



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Investor Meeting on Financial Results for 1HFY2022

November 18, 2022

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- ◆ This is Toru Takakura of Sumitomo Mitsui Trust Holdings. Thank you for viewing our presentation for First Half results for fiscal year 2022.
- ◆ I would like to explain the key points of both the financial results for the first half and the full-year forecast for the fiscal year 2022.
- ◆ Please turn to page 4.

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	Corporate governance		
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1H FY2022 Financial results, FY2022 forecast

- ✓ Net business profit before credit costs and Net income both exceeded forecast. Progress against original full year forecast was also solid, at 54% and 55%
- ✓ Considering highly volatile and uncertain environment, we have left net income forecast (¥190.0bn) for the current fiscal year unchanged

Initiatives for enhancing corporate value

- ✓ Accelerate profit growth with high capital efficiency centered on trust-related businesses
- ✓ Promote a virtuous circulation of funds, assets and capital by active investment in strategic areas with growth potential possible, and create and expand new markets
- ✓ Grow with clients and society by enriching human capital as a starting point for value creation

(1) Financial results for 1HFY2022 and Forecast for FY2022

Financial results for 1HFY2022, Forecast for FY2022

- Net business profit and Net income both exceeded forecast. Progress against full year forecast was also solid, at 54% and 55%
- Net business profit and Net income both declined YoY. Mainly due to the dearth of favorable market conditions that prevailed in the previous fiscal year, which was included in the forecast for FY22.
- Full-year forecast for FY22 remain unchanged in consideration of the current uncertain business environment.

<Major KPIs>		1HFY21	Forecast	1HFY22	change from FY21	change from Forecast	FY22	change from FY21
	(Yen bn)	Actual		Actual			Plan	
1	Net business profit before credit costs	174.4	145.0	168.2	(6.2)	+ 23.2	310.0	(36.0)
2	Substantial gross business profit	400.7	385.0	408.5	+ 7.7	+ 23.5	800.0	(8.1)
3	Substantial G&A Expenses	(226.2)	(240.0)	(240.2)	(13.9)	(0.2)	(490.0)	(27.9)
4	Total credit costs	5.1	(10.0)	(8.8)	(14.0)	+ 1.2	(20.0)	+ 21.5
5	Net gains on stocks	(18.0)	0.0	(2.5)	+ 15.5	(2.5)	0.0	+ 38.3
6	Other net non-recurring profit, Extraordinary profit	(10.1)	(12.0)	(12.3)	(2.1)	(0.3)	(25.0)	+ 13.1
7	Net income	111.0	90.0	104.0	(6.9)	+ 14.0	190.0	+ 20.9
8	Fee income ratio	50.7%		53.2%	+2.5%			
9	Overhead ratio	56.4%	62.3%	58.8%	+2.4%	(3.5%)	61.3%	2.5%
10	Return on equity	8.11%		7.63%	(0.48%)			
11	Common Equity Tier 1 capital ratio	12.65%		11.11%	(1.54%)	(*)		

(*) Pro-forma figure of Sep. 22 CET1 Capital Ratio on finalized Basel III reform basis is 9.3%.

<Per share information>

1HFY21 Actual

1HFY22 Actual

Change

12

Earnings per share (EPS)

296

279

(16)

13

Dividend per share (DPS)

80

100

+20

FY22 Plan

change from FY21

514

+62

200

+30

<Shareholders' return>

FY22 Plan

15

Dividend payout ratio

38.7%

Mar. 22

Sep. 22

Change

14

Net assets per share (BPS)

7,249

7,406

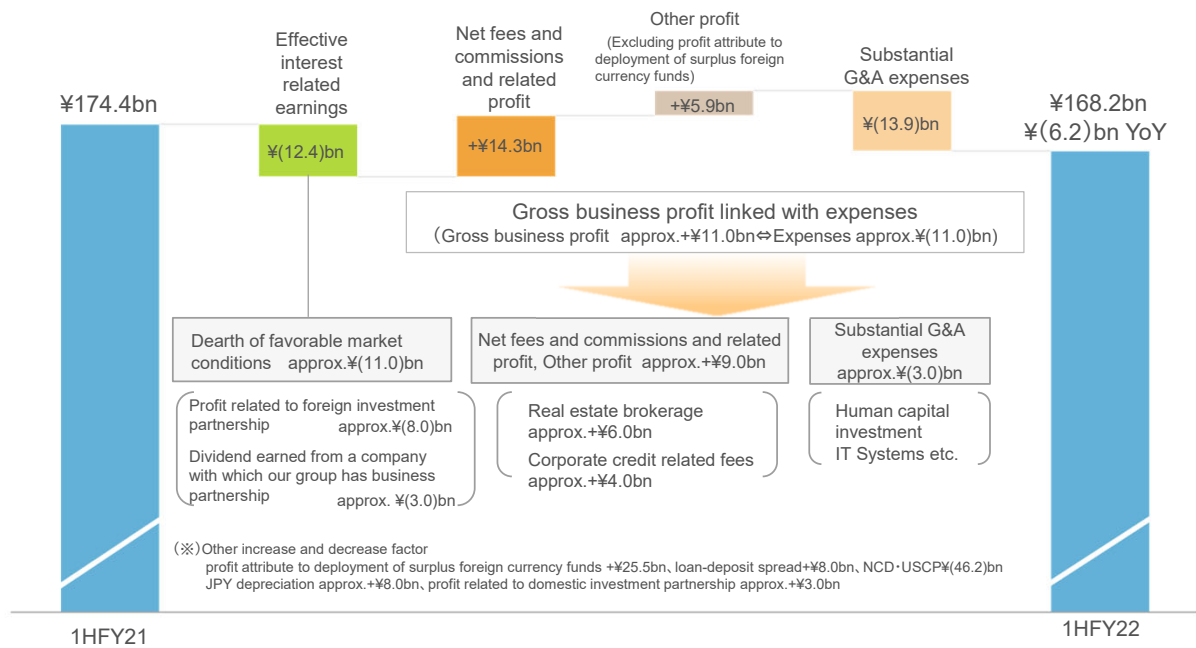
+157

(Yen)

- Net business profit before credit costs for the first half of the fiscal year was 168.2 billion yen. It exceeded our initial forecast with a progress rate of 54% against the full-year forecast.
- I feel that SuMi TRUST Group has been steadily gaining earning power, however, some of our asset management businesses are facing challenges mainly due to adverse market conditions.
- Net income was 104.0 billion yen, which is 55% progress against the full-year forecast.
- The economic environment continues to be highly volatile and uncertain. Maintaining the cautious stance which we have taken so far, we have left our forecast for the current fiscal year unchanged.
- Please turn to page 7.

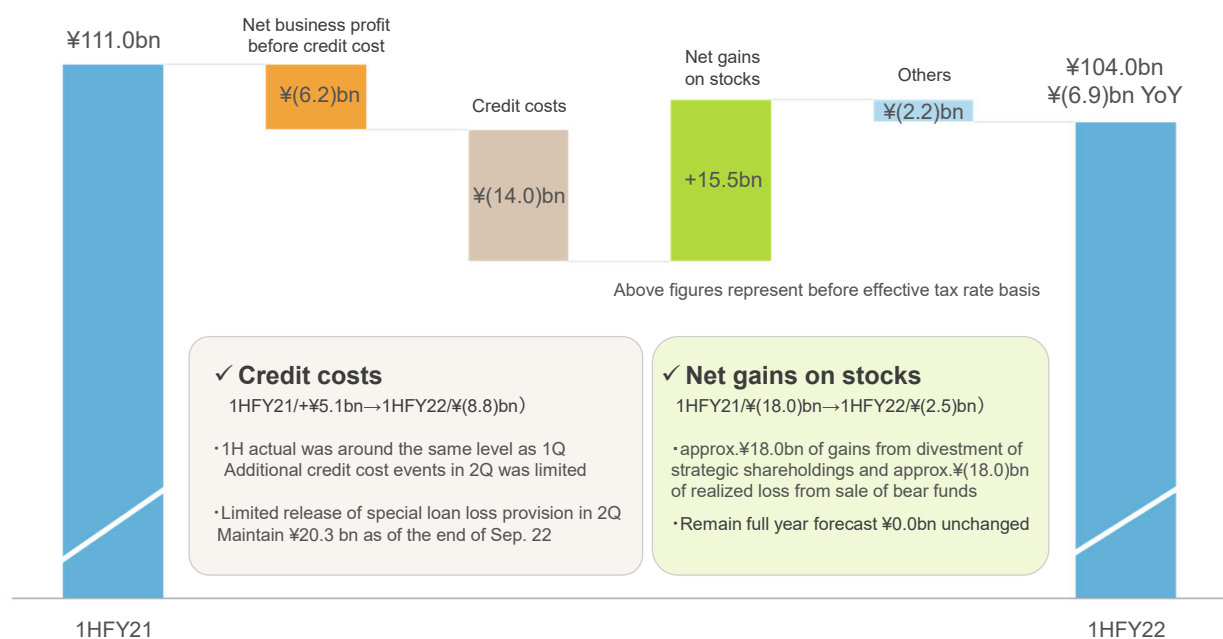
Net business profit before credit costs

- Effective interest related earnings declined, mainly due to the dearth of favorable market conditions that prevailed in the previous fiscal year
- Net fees and commissions increased. Real estate brokerage business continued to perform well and corporate credit related fees also contributed
- Substantial G&A expenses increased. Due to investments in human capital and IT systems in addition to expenses linked with gross business profit increases



