



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Enhancement of SuMi TRUST Group's Asset Management business

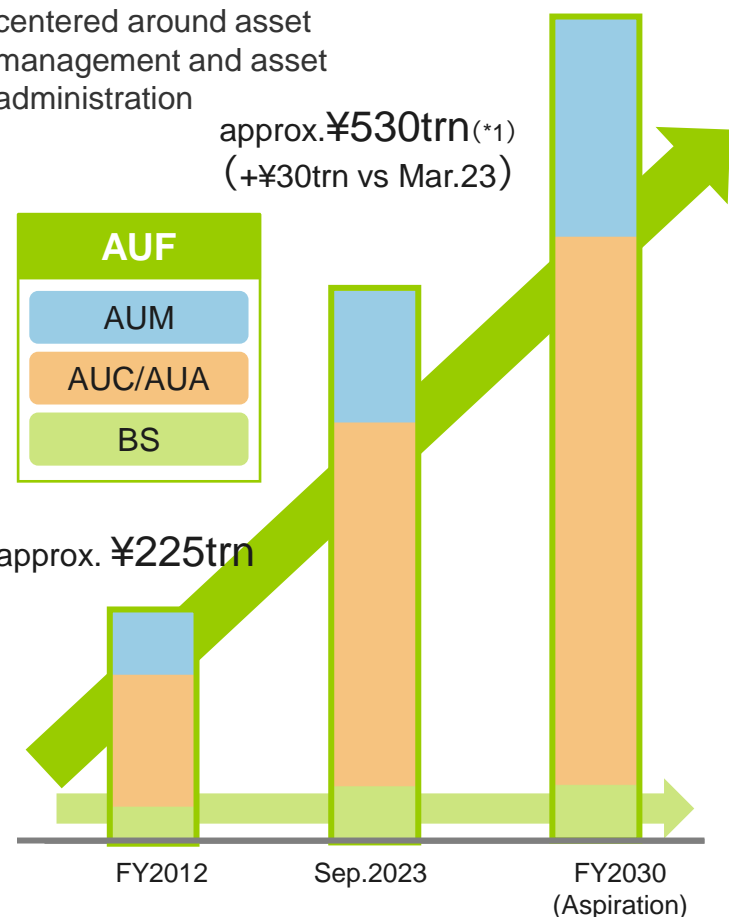
Dec.22, 2023

Assets Under Fiduciary

AUF (Assets Under Fiduciary)

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

Improve ROE expanding **AUF** centered around asset management and asset administration



Breakdown of major items	Balance (vs Mar.23)	Aspiration ^(*2)	Ratio of increase
Assets Under Management	¥125trn (+¥4trn)	¥215trn	+43%
Private asset related	¥6trn (+¥0trn)	¥24trn	approx. four times
Assets Under Custody ^(*3)	¥273trn (+¥19trn)	¥460trn	+68%
Securitized real estate	25trn (+¥1trn)	¥30trn	+20%
Investment management consulting related	7trn (+¥0trn)	¥9trn	+29%
Total assets from will trustor	¥4trn (+¥0trn)	¥7trn	+75%
Credit portfolio Individual/Corporate	¥34trn (+¥1trn)	Improve profitability	

(*1) Include approx. ¥20trn of increase due to redefine (Exclude difference vs Mar.23) (*3) Include AUC at custody services and fund administrations, and balance that we provide BPO and report making services internally and externally

Our capabilities and strengths

Creating and accelerating a virtuous circulation of funds, assets and capital by performing the functions of a trust from the perspectives of both “business operators” and “investors”

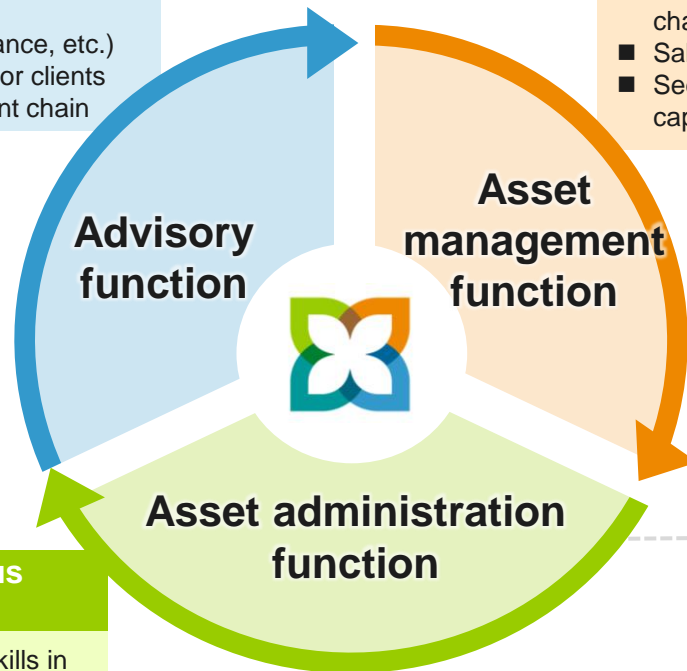
Increase in AUF

Basis of long-term relationship of trust with clients

- High quality expertise and the ability to make proposals (finance, pensions, real estate, inheritance, etc.)
- Engagement-driven decision support for clients
- Diverse contact points in the investment chain

