

Telephone conference on Financial Results for FY2025 (May 14, 2026)

Questions and Answers

(Respondent: Masanori Watanabe, Managing Executive Officer CFO of Sumitomo Mitsui Trust Group, Inc.)

Q.1	Could the increase in Net business profit before credit costs for FY2026 (up ¥72.5 billion YoY) be considered somewhat weak when taking into account the negative impact from the improvement of the bond portfolio, approximately ¥(70) billion, recognized during the previous FY?
A.1	<p>The breakdown of the approximately ¥70.0 billion loss from the improvement of the bond portfolio consists of roughly ¥50.0 billion from Japanese bonds and ¥20.0 billion from foreign bonds. The loss on foreign bonds mainly reflects realized losses from the sale of bonds acquired at less favorable levels. On the other hand, the measures for Japanese bonds involved a reallocation of bonds held for ALM purposes, including those for deposit hedging purposes. As a result of sales and rebalancing, duration has been extended somewhat, and yields have increased from 0.6% to 1.3%. The ¥50.0 billion operation undertaken this time is expected to generate a positive earnings impact of approximately ¥35.0 billion during the three-year period of the Medium-Term Management Plan.</p> <p>As you pointed out, the relatively weak growth in Net business profit before credit costs for FY2026 is primarily due to upfront increases in expenses aimed at driving future earnings growth. At the same time, the plan is based on assumptions of a policy rate of 0.75%, a Nikkei 225 level of ¥56,000, and a USD/JPY exchange rate of ¥150. Depending on market conditions, there is potential for performance to exceed the plan to a reasonable extent.</p>
Q.2	Could you explain to what extent the new President's views and strategic direction are reflected in the new Medium-Term Management Plan and shareholder return policy? Additionally, if there are any distinctive features, please elaborate on them.
A.2	<p>Regarding our capital policy, including shareholder returns, the basic approach—emphasizing an appropriate balance among capital adequacy, growth investments, and shareholder returns—was formulated through discussions involving our new President, Mr. Kazuya Oyama.</p> <p>As of the end of March 2026, our CET1 capital ratio stands at 10.3%, exceeding 10% target, and we recognize that we currently have a certain level of capital flexibility. Based on this, we will continue to pursue growth investments, including inorganic opportunities, while ensuring an appropriate balance with shareholder returns.</p> <p>We also recognize that our price-to-book ratio (PBR) remains relatively low compared with peers, which we view as an important management issue. The revision of our shareholder return policy is one of the key measures to address this. These perspectives and policy directions will be further explained by the new President at the Investor Meeting next week.</p>
Q.3	<p>I would like to ask about the revision of the shareholder return policy, and the recent share repurchase. Given the increased reliance on Net gains on stocks, you have reviewed the basis for dividend payments. As a result, while dividend burdens appear to be somewhat restrained, could it be interpreted that share repurchases will be used to supplement returns up to a total payout ratio of 50%? In addition, was this policy primarily introduced with the aim of improving the PBR?</p> <p style="text-align: right;">(Continued to the next page)</p>

	Furthermore, could you elaborate on the rationale for conducting a ¥50.0 billion share repurchase at a CET1 ratio of 10.3%? Should the market expect share repurchases of a similar scale going forward?
A.3	<p>First, the reason for excluding net gains on the sale of strategic shareholdings from the source of dividends is that, given their magnitude and volatility, they have become less suitable for supporting a stable and predictable dividend policy. Going forward, we will target a payout of approximately 50% of Adjusted net income, excluding such gains, while maintaining a progressive dividend policy. Over the medium- to long-term, it indicates our intention to enhance shareholder returns by gradually raising the dividend payout ratio toward 50% of Net income.</p> <p>With respect to share repurchase, we have newly introduced a total payout ratio framework to enhance the predictability of shareholder returns. At the same time, as in the past, we continue to place importance on growth investments and will maintain an appropriate balance between these investments and shareholder returns. Based on this approach, we have determined that a total payout ratio of 50% or higher is an appropriate level.</p> <p>Regarding the current share repurchase, we judged that a larger scale of ¥50.0 billion—exceeding previous levels—is appropriate, taking into account profits associated with the sale of preferred shares in Tokyo Kiraboshi Financial Group (Kiraboshi FG). A CET1 ratio of 10.3% indicates a solid level of capital adequacy with a certain degree of capital flexibility. Going forward, we will continue to consider share repurchases in a flexible and timely manner, while taking into account capital adequacy and the balance with growth investments.</p>