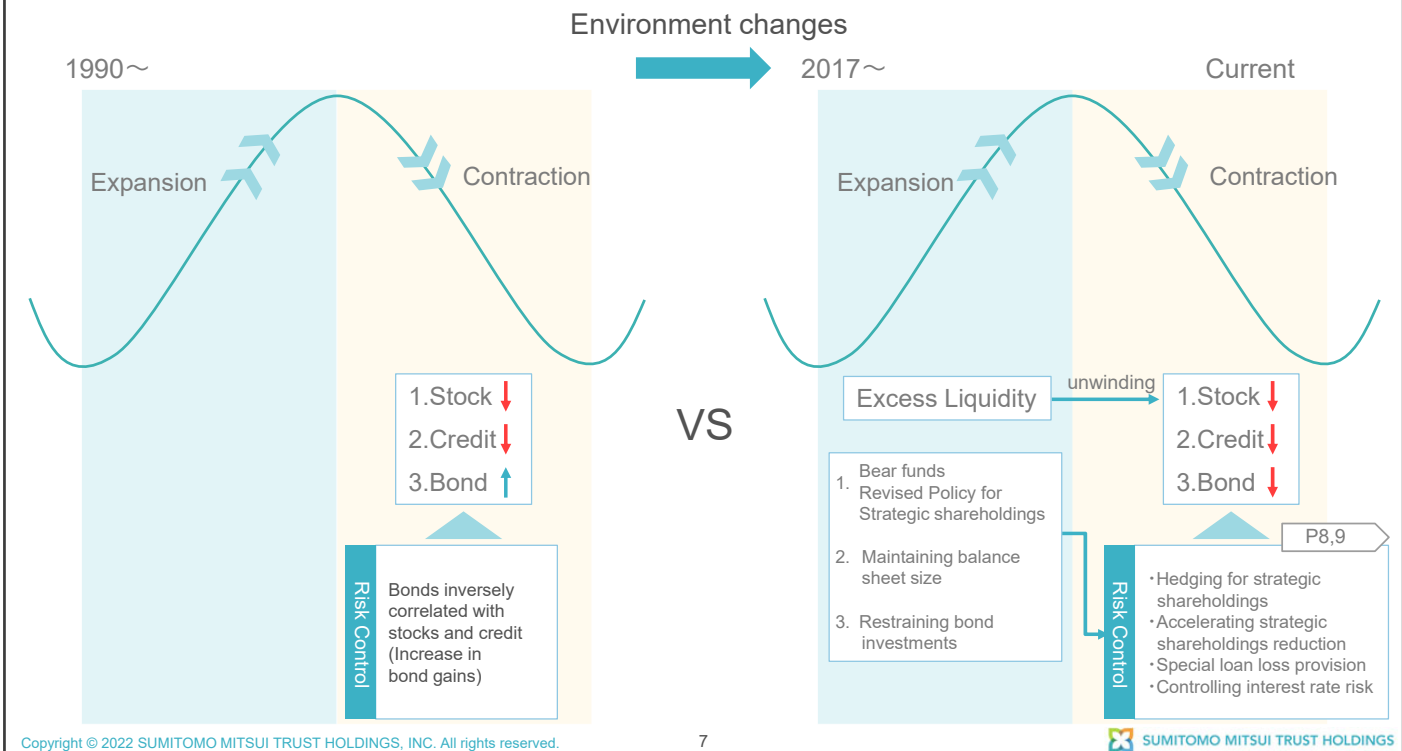
Net Income

- 55% progress against the full year forecast of ¥190.0 bn. Decrease of ¥6.9 bn YoY, mainly due to lower net business profit
- Credit costs increased ¥(14.0) bn YoY, while net gains on stocks increased by ¥15.5 bn YoY due to the elimination of loss in 1HFY21



Readiness for various risks (Adapting to the changing environment)

- Shift of risk control strategy and operation since FY2017 allows us to adapt to the changing environment

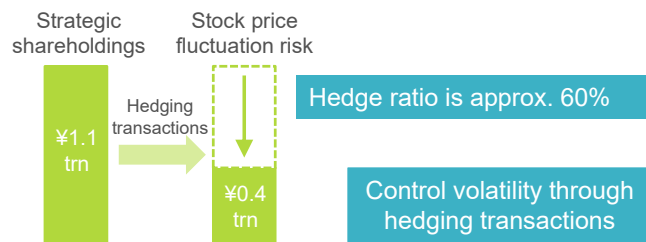


- I would like to explain our risk control strategy and operations that have been revamped over the past five years.
- Since Fiscal Year 2017, we have switched in earnest our hedging approach of strategic shareholdings from U.S. Treasuries to Japanese bear funds to reduce both stock price risk and interest rate risk.
- In 2021, we announced our policy which declared that we would not hold any strategic shareholdings as a conventional stable shareholder.
- Even in times of economic improvement, we did not expand our balance sheet and managed credit risk, while also preparing for future uncertainties with special loan loss provision.
- Through such overhaul of risk control operation allows us to adapt to the changing environment like the current phase where we are facing a possible economic downturn.
- For more information on these changes, please refer to pages 8 and 9.
- Now, I would like to explain our initiatives to enhance our corporate value.
- Please go to page 11.

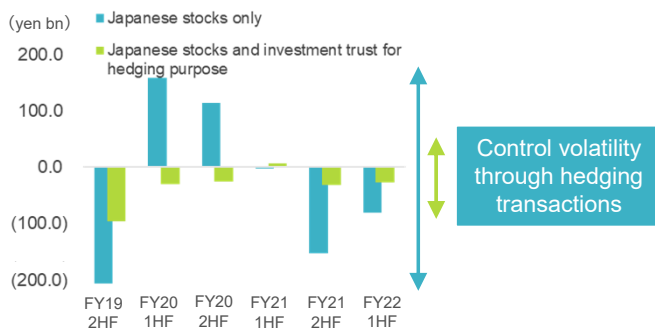
Stock price fluctuation risk / Credit risk

Stock price fluctuation risk

Managing stock price fluctuation risk from strategic shareholdings by utilizing bear funds

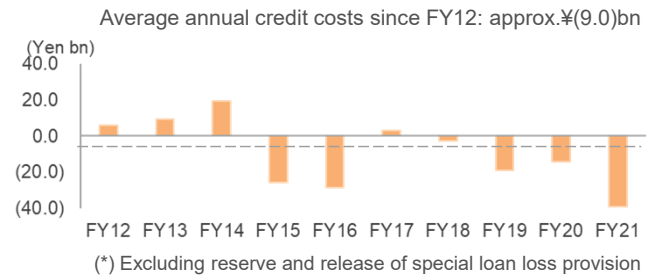


Changes of unrealized gains/losses from stocks (semi-annual base)

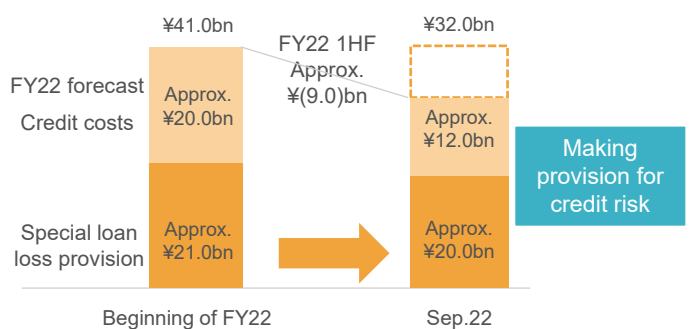


Credit risk

Credit costs



Total of forecast credit costs and special loan loss provision

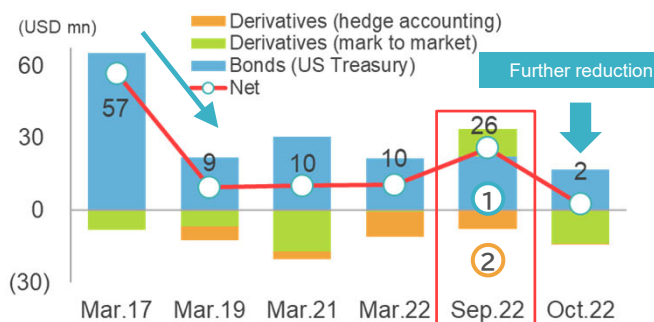


Interest risk / Foreign currency liquidity risk

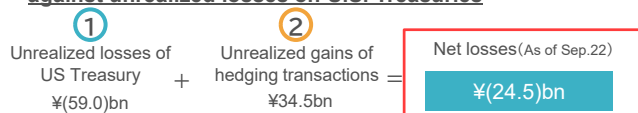
Interest risk

10 Basis Point Value(*1)

Drastically reduced after 2017



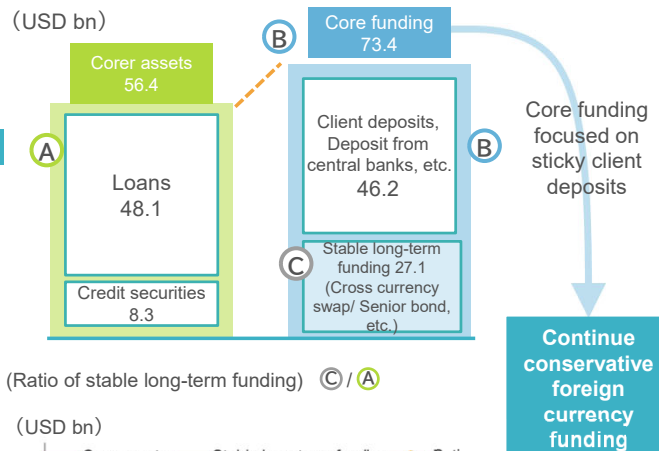
Unrealized gains of approx. 60% on hedging transactions against unrealized losses on U.S. Treasuries



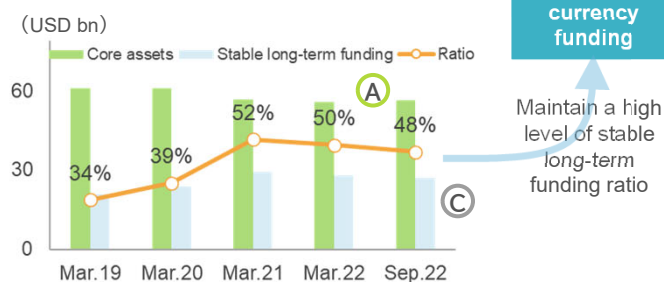
(*1) Change in unrealized gains/losses when US interest rates decrease by 0.1% (Sumitomo Mitsui Trust Bank, Limited)
Debt securities and derivatives held by Global Markets (excluding ALM purposes)

Foreign currency liquidity risk

Foreign currency balance sheet (SuMi TRUST Bank, As of Sep.2022)



(Ratio of stable long-term funding) © / (A)