Combination of diverse asset management (AM) capabilities

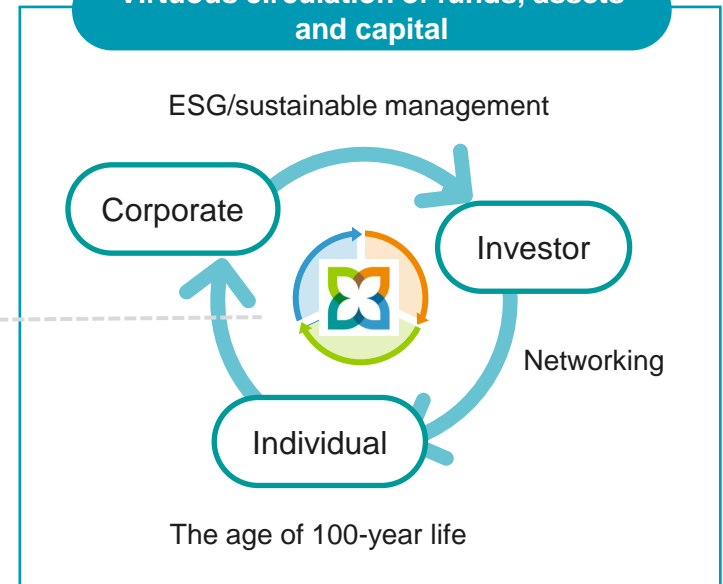
- Cooperative framework that takes advantage of the unique characteristics of each AM company
- Sales and Distribution network in growing markets
- Seed investment and origination functions that leverage banking capabilities



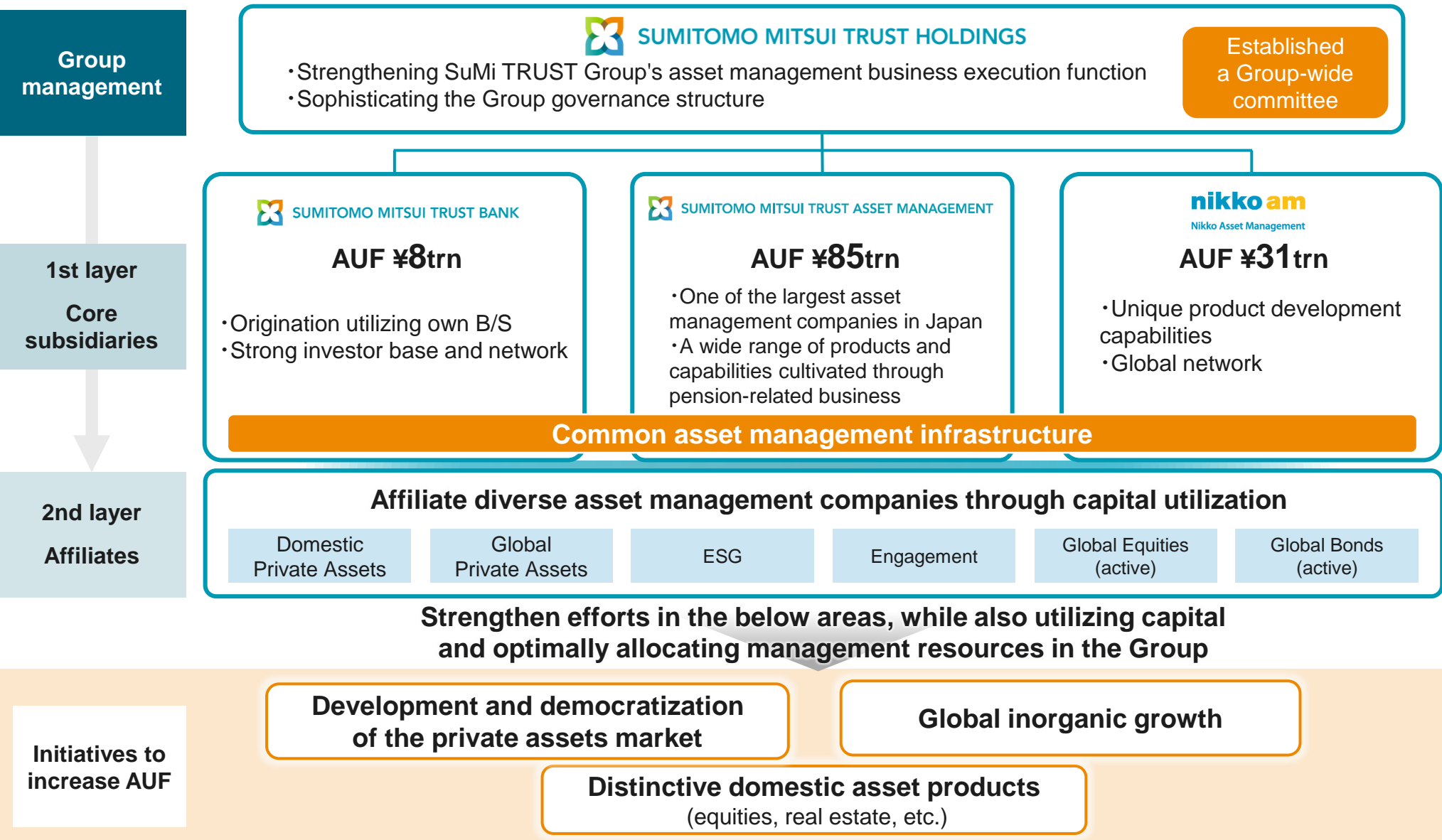
Platforms supporting virtuous circulation

- Extensive knowledge and operational skills in asset administration business

Virtuous circulation of funds, assets and capital



Direction of the Group Asset Management Business (Structure and initiatives to increase AUF)

