROE

— ROE — CET1 ratio — CET1 ratio (finalized Basel3)

ROE tended to decline in capital accumulated phase



CET1 ratio approaching 10%, moving into capital utilization phase



## Capital Utilization (case study)

Launch of joint venture(\*) with UBS

**Assuming ROC over 10%.**

Investments in private assets and impact equity

**To expand asset management and asset administration businesses**

Improve capital efficiency through share repurchase of own shares

**FY21 ¥30bn**

**FY22 ¥20bn**

(\*) UBS SuMi TRUST Wealth Management

# Readiness for various risks, lowering the cost of capital

## ① risk management

strategic  
shareholdings

Zero holding policy  
(pp. 36-37)

Loan

Excellent portfolio  
(pp. 45-46)

Special loan loss provision  
(p. 44)

Procyclical assets

Reduction and control



Bonds

Change to more appropriate hedging  
methods  
Management policy of not taking  
excessive risk

(p. 42)

## ② Stable profit structure

(p. 66)

Business Portfolio Diversification

Improvement of fee revenue ratio

## ③ Stable shareholder returns

(p. 34)

Stable dividend growth track record



Progressive dividends  
introduced in FY23

# New Medium- Term Management Plan (FY2023-FY2025) Summary

## Purpose / Aspiration

### Purpose



Creating new value with the power of trusts and let prosperous future for our clients and society bloom



### Aspiration

- ① Be a fiduciary that is trusted by stakeholders
- ② Contribute to enhancing the well-being of all people, including future generations
- ③ Serve as a social infrastructure, creating a virtuous circulation of funds, assets and capital

### Medium-Term Management Plan

FY2020 - 2022

Balanced creation of both social and economic value

- Not holding any strategic shareholdings as a conventional stable shareholder
- Promoted strategic investment

FY2023 - FY2025

Paving the Way for the Next 100 years, with the "Power of Trust"

Opportunity to show our real ability

Increase economic and market uncertainty



## Summary of Medium-Term Management Plan

### Concept

**Paving the Way for the Next 100 Years,  
with the “Power of Trust”**

### 3 themes

**Business growth that is unique to a trust group, and improvement of capital efficiency**

Creating a virtuous circulation of funds, assets and capital, and enhancing corporate value

**Strengthening human capital to be fit for the future**

Creating an organization in which job satisfaction leads to well-being

**Sophisticating our management foundation**

Capability to support the business and organizational transformation

### 9 strategies

1 Engaging in value-creating businesses

2 Asset management and asset administration business strategy

3 Digital Transformation strategy (Trust x DX)

4 Financial and capital strategy

5 Human capital strategy

6 Fiduciary strategy

7 Operational infrastructure & facility strategy

8 Branding strategy

9 Multi-stakeholder capital strategy

### Materiality

Impact

Financial

Governance and Management foundation

### Revised materiality for new Medium-Term Management Plan

Impact	<ul style="list-style-type: none"><li>■ The age of 100 year life</li><li>■ ESG/ Sustainable management</li><li>■ Regional ecosystems and the global investment chain (Networking)</li><li>■ Digital transformation (Trust X DX)</li></ul>
Financial	<ul style="list-style-type: none"><li>■ Financial strength expected by stakeholders</li></ul>
Governance and management foundation	<ul style="list-style-type: none"><li>■ Corporate governance</li><li>■ Risk control and resilience</li><li>■ Compliance and conduct risks</li><li>■ Human capital</li><li>■ Security</li><li>■ Fiduciary duty</li></ul>

# Summary of financial results for FY2022

# Overview of profits

	(Yen bn)	FY21	FY22	Change
1 Net business profit before credit costs (*1)		346.0	324.6	(21.4)
2 Substantial gross business profit (*1)		808.1	814.1	5.9
3 Effective interest related earnings (*2)		320.2	300.6	(19.5)
4 Net fees and commissions and related profit		436.9	449.3	12.4
5 Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)		51.0	64.1	13.1
6 Substantial G&A expenses (*1)		(462.0)	(489.5)	(27.4)
7 Total credit costs		(41.5)	(10.4)	31.1
8 Net gains on stocks		(38.3)	3.0	41.4
9 Other net non-recurring profit		(36.4)	(31.4)	5.0
10 Ordinary profit		229.7	285.8	56.1
11 Extraordinary profit		(1.7)	(14.4)	(12.7)
12 Income before income taxes		227.9	271.3	43.3
13 Total income taxes		(57.7)	(79.3)	(21.5)
14 Income attributable to non-controlling interests		(1.1)	(1.0)	0.1
15 Net income		169.0	191.0	21.9
16 Earnings per share (EPS) (Yen)		451	517	65
17 Number of shares issued (mn shares) (*3)		374.5	369.3	(5.2)

## (Reference)

18 Net interest income and related profit		304.8	148.1	(156.7)
19 Other profit		66.3	216.6	150.3
20 Profit attributable to deployment of surplus foreign currency funds		15.3	152.5	137.1
21 Other		51.0	64.1	13.1

- (\*1) "Net business profit before credit costs", "Substantial gross business profit" and "Substantial G&A expenses" are based on managerial accounting, taking gross income and expenses from affiliates into consideration  
 (\*2) "Effective interest related earnings" is sum of "Net interest income and related profit" and "Profit attributable to deployment of surplus foreign currency funds", included in "Other profit"  
 (\*3) Average number of common shares outstanding (excluding treasury stocks) during the period

## Net business profit before credit costs

- Achieved ¥324.6bn of 105% vs FY22 forecast of ¥310.0bn
- Decreased YoY ¥(21.4)bn mainly due to dearth of favorable market conditions
- (#3 Effective interest related earnings) Decreased YoY ¥(19.5)bn mainly due to absence of favorable market conditions and increase of funding costs due to rise in overseas interest rates. Continue to improve in loan-deposit income
- (#4 Net fees and commissions and related profit) YoY increase of ¥12.4bn
- Real estate brokerage fees propelled increase in fee income. Corporate credit related fees also contributed but asset management fees decreased
- Substantial G&A expenses increased mainly due to investments in human capital and expenses linked with gross business profit increases

## Total credit costs

- Posted ¥(10.4)bn of total credit costs.
- Changed target of special loan loss provision (SuMi TRUST Bank) and reevaluate its amount and balance of provisions will remain roughly the same

## Net gains on stocks

- Achieved two-year target (¥100.6bn at cost) and steady progress in strategic shareholdings reduction
- Posted ¥84.0bn of gains from divestment of strategic shareholdings and ¥(79.0)bn of realized loss from sale of bear funds

