# Investor Meeting on Financial Results for 1HFY2025 (November 19, 2025)
# Questions and Answers

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

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| Q.1 | Please tell us how you evaluate the current stock price and what message or intention is behind the announcement of shareholder return this time. |
| A.1 | Regarding our stock price, the PBR has risen up to nearly 1x, despite the accumulation of capital. Going forward, we aim to further improve our ROE and implement various measures to maintain a high level of profitability even without gains from the sale of strategic shareholdings, with the ultimate goal of achieving a PBR of 2x. We view the current share price as a milestone, and we hope you will look forward to our future initiatives.<br>Looking back at the current Medium-Term Management Plan, profits have steadily increased. While ensuring capital adequacy, we have continued to make investments that enhance our business portfolio and improve capital efficiency.<br>In terms of shareholder returns, we have consistently increased dividends per share. The scale of share repurchases has expanded from ¥50 billion in the previous Medium-Term Management Plan to ¥110 billion in the current plan. We believe we have maintained a good balance between investments for future growth and shareholder returns.<br>When making investments, we place great importance on sufficiently enhancing capital efficiency. Following my appointment as President & CEO, we announced our policy so that, in principle, we shall not hold any “strategic shareholdings as a conventional stable shareholder.” Since then, we have continued to rebalance our balance sheet. While the amount of mortgage loans has declined due to heightened competition and market contraction, we have accelerated the shift from corporate lending to more profitable product-related lending, which has improved profitability on our loan portfolio. Regarding investments in the asset management business and the asset administration business, although there are many potential investment opportunities, we remain mindful to avoid investments that could result in excessive valuations. We will continue to focus our investments on areas with high capital efficiency. |

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| Q.2 | I would like to understand how expenses are being controlled to improve ROE. While RORA has improved, what are the reasons it still lags behind peers? In addition, within your expenses, there are differences in the rates of increase between consolidated and non-consolidated figures, as well as between personnel and non-personnel costs. Could you explain your approach to expense allocation? |
| A.2 | Currently, we are strategically proceeding investments in areas with relatively high OHR, such as the asset management, asset administration, and inheritance-related services. When revenues from the Global Markets Business are strong, the OHR tends to decline. However, despite subdued earnings from the Global Markets Business in this fiscal year, the OHR has remained at a certain level and the improvements are starting to materialize.<br>(Continued to the next page) |

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| | The increase in non-personnel expenses (excluding tax) is primarily due to IT and digital investments. We have made necessary investments in line with changes in the times, and going forward, we will shift to a phase of controlling the size of investments.<br>As for personnel expenses, we have enhanced recruitment activities in areas where we needed to do so. One characteristic of Sumitomo Mitsui Trust Bank's workforce is that a relatively large proportion of elderly employees. While focusing on the transfer of essential knowledge, we also needed to enhance recruitment in anticipation of future retirements within this generation.<br><br>(Additional comment from Managing Executive Officer Watanabe)<br>Compared to consolidated figures, the higher growth rate in non-consolidated expense ratios is mainly due to inflation. We are highly conscious of how inflation impacts our group's business. As a countermeasure, we strive to appropriately pass on cost increases through pricing, while continuing to provide high-quality services to our clients. |

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| Q.3 | I would like to ask about the capital cost. Given that this fiscal year's ROE is expected to be in the lower 9% range, and with the current PBR at 0.95x, which means that the capital cost is still around 10%, it sounds difficult to say that you have improved your capital cost compared to peers. What do you believe is lacking in efforts to lower the capital cost, and by when do you aim to close the gap with your peers? |
| A.3 | Regarding the capital cost, there is a gap between the level we recognize internally and the level calculated based on PER. We have been explaining our initiatives to close this gap, but we understand that they are still insufficient. For example, when losses occurred in the bear funds two years ago, we received various suggestions from investors regarding the capital cost. We strive to transform our structure to ensure stable and sustainable earnings.<br>Furthermore, net assets per share have more than doubled since the integration, and we believe we are becoming a company capable of delivering steady growth.<br><br>(Additional comment from Managing Executive Officer Watanabe)<br>As shown on page 37 of the materials, there is a gap of approximately 3% between the capital cost calculated based on CAPM and that generated from PER, and we recognize it as challenge that this gap has not narrowed over time.<br>As part of our improvement measures, we are implementing initiatives to reduce volatility in earnings and capital. In addition, we are actively working to increase the proportion of individual shareholders that can contribute to lowering the capital cost. At the same time, the high revenue volatility in the Global Markets business remains an area for improvement, and we will address this issue going forward. |
| Q.4 | Regarding IT investments shown on page 29 of the materials, we expect the increase in investments will become more moderate, and that the OHR will improve during the next Medium-Term Management Plan period. Do you think that indicating a clear direction toward lowering the OHR will also contribute to reducing the capital cost? |