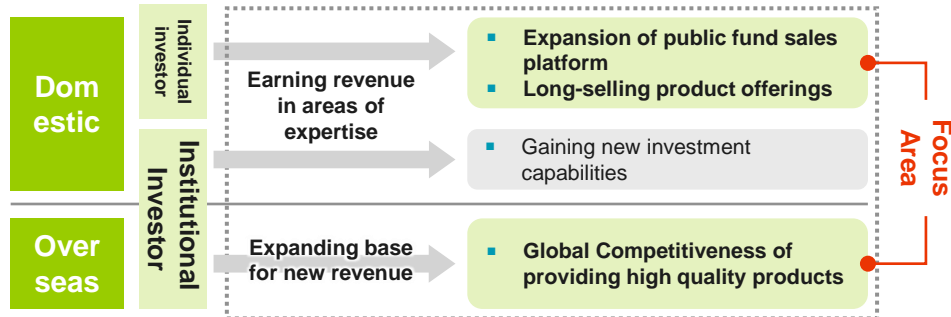


Initiatives in SuMiTAM and Nikko AM ~mainly public assets

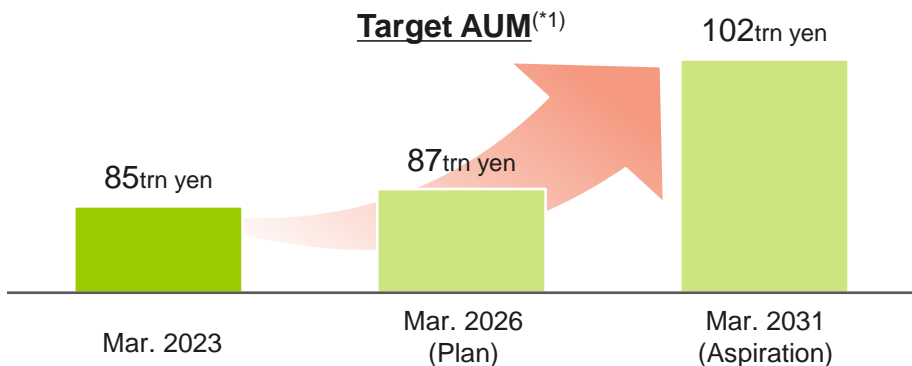


strength Investment capabilities cultivated in DB and DC and ability to provide customized products

[Mid-Term Management Plan - 2030 Aspiration] Aim for sustainable AUM growth, focusing on retail investment trust business and overseas mandates.



Restructuring of IT/Human Resources Infrastructure



(*1) Excluding market value impact



strength Unique global network and product capabilities

[Mid-Term Management Plan - 2030 Aspiration] Increase AUM to ¥40 trillion level by accelerating both organic and inorganic growth

1 Product appeal

Unique product lineup

Areas of focus

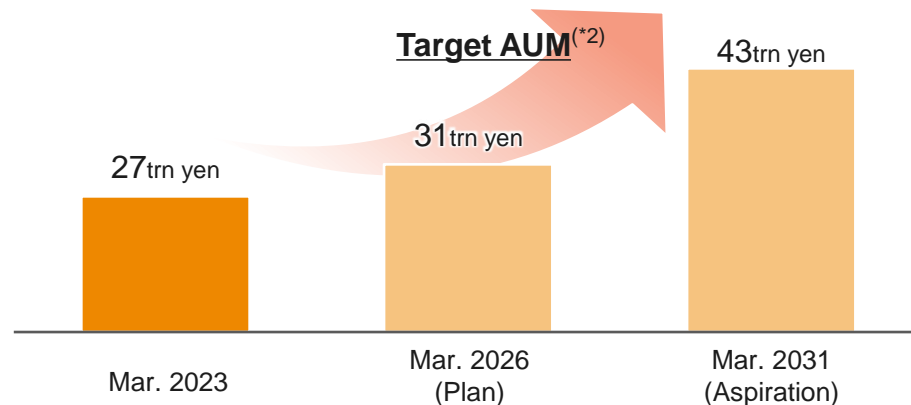
- ESG/Sustainability
- ETF
- Credit

2 Sales capability

Expand sales channels in growing markets

Expansion of sales channels in three regions

- Southeast Asia
- Europe
- US



(*2) Excluding market value impact

Initiatives in SuMi TRUST Bank ~mainly private assets1

- Create and accelerate a virtuous circulation of funds, taking the lead through our capability to identify assets and utilize proprietary account
- Strengthen alliances with external partners with unique edges. Newly launched first fund investing in domestic infrastructure in Sep.23