## Other net non-recurring profit, extraordinary profit

- YoY net losses on stocks related derivatives improved by ¥5.7bn, losses on investment in partnership increased by ¥(4.9)bn and amortization of actuarial net differences increased by ¥(2.6)bn
- Posted approx. ¥(16.0)bn of extraordinary loss due to IT system renewal related to overseas operations (SuMi TRUST Bank)

## Net income

- Achieved ¥191.0bn vs FY22 forecast of ¥190.0bn, the highest record since integration

## Overview of balance sheet

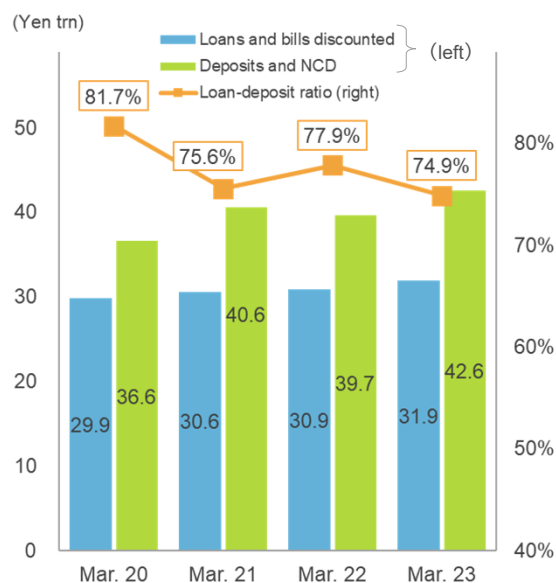
(Yen bn)		Mar. 22	Mar. 23	Change
1	Assets	64,633.2	69,022.7	4,389.5
2	Cash and due from banks	18,223.3	21,602.4	3,379.1
3	Securities	7,879.2	6,933.0	(946.1)
4	Loans and bills discounted	30,876.5	31,810.9	934.4
5	Other assets	7,654.1	8,676.2	1,022.1
6	Liabilities	61,887.9	66,200.1	4,312.2
7	Deposits and NCD	39,818.1	42,848.2	3,030.1
8	Borrowed money from trust account	4,298.8	4,332.4	33.6
9	Other liabilities	17,770.9	19,019.4	1,248.4
10	Total net assets	2,745.2	2,822.5	77.2
11	Total shareholders' equity	2,517.5	2,587.8	70.2
12	Total accumulated OCI	198.0	204.2	6.2
13	Minority interests, etc.	29.7	30.4	0.7
14	Net assets per share (BPS) (Yen)	7,249	7,686	436
15	Number of shares issued (mn shares) (*)	374.5	363.2	(11.3)

(Reference)

16	Loan-deposit ratio (SuMi TRUST Bank)	77.9%	74.9%	(3.0%)
17	NPL ratio (SuMi TRUST Bank)	0.6%	0.4%	(0.2%)

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

Loan - deposit ratio (SuMi TRUST Bank)



## Profit by group company

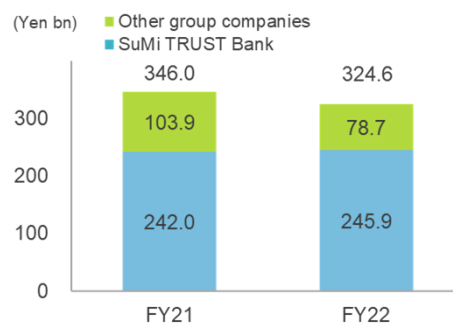
	(Yen bn)	FY21	FY22	Change
1 Net business profit before credit costs (*1)		346.0	324.6	(21.4)
2 SuMi TRUST Bank (*2)		242.0	245.9	3.8
3 SuMi TRUST AM		9.4	7.9	(1.5)
4 Nikko AM (*3)		30.7	13.9	(16.8)
5 SuMi TRUST Realty		6.8	7.3	0.5
6 SuMi TRUST Panasonic Finance (*3)		9.5	8.6	(0.8)
7 SuMi TRUST Loan & Finance		10.7	10.9	0.2
8 SuMi TRUST Guarantee (*3)		11.6	11.6	0.0
9 SuMi TRUST Club		1.5	3.7	2.1
10 UBS SuMi TRUST Wealth Management		0.7	2.5	1.7
11 Net income (*1)		169.0	191.0	21.9
12 SuMi TRUST Bank		113.3	169.1	55.7
13 SuMi TRUST AM		6.4	5.4	(1.0)
14 Nikko AM (*3)		18.5	12.7	(5.8)
15 SuMi TRUST Realty		4.7	5.2	0.4
16 SuMi TRUST Panasonic Finance (*3)		6.2	5.8	(0.4)
17 SuMi TRUST Loan & Finance		7.4	7.6	0.2
18 SuMi TRUST Guarantee (*3)		8.0	8.5	0.5
19 SuMi TRUST Club		1.5	1.6	0.0
20 UBS SuMi TRUST Wealth Management		0.5	1.8	1.3

(\*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.

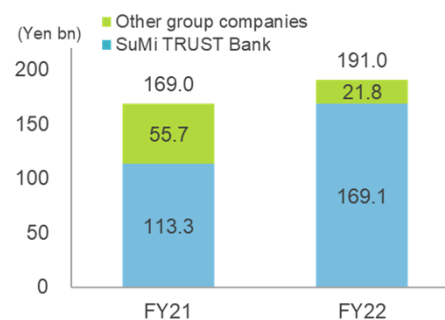
(\*2) Including dividend from group companies (FY21:¥14.1bn, FY22:¥30.1bn, YoY change: +¥16.0bn)

(\*3) Consolidated basis

Breakdown of Net business profit before credit costs



Breakdown of Net income



## Profit by business segment

(Yen bn)		FY21 Net business profit before credit costs	Substantial gross business profit	Change	Substantial G&A expenses	FY22 Net business profit before credit costs	Change
1	Total	346.0	814.1	5.9	(489.5)	324.6	(21.4)
2	Retail Business	32.2	202.8	12.0	(161.3)	41.5	9.2
3	SuMi TRUST Bank	13.7	134.1	2.7	(112.7)	21.3	7.6
4	Other group companies	18.5	68.7	9.2	(48.6)	20.1	1.6
5	Corporate Business	127.4	229.3	17.3	(88.5)	140.8	13.3
6	SuMi TRUST Bank	99.2	153.5	12.9	(42.4)	111.1	11.9
7	Other group companies	28.2	75.7	4.3	(46.1)	29.6	1.3
8	Investor Services Business	70.7	127.3	(10.4)	(69.6)	57.7	(13.0)
9	SuMi TRUST Bank	59.4	76.0	(16.9)	(32.9)	43.1	(16.3)
10	Other group companies	11.2	51.3	6.4	(36.7)	14.5	3.2
11	Real Estate Business	36.9	69.7	6.9	(27.6)	42.1	5.2
12	SuMi TRUST Bank	29.3	44.1	4.8	(10.2)	33.9	4.5
13	Other group companies	7.5	25.5	2.0	(17.4)	8.1	0.6
14	Global Markets Business (*1)	36.5	69.3	17.0	(15.1)	54.1	17.5
15	Asset Management Business (*2)	40.5	84.7	(17.2)	(62.4)	22.2	(18.2)