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| A.4 | (Managing Executive Officer Watanabe)<br>At this stage, it is difficult to commit to an immediate improvement in the OHR. We will have to accept increases in expenses associated with strategic investments. However, please understand that we will continue to explore opportunities to improve efficiency in existing IT systems and personnel costs and to make any efforts to improve the OHR. We would like to reduce the capital cost by presenting these detailed explanations together with a clear narrative. |

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| Q.5 | With the establishment of the foreign currency-denominated SPC noted on page 30 of the materials, volatility in capital fluctuations is expected to be reduced. Based on this, are you considering narrowing the operating range of the CET1 ratio? |
| A.5 | Capital accumulation has progressed and our capital target of "stably maintain 10% or above" is becoming feasible. At the same time, we need to continue our investments in order to expand profits without relying on gains from the sale of strategic shareholdings. While we have a decent future growth investment pipeline, the timing of execution can cause fluctuations in the CET1 ratio given that these transactions involve counterparties. The foreign currency-denominated SPC is an initiative designed to mitigate fluctuations in the CET1 ratio caused by factors other than investments.<br><br>(Additional comment from Managing Executive Officer Watanabe)<br>The foreign currency-denominated SPC is designed to stabilize CET1 ratio management and foreign currency funding. It could be a measure that works toward narrowing the operating range of the CET1 ratio, and it was established with that purpose in mind. We are deliberating on our capital policy including the adequacy of the amount and will disclose any developments as appropriate going forward. |

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| Q.6 | Regarding the breakdown of revenue growth shown on page 16 of the materials, the revenue from product-related lending has increased significantly. On the other hand, it did not appear to reflect the typical image of the trust bank, with fee income driving growth. In the next Medium-Term Management Plan period, can we expect fee income such as that related to private assets to become a key driver of earnings growth? |
| A.6 | With respect to product-related lending, we view this as an area where the benefits of rebalancing the balance sheet have materialized early. We expect continued earnings growth as we further advance the shift toward product-related lending.<br>As for fee income, we believe that the real estate brokerage business for individual clients will see steady growth over the next five to ten years, driven by increasing inheritance related transactions among the Japanese baby boomer generation who has reached the age of 75 or over.<br>In the asset management field, while fee rates are declining, there are positive effects from inflation and hiking stock prices. Meanwhile, it takes time for strategies in private assets, and alliances with external partners in which we have invested, to generate significant earnings.<br>In the short term, initiatives related to the balance sheet will continue to be the main driver of immediate earnings growth, however, we are steadily implementing measures in the asset management and asset administration businesses that are essential for future earnings growth. |

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| Q.7 | Could you share your expectations regarding future changes following the additional investment in SBI Sumishin Net Bank? |
| A.7 | Approximately 20 years ago, our group, together with the SBI Group, launched SBI Sumishin Net Bank as a pioneering initiative to enter the online banking sector. Since then, the business has gained traction and successfully listed in stock market. With NTT DOCOMO Group now becoming a shareholder, we understand that SBI Sumishin Net Bank has entered a new stage of further development.<br>As for the question of how this business alliance will contribute to the growth of SBI Sumishin Net Bank and our group, discussions are currently ongoing, and we will provide disclosure at an appropriate time. |