Leveraging B/S and alliances with strategic partners

leveraging proprietary account and funds from investors

Promote a virtuous circulation of private asset as a pilot



Collaboration with external partners with unique edges

Further strengthening of origination and structuring

Apollo Global Management

Investment in alternative assets portfolio
Expanding access to us primary market

Energy Capital Partners

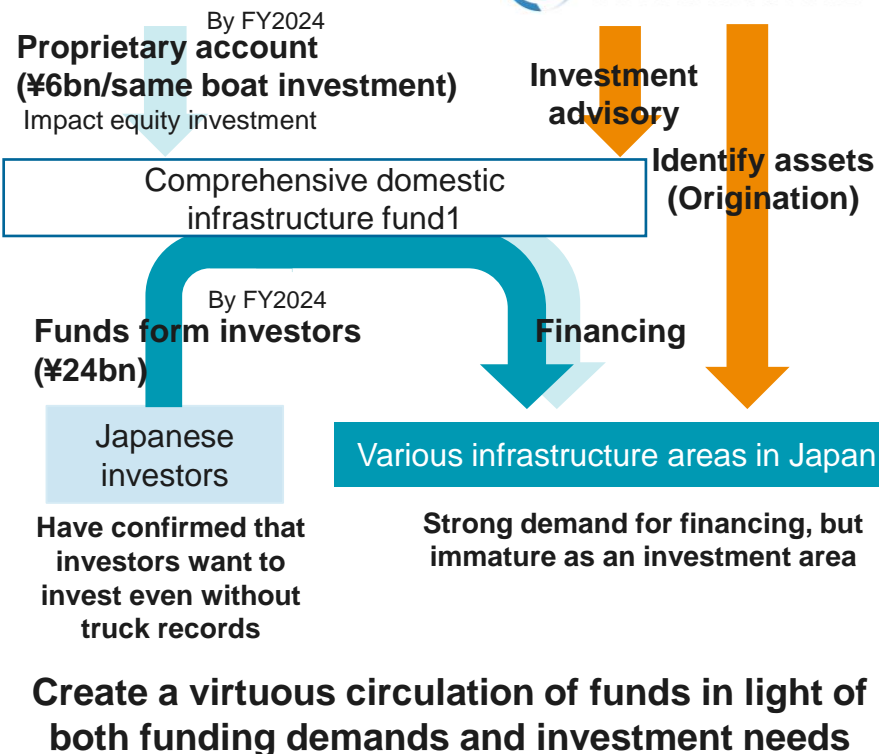
Investment in flagship fund managed by ECP
leveraging investment know-how in decarbonized area

Mercuria Holdings

Jointly established an investment advisory company(*)
Developing domestic infrastructure market (see right side)

(*) Japan extensive infrastructure

Established Comprehensive domestic infrastructure Fund (Sep. 23)

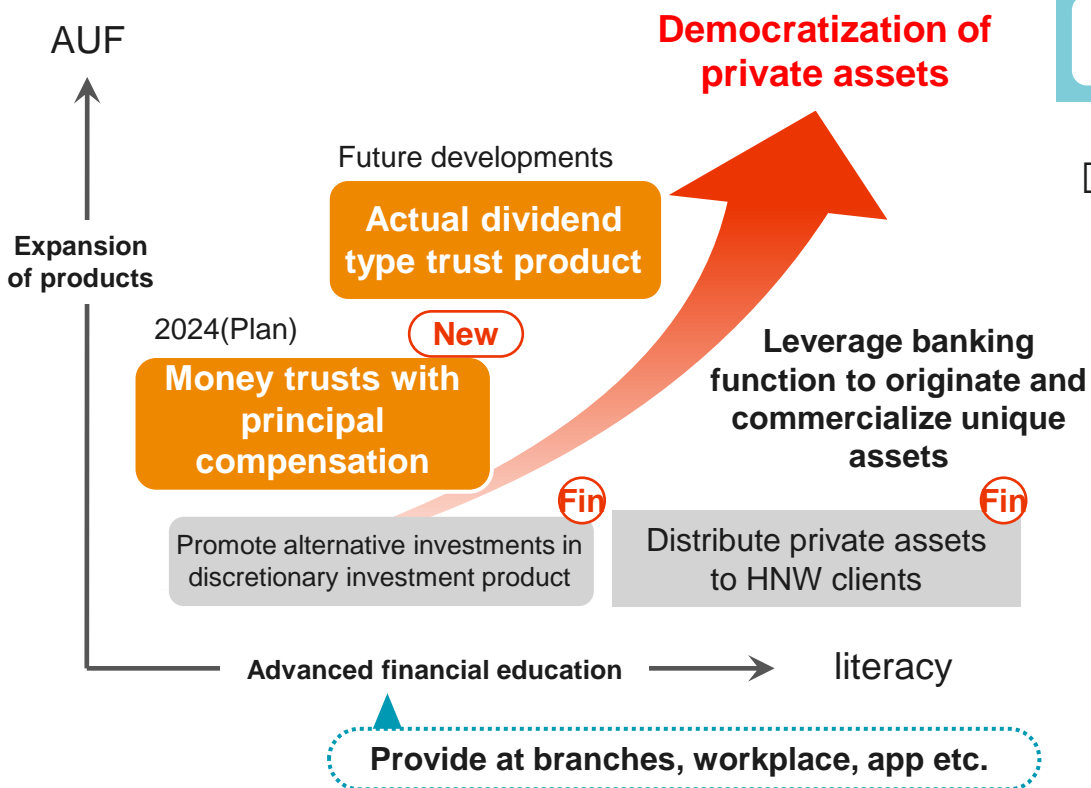


Initiatives in SuMi TRUST Bank ~mainly private assets2

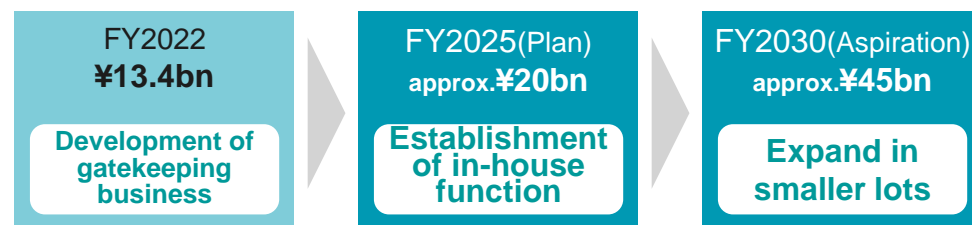
- Provide advanced financial education cultivated over many years in pension business. Introduce new products in response to the increased literacy of individual investors in the future
- Aim to achieve private asset AUF of ¥24trn and related income of ¥45bn by expanding in smaller lots