(\*1) Substantial gross business profit and net business profit include equity related profit which is posted as "net gains on stocks" FY21: +¥1.8bn, FY22: ¥-bn, YoY change: ¥(1.8)bn and net gains/losses on stock related derivatives which is posted as "other non-recurring profit" (FY21: ¥(4.4)bn, FY22: +¥2.3bn, YoY change: +¥6.7bn)

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

## Overview of profit (SuMi TRUST Bank)

	(Yen bn)	FY21	FY22	Change
1 Net business profit before credit costs		242.0	245.9	3.8
2 Gross business profit		490.6	508.1	17.5
3 Effective interest related earnings		290.5	285.9	(4.6)
4 Net interest income and related profit		275.2	133.4	(141.8)
5 Profit attributable to deployment of surplus foreign currency funds		15.3	152.5	137.1
6 Net fees and commissions and related profit		180.8	193.2	12.4
7 Net trading profit		20.3	57.1	36.8
8 Net gains on foreign exchange transactions		13.4	10.4	(3.0)
9 Net trading profit		6.8	46.7	39.8
10 Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)		(17.8)	(26.0)	(8.1)
11 Net gains on bonds		19.0	1.0	(18.0)
12 Net gains from derivatives		(248.5)	(262.2)	(13.7)
13 General and administrative expenses		(42.4)	(12.4)	29.9
14 Total credit costs		(48.8)	(8.8)	39.9
15 Other non-recurring profit		(37.3)	5.9	43.3
16 o/w Net gains on stocks		(1.1)	(3.8)	(2.6)
17 Amortization of net actuarial losses		150.8	224.5	73.7
18 Ordinary profit		(1.6)	(0.3)	1.3
19 Extraordinary profit		149.1	224.2	75.1
20 Income before income taxes		(35.7)	(55.1)	(19.3)
21 Total income taxes		113.3	169.1	55.7
22 Net income				

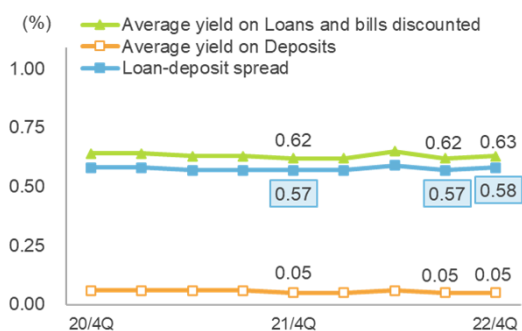
	FY21	FY22	Change
22 Gross business profit	490.6	508.1	17.5
23 Net interest income and related profit	275.2	133.4	(141.8)
24 Net fees and commissions and related profit	180.8	193.2	12.4
25 Net trading profit	13.4	10.4	(3.0)
26 Net other operating profit	21.1	171.0	149.9
27 o/w Net gains on foreign exchange transactions	22.2	199.2	177.0
28 Profit attributable to deployment of surplus foreign currency funds	15.3	152.5	137.1
29 other	6.8	46.7	39.8
30 Net gains on bonds	(17.8)	(26.0)	(8.1)
31 Net gains from derivatives	19.0	1.0	(18.0)
32 Net fees and commissions and related profit	180.8	193.2	12.4
33 o/w Investment management consulting	40.4	41.3	0.9
34 Asset management/administration (*)	66.8	67.1	0.2
35 Real estate brokerage	32.9	37.4	4.5
36 Stock transfer agency services	23.8	24.4	0.6
37 Inheritance related services	4.2	4.4	0.1
38 Corporate credit related (*)	25.8	34.7	8.9
39 Net gains on bonds	(17.8)	(26.0)	(8.1)
40 Domestic bonds	(0.2)	(5.6)	(5.4)
41 Foreign bonds	(17.6)	(20.3)	(2.7)

(\*) Change the scope of aggregation due to the reorganization of business on Apr. 1, 2022, recalculating the figures for FY21 recalculated based on the new scope

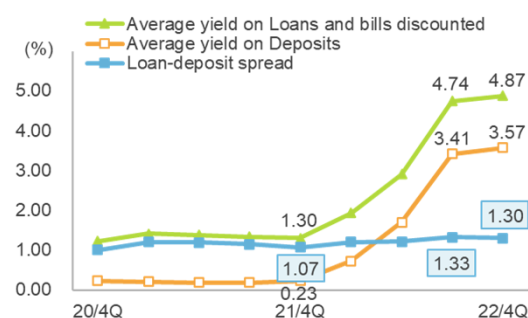
# Net interest income (SuMi TRUST Bank)

		FY22					
		Average Balance	Change from FY21	Average Yield	Change from FY21	Income/Expenses	Change from FY21
(Average balance: Yen trn) (Income/Expenses: Yen bn)							
1	Net interest income					113.2	(142.8)
2	Domestic business			0.40%	0.06%	188.3	29.7
3	Interest-earning assets	46.50	0.62	0.53%	0.07%	248.0	33.1
4	o/w Loans and bills discounted	24.85	0.24	0.63%	(0.00%)	158.1	1.2
5	Securities	4.33	(0.13)	1.91%	0.76%	83.2	31.5
6	Interest-bearing liabilities	45.88	0.68	0.13%	0.01%	(59.7)	(3.4)
7	o/w Deposits	27.71	0.33	0.05%	(0.01%)	(15.6)	0.9
8	Borrowings from trust a/c	4.29	0.20	0.46%	0.00%	(20.1)	(1.0)
9	Swaps	---	---	---	---	(9.4)	(5.4)
10	International business			(0.48%)	(1.12%)	(75.0)	(172.5)
11	Interest-earning assets	16.58	1.26	2.53%	1.57%	420.4	272.0
12	o/w Loans and bills discounted	6.79	0.59	3.59%	2.24%	244.4	160.0
13	Due from banks	2.65	0.58	2.58%	2.33%	68.4	63.2
14	Securities	2.89	0.29	2.87%	0.78%	83.3	28.8
15	Interest-bearing liabilities	16.44	0.91	3.01%	2.69%	(495.5)	(444.6)
16	o/w Deposits	6.58	0.85	2.33%	2.12%	(153.7)	(141.5)
17	NCD / USCP	6.67	(0.16)	2.91%	2.78%	(194.4)	(185.0)
18	Repo	1.24	(0.36)	2.58%	2.48%	(32.2)	(30.6)
19	Expenses on swaps	---	---	---	---	(75.5)	(57.0)
20	(+) Trust fees from principal guaranteed trust a/c					20.1	1.0
21	(+) Profit attributable to deployment of surplus foreign currency funds					152.5	137.1
22	Effective interest related earnings					285.9	(4.6)
23	Loan-deposit spread / income in domestic business			0.58%	0.01%	142.4	2.2
24	Loan-deposit spread / income in international business			1.26%	0.12%	90.7	18.5

