Telephone conference on Financial Results for 1HFY2025 (November 12, 2025)

Questions and Answers

(Respondent: Masanori Watanabe, Managing Executive Officer, in charge of Investor Relations, Sumitomo Mitsui Trust Group, Inc.)

Q.1	Could you share the key message and underlying intention you would like to convey to market participants regarding the second share repurchase announced this fiscal year?
A.1	We announced the second share repurchase in FY2025, bringing the total amount to ¥60 billion. Our basic approach to capital utilization is to prioritize growth investments that contribute to earnings growth. As part of this strategy, we also announced that we are considering an additional investment in SBI Sumishin Net Bank by the end of this fiscal year. At the same time, attractive investment opportunities are not always available. Given our CET1 ratio, and the fact that our current share price is undervalued, we have decided the share repurchase primarily for the purpose to improve capital efficiency. We will aim to achieve an early improvement in our undervalued share price, particularly reaching a PBR of 1x at an early stage, while continuing to utilize capital in ways that enhance ROE.

Q.2	Based on the target for CET1 ratio of "stably maintain 10% or above," the current CET1 ratio, ROE, share price levels, and PBR, could you elaborate on the future direction of your capital allocation strategy?
A.2	As explained during our IR Day in September 2025, we aim to drive earnings growth through a virtuous circulation of funds, assets, and capital, with a focus on trust-related businesses. In the asset management business, we are continuously considering growth investments for inorganic growth. In addition, when we determine that there is excess capital in comparison with ROE, we will also consider returning to shareholders through share repurchases as one of the options. Currently, we are in the process of discussing the formulation of our next Medium-Term Management Plan, and we would like to provide disclosures that enable investors to visualize our approach to capital management, including capital utilization.

Q.3	Regarding the additional investment in SBI Sumishin Net Bank, the amount is indicated to be approximately ¥80 billion. How is the current ownership ratio of 34% expected to change? When do you plan to disclose specific business plans and synergies? We would appreciate any details you are able to disclose to the extent possible.
A.3	Regarding the additional investment in SBI Sumishin Net Bank, we are unable to provide any details beyond what is included in the materials. At an appropriate time within this fiscal year, we will provide a further explanation of the specific details. The reason we disclosed this investment even though it is still in the planning stage was to demonstrate our approach and stance on capital utilization, enabling investors to make a more appropriate judgment regarding the amount of share repurchase and the level of our CET1 ratio. In addition, by clarifying the impact of this investment on our CET1 ratio (approx. (0.2)%), we believe we can provide investors with greater predictability regarding our capital levels. (Continued to the next page)

	SBI Sumishin Net Bank possesses an advanced digital banking platform, including NEOBANK, and serves as an important partner providing client touchpoints through digital channels. We are entering a phase of business expansion through its co-management partners with NTT DOCOMO, and with this additional investment we aim to strengthen our partnership with SBI Sumishin Net Bank, enabling us to deliver seamless services to clients across both companies.

Q.4	Given the current CET1 ratio, even factoring in the additional investment in SBI Sumishin Net Bank, could the scale of the share repurchase have been expanded further? Could you share whether there is a robust pipeline of growth investments, such as in the asset management business?
A.4	Our CET1 ratio stood at 10.9% as of the end of September 2025. The share repurchase of ¥30 billion will lower it by approximately (0.1)%, and the additional investment in SBI Sumishin Net Bank this fiscal year will lower it by approximately (0.2)%. Furthermore, as we plan to increase risk weighted assets toward the fiscal year-end, we expect the CET1 ratio to be in the mid-10% range at year-end. In addition, we consistently operate with a focus on maintaining a pipeline of inorganic growth opportunities. While such investments involve uncertainties regarding timing and adequacy of pricing, after considering all these factors comprehensively, we determined that a share repurchase of ¥30 billion was appropriate at this timing.
Q.5	The share repurchase will only have an impact of (0.1)% on the CET1 ratio. Based on the overall scale of capital, ¥30 billion seems insufficient. Given that your current performance growth lags behind peers, if the objective is to raise PBR, a more aggressive shareholder return would be necessary—and that was our expectation as well. Does management consider the current share price and PBR levels satisfactory?
A.5	We certainly do not consider the current situation as satisfactory. The timing and scale of the share repurchase were carefully considered, and the decision reflects our approach to capital allocation. We will continue to manage capital with a comprehensive approach that balances capital adequacy and efficiency, while consistently keeping growth investments that generate future earnings in focus.

Q.6	Regarding the Profit by business segment shown on page 8 of the summary, Net business profit before credit costs from the Global Markets business was zero in 1QFY2025, whereas it increased significantly to ¥16 billion in the 1HFY2025, which I believe is a key driver of the overall improvement in Net business profit before credit costs. Could you highlight any significant improvements beyond the Global Markets Business?
A.6	In the first quarter, Net business profit before credit costs from the Global Markets business was underperformed, resulting in the overall progress remaining subdued at approximately 20%. However, in the second quarter, supported by the recovery in the Global Markets Business, overall performance improved to align with the anticipated progress for the period. Based on the current momentum, the Global Markets business is now on track to achieve its full-year target. Other than the Global Markets business, both the Corporate and Wealth Management businesses performed strongly. In the Corporate business, initiatives on project finance and syndicated loans were strong due to related fees and commissions making a significant contribution. In the Wealth Management business, rising stock prices and an expansion in deposit spreads drove favorable progress toward the full-year forecast. Additionally, the Asset Management business earnings have shown an improving trend recently, supported by rising asset prices.