Advanced financial education and expansion of products

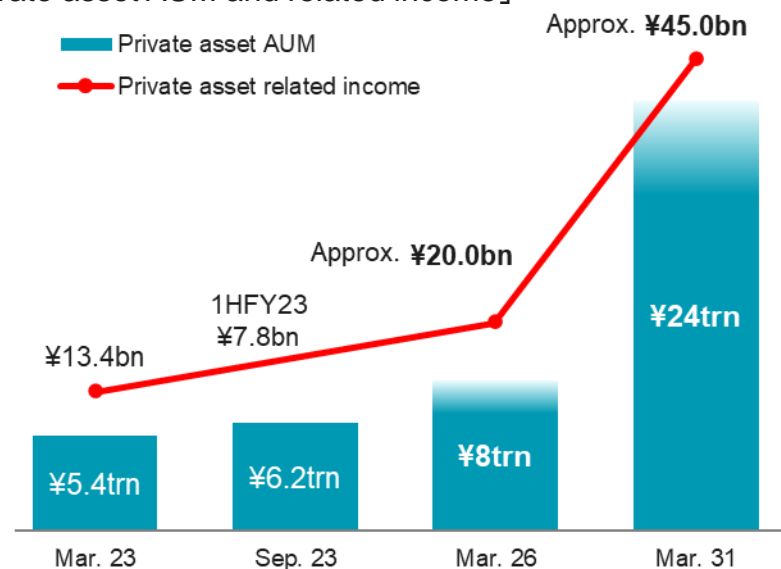
Achieve democratization of private assets by utilizing strengths of trust-related capability, such as financial education and flexible product development



Private asset AUM and related income



[Private asset AUM and related income]



Initiatives to develop and grow asset management business ~investment in emerging managers

- Commenced efforts to develop domestic asset management industry through active investment in emerging managers, and domestic VC investments
- Invested in Osmosis, a leading company in the environmental area. Plans to expand the core subsidiary's know-how and product lineup and sales.

Direction of major Initiatives

- Identification of emerging managers and support for their fundraising (Case ①)
- Turn asset managers with unique edges into our affiliates (Case ②)
- Expansion of products that contribute to the development of the domestic market

Considering a domestic listed stock engagement fund (characterized by "nurturing value" through friendly dialogue with companies)

① Domestic Emerging Venture Capital (VC) Investment (May 23)



(*)1 Aozora Corporate Investment Co., Ltd., SUMITOMO MITSUI TRUST INVESTMENT CO., LTD
 (*)2 Aozora Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, and one major domestic financial institution

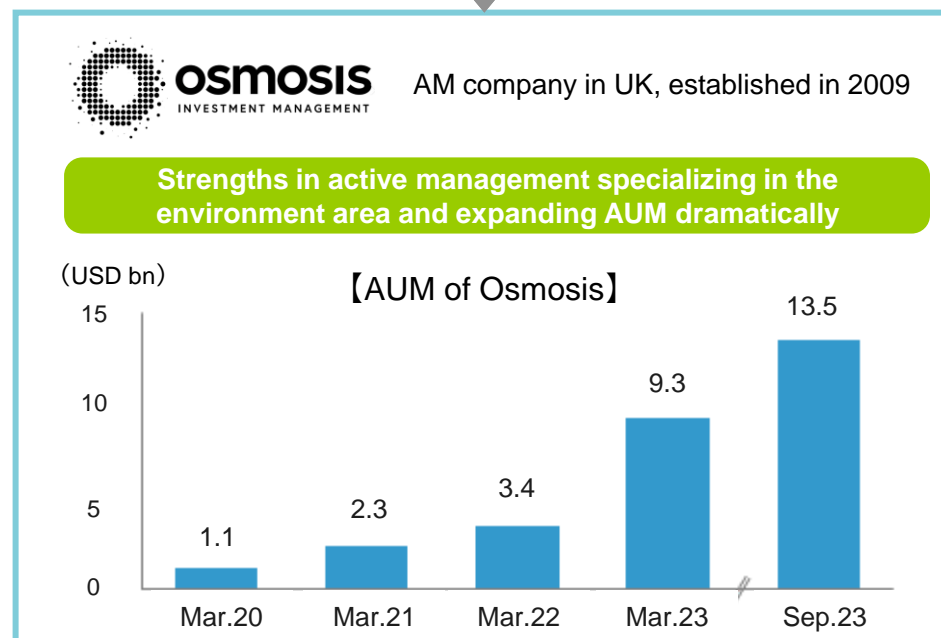
② Investment in Osmosis (Nov. 23)



- HR development for ESG asset management
- New product development

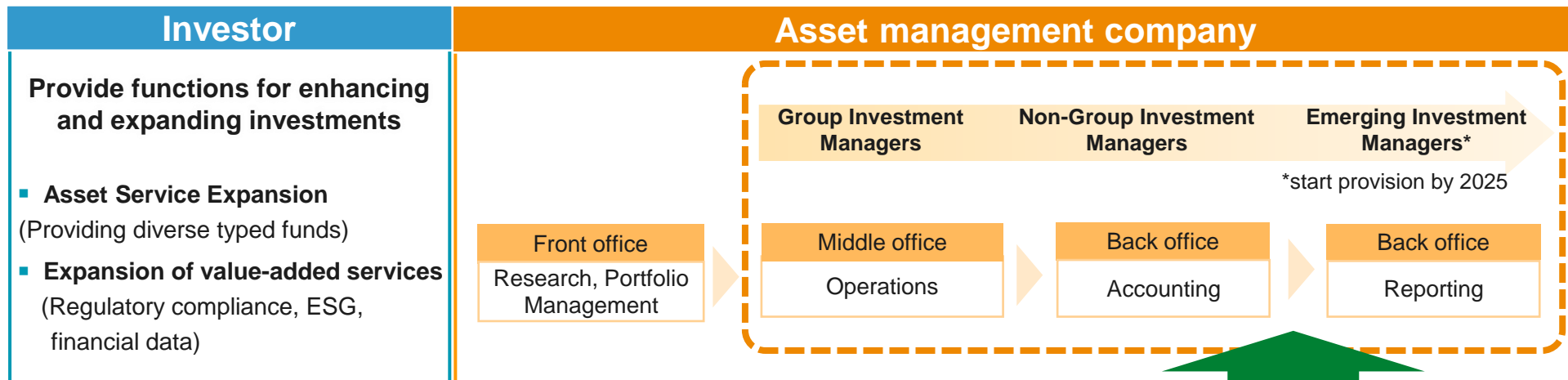
- Sales and distribution of Osmosis products