Domestic loan-deposit spread (quarterly)

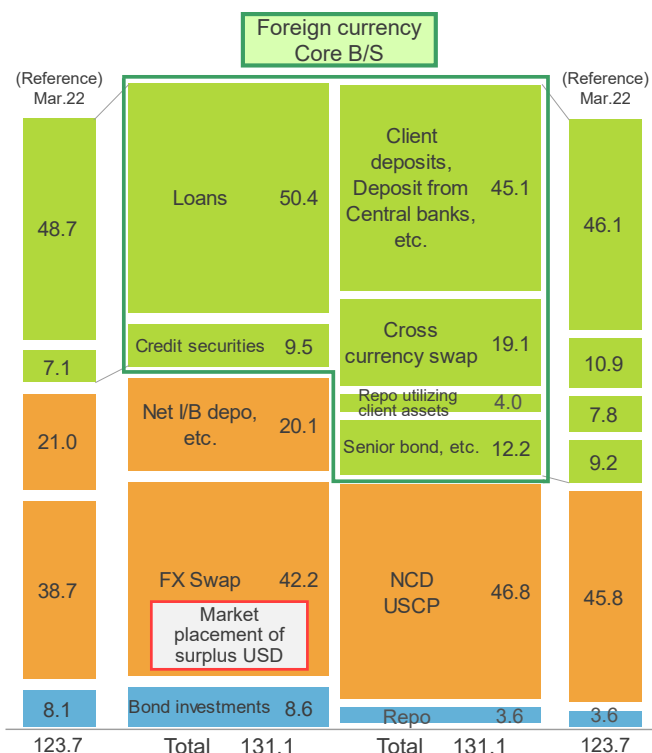


International loan-deposit spread (quarterly)



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

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



### Foreign currency ALM management

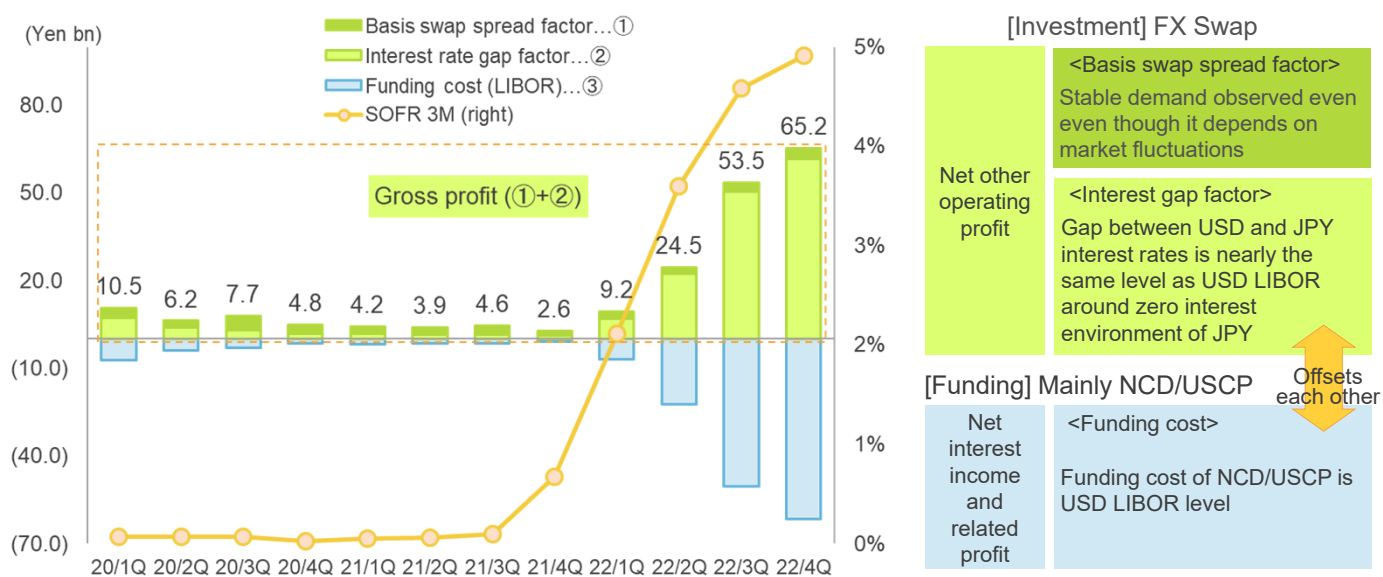
- ◆ Loans and credit investment securities constitute foreign currency Core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets 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 factor. Interest rate gap is offset by USD funding costs
- Gross funding costs and investment profits increased due to rising US short-term interest rate. Net profit slightly increased YoY



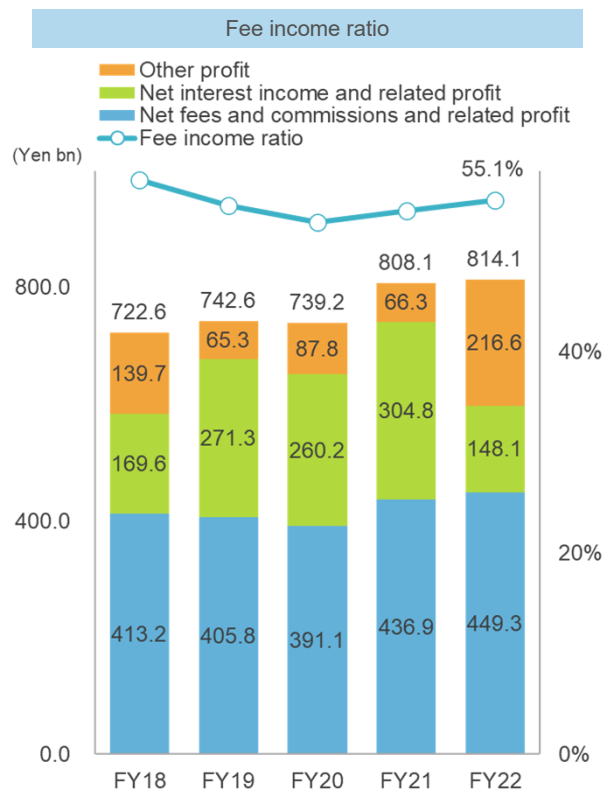
(\*) The above contents are simplified to promote understanding the structure of the operations, although actual profitability of market placement of surplus foreign currency changes depending on market environment. Figures show gross profits as sum of basis swap spread factor and interest gap factor.