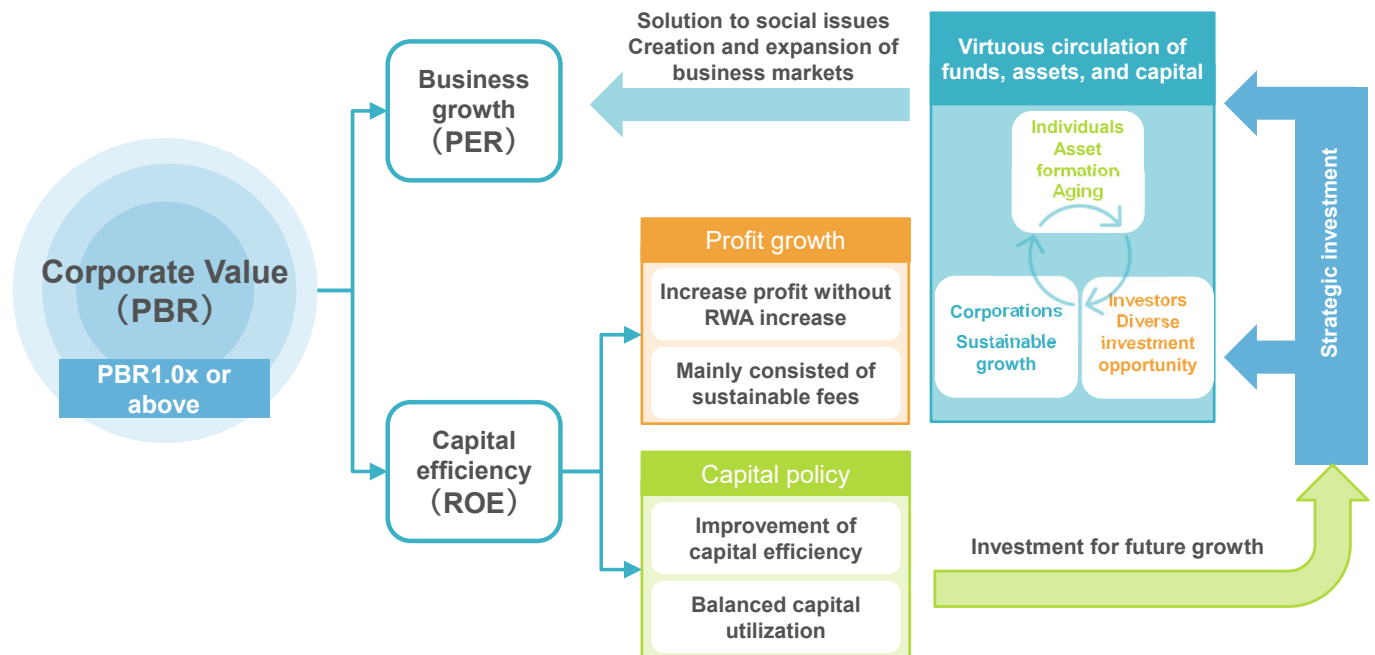
Continue conservative foreign currency funding

Maintain a high level of stable long-term funding ratio

(2) Initiatives for enhancing corporate value

Initiatives for enhancing corporate value ~overview~

- Aim for profit growth in domains with high capital efficiency around trust related businesses, such as asset management and asset administration businesses
- Actively invest in strategic areas with growth potential. Create and expand new business markets through tackling social issues



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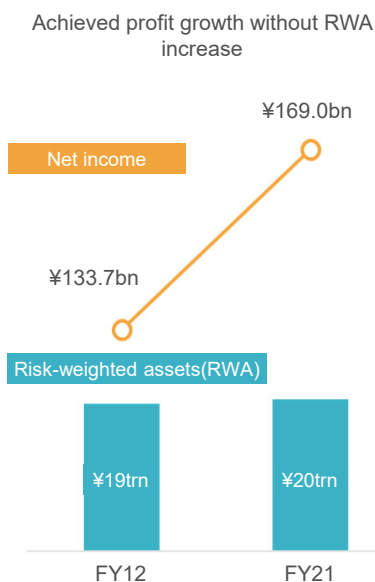
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- ◆ We are currently discussing our next Medium-Term Management Plan, which will commence from the next fiscal year. We feel that our current initiatives and achievements have been going well, and at this moment, we do not intend to make any major changes in the direction of the strategy.
- ◆ First, we will accelerate profit growth in domains with high capital efficiency around trust related businesses, such as asset management and asset administration businesses.
- ◆ Then, we will create new business markets by promoting a virtuous circulation of funds, assets and capital through proactive investments in strategic areas for future growth.
- ◆ Currently, our P/B ratio is around 0.6 times. We cannot overlook this level as a company that places the balanced creation of both social value and economic value at the very core of its management philosophy. I would like to improve the ratio to more than 1.0 at the earliest time possible.
- ◆ As the only financial group in Japan with a trust bank at its core, we are firmly committed to ensuring that our investors understand and expect our unique future growth, which is different from that of other companies.
- ◆ Please see the page 12.

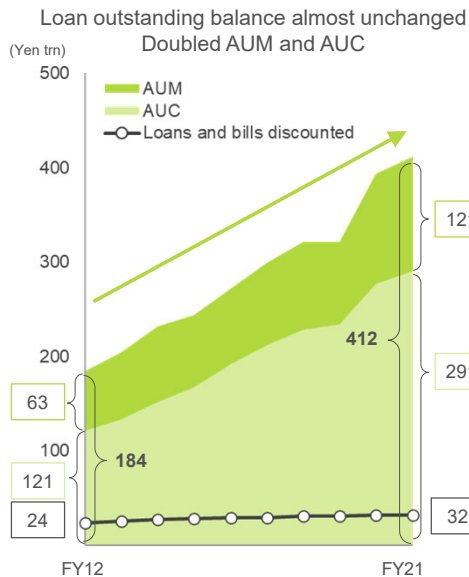
10-year review ~high-quality earnings growth~

- Our business model has achieved profit growth without RWA increase. Doubled AUM/AUC over the decade
- Stable fee income mainly from asset management and asset administration businesses has been a driver for profit growth

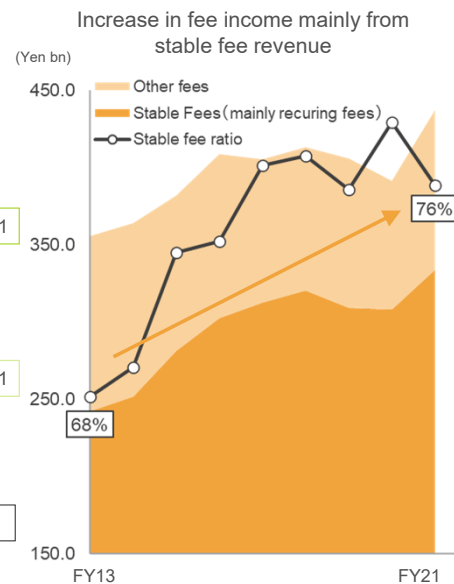
RWA and net income



Loan outstanding and AUM/AUC



Fee income



- ◆ More than 10 years have passed since our management integration, and we are now able to show concrete numerical results of our capital-light and high-quality profit growth.
- ◆ As these graphs on the page demonstrate, during the recent 10 years, we have increased our profits mainly from stable fees without significantly increasing our risk-weighted assets.
- ◆ I would like to describe some specific examples briefly on the following pages.
- ◆ Please move to page 13.

10-year review ~Business for investor clients and asset administration~

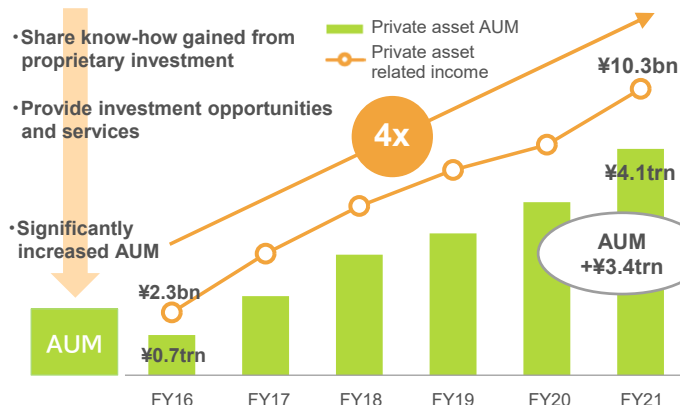
- Use of own B/S to create business opportunities for investor clients. Increased revenues by utilizing the know-how gained from proprietary investment for investor clients business
- (NAM) Improved added value by continuous investment in human capital and business network. Doubled AUM over the decade

Business for Investor clients in private asset domain

Develop business for investor clients
by leveraging own B/S

B/S
+¥0.09trn

own B/S	Approx. ¥40bn					Approx. ¥130bn
	FY16	FY17	FY18	FY19	FY20	FY21



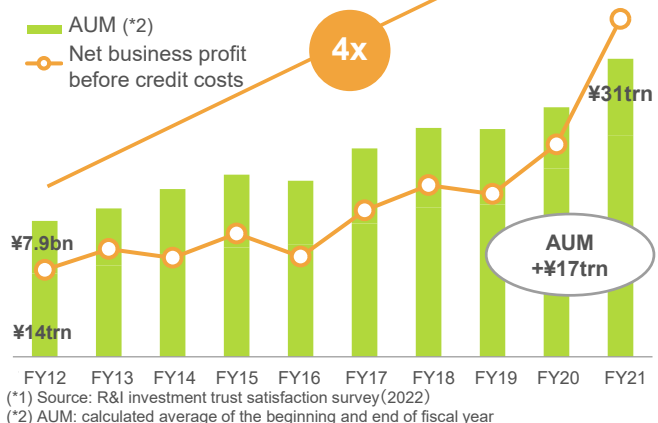
Nikko Asset Management

Invest in human capital and business network
Enhance client support



R&I Customer Satisfaction Award (*1)

Top Excellence Award
(consecutive 4 years)



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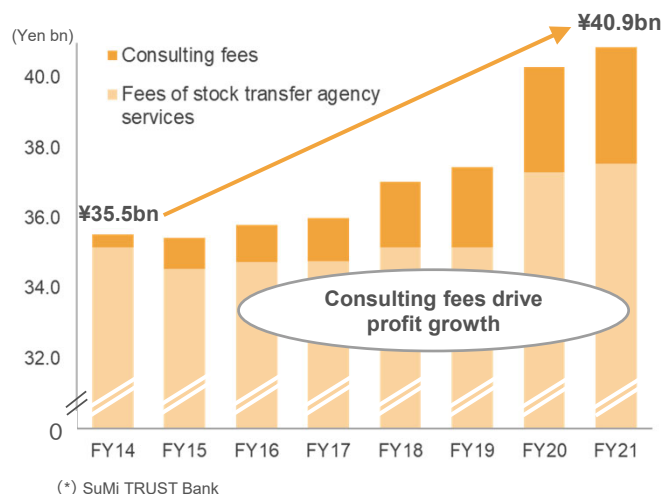
- ◆ In the private asset business area, we have been returning our intelligence and know-how gained from proprietary investment to investor clients and then providing investment opportunities and asset administration services to them as needed.
- ◆ Over the past six years, our own investment balance has increased by approximately 90 billion yen. This investment has been a good call for investor clients' investments and the assets under management for our clients have expanded by more than 3 trillion yen over the same period.
- ◆ Such an approach regarding our balance sheet utilization, which is linked to expansion of business with our investor clients, is a unique advantage of SuMi TRUST and supports our capital-light profit growth.
- ◆ On the right side of the page, we look back at Nikko Asset Management's 10-year history.
- ◆ In the 10 years since 2012, its volume of asset under management has more than doubled and net business profit has grown approximately four times in size during the same period.
- ◆ The company's growth has been driven by value-added services through continuous investment in human capital and business networks, along with sophisticated client support service that has been rated No. 1 asset manager in satisfaction for four consecutive years.
- ◆ Please refer to the revenue trend of our stock transfer agency services business on page 14.