Strategic Partnership (minority investment)



Strengthening asset administration services to drive growth in asset management business

- Asset administration services are developed through the three pillars of “asset service,” “BPO services,” and “value-add services”
- “BPO services” will be provided to emerging managers as “Shared services”, offering middle and back office functions



Support for investment and operation, and efficiency

Commonize middle-back functions and expand the number of shared service providers

value added service

Advisory × Asset Admin

Visualization of clients' needs and issues

BPO Services (Shared Services)

Asset Mgmt × Asset Admin

Provide investment support services

Asset Administration Services



asset service

Provide asset administration infrastructure
Diversify assets under custody

日本カストディ銀行 **JADAT**
日本デジタルアセットトラスト設立準備株式会社

Growth opportunity to expand flow from savings to investments ~new NISA

- Acceleration in shift from savings to investments in domestic market by launching new NISA
- Aim to increase AUF exceeding market growth by further enhancing presence of asset management business at SuMi TAM and Nikko AM in domestic retail market

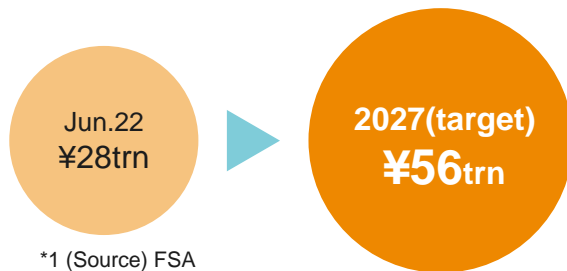
New NISA (Nippon Individual Saving Account)

Summary

- Increase tax exemption limit
- Permanence of system
- Simplify system and structure

【 NISA purchase amount*1】

Pushing expansion of investment by support system for asset formation

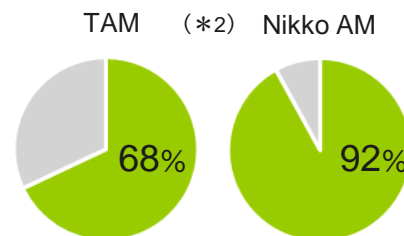


*1 (Source) FSA

Initiatives at SuMiTAM/Nikko AM

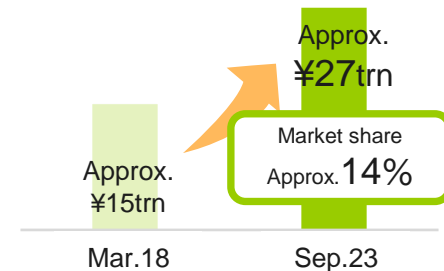
Increase in line with market growth by utilizing sales network outside the group

【Outside group】



*2 Exclude DC investment trust

【AUM(public stock investment trust)*3】

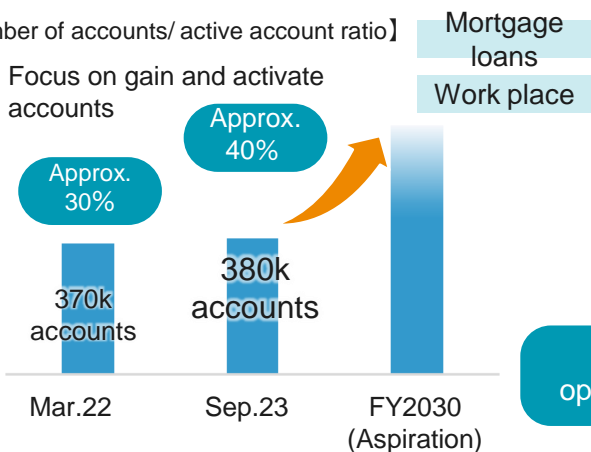


*3 Include ETF. Sum of balance at TAM and Nikko AM (Source) Investment trusts association

Initiatives at SuMi Trust Bank

【number of accounts/ active account ratio】

Focus on gain and activate accounts



Expansion of trading profit opportunities starting from NISA

Products for NISA

- Investment trusts pursuing long-term stable return

Balanced

High Dividend

Low risk

- Active investment trusts focusing on long-term megatrend

Innovation

FinTech

Semiconductor

Mobility

In-bound

Discontinuous growth leveraging capital investment

~establish Strategic Investment Facility for Asset Management

- In addition to capital and business alliances with global managers, establish a substantial strategic investment facility intended to provide growth capital to emerging managers. Accelerate AUF expansion by further creating attractive investment opportunities

