



Global Markets Business

Aspiration

- Maximize our corporate value by capturing all investment opportunities through thorough pursuit of strategic diversified investment (three-dimensional diversification)
- Combine our proprietary investment know-how and fiduciary spirit, to support the realization of a virtuous circulation of funds, assets and capital across Japan through the expansion of total solution sales that meet all the needs of clients from decision-making support to investment and risk hedging and ALM co-creation business

Awareness of issues

- While the financing and fund management needs of individual, corporate and investor clients are expanding in response to the medium- to long-term changes in social and industrial structure, such as a shift to an inflationary environment and the realization of a decarbonized society, the circulation of funds remains stagnant
- Growing expectations for the provision of solutions that serve as the starting point for a “virtuous circulation of funds” in order to solve issues for clients and society

Opportunities and strengths

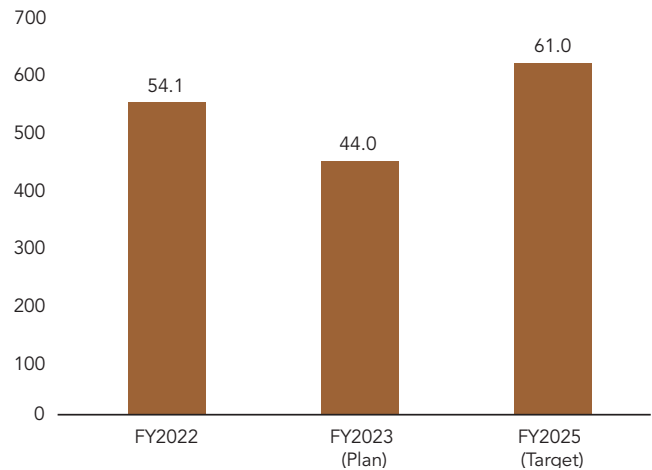
- A flexible and resilient organization with an open and flat culture in which people respect diverse ideas and work together to enhance knowledge
- Strong risk control capability cultivated through proactive efforts to stay ahead of constantly changing markets
- Solution capability to provide highly sophisticated expertise honed through a diverse range of investment and precise ALM management, while staying close to the challenges of our clients

Key measures

- Further sophistication of market analysis capability and investment technology to capture investment opportunities in all market conditions
- Strengthening financial risk management aimed at stabilizing enterprise-wide earnings, in preparation for changes in the environment, such as rising interest rates in the future
- Creating the starting point for a circulation of funds by offering total solution sales and ALM co-creation that solve both our own challenges and those of our clients together

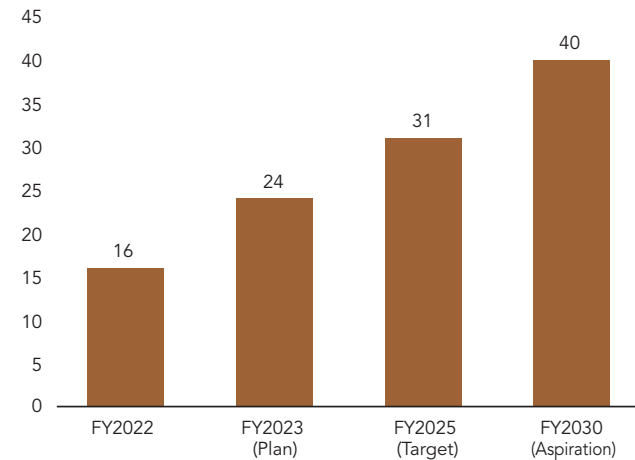
■ Net business profit before credit costs

(Billions of Yen)



■ Participation rate of Regional banks I in ALM co-creation business^{*1}

(%)



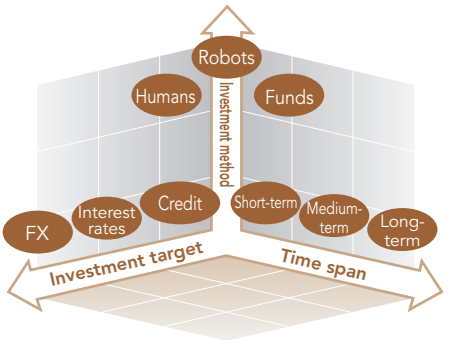
^{*1} Percentage of members of the Regional Banks Association of Japan who participate in ALM co-creation business

Specific initiatives

(1) Sophisticating investment operations

We aim to grow our investment operations sustainably by capturing investment opportunities accurately through our unique investment style of diversifying strategically on three axes of investment method, investment target and time span (three-dimensional diversification), to capture stable earnings with smaller fluctuations in profit and loss.