## Net fees and commissions and related profit

	(Yen bn)	SuMi TRUST Bank		SuMi TRUST Group (*1)	
		FY22	Change from FY21	FY22	Change from FY21
1 Net fees and commissions and related profit		193.2	12.4	449.3	12.4
2 Investment trust and insurance sales		41.3	0.9	41.3	0.9
3 Card		-	-	40.8	3.8
4 Asset management / administration		67.1	0.2	198.3	(9.7)
5 Profit		106.2	-	218.4	(9.7)
6 Fees paid out for outsourcing		(39.0)	0.3	(20.1)	0.0
7 Stock transfer agency services		24.4	0.5	43.7	2.9
8 Profit		36.9	2.2	43.7	2.9
9 Fees paid out for outsourcing		(12.5)	(1.6)	-	-
10 Real estate		44.1	4.8	69.7	6.9
11 Others (Loan arrangement fees, etc.)		16.1	5.7	55.3	7.4
12 Fee income ratio (*2)		38.0%	1.2%	55.1%	1.1%

(\*1) Figures are after eliminations of intra-group transactions

(\*2) Net fees and commissions and related profit / Gross business profit

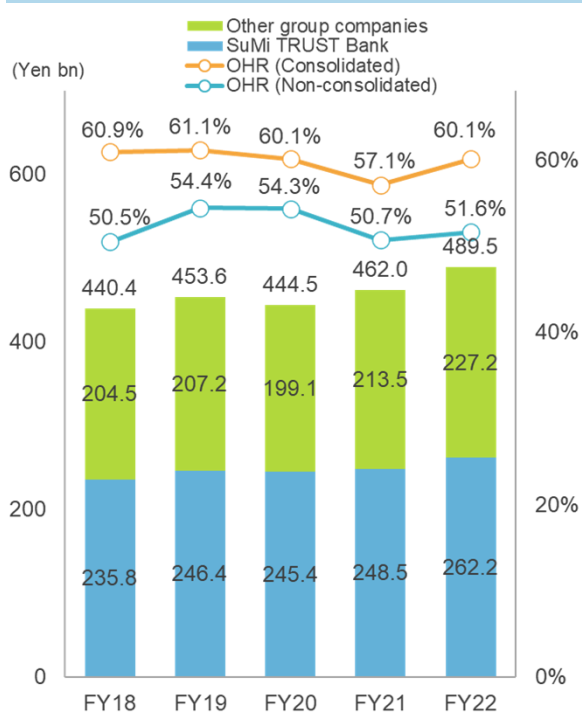


## Expenses

[SuMi TRUST Group]		(Yen bn)	FY21	FY22	Change
1	Personnel expenses		(211.4)	(219.8)	(8.4)
2	Non-personnel expenses excluding taxes		(234.8)	(253.7)	(18.9)
3	Taxes other than income taxes		(15.7)	(15.8)	-
4	Substantial G&A expenses		(462.0)	(489.5)	(27.4)
5	Overhead ratio		57.2%	60.1%	2.3%

[SuMi TRUST Bank]		(Yen bn)	FY21	FY22	Change
6	Personnel expenses		(112.1)	(117.7)	(5.6)
7	Salaries etc.		(104.4)	(109.0)	(4.6)
8	Retirement benefit expenses		10.9	10.6	(0.3)
9	Others		(18.6)	(19.3)	(0.6)
10	Non-personnel expenses excluding taxes		(126.6)	(134.6)	(7.9)
11	IT system related costs		(43.9)	(47.8)	(3.9)
12	Others		(82.7)	(86.7)	(4.0)
13	Taxes other than income taxes		(9.7)	(9.8)	-
14	G&A expenses		(248.5)	(262.2)	(13.7)
15	Overhead ratio		97.9%	102.9%	2.1%

Breakdown of G&A expenses



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

[Total credit costs]		FY21			FY22	Major factors (FY22)
(Yen bn)			1H	2H		
1	SuMi TRUST Bank	(42.4)	(8.9)	(3.4)	(12.4)	Downgraded: Approx. ¥(17.0)bn Upgraded: Approx. +¥2.0bn Changes in loan balance, etc. (including recoveries of written-offs): Approx. +¥3.0bn
2	General allowance for loan losses	13.4	4.3	(3.3)	0.9	
3	Specific allowance for loan losses	(53.0)	(12.6)	7.1	(5.4)	
4	Recoveries of written-off claims	1.0	0.4	0.2	0.6	
5	Losses on sales of claims, written-off	(3.8)	(1.0)	(7.5)	(8.5)	
6	Other group companies, etc.	0.8	0.0	1.9	1.9	SuMi TRUST Panasonic Finance +¥1.9bn As of March 2023, special loan loss provision of approx. ¥20.0bn
7	Total	(41.5)	(8.8)	(1.5)	(10.4)	

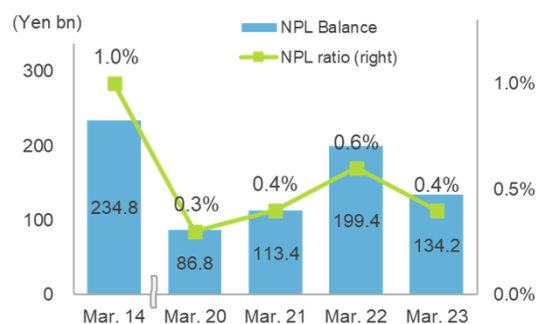
### [Non-performing loans (NPLs) based on Banking Act and Reconstruction Act]

		Mar. 22	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 22
(Yen bn)					
8	Total	134.2	68.4%	51.9%	(65.2)
9	NPL ratio	0.4%	---	---	(0.2%)
10	Bankrupt and Practically Bankrupt	8.5	100.0%	100.0%	(8.2)
11	Doubtful	86.2	74.4%	62.6%	(31.6)
12	Substandard	39.5	48.4%	22.3%	(25.4)
13	Loans past due 3 months or more	-	---	---	-
14	Restructured loans	39.5	---	---	(25.4)
15	Assets to borrowers requiring caution(excluding Substandard)	296.4	---	---	(13.6)
16	Assets to normal borrowers	32,092.1	---	---	1,160.3
17	Grand total	32,522.7	---	---	1,081.5