10-year review ~Stock transfer agency business~

- Captured the challenges regarding sophistication of corporate governance. Invested in human capital such as specialist consultants
- Increased consulting fee income due to high value-added services. Stabilized profit base by enhancing customer satisfaction

Stock transfer business /business profit

Support for sophistication of corporate governance in Japanese corporations



Provide services utilizing human capital and business base

Biggest survey in domestic corporate governance

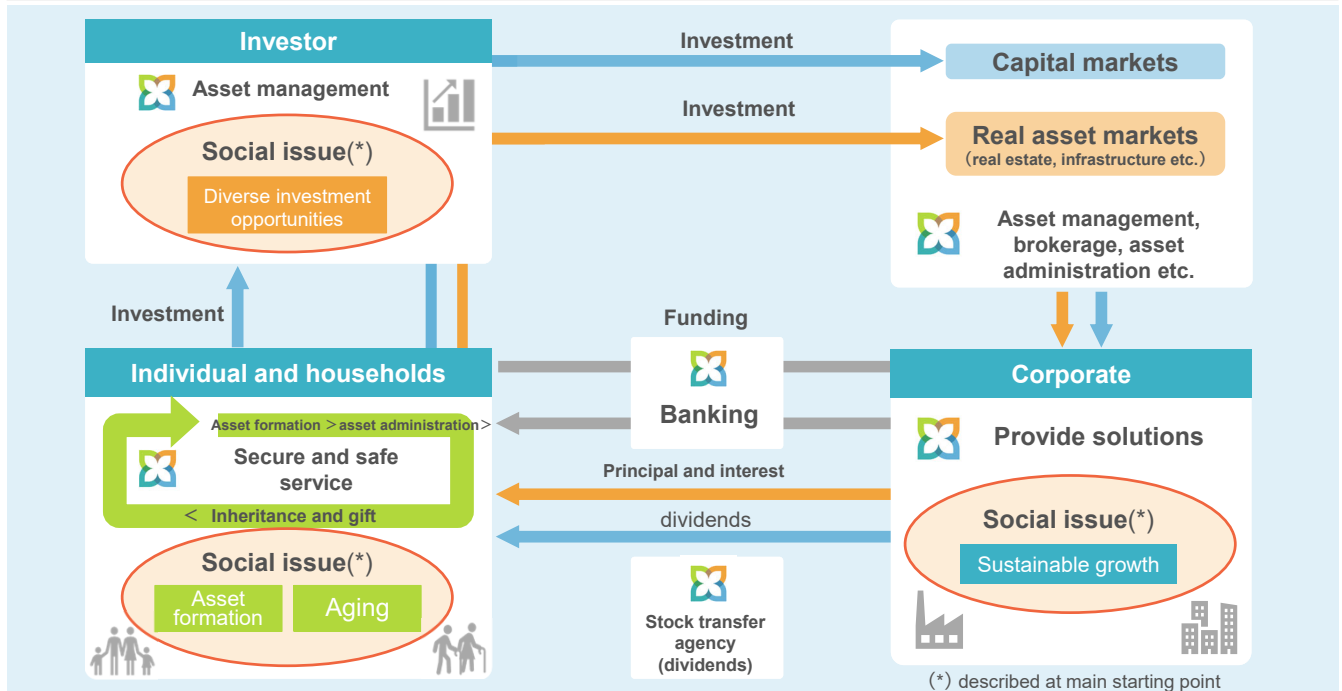


- ◆ In addition to stable fees and commissions, consulting service fee has been growing in line with the trend towards more sophisticated corporate governance in Japan.
- ◆ It is one of our group's strengths to provide products and services that adapt to changing corporate needs from era to era through sustained investment in highly specialized human capital
- ◆ On the right side of the page, you can find our Governance survey® which is one of the largest surveys regarding Japanese corporate governance.
- ◆ More than half of the listed companies in Japan participate in this survey as an opportunity to evaluate their corporate governance initiatives and identify issues for improvement.
- ◆ Please go to page 16.

◆ Profit growth

Virtuous circulation of funds, assets and capital, and creation and expansion of markets

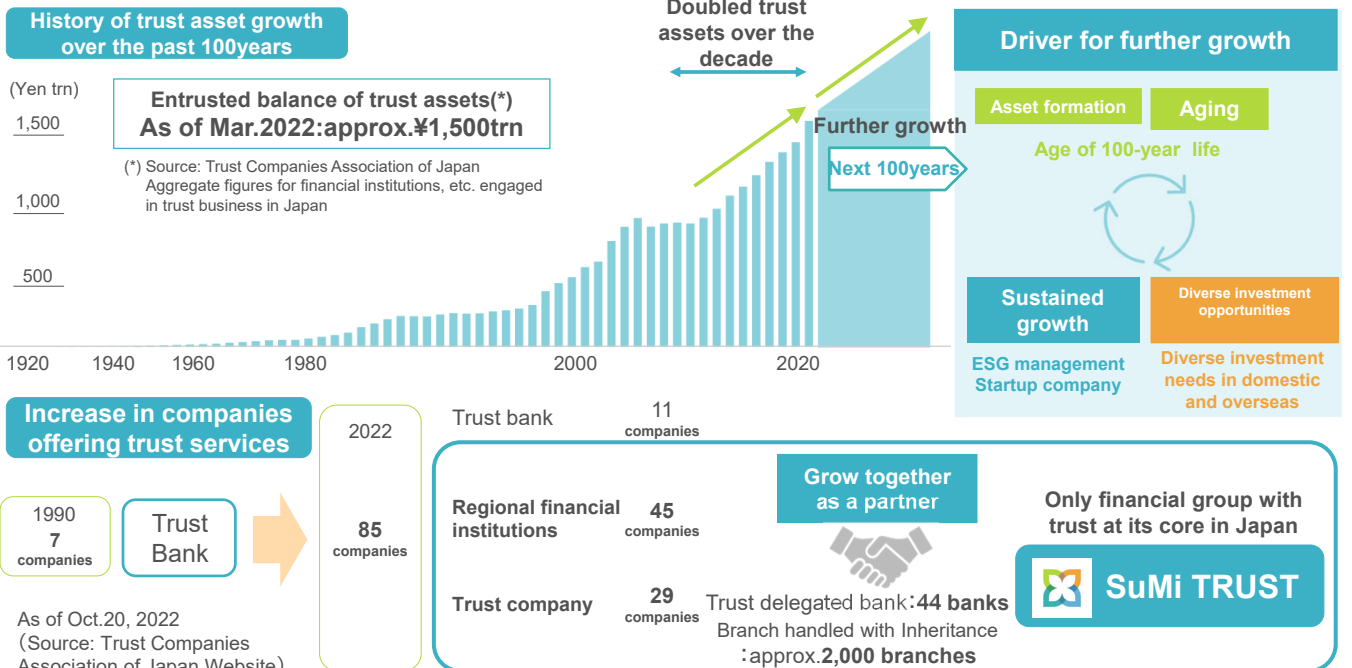
- Promote virtuous circulation of funds, assets and capital leveraging our strengths of diverse contacts. Create and expand new markets
- Provide value-added solutions centered on trust businesses for respective social issues faced by individuals, corporates and investors



- ◆ Our group is engaged in a wide variety of businesses with various contact points with economic entities such as individuals, corporates and investors as well as capital markets and real asset markets.
- ◆ The basic form of our group's profit growth strategy is to utilize these various points of contact to promote a virtuous circulation of funds, assets and capital to create new business markets.
- ◆ We believe that the solutions to social issues are necessary to create such a virtuous circulation and that high value-added trust functions and services are indispensable for solving these issues.
- ◆ Please refer to page 17.

Growth in tandem with the development of trusts

- Doubled entrusted balance of trust assets over the decade. Aim for further growth against a backdrop of growing social needs
- Proliferation of companies offering trust services. Provide functions and services as a financial group with trust at its core to grow and flourish together



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- ◆ This year, 2022, marked exactly 100 years since the Trust Act and Trust Business Act came into effect. At the end of March 2022, the entrusted balance of trust assets under management in the whole industry was about 1,500 trillion yen, doubling in size over the past decade.
- ◆ The recent growth of the balance is being driven by increase in mutual funds in response to the growing asset formation needs of Japanese citizens. Reflecting on the past 100 years of “trust”, we can observe a history of growth and development together with society by providing its flexible product design capabilities and advanced expertise to solve the social issues of each era. Loan trusts, which emerged from the enormous demand for funds during Japan’s period of rapid economic growth, and pension trusts, which have supported the long-term asset formation of citizens, are typical examples.
- ◆ In the current era, we shall continue to contribute to solving social issues that are changing with the times by demonstrating the power of the trusts in high priority areas such as the age of 100-year life and ESG management.
- ◆ In addition, as indicated in the lower part of this slide, trust service providers have increased in number and diversified. We have been promoting collaboration and alliances with regional financial institutions through trust agency agreements and other approaches.
- ◆ Various trust service providers are not competitors, but partners in building up the trust industry together. We will share our highly specialized functions and services with them, and again, together, we will aim to grow and develop our corporate value in the future.
- ◆ From here onwards, I would like to explain our initiatives for each economic entity.
- ◆ Please refer to page 18.