Q.4	While Net business profit before credit costs is projected to increase from ¥420.0 billion in FY2026 to ¥500.0 billion in FY2028, bottom-line Net income is expected to rise only modestly from ¥380.0 billion to ¥410.0 billion. Could you explain the reasons for this divergence?
A.4	<p>In FY2026, Net income is significantly supported by gains on the sale of equity holdings, which contribute to an uplift in bottom-line earnings. As gains on the disposal of strategic shareholdings can vary considerably depending on market conditions and the specific securities sold, the FY2028 plan does not assume gains at the same level as those recorded in FY2026.</p> <p>Meanwhile, the earnings contribution from inorganic investments is reflected in ROTCE from FY2026 onward. Specifically, ROTCE is projected to improve from 9.9% in FY2025 to 13% in FY2028.</p> <p>At the Net income level, however, accounting impacts associated with inorganic investments—such as goodwill amortization—will be recognized, which acts as a factor constraining reported Net income. In addition, upfront expenses are expected to be optimized and gradually recovered toward FY2028. Through these initiatives, we aim to achieve sustainable medium- to long-term earnings growth.</p>

Q.5	<p>Following the revision of the shareholder return policy, net gains from the sale of strategic shareholdings have been excluded from the source of dividends. Could this change potentially constrain proactive financial operations that have traditionally been undertaken, such as bond loss-cutting or precautionary provisioning?</p> <p>In addition, we would appreciate it if you could explain the relationship between this policy revision and your overall financial management approach.</p>
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A.5	<p>We have conducted thorough internal discussions on this matter. As we will continue to maintain our progressive dividend policy, even in cases where losses are recognized through necessary financial operations, such as bond loss-cutting or precautionary provisioning, we believe that dividend levels can be sustained under normal business conditions. Barring exceptional circumstances such as a severe financial crisis, we believe that flexible financial management actions can be accommodated within the framework of our progressive dividend policy.</p> <p>We also view the transition to an earnings structure that is less dependent on Net gains on stocks as a key management priority. To this end, we are pursuing strategies to create a virtuous circulation of funds, assets and capital. Our fundamental approach is to enhance stable earnings generation through the growth of our core business, and to manage financial buffers within that earnings capacity, thereby supporting both financial flexibility and sustainable shareholder returns.</p>
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Q.6	<p>Could you elaborate on the allocation policy between organic and inorganic investments, as well as the specific strategic directions, for the more than ¥600.0 billion growth investments outlined in the new Medium-Term Management Plan?</p>
A.6	<p>With respect to inorganic investments, there has been no change in our policy of prioritizing the asset management field, which we have long regarded as a key focus area. We will continue to explore investment opportunities on a global basis.</p> <p>Regarding organic investments, our primary focus is on improving balance sheet profitability. Rather than pursuing a significant expansion of the balance sheet, we will carefully assess risk-return profiles and reallocate resources toward higher-return areas. Specifically, we will reduce low-yielding assets such as mortgage loans, while increasing exposure to higher-return assets, including foreign currency-denominated product lending. These initiatives have been ongoing since the previous Medium-Term Management Plan, and we will continue to enhance asset efficiency going forward.</p>

Q.7	<p>Net business profit before credit costs is projected to increase significantly from ¥420.0 billion in FY2026 to ¥500.0 billion in FY2028. Is it feasible to sustain an annual increase of approximately ¥40.0 billion from FY2026 onward?</p>
A.7	<p>The projected increase in Net business profit from FY2026 to FY2028 incorporates multiple growth drivers. One key driver is the enhancement of the Asset Management business, including strengthening private asset strategies and increasing assets under management in fund wrap AUM.</p> <p>Earning contributions from inorganic investments will also support growth in Net business profit. In addition to existing investments, a portion of potential investments to be evaluated and executed over the next three years is incorporated based on certain assumptions.</p> <p>Furthermore, sophisticated balance sheet management is expected to improve earnings capacity. Specifically, we plan to increase allocations to higher-return assets such as equity investments and LP/GP investments.</p> <p>In the Wealth Management business, we anticipate an enhancement of our client base and business scale through initiatives such as collaboration with UBS SuMi TRUST, the growth of SBI Sumishin Net Bank, and our business alliance with NTT DOCOMO.</p> <p style="text-align: right;">(Continued to the next page)</p>