(\*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. 23	Change from Mar. 22	Mar. 23	Change from Mar. 22
1 Available-for-sale securities	5,675.3	(1,172.2)	372.6	(29.0)
2 Japanese stocks	495.4	(53.4)	577.2	(83.2)
3 Japanese bonds	2,178.5	(1,306.4)	(0.3)	13.0
4 Others	3,001.3	187.5	(204.1)	41.1
5 Held-to-maturity debt securities	299.2	61.2	9.9	(3.1)

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

6 Available-for-sale securities	5,522.5	(1,169.7)	386.2	(30.3)
7 Japanese stocks	471.6	(50.7)	598.3	(86.0)
8 Japanese bonds	2,178.5	(1,306.4)	(0.3)	13.0
9 o/w Government bonds	1,433.5	(1,303.1)	(1.5)	13.1
10 Others	2,872.3	187.3	(211.7)	42.7
11 Domestic investment	107.8	19.2	1.8	(0.3)
12 International investment	1,766.2	211.2	(30.0)	(11.1)
13 o/w US Treasury(*1)	650.5	128.3	(17.2)	(1.6)
14 Others (Investment trust, etc.)	998.1	(43.1)	(183.5)	54.1
15 o/w for hedging of strategic shareholdings (*2)	626.3	(213.5)	(191.6)	50.0

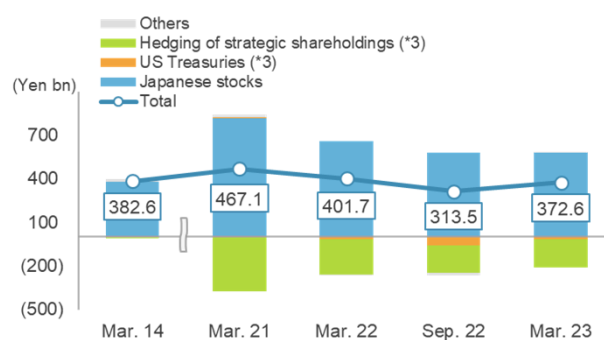
(\*1) Unrealized losses of US Treasury after adjusting PL from hedging transactions is ¥(19.1)bn

(\*2) Of which hedging effect under capital regulation is recognized: Costs ¥527.5bn, Unrealized gains/losses ¥(145.8)bn

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

16 Held-to-maturity debt securities	299.1	61.2	9.9	(3.1)
17 o/w Government bonds	117.2	(0.3)	10.7	(2.3)
18 International investment	127.5	67.5	(1.1)	(0.7)

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



(\*3) SuMi TRUST Bank

### Securities portfolio of Global markets(\*4)

(Yen bn)	10BPV (*5)		Duration (years) (*5)	
	Mar. 23	Change from Mar. 22	Mar. 23	Change from Mar. 22
19 JPY	5.3	(1.8)	3.0	0.6
20 Others (*6)	1.0	(0.6)	1.4	(1.5)

(\*4) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

(\*5) In the calculation of 10BPV and duration, investment balance hedging transactions were excluded

(\*6) total of securities denominated in USD, EUR and GBP

# Capital

- Common Equity Tier 1 ratio:10.79%. Down 1.52 ppt from Mar. 2022 due to increase in RWA.
- Pro-forma CET1 capital ratio on finalized Basel III:9.5% also down 0.4 ppt.
- 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. 22	Mar. 23	Change
1 Total capital ratio		15.61%	13.24%	(2.37%)
2 Tier 1 capital ratio		13.71%	12.01%	(1.70%)
3 Common Equity Tier 1 capital ratio		12.31%	10.79%	(1.52%)
4 Total capital		3,144.4	3,081.2	(63.1)
5 Tier 1 capital		2,761.5	2,793.5	31.9
6 Common Equity Tier 1 capital		2,480.1	2,509.7	29.6
7 Instruments and reserves		2,682.8	2,752.9	70.1
8 Accumulated other comprehensive income (*1)		198.0	204.2	6.2
9 Regulatory adjustments		(202.6)	(243.2)	(40.5)
10 Additional Tier 1 capital		281.3	283.7	2.3
11 Tier 2 capital		382.9	287.7	(95.1)
12 Total risk-weighted assets		20,135.3	23,256.8	3,121.5
13 Credit risk		17,921.0	20,411.9	2,490.9
14 Market risk		1,268.5	1,838.2	569.6
15 Operational risk		945.7	1,006.7	61.0

(\*1) Valuation differences on Available-for-Sale Securities (Mar. 2023): ¥258.2bn  
(Change from Mar. 2022: ¥(19.3)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 4QFY2022. "Change from Mar. 22" represents the comparison to figure for 4QFY2021 calculated in the same manner

## <Major factors of change in capital adequacy ratios>

### [Capital]

#### (1) Common Equity Tier 1 capital: +¥29.6bn

- Net income: +¥191.0bn
- Valuation differences on AFS (considering valuation differences on hedging items): ¥(37.8)bn
- Dividend: ¥(76.8)bn •Repurchase of own shares: ¥(48.9)bn

### [Risk-weighted assets]

#### (2) Credit risk: +¥2,490.9bn

- Increase in investment which contributes to our group's growth and solutions to social issues :approx. +¥1,500.0bn
- Increase in foreign currency-denominated loan due to JPY depreciation :approx. +¥400.0bn

#### (3) Market risk: +¥569.6bn

- Increase due to higher market volatility

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

	(Yen bn)	Mar. 23	Change from Mar. 22
16 Leverage ratio (*2)		5.36%	0.04%
17 Including current account with the Bank of Japan		3.95%	(0.17%)
18 Tier 1 capital		2,793.5	31.9
19 Total exposure (*2)		52,117.3	240.3
20 Including current account with the Bank of Japan		70,661.9	3,700.7
21 Liquidity coverage ratio (*3)		138.3%	(22.5%)
22 Total high-quality liquid assets		19,451.5	1,722.3
23 Net cash outflows		14,058.9	3,040.1

## Forecast for FY2023

- Net business profit: ¥ 320.0bn decreased by ¥(4.6)bn YoY due to dearth of favorable market conditions (mainly impact of foreign exchange) in FY22 and uncertain market condition
- Net income: ¥200.0bn increased by ¥8.9bn YoY
- Dividend per share : ¥220 increased by ¥10 YoY, consolidated dividend payout ratio of 40.0% in accordance with our new shareholder return policy(\*)