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| Q.8 | Could you share your current thoughts on the capital policy for the next Medium-Term Management plan? |
| A.8 | Our basic policy is to make the necessary investments to secure future earnings. Gains from the sale of strategic shareholdings will not last for a long time. We believe it is essential to achieve an ROE of 10% even without such equity gains, and to steadily deliver earnings beyond that level. We are currently discussing investments to raise ROE, and the capital policies required to support them.<br>Regarding shareholder returns, we place strong emphasis on steadily increasing dividends in a sustainable manner. As for share repurchases, we will consider them flexibly in situations if we believe our stock price is undervalued, even if the PBR exceeds 1x. In periods when investment results have not yet materialized or when sufficient investments cannot be executed, we will make more flexible decisions.<br>Specific policies will be announced at an appropriate time based on the ongoing discussions. |

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| Q.9 | Regarding profit growth from next fiscal year onward, this year, profits were temporarily boosted by factors such as the sales of stocks of subsidiaries and affiliates. From next year onward, as I assume that you aim to firmly exceed ¥300 billion in net income, what will be the key drivers of profit growth? Is it correct to understand that product-related lending will serve as a major growth driver? |
| A.9 | We would like to achieve future profit growth through a variety of initiatives across each business segment. Structurally, we expect interest rates in Japan to trend upward, reflecting policy rates and inflation dynamics, which will have a positive impact. Rising wages and inflation will lead to higher asset prices, such as stocks and real estate, thereby boosting fee income from asset management, asset administration, and real estate brokerage. Due to the nature of our earnings structure, it becomes easier to grow fee income as asset prices rise, because fees are a function of asset prices and fee rates. Furthermore, a favorable market environment will increase transaction volume, providing an additional source of earnings growth.<br>While inflation will lead to higher expenses, the increase in fees driven by rising asset prices is expected to offset these cost increases. In addition, as the investments we are currently pursuing begin to generate returns, we aim to achieve steady and upward-trending profit growth.<br><br>(Additional comment from Managing Executive Officer Watanabe)<br>In the next Medium-Term Management Plan, we will set a target of achieving an ROE of over 10% as early as possible. Although there are strong tailwinds this fiscal year, we take seriously the fact that there is a gap in our ROE, which is in the lower 9% range, and that of other major banks, which are expected to exceed 10%. We will place strong emphasis on balancing profit growth through future investments with our capital policy and will strive diligently to improve ROE under the next Medium-Term Management Plan. |

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| Q.10 | Regarding the AUF chart on page 15 of the materials, the note states “includes approx. ¥20 trillion of increase due to redefinition”. Could you explain the details of this revision? Specifically, which categories saw increases and by how much? Additionally, how did your profitability change, and what is your outlook going forward? |
| A.10 | (Managing Executive Officer Watanabe)<br>The adjustment of ¥20 trillion due to redefinition was implemented more than a year ago, not in the current period. At the time of the initial launch of AUF, there were areas where definitions were ambiguous, and we added the asset administration segment which should have been included in the concept.<br>The recent increase in balance is primarily attributable to newly entrusted assets in BPO (business process outsourcing), which resulted in a significant increase of several tens of trillions of yen.<br>Other than that, there was also a significant impact from the rise in market values.<br>As for profitability, the areas that increased this time are all segments with relatively thin margins, so their contribution to earnings is limited. AUM generally carries relatively fatter margins, whereas AUC and AUA have thinner margins, and much of the recent increase falls into these categories. On the other hand, in terms of overall AUF profitability, balance sheet-related earnings remain strong, and we recognize that they continued to have a certain positive effect in the first half. |

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| Q.11 | You mentioned you will aim for a PBR of 2x. If PBR reaches 2x, what levels of ROE and PER do you envision? Could you share the image or concept that you as President & CEO have in mind? |
| A.11 | To achieve a PBR of 2x, I believe that we will have to improve both the ROE and PER. First, we aim to exceed 10% of the ROE, including Net gains on stocks.<br>Subsequently, we will try to achieve an ROE of above 10% without stock gains, and then further raise it gradually to 12% and ultimately 15%.<br>When it comes to PER, we are mindful of the levels at global financial institutions, which are generally in the range of 10x to 15x, and in some cases 10x to 20x. While a sharp increase in PER is unlikely to be happened in the short term, we believe that if structural reforms and initiatives to enhance profitability deliver results, there is sufficient potential for the PER to surge. Therefore, our current view is to combine steady improvements in ROE with PER enhancement through the successful execution of various measures, thereby aiming to achieve a PBR of 2x. |