	In terms of the domestic interest rate environment, the plan assumes a gradual rise in the policy rate to 1.25% by FY2028, and the resulting rate hike effects are also expected to contribute to the uplift in Net business profit.
Q.8	Are the inorganic investment contributions to earnings from FY2026 onward based solely on existing investments, or do they also incorporate investments that are expected to be executed in the future?
A.8	<p>The earnings contribution from inorganic investments is not calculated solely based on existing investments; it also incorporates a certain level of future investment opportunities. Specifically, based on the performance of past investments, we estimate the expected earnings contribution of selected prospective investments under conservative assumptions.</p> <p>As outlined in the Medium-Term Management Plan, the earnings contribution from investments executed to date is projected to expand from approximately ¥24.0 billion in FY2025 to around ¥60.0 billion in FY2028 on an Ordinary profit basis. The accumulation of these contributions represents a key driver underpinning the growth in Net business profit.</p>
Q.9	How will the execution of the ¥600.0 billion in growth investments reshape the future earnings structure? In addition, what discussions were undertaken—and what KPIs were established—regarding the balance between earnings dependent on external factors, such as interest rate movements and equity market conditions, and more stable, structural fee-related income?
A.9	<p>Regarding the expected changes in the earnings structure resulting from the ¥600.0 billion growth investment plan, our internal discussions have been guided by the recognition that it is critical to expand sustainable earnings derived from our proprietary business platform, rather than relying on external factors such as interest rate rise or equity market gains. Accordingly, we place strong emphasis on enhancing underlying earnings growth excluding environmental factors, and aim to steadily increase the share of stable, growth-designated businesses over the medium- to long-term.</p> <p>Specifically, we have positioned the Asset Management and Wealth Management businesses as key growth drivers, with a focus on increasing stable, fee-related income. Through these efforts, we aim to build an earnings base that is less susceptible to market volatility.</p> <p>In addition, while we expect a certain level of contribution from balance sheet-related businesses through optimized asset allocation, these activities inherently involve capital utilization and risk-taking. As such, our plan is designed to avoid excessive reliance on such income sources.</p> <p>In terms of KPI setting, in addition to expanding the overall earnings scale, we place strong emphasis on capital efficiency metrics such as ROE and ROTCE. Improvements in these indicators will serve as key measures in evaluating the effectiveness of our growth investments.</p>
Q.10	In making decisions on inorganic investments, do you place greater emphasis on scale or on functional capabilities? In addition, could you share the key lessons learned from your past investment experience?
A.10	<p>In our approach to inorganic investments, our primary focus is not on achieving scale through large transactions, but rather on acquiring “functional capabilities” that complement our existing businesses. Under our multi-affiliate strategy in the asset management business, we aim to incorporate advanced asset management capabilities and specialized expertise through mid-sized investments, thereby better addressing the evolving needs of investors.</p> <p style="text-align: right;">(Continued to the next page)</p>

	<p>In areas such as infrastructure investing and private assets, we place particular emphasis on selecting investment targets where strong synergies with our group can be realized, ultimately enhancing the value we deliver to our clients.</p> <p>A key principle underpinning our investment approach is to avoid excessive concentration in specific investments or sectors and to ensure appropriate diversification. Based on experience, we recognize that over-reliance on a single investment is undesirable from both an economic rationality and investor confidence perspective. Accordingly, we maintain a disciplined approach centered on building a well-diversified investment portfolio.</p>
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Q.11	<p>Could you elaborate on how you plan to strengthen collaboration across group entities—such as UBS SuMi TRUST, SBI Sumishin Net Bank, and Sumitomo Mitsui Trust Bank—to generate group synergies? In addition, please explain the expected timing for realizing these synergies and your approach to setting and monitoring KPIs.</p>
A.11	<p>In generating group synergies, our approach is to progressively enhance both governance and the depth of collaboration in line with the nature of our capital relationships, including shareholding ratios and the application of consolidation or the equity method. By increasing our ownership stakes, we may strengthen our involvement in management and promote more integrated strategy execution and service collaboration across the group.</p> <p>For example, in the case of SBI Sumishin Net Bank, we have strengthened operational collaboration following an increase in our shareholding. Similarly, at UBS SuMi TRUST, we have made an additional investment in connection with the integration of Credit Suisse’s Japan operations and are advancing both enhanced governance and closer collaboration with Sumitomo Mitsui Trust Bank.</p> <p>We expect synergy effects to materialize progressively, in line with changes in ownership levels as well as advancements in governance and business collaboration. As for KPIs, rather than relying on a single metric, we adopt a multi-faceted framework that includes earnings contribution, expansion of the client base, and progress in product and service integration. Through these measures, we comprehensively evaluate outcomes and remain committed to steadily enhancing corporate value on a group-wide basis.</p>