	(Yen bn)	FY22 Actual	FY23 Forecast	Change from FY22
1	Net business profit before credit costs	324.6	320.0	(4.6) (1)
2	SuMi TRUST Bank	245.9	259.0	13.0
3	Substantial gross business profit	814.1	850.0	35.8
4	SuMi TRUST Bank	508.1	544.0	35.8
5	Other group companies	305.9	306.0	0.0
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) (2)
10	Net gains on stocks	3.0	15.0	11.9 (3)
11	Other non-recurring profit	(31.4)	(35.0)	(3.5)
12	Ordinary profit	285.8	280.0	(5.8)
13	Net income	191.0	200.0	8.9
14	SuMi TRUST Bank	169.1	184.0	14.8
15	Dividend per common share (Yen)	210	220	+10
16	Consolidated dividend payout ratio	40.2%	40.0%	(0.2%)

(\*) Shareholder return policy [announced on May12, 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

### 【Assumptions】

#### (1) Net business profit: ¥(4.6)bn YoY

- Substantial gross business profit is expected to be unchanged excluding the impact of JPY depreciation of FY22. Forecast is planed on the exchange rate of ¥130(assumed).
- Substantial G&A Expenses is expected to increase due to prior investment for IT systems, human capital, etc.

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

- Total credit costs of ¥(20.0)bn is assumed based on past results, while no specific client is considered
- Substantial balance of allowance for losses is ¥(40.0)bn including special loan loss provision ¥(20.0)bn at the beginning of FY23

#### (3) Net gains on stocks: forecast ¥15.0bn

- Net gains on stocks is expected for certain amount due to gains from divestment of strategic shareholdings which is partially offset by recognition of unrealized losses on hedging transactions

## Fee business: Investment management consulting

- Total income posted ¥41.3bn due to increased sales fees of insurance while decreased sales fees of investment trust
- Total balance increased by ¥72.4bn YoY to ¥7,379.1bn due to increase of cash flow in Fund wrap and SMA while market value declined

### Income from marketing of investment products

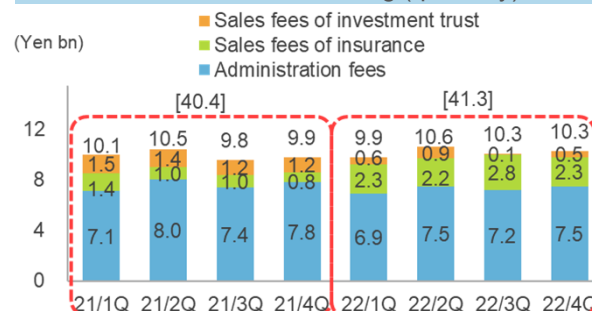
	(Yen bn)	FY21	FY22	Change	FY23 Plan
1 Income total		40.4	41.3	0.9	41.0
2 Sales fees of investment trust		5.5	2.2	(3.2)	2.5
3 Sales fees of insurance		4.3	9.7	5.4	9.5
4 Administration fees		30.5	29.3	(1.2)	29.0

### Sales volume / balance

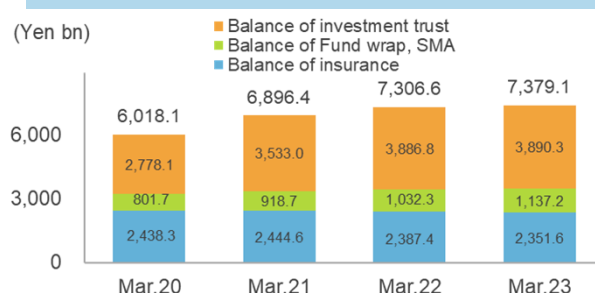
	(Yen bn)	FY21	FY22	Change	FY23 Plan
5 Sales volume total		1,153.6	1,234.8	81.2	1,300.0
6 Investment trust		837.7	664.8	(172.8)	750.0
7 Fund wrap, SMA		167.8	212.3	44.5	200.0
8 Insurance		148.0	357.6	209.5	350.0

	(Yen bn)	Mar. 22	Mar. 23	Change	Mar. 24 Plan
9 Balance total		7,306.6	7,379.1	72.4	7,830.0
10 Investment trust		3,886.8	3,890.3	3.4	4,170.0
11 Fund wrap, SMA		1,032.3	1,137.2	104.8	1,280.0
12 Insurance		2,387.4	2,351.6	(35.8)	2,380.0

### Income from marketing (quarterly)



### Balance



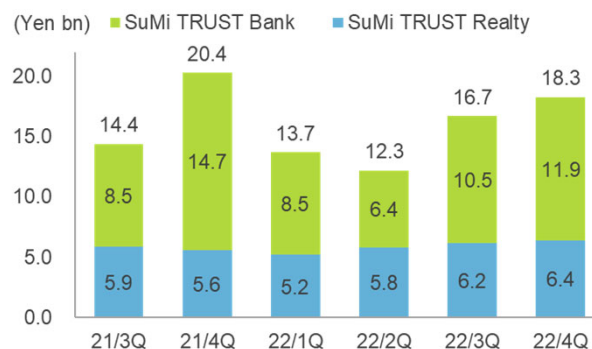
## Fee business: Real estate

- Corporate real estate brokerage (SuMi TRUST Bank): Increased by ¥4.5bn YoY to ¥37.4bn due to closing large transactions
- Retail real estate brokerage (SuMi TRUST Realty): Maintained good performance and the result exceeded FY21
- Continuously recorded the highest income in the real estate segment (consolidated basis)

### Income (group base)

(Yen bn)		FY21	FY22	Change	FY23 Plan
1	Real estate brokerage fees	54.7	61.2	6.4	59.0
2	SuMi TRUST Bank	32.9	37.4	4.5	35.0
3	SuMi TRUST Realty	21.8	23.7	1.8	24.0
4	Real estate trust fees, etc.	6.3	6.6	0.2	6.5
5	Net other real estate profit	1.6	1.8	0.1	2.0
6	SuMi TRUST Bank	-	(0.0)	(0.0)	-
7	Other Group companies	1.6	1.8	0.1	2.0
8	Total	62.7	69.7	6.9	67.5
9	o/w SuMi TRUST Bank	39.2	44.1	4.8	41.5

### Real estate brokerage fees (quarterly)



### Assets under management / administration

(Yen bn)		Mar. 22	Mar. 23	Change
10	Securitized real estate	22,023.8	24,182.3	2,158.4
11	Assets under custody from J-REITs	17,508.0	17,023.4	(484.5)
12	Assets under management	624.5	658.4	33.9
13	Private placement funds	340.2	367.9	27.6
14	J-REITs	284.3	290.5	6.2