Initiatives for Individual clients ~Social Issues~

- Individuals hold ¥3,000trn assets in Japan. Aim to promote a circulation of funds with a creation of Savings-to-Investment flow
- Increasing anxiety regarding the future in super-aging society. Enormous amount of individual assets is needed to be bestowed to the next generation in a safe and secure manner

Challenges to circulate individual assets

Unoccupied house Inheritance

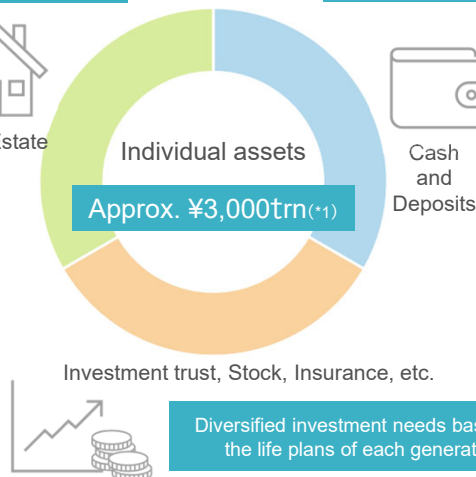


Real Estate

Stagnation of funds in cash and deposits



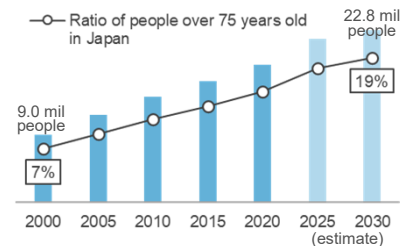
Cash and Deposits



(*) Source: Bank of Japan, Flow of Funds Statistics
Cabinet Office, National Accounts

Increase anxiety in super-aging society

Population over 75 years old^(*)



(*) Source: National Institute of Population and Social Security Research

1 in 5 people are over 75 years old In 2030

Vague anxiety regarding the future

Inheritance transfer assets by 2030^(*)



Inheritance transfer assets
Total: ¥700 trillion in 10 years

Prolonged life

(*) from 2020 to 2030 (our estimate)

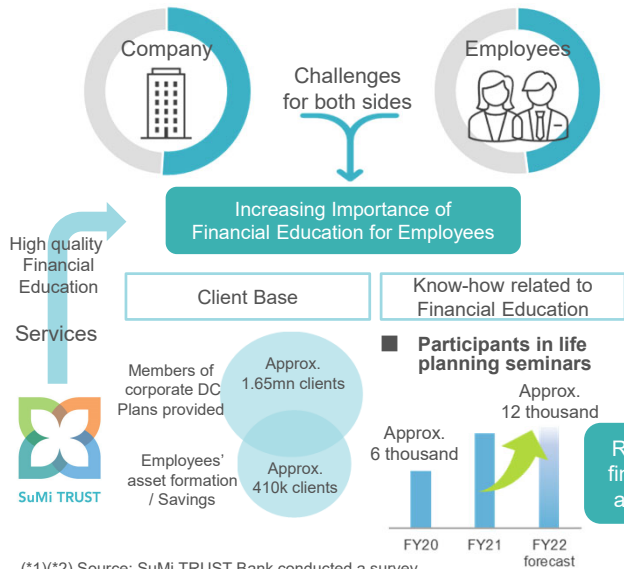
- ◆ Japan's individual and household sector holds 2,000 trillion yen in financial assets and 1,000 trillion yen in real estate.
- ◆ Unfortunately, the trend of “from savings to investment” has yet to be confirmed, as 1,000 trillion yen, or half of all financial assets of the individual sector, remain in cash deposits. Problems with vacant houses and ownership unknown land are also the cause in the increase in unutilized assets in Japan.
- ◆ We recognize it as our responsibility to ensure that stagnant funds and assets circulate effectively in society.
- ◆ Please see the right side of the page.
- ◆ By 2030, 700 trillion yen of individual assets will be transferred by inheritances. We shall support our individual clients with the power of trusts to resolve their vague anxiety they may have and to ensure that their assets are bestowed to the next generation in a secure and peaceful manner.
- ◆ Please turn to page 19.

Initiatives for Individual clients ~Asset Formation/Work place business~

- Providing high quality financial education, products and services to solve the challenges faced by both companies and their employees.
- Seamlessly connect apps ,developed with system investments, and consulting services to improve customer experiences

Initiatives for Work place business

1 in 2 companies recognize the challenges of employee asset formation (*1) 1 in 2 employees is concerned about their retirement funds (*2)



(*1)(*2) Source: SuMi TRUST Bank conducted a survey

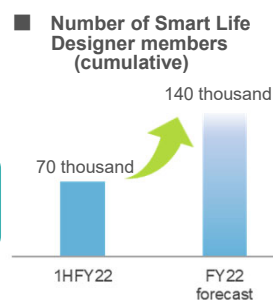
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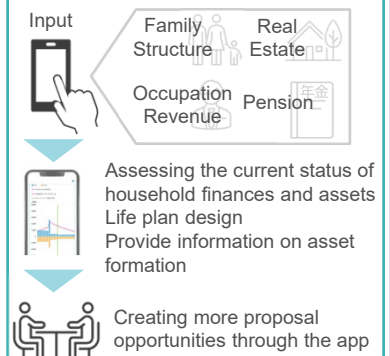
Improve CX and increase transactions through the app



GOOD DESIGN AWARD
2022年度受賞



Features of the app



Aiming to gain more than 100 thousands members this fiscal year

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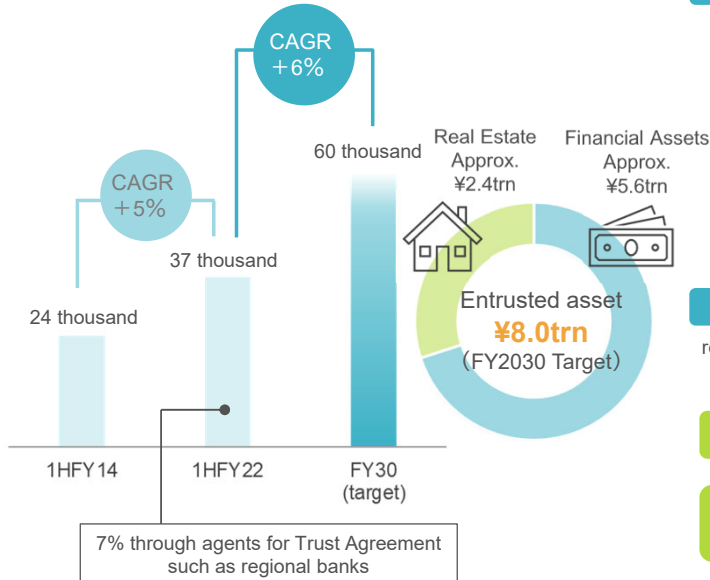
- ◆ Concern about asset formation for the future is an issue shared by companies and their employees. Sumitomo Mitsui Trust Bank provides its corporate clients' employees with high quality financial education programs which was cultivated through its pension business, leading to various transactions including asset management or mortgage loans through its work-place business..
- ◆ We will also continue to invest in systems for our future growth, such as the Smart Life Designer which was released this April, and expand our services and functions.
- ◆ Please see page 20.

Initiatives for Individual clients ~Inheritance/Wills~

- Increase the further needs of wills in the coming great inheritance era
- Strengthen our initiatives before and after inheritance and increase revenue in real estate business area or other

Growth of wills needs

■ Number of entrusted cases(Cumulative)



Increase revenues through transactions with entrusted

Before inheritance

Ancillary transactions(*) from entrusted

FY 21
Approx.
¥5.0bn

FY 30(Target)
Approx.
¥9.5bn

(*) Real estate brokerage, mortgage loans, investment management, etc

After inheritance

real estate transactions with
Inheritor clients
(FY21 actual)

360 deals

Average deal size
Approx. JPY 50mn

Real estate brokerage fees

Approx.
¥0.4bn

Aiming to
Increase to
Approx.
¥1.5bn

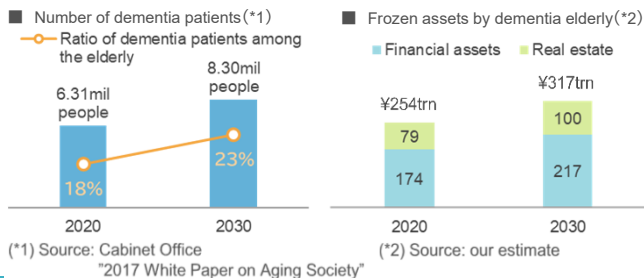
FY21 → FY30 (target)

- ◆ More than a decade has passed since the advent of the super-aging society, and interest in will trusts has been constantly increasing.
- ◆ Including transactions referred by regional financial institutions, the number of entrusted wills has been growing by about 5% per year. We expect the total assets entrusted in will trusts to increase to 8 trillion yen by 2030.
- ◆ Through an approach to offer advice regarding assets in the custody of wills, we shall aim to further increase transactions before and after the occurrence of an inheritance event and expand revenue from real estate and other business by more than 5 billion yen in the future.
- ◆ Please see page 21.

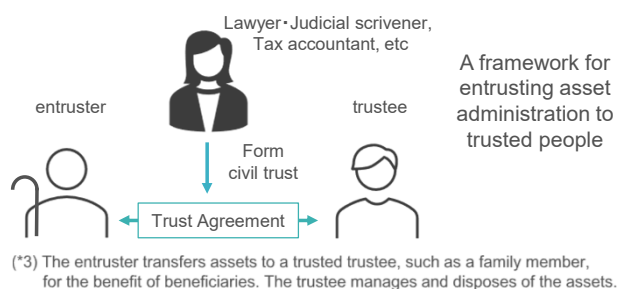
Initiatives for Individual clients ~Assets administration/Civil trust~

- As a method to manage individual assets in a safe and secure manner, a need for civil trust has been growing
- Provide financial support in civil trust to resolve their vague anxiety and contribute the market growth

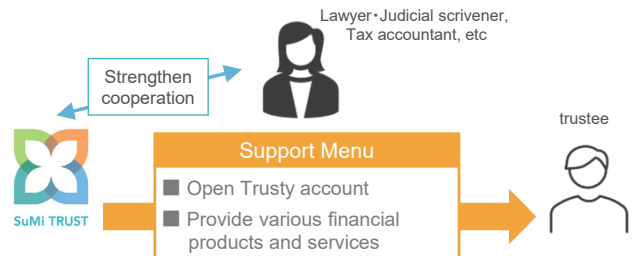
Increase needs to manage assets in a safe and secure manner



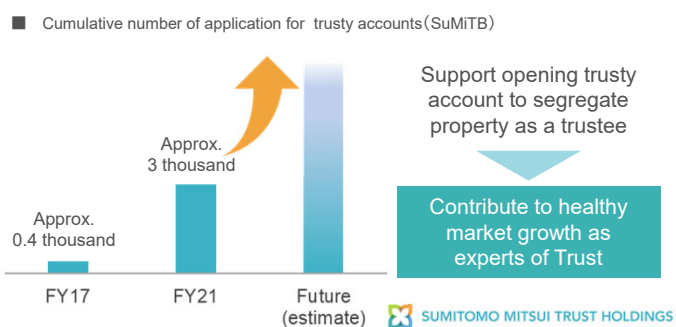
Civil trust(*3)



Provide financial support in civil trust and resolve vague anxiety



Contribute to healthy market growth



- ◆ Inheritance is not the only concern facing the elderly people.
- ◆ By 2030, over 300 trillion yen in assets are estimated to be frozen due to dementia or other factors. As a method to manage these assets in a safe and secure manner, a need for civil trust has been growing.
- ◆ In a civil trust transaction, we work with lawyers, tax accountants and other professionals to provide the trust functions and services necessary to assignee for the segregation and management of entrusted assets
- ◆ Starting with a connection of civil trust, we have seen an increase in the number of cases where assignees ask us about financial supports.
- ◆ Now we move to our initiatives for corporate clients from the next slide.
- ◆ Please refer to page 22.