Q.7	Regarding the market environment assumption, the forecast of FY2025 as of May incorporated a mid-year policy rate hike. Have there been any changes following the revision at the interim period?
A.7	At the beginning of FY2025, we assumed a single policy rate hike in September and expected a positive impact of approximately ¥7 billion on Net business profit before credit costs. As noted at the bottom left of page 23 of the summary, we have updated our market environment assumptions on the premise that there will be no change in policy rates. However, even without an additional policy rate hike, we believe our target for Net business profit before credit costs is achievable, and we have revised Net income upward by ¥15 billion from the initial forecast to ¥295 billion. We recognize that market consensus suggests to a high likelihood of policy rate hike between December and January. If a policy rate hike occurs in December, we estimate an additional positive impact of approximately ¥3 billion on Net business profit before credit costs.
Q.8	The FY2025 forecast for Net business profit before credit costs remains unchanged at ¥370 billion, but would it be accurate to interpret this as an effective upward revision of ¥7 billion? Which segments are making the largest contribution to Net business profit?
A.8	As you correctly noted, the outlook for Net business profit before credit costs can effectively be interpreted as an increase of ¥7 billion. The segments with the greater contribution to this growth could be the Corporate business and the Wealth Management business, especially the Corporate business is showing strong progress relative to the FY2025 forecast.

Q.9	At the beginning of the fiscal year, you assumed an impact from U.S. tariffs of approximately ¥(5) billion in Total credit costs, approximately ¥(10) billion in Net gains on stocks, and approximately ¥(5) billion in Other net non-recurring profit, for a total of approximately ¥(20) billion. Following this revision, should it be regarded that preparedness for risks has been effectively reduced to zero? In addition, in the first quarter, I understand that extraordinary profit increase by approximately ¥10 billion due to gains on sales of stocks of subsidiaries and affiliates. However, the forecast for extraordinary gains has not been revised. Given that the tariff impact has been neutralized (¥20 billion), would it not have been reasonable to implement a further upward revision? Is there any underlying reason—such as anticipated losses in the second half or a conservative approach?
A.9	As you correctly noted, the preparedness for risks at the beginning of the fiscal year have receded, and the approximately ¥(20) billion, which had been conservatively estimated as a buffer, accounts for the majority of the adjustments made in this revision. However, approximately ¥(5) billion in Other net non-recurring profit of the initial forecast was a conservative estimate for additional losses on investment partnership, primarily in North America, and we have kept this assumption for 2HFY2025. To clarify the numbers, the difference of ¥(5) billion relates to Total credit costs. At the beginning of the fiscal year, we had conservatively estimated ¥(5) billion for credit costs vs FY2024 Actual, based on first-half results, this amount has been revised upward by ¥10 billion. Regarding your last question, we are not expecting significant losses in 2HFY2025 as of this moment.

Q.10	Regarding market environment assumptions: Given that you raised the Nikkei 225 forecast from ¥35,000 at the beginning of the year to ¥45,000, would it be reasonable to revise Net gains on stocks upward? Does the revised forecast of ¥80 billion include losses from the bear funds? Could you provide a breakdown between gains on sales of strategic shareholdings and realized losses from cancellation of bear fund?
A.10	We will continue to reduce strategic shareholdings. However, Given that the number of companies in which we hold shares has been gradually declining, please understand that the negotiations and activities for reduction are becoming increasingly challenging. We recognize that raising the Nikkei 225 assumption from ¥35,000 to ¥45,000 creates an environment where Net gains on stocks are likely to increase. The current hedging ratio is approximately 8%, and we will continue to reduce bear funds in line with the sale of strategic shareholdings. For the full fiscal year, our current estimate is approximately ¥100 billion in gains on sales of strategic shareholdings and approximately ¥(20) billion in realized losses from cancellation of bear fund.

Q.11	On page 18 of the summary, concerning the Effective interest related earnings； The deposit average yield in the domestic business seems to have risen slightly to 0.33% from 1QFY2025. May this be regarded as aligned with the original plan?
A.11	In comparison with the first quarter, deposit funding costs increased by approximately 3bp in the second quarter. Meanwhile, loan yields also rose by about 4bp during the same period, resulting in an improvement in the loan-deposit spread in the domestic business. Overall, performance has been broadly in line with the plan. We continue to focus on acquiring retail deposits. On the other hand, for corporate deposits, it is necessary to manage balances carefully while assessing the degree of stickiness, in order to avoid an excessive widening of the loan-deposit gap. As shown on page 6 of the summary, the loan-deposit ratio has shown a reversal trend from the end of June 2025 to the end of September 2025, but remains at a low level against the plan. We will continue to control corporate deposit balances while closely monitoring the status of corporate lending.

Q.12	Is there any risk associated with implementing a share repurchase while holding non-public information, such as considering an additional investment in SBI Sumishin Net Bank?
A.12	Our understanding is that the consideration and execution of this matter will not obstruct the share repurchase.