## Fee business: Asset management/administration

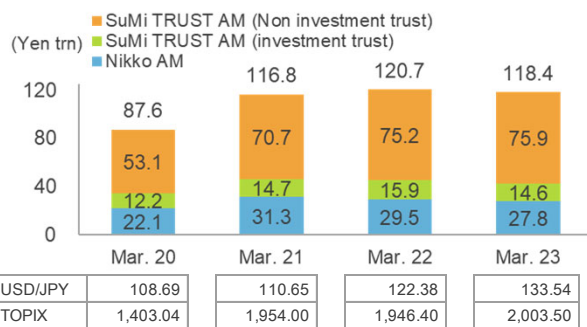
- AUM decreased by ¥(2.2)trn to approx. ¥118trn from Mar. 22 mainly due to net outflow from cancellations of investment trust and decline of market value
- AUC decreased in domestic investment trust and overseas business, mainly due to decline of market value

### Assets under management (AUM)

	(Yen trn)	Mar. 22	Mar. 23	Change
1 Assets under management (*1)		120.7	118.4	(2.2)
2 SuMi TRUST AM		91.2	90.6	(0.6)
3 Investment trust		15.9	14.6	(1.3)
4 Non investment trust (*2)		75.2	75.9	0.6
5 Corporate pension trust		14.8	14.3	(0.4)
6 Public pension trust		12.9	13.0	0.1
7 Discretionary investment		47.5	48.5	1.0
8 Nikko AM		29.5	27.8	(1.6)

(\*1) Categorized by entity actually managing asset

(\*2) Partially include AUM managed by SuMi TRUST Bank

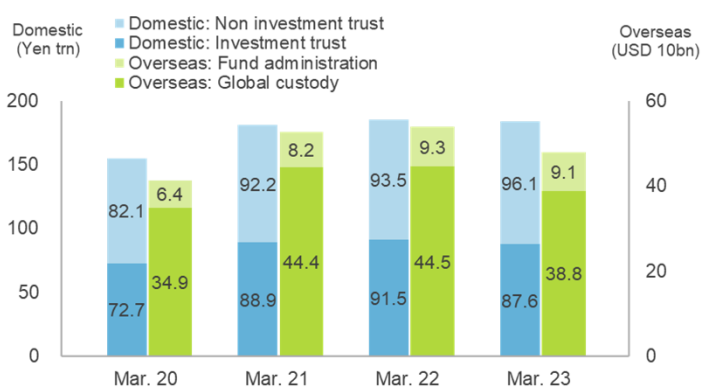


### Assets under custody/administration (AUC)

	(Yen trn)	Mar. 22	Mar. 23	Change
[Domestic]				
9 Investment trust (*3)		91.5	87.6	(3.8)
10 Non investment trust (*3)		93.5	96.1	2.5
[Overseas]	(USD 10bn)			
11 Global custody (*4)		44.5	38.8	(5.6)
12 Fund administration		9.3	9.1	(0.2)

(\*3) Entrusted balance of SuMi TRUST Bank

(\*4) 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: Decreased amount of new loans and outstanding from Mar. 22
- Corporate: Continue to shift from corporate to product lending. (Corporate Yen) Increased mainly due to sustainable financing demands

### Individual clients

	(Yen bn)	FY21	FY22	Change	FY23 Plan
1	Annual amount of new loans to individuals	1,275.7	907.5	(368.2)	900.0
2	Mortgage loans	1,175.0	796.6	(378.3)	800.0

	(Yen bn)	Mar. 22	Mar. 23	Change	Mar. 24 Plan
3	Outstanding of individual loans	11,251.6	11,094.4	(157.2)	11,100.0
4	Mortgage loans	10,543.7	10,461.5	(82.2)	10,300.0

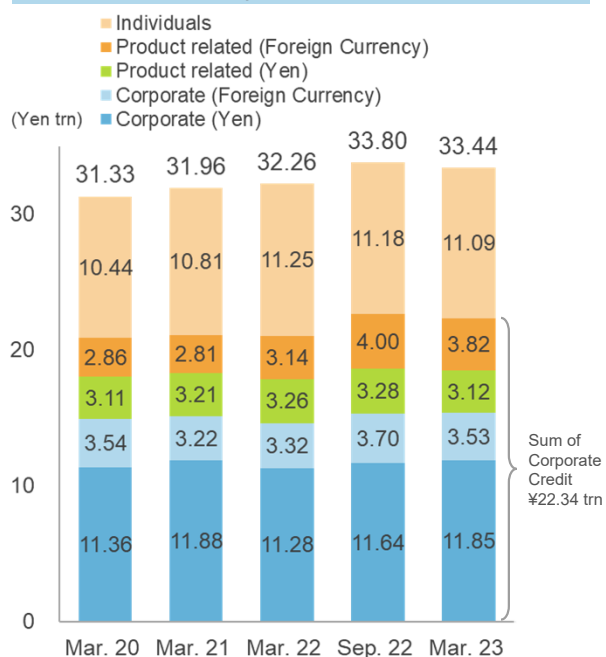
### Corporate clients

	(Yen bn)	Mar. 22	Mar. 23	Change (*2)	Mar. 24 Plan
5	Corporate lending(Yen)	11,283.2	11,859.6	576.4	11,900.0
6	Corporate lending(Foreign Currency)	3,322.4	3,533.6	211.1	3,500.0
7	Product related (Yen)	3,260.9	3,128.7	(132.1)	3,300.0
8	Product related (Foreign Currency)	3,144.8	3,824.9	680.1	4,200.0
9	Total balance of credit for corporates(*1)	21,011.4	22,347.0	1,335.6	22,900.0
10	Product related	6,405.7	6,953.7	548.0	7,500.0

(\*1)Balance of equity investment(excluding strategic shareholdings) is ¥470.3bn on Mar.23

(\*2) Impact of foreign exchange: Corporate lending(Foreign Currency) approx. ¥260.0bn,  
Product related (Foreign Currency) approx. ¥265.0bn

### Credit portfolio balance



This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in managerial circumstances. Please refer to the most recent relevant materials including financial results (“Kessan Tanshin”)(including attached explanatory materials), the securities report and other presentations disclosed by Sumitomo Mitsui Trust Holdings and its group companies, for further information that could significantly influence its financial position and operating results as well as investment decisions by investors. Information regarding companies and other entities outside the group in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the group and cannot be guaranteed. This presentation does not constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any securities.

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”