Initiatives for corporate clients

- Contribute to sustained growth of the Japanese economy and corporations by accelerating virtuous circulation of funds, assets and capital and achieving carbon neutrality
- Develop the Japanese economy and expand our businesses by supporting innovative start-up companies

Initiatives for carbon neutrality

Until 2030 (estimated amount of investment related to carbon neutrality)

Japan

Cumulative ¥150trn^(*)

investment related to carbon neutrality^(*)

Approx. ¥17trn/year

Power decarbonization/ fuel switching

¥5trn



Decarbonization of manufacturing process, etc.

¥2trn



End use

¥4trn



Infrastructure

¥4trn



R&D, etc.

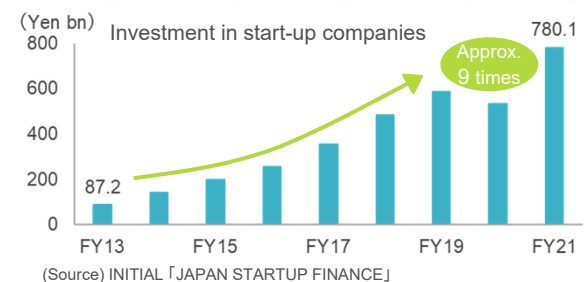
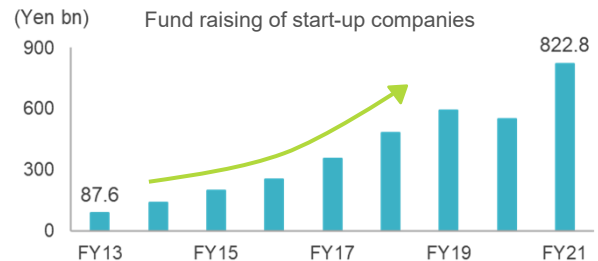
¥2trn



(*) ¥20trn: GX transition bond issuance (JGB), ¥130trn: investment from private sector
(*) Source: excerpt. From "Clean energy interim strategy" (Ministry of the Environment)

Support for start-up companies

First year of creation start-up companies in 2022

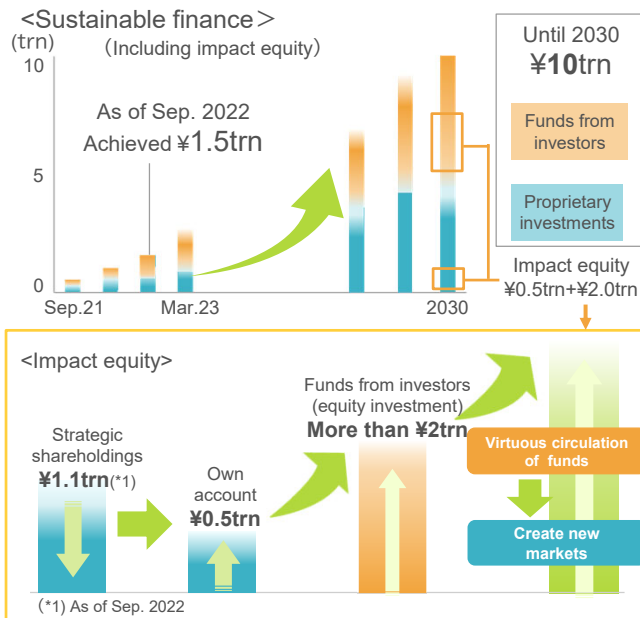


- ◆ According to data published by the Ministry of the Environment, 150 trillion yen will need to be invested over the next 10 years to decarbonize the country.
- ◆ We will take this enormous demand of funds as a great opportunity to contribute to the sustainable growth of the Japanese economy and corporate clients by firmly circulating investment capital from both domestic and foreign investors.
- ◆ We shall also support start-up companies that can create innovation, which is essential for the growth of our country, as an important theme.
- ◆ Please turn to page 23.

Initiatives for corporate clients

- Accelerate momentum towards carbon neutrality. Sustainable finance: cumulative ¥1.5trn due to increased funding needs from corporate clients
- Contribute to virtuous circulation of funds, assets and capital by leveraging own B/S and funds from investors

Unique B/S utilization (B/S + funds from investors)



Example : Impact equity

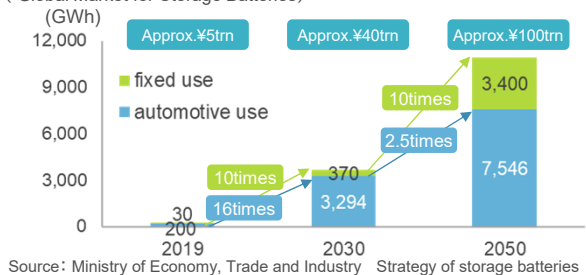
EV Motors Japan

Manufacture of the only domestic commercial EVs

- ✓ Strength in battery control technology
- ✓ Technology that enables collaboration with others



(Global Market for Storage Batteries)

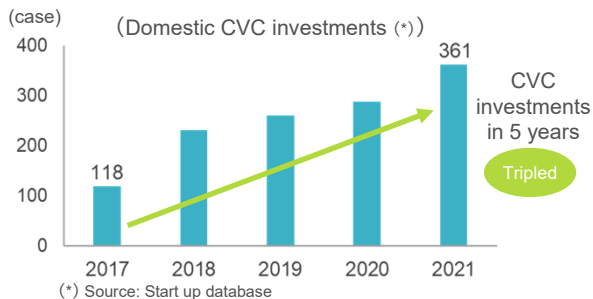


- ◆ We revised the target for sustainable finance initiatives from 5 trillion yen to 10 trillion yen reflecting the increased financing needs by corporate clients. As of the end of September this year, the total accumulated transaction volume was 1.5 trillion yen.
- ◆ Same as the initiative in the private asset area, which I mentioned earlier, we will leverage our balance sheet to attract investor capital and create a larger circulation of funds.
- ◆ On the right side of the page, an example of an impact equity investment is shown: an investment in a Japanese venture company that aims to realize a decarbonized society through battery safety technology.
- ◆ The storage battery market is expected to expand globally and is projected to reach 100 trillion yen by 2050.
- ◆ Please refer to page 24.

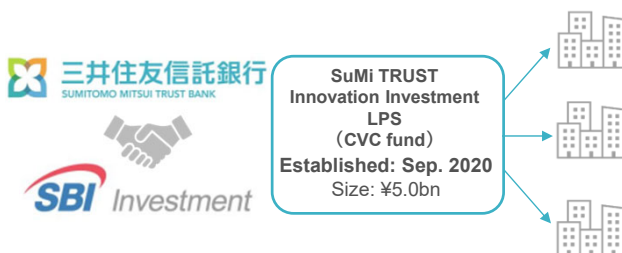
Initiatives for corporate clients ~support for innovative start-up companies

- Domestic CVC investments tripled in 5 years. Aiming to create new businesses through investment in start-up companies
- Support start-up companies through SuMi TRUST Innovation Investment LPS. Expand businesses with both corporations and owners

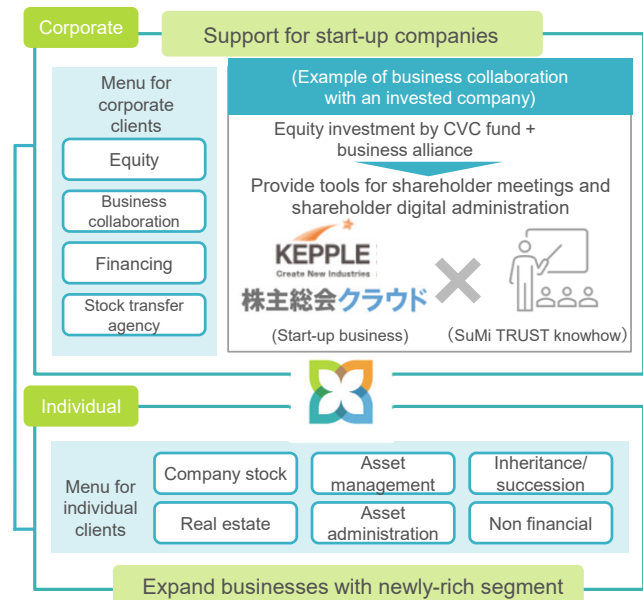
Growth opportunity in innovation sectors



SuMi TRUST Innovation Investment LPS



Example

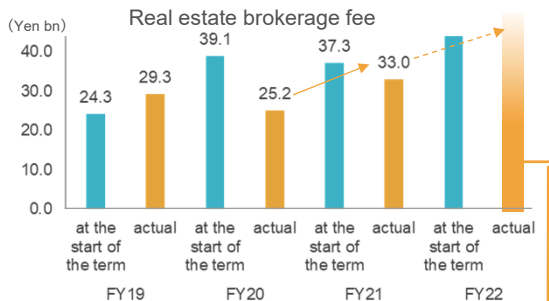


- ◆ In recent years, investment in start-up companies has accelerated. We launched our Innovation Fund in 2020 and have steadily built up a track record of investments.
- ◆ We not only provide financial support to corporate clients, but also offer stock transfer agency services and expand various transactions with corporate owners.
- ◆ Please turn to page 25.

Initiatives for corporate clients ~initiatives for real estate

- Favorable performance of real estate brokerage business has continued. Promote virtuous circulation utilizing diverse real estate functions
- Contribute to asset value increase for our clients by expansion of solutions in line with growing sustainability-related needs

Real estate brokerage business



Diverse functions
Provide wide range of solutions

Closed several large-scale transactions in 1HFY22

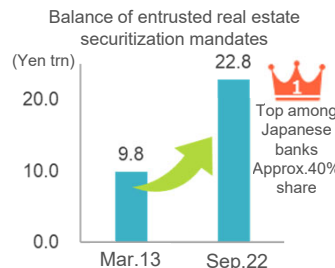
Example of large-scale brokerage transactions through asset administration support

Propose investment participation to clients planning large-scale development projects for their headquarters. Provide a wide range of support over the years leading up to the investment, including information on the basics of real estate investment and the latest trends. Brokerage services at the time of investment.