Invest up to 1 trillion yen by FY2030, including investment in emerging managers



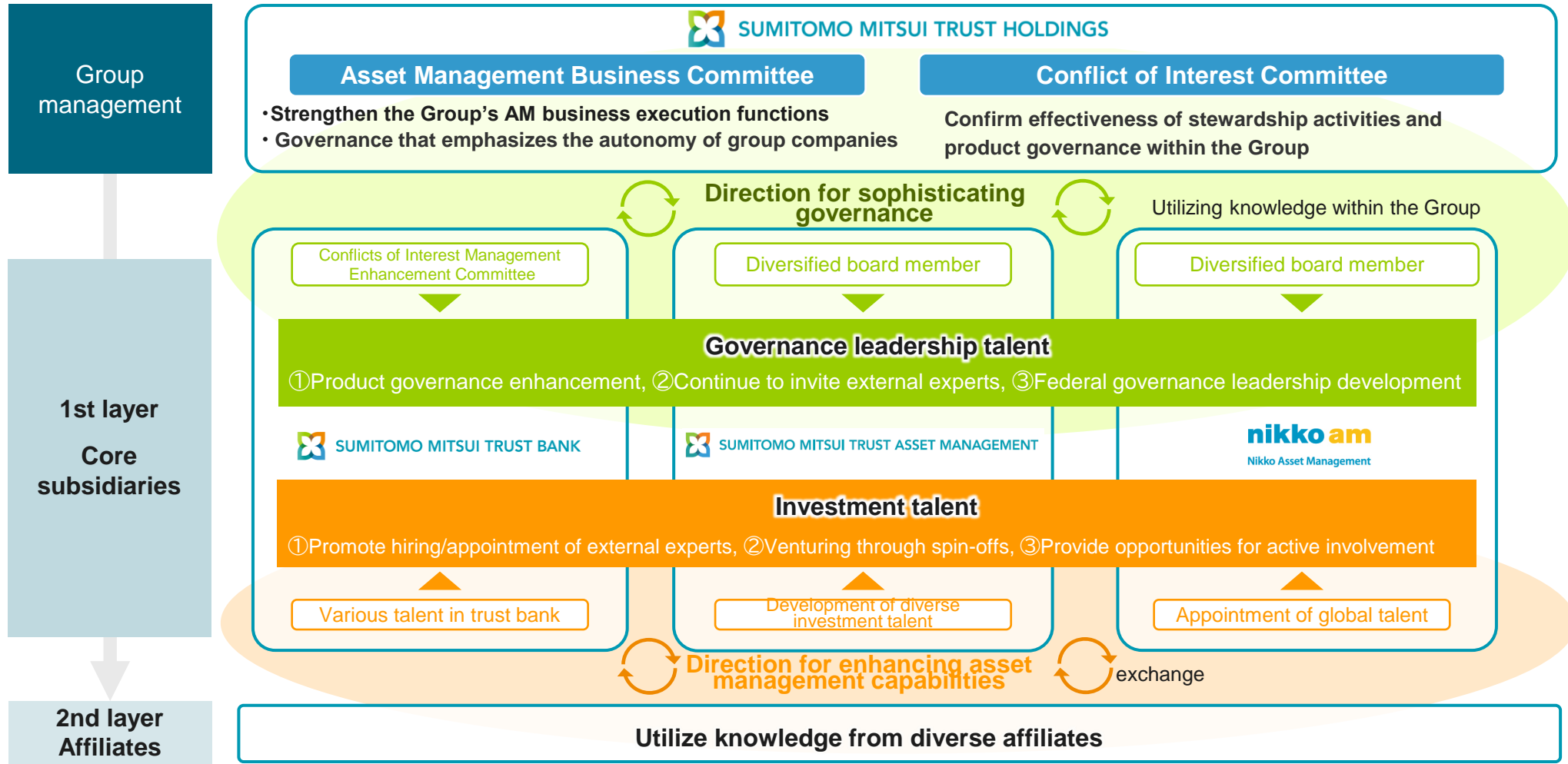
*Emerging Managers Program

Overview of Strategic Investment Facility for Asset Management



Direction for strengthening our Group's preparations to achieve asset management business model

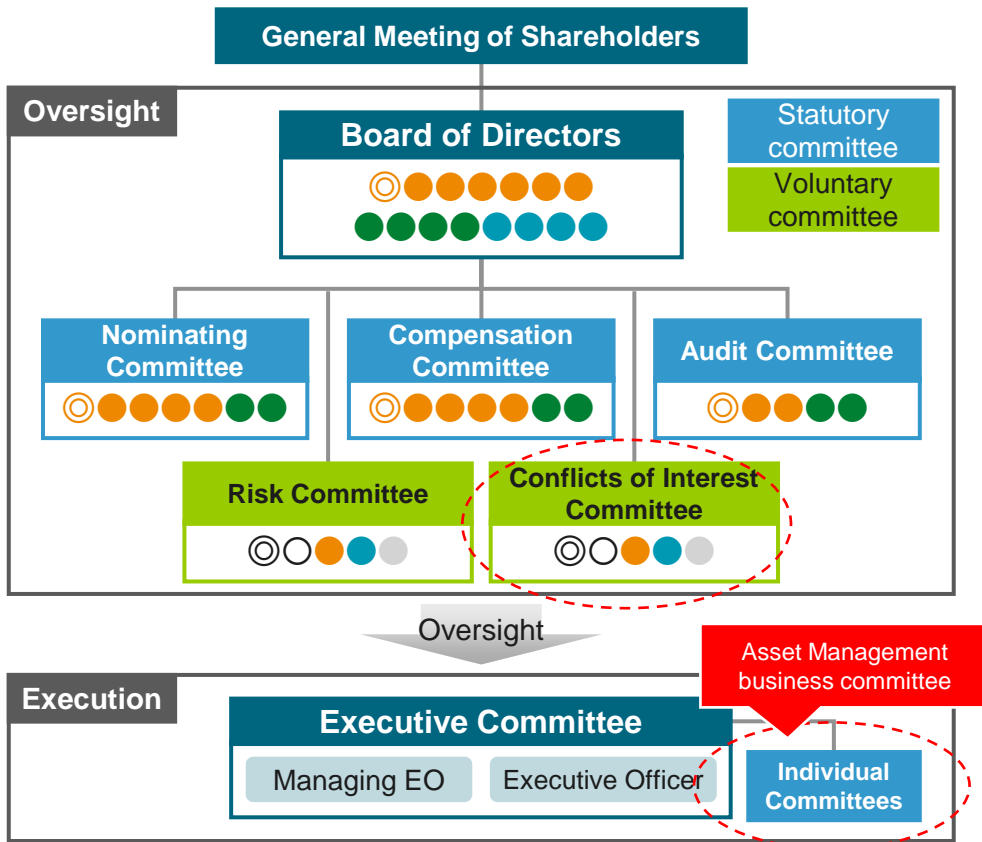
- Promote sophistication of governance and development of human resources who can lead the asset management company with autonomy, using our Group's global management talent and expertise as a starting point
- Enhance investment capabilities by strengthening investment talent through active recruitment and appointment of investment professionals and by providing opportunities for them to play active roles