Q.12	<p>I would like to ask about the scale of share repurchases. Based on the capital allocation outlined in the Medium-Term Management Plan—approximately ¥900.0 billion in profit accumulation and around ¥600.0 billion in shareholder returns—would it be reasonable to understand that the remaining approximately ¥150.0 billion will be allocated to share repurchases over the three-year period?</p> <p>In addition, regarding the indication of “¥56.5 billion or more” in share repurchases for FY2026, could you clarify whether this implies a front-loaded approach in the first year, potentially including additional repurchases within the fiscal year?</p>
A.12	<p>As you noted, under the capital allocation framework in the Medium-Term Management Plan, we assume approximately ¥900.0 billion in profit accumulation and around ¥600.0 billion in shareholder returns. Accordingly, about ¥450.0 billion—equivalent to 50% of the ¥900.0 billion—is allocated to dividends, and the remaining approximately ¥150.0 billion serves as a benchmark for share repurchases over the three-year period.</p> <p style="text-align: right;">(Continued to the next page)</p>

	<p>With respect to the indication of “¥56.5 billion or more” in FY2026 share repurchases, this figure reflects additional return capacity on top of the ¥50.0 billion already announced. The timing and amount of any additional share repurchases will depend on capital utilization for both organic and inorganic investments. Should capital headroom remain after executing growth investments, there is a possibility that total shareholder returns may exceed the 50% payout ratio, accompanied by further share repurchases.</p>
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Q.13	<p>Could you break down the profit growth drivers—excluding the impact of interest rate hikes—within the Wealth Management and Corporate businesses underpinning the achievement of ¥500.0 billion of Net business profit for FY2028?</p>
A.13	<p>The profit uplift from interest rate increases is primarily attributable to the Wealth Management and Corporate businesses, and a certain cumulative effect has already been factored into the plan. The rate hike impact includes not only the effects of current-year rate hikes, but also the lagged and cumulative benefits from prior hikes. For example, the impact in FY2026 (approximately ¥19.0 billion year-on-year) reflects not only the rate hikes implemented in FY2025, but also rollover effects on time deposits stemming from earlier rate hikes.</p> <p>Excluding interest rate effects, the key drivers of profit growth remain as previously outlined: expansion of the Asset Management business, contributions from inorganic investments, improved profitability through balance sheet optimization, and the expansion of the client base in the Wealth Management segment.</p> <p>Especially, in the Wealth Management and Corporate businesses, we aim to achieve earnings growth that is less dependent on the interest rate environment by shifting toward higher-value-added products and enhancing client engagement channels. Through these initiatives, we seek to realize structural and stable earnings growth over the medium- to long-term.</p>

Q.14	<p>Regarding the ¥165.0 billion in Net gains on stocks for FY2026, is it correct to understand that, when broken down between those related to Kiraboshi FG and others, the former accounts for approximately ¥50–60 billion and the latter for around ¥100.0 billion?</p>
A.14	<p>With respect to gains on the sale of shares related to Kiraboshi FG, we have incorporated approximately ¥30–40 billion in our plan, taking into account stock price volatility. Given the significant fluctuations in Kiraboshi FG’s share price, we have adopted a conservative assumption.</p> <p>As for gains on the sale of other strategic shareholdings, while it is difficult to provide a precise breakdown due to variability depending on the specific securities sold and market conditions, these figures have likewise been estimated based on conservative assumptions in our plan.</p>

Q.15	<p>In the Medium-Term Management Plan, Will you prioritize inorganic investments over shareholder returns? If so, could you also explain how you intend to communicate this approach to the market?</p>
A.15	<p>We would first emphasize that our fundamental approach to capital management does not view shareholder returns and growth in investments as being in conflict. Our core policy is to pursue an optimal balance among capital adequacy, growth investments, and shareholder returns.</p> <p style="text-align: right;">(Continued to the next page)</p>

While investments to support sustainable future growth are clearly important—and we intend to execute inorganic investments in a disciplined and opportunistic manner, this should not be interpreted as placing less emphasis on shareholder returns. We are committed to maintaining a total payout ratio of 50% or higher and will also consider returns above this level as appropriate, taking into account factors such as share price levels and ongoing dialogue with the market. Notably, the total payout ratio has been around 60% in the most recent fiscal year, and we do not intend to deliberately reduce this level.

At the same time, inorganic investments are inherently dependent on the timing and scale of opportunities and are therefore managed with flexibility under a disciplined investment framework. We will continue to engage in constructive and transparent communication with the market and investors, while striving to achieve an optimal balance between shareholder returns and growth investments.

### Forward-Looking Statements

This document includes notes on future earnings.

Such descriptions are not in any way guaranteeing future earnings and are inclusive of risks and uncertainties.

Please be mindful that future earnings may differ against targets due to changes in the business environment and others.

Further, information relating to companies etc. other than the Group are citations from publicly available information etc. and have not undergone any verification on our part in its accuracy / appropriateness etc. and does not guarantee such factors.

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