(Photo is for illustrative purposes only.)



Entrusted real estate securitization



Top among Japanese banks
Approx. 40% share

Decarbonized entrusted property

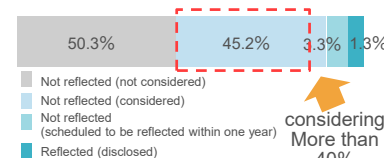
Non-fossil certificate purchase service



Provide added value to beneficiaries and entrusted property

Environmentally friendly property

Do you value environmental real estate? (From ESG Real Estate survey)(*)

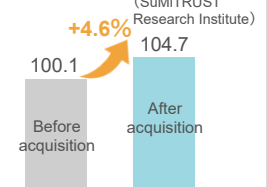


considering More than 40%

(*) conducted by SuMITB

Respondent: Asset Management company, financial institutions, insurance (including leasing company), real estate, constructors, and others

Increase in rents due to acquisition of environmental certification (SuMITRUST Research Institute)

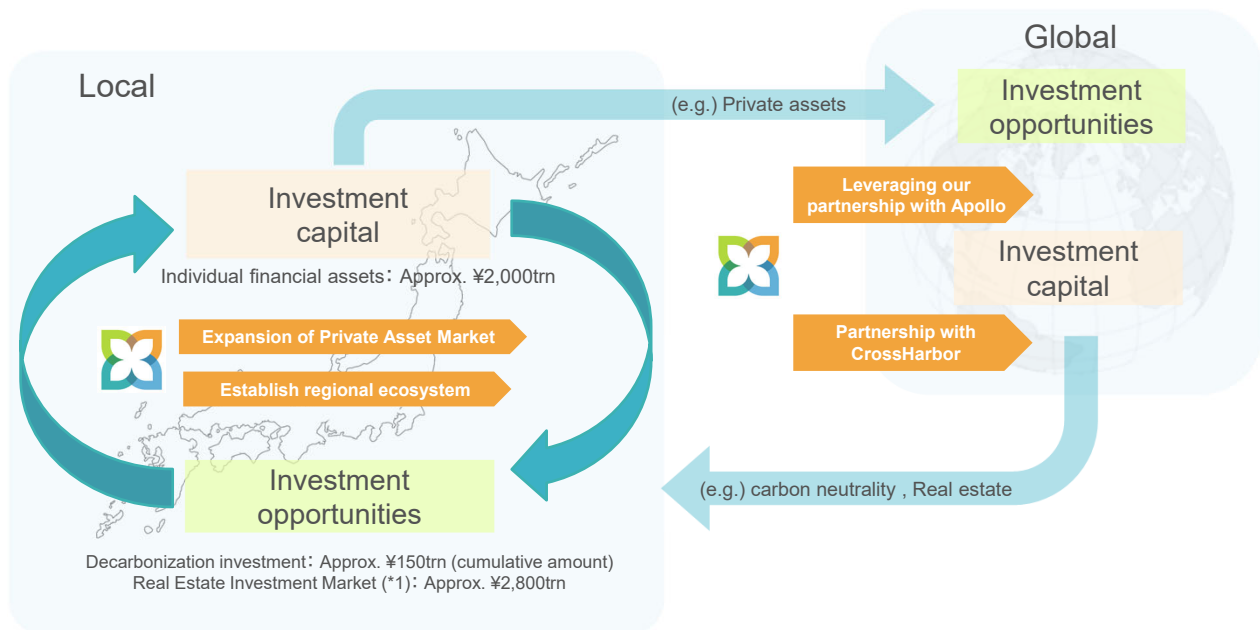


+4.6%

- ◆ The real estate brokerage business for corporate clients continued to perform well same as the previous fiscal year.
- ◆ This section presents a case study of a real estate brokerage that was linked to a real estate brokerage from our real estate consulting services. Profitability in the asset administration business is not high, but it can help to gain the trust from clients by providing reliable high-quality services on a sustained basis and thus occasionally lead to significant profit opportunities like this case.
- ◆ We are also expanding our real estate related products and services to meet the decarbonization needs of entrusted properties by leveraging the largest real estate business base in Japan.
- ◆ We will continue to enhance the value of assets under custody and promote a virtuous circulation of assets through services such as the provision of non-fossil certificates, which we started this September, and support for acquiring environmental real estate certifications, which has been one of our advantages in the industry for some time.
- ◆ Please turn to page 26.

Initiatives for Investor Clients - Creation of Diverse range of investment opportunities -

- SuMi TRUST Group acting as an intermediary, connect domestic and foreign investment funds with investment opportunities
- By leveraging our global network, promote further virtuous circulation of domestic funds, assets, and capital



(*) Source: Ministry of Land, Infrastructure, Transport and Tourism

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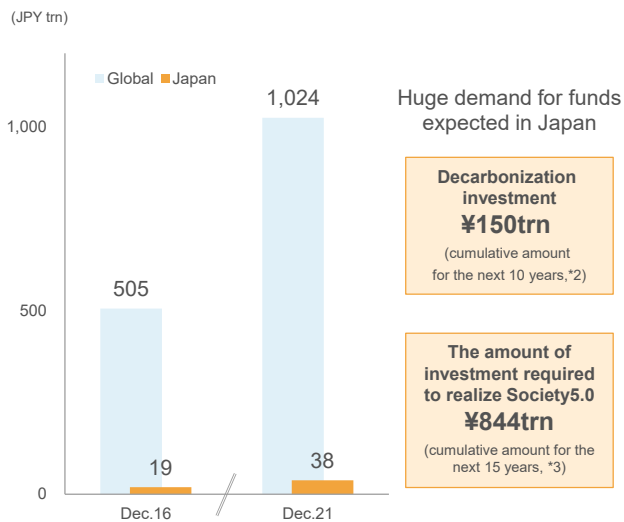
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- ◆ I would like to explain our initiatives for investor clients.
- ◆ In order to respond to the long-term asset formation needs of the Japanese people as they enter the age of 100-year life, it is necessary to create investment opportunities not only for domestic but also for global assets.
- ◆ Enormous needs of investment, including decarbonization, require attracting and circulating global investment funds in addition to domestic capital.
- ◆ The strategic partnership with Apollo, which creates private asset investment opportunities for domestic investors in the future, and the capital alliance with US CrossHarbor Capital Partners in the real estate business area, are typical examples of those initiatives.
- ◆ We have been creating our own business network together with regional financial institutions, universities and other entities. In addition, we are working to establish regional ecosystems to solve issues in each region.
- ◆ We shall accelerate the virtuous circulation of funds, assets and capital by engaging the platform function which connects investment funds and investment opportunities both globally and locally.
- ◆ Please refer to page 27.

Initiatives for Investor Clients - Initiatives to expand the domestic private asset market (1)

- Although the domestic private asset market is in its infancy, it is expected to grow due to enormous corporate demand for capital.
- Aim to expand the market and achieve our own growth by solving the problems of private asset management through our intermediary services

Trends in the domestic private asset market (*1)

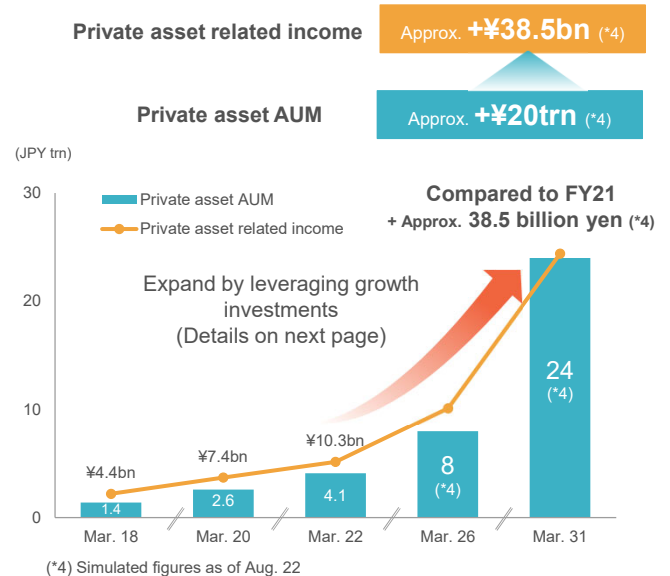


(*1) Source: Preqin Pro (*2) Source: Ministry of Economy, Trade and Industry

(*3) Source: Japan Business Federation, The University of Tokyo, GPIF

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Growth potential of our private asset business

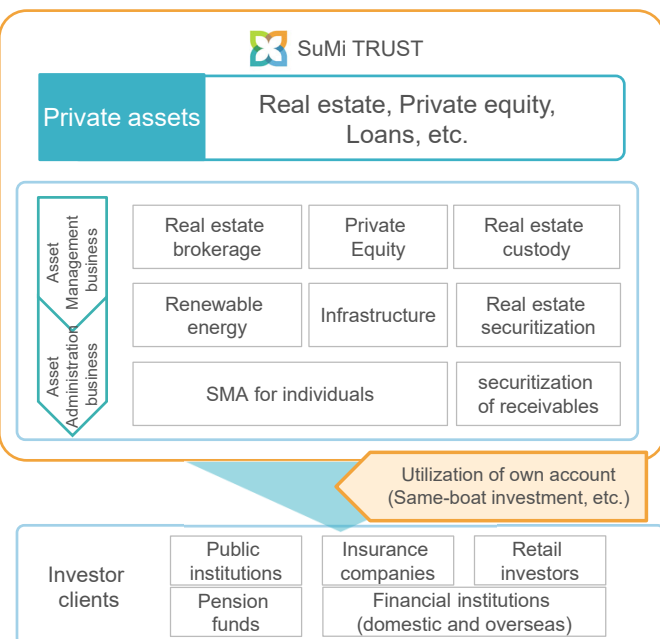


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- ◆ Private asset market in Japan is still small compared to the other markets in the world, and is expected to expand in the future with investments in decarbonization and innovation areas.
- ◆ Our private asset business has grown steadily to date, and we will continue to pursue further expansion through various initiatives like those described on the next page.
- ◆ Please jump to page 29.

Initiatives for Investor Clients - Initiatives to expand the domestic private asset market (2)

- The private asset business is an area where the Group can leverage its long track record and strengths in a wide range of businesses
- Accelerate market expansion through the combination of effective use of capital such as alliance with Apollo, same-boat Investment, etc.