Governance ~ Oversight structure ~

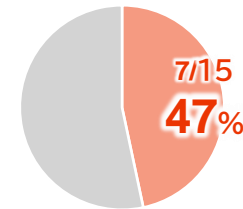
Oversight structure

- 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)

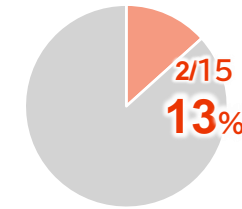


Breakdown by director types

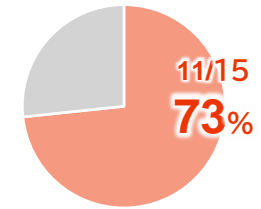
Independent external directors



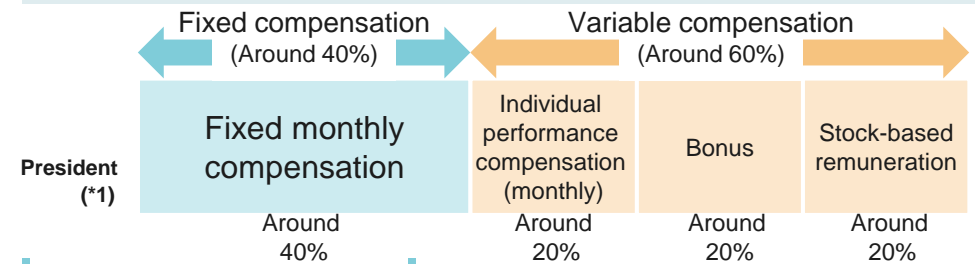
Female directors



Non-executive directors



Directors' compensation



Stock-based remuneration

	Indicators (KPIs) for performance-linked compensation	Assessment weighting
Linked to near-term earnings	(1) Consolidated net business profit	22.2%
	(2) Consolidated net profit attributable to owners of the parent	33.3%
Linked to medium-term financial metrics	(3) Consolidated shareholders' equity and ROE	11.1%
	(4) Consolidated CET1 ratio (common equity tier 1 capital ratio)	33.3%
	(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 ²)	33.3%

*1: 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

*2: MSCI, FTSE, Sustainalytics

Functioning of the Board of Directors of subsidiaries in group governance

Premise in group governance by the Board of Directors at SuMi TRUST Holdings

Companies Act (Article 416)

- The stock company performs the duties of the development of systems necessary to ensure the properness of operations of a group of enterprises

Banking Act (Article 52-21)

- A bank holding company must carry out business management of a bank holding company group to which it belongs
- A bank holding company must endeavor to ensure the sound and appropriate management of services at any bank that its subsidiary company

Classification of Group governance and management policy

Key subsidiaries with significant impact on group management

Expected role

Autonomous supervisory function

Group management

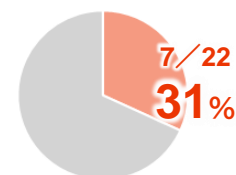
- Management strategy
- Control by supervisory board

Subsidiaries

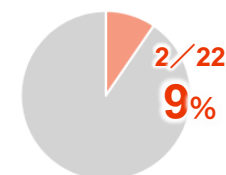
- Sumitomo Mitsui Trust Bank
- Sumitomo Mitsui Trust Asset Management
- Nikko Asset Management

SUMITOMO MITSUI TRUST BANK

External directors



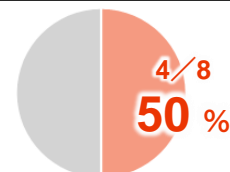
Female directors



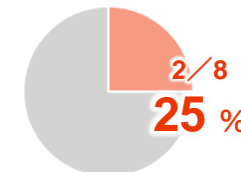
As of Sep.23

SUMITOMO MITSUI TRUST ASSET MANAGEMENT

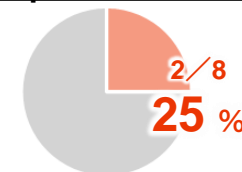
External directors



Female directors



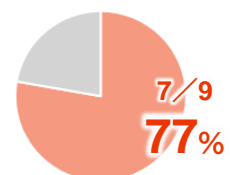
Non-Japanese directors



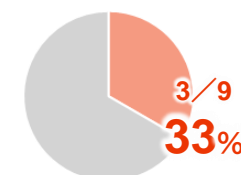
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nikko am Nikko Asset Management

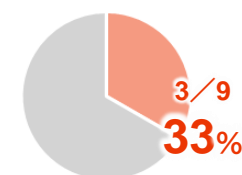
External directors



Female directors



Non-Japanese directors



As of Sep.23

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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”