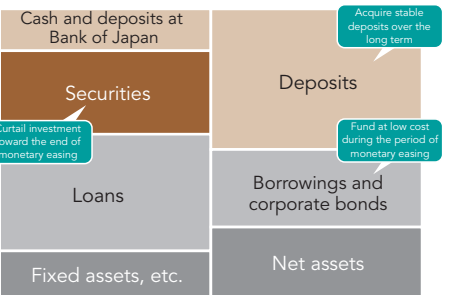
In the environment of global monetary tightening, market fluctuations are expected to be larger. In addition to enhancing investment know-how through appropriate portfolio management by considering “market fluctuations to be opportunities to earn profit,” we will raise the level of sophistication by utilizing digital technologies as valuable knowledge that will help to enhance products and services for clients.



(2) Sophisticating ALM (financial risk management) operations

We aim to secure stable earnings by flexibly controlling enterprise-wide financial risks inherent in the balance sheet, such as interest rate risk and liquidity risk arising from deposits and loans and the risk of changes in fees and revenues arising from the business model unique to a trust bank, using securities and derivatives.

We have been implementing measures to prepare for future market changes, such as increasing financing through the issuance of low-cost corporate bonds in the environment of low interest rates and monetary easing, and curtailing bond investment in anticipation of rising interest rates toward the end of the monetary easing. As monetary tightening is also expected in Japan in the future, we will work on appropriate risk control through further sophisticating of ALM operations.

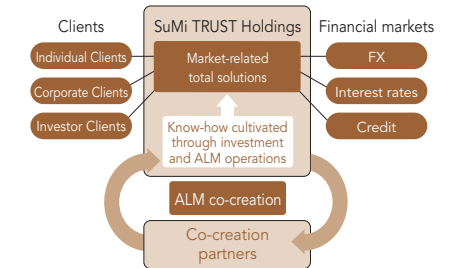


Appropriately control financial risks

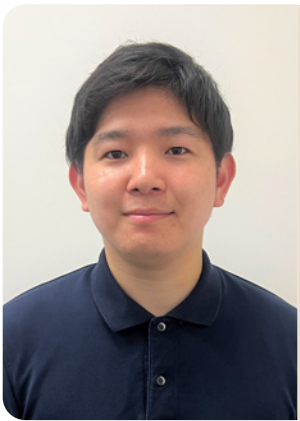
(3) Strengthening market-related total solutions and ALM co-creation business

Based on the know-how we have cultivated through investment and ALM operations, we will respond to client needs through total solutions that “solve both our own challenges and those of our clients together.” In particular, we will focus on the expansion of foreign-currency-denominated products that contribute to long-term asset formation for individuals, the provision of financing and risk hedging tools toward decarbonization, and support for the development of investment products.

We will also aim to strengthen advisory services that support investment decision-making and build highly functional digital platforms, in order to focus on “ALM co-creation business” in which we work with our regional bank partners (co-creation partners) to create solutions for a wide range of ALM issues, as the starting point for creating a circulation of funds across Japan.



Solve issues faced by clients and co-creation partners together!



Taking on a challenge to create and expand new markets

Kyohei Saito Market Making Unit, SuMi TRUST Bank

I engage in business related to carbon credit^{*2} trading. Unlike financial instruments such as interest rates and foreign exchange, the trading framework is still in the process of being developed, so it is necessary to overcome the issues at hand one by one by cooperating with internal and external parties. It is often difficult; however, I feel it is rewarding to be able to witness the creation of new markets, such as through the participation in the TSE’s demonstration project last year. In the future, I would like to develop trust products that incorporate carbon credits to contribute to the growth of the market!

^{*2} Those certified by the national government as credits for reducing CO₂ emissions through the introduction of energy-saving equipment and the use of renewable energy, and for absorbing CO₂ through appropriate forest management