Accelerate the Group's initiatives through the global strategic partnership

- Creation of domestic and international investment and financing opportunities
- Investment education and joint product development in Japan
- Provide various real estate functions of the Group
(real estate brokerage, real estate asset management, real estate financing, etc.)

(Ref.) Group's investor client base

Securities Investment Trust	Approx. ¥85trn Market share 32%(*1)	Major cooperative Insurers	Approx. ¥15trn Market share 29%(*2)
Defined benefit pension plan	Approx. ¥14trn Market share 20%(*3)	Workplace business clients	Approx. 230K (*4)

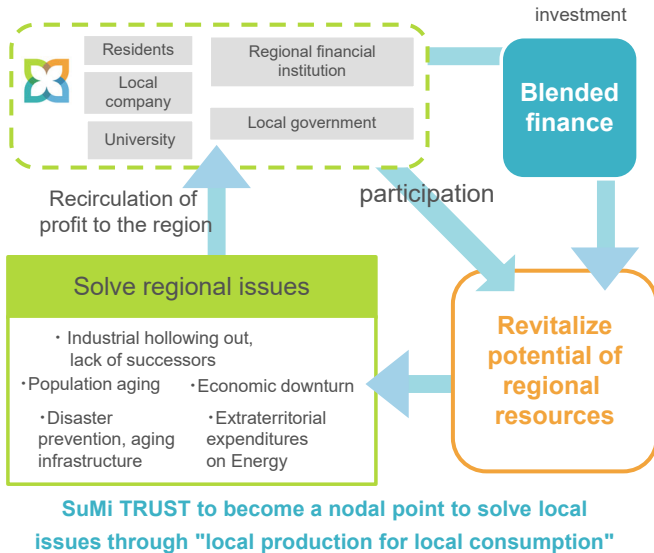
(*1) As of Sep. 22. Source: The Investment Trusts Association "Total Net Assets-Structure of Investment Trusts" (*2) As of Mar. 22. Compiled from investment reports, etc. of each cooperative insurer
(*3) As of Mar. 22. Source: Trust Companies Association of Japan "Overview of corporate pension plan (Defined Benefit Type) entrusted" (*4) As of Sep. 22

Initiatives for Investor Clients – establishment of regional ecosystem –

- Build a regional network as a nodal point. Aim to solve regional issues through local production for local consumption
- Expand our network with regional banks, which are the cornerstone of our regional network. Build win-win relationships by complementing their functions

Establishment of regional ecosystem

Build a network of community-related parties



Expansion of network with regional banks

Number of regional banks with business relationship

(as of Mar. 12)
71 banks

(as of Mar. 22)
97 banks

Coverage increased from 67% to 98%

Initiatives through the Comprehensive Collaborative Agreement with Akita Bank

秋田銀行

Various functions provided by Akita Bank Group

Akita Bank is the center of local business

Akita Bank's clients

Relationship of "cooperation, not competition"

Sumitomo Trust logo

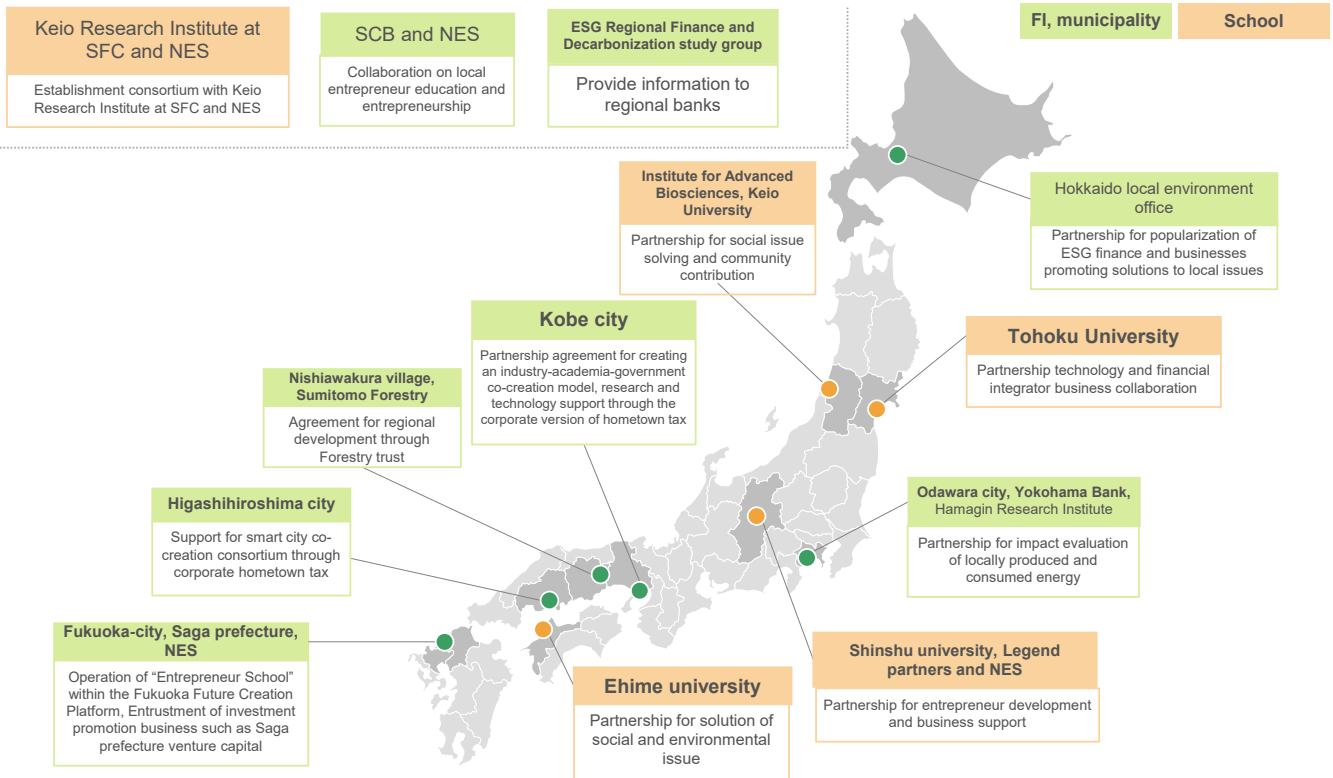
Trust Functions
Knowledge of financial services for the elderly
Nationwide network of branches

supports businesses by providing functionality

Inheritance, asset administration, and Real estate brokerage, etc.

- ◆ This picture is an image of the regional ecosystem which I mentioned earlier.
- ◆ We have established networks of stakeholders in local regions as a focal point to address their issues such as super-aging society, industrial hollowing-out or decarbonization.
- ◆ Collaboration with regional banks, who play a key role in the regional network, has been also progressing.
- ◆ As an example, I would like to introduce a comprehensive partnership agreement with Akita Bank. Please be noted that our stance is that we are only a "behind-the-scenes" support player providing trust functions, and that the regional banks are the center of local business as a matter of course.
- ◆ Please check page 30 for a summary of major initiatives to establish a regional ecosystem afterwards.
- ◆ Please turn to page 31.

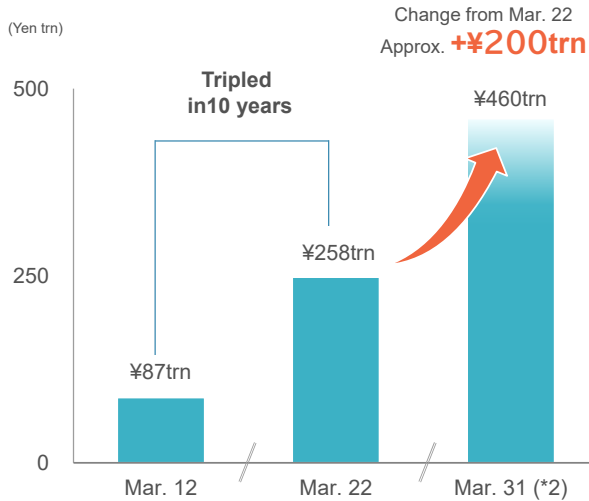
(Reference) Initiatives to establish regional ecosystem



Initiatives for Investor Clients - Initiatives in the Asset administration Business -

- AUC has grown approximately 3 times over the past 10 years by capturing the expansion of the domestic investment market. Aim for further AUC expansion towards FY30
- Strengthen and diversify our revenue base by expanding the range of assets and upgrading services to meet investor needs

AUC^(*)



(*1) Including assets covered by Business Process Outsourcing(BPO) and data service business, in addition to assets under custody and administration, etc.
(*2) Simulated figures as of Aug. 22

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Growth through expansion of assets and service areas

Responding to investor needs, aim to acquire a new revenue base

Asset service

Strengthen our ability to offer private asset investment schemes utilizing various trusts

BPO service

Provision of BPO related to private asset investment

Data service

Providing a platform for investors
Sophisticated reporting using DX

Initiatives for digital custody services

JADAT
Japan Digital Asset Trust Preparatory Company, Inc.

bitbank × SUMITOMO MITSUI TRUST HOLDINGS

Preparations are underway for the start of operations in FY2023

Administrative safety

Cutting-edge and high level administration skills

✕
Know-how through trust asset administration business that we have developed over many years

Various digital asset products

Custody service for major cryptographic asset (digital asset)

↓
(Future) Investment in digital assets from various investment vehicles

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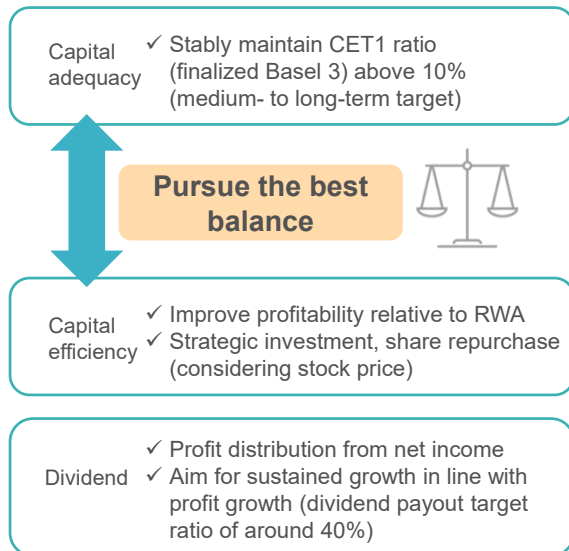
- ◆ I would like to explain our initiatives for our asset administration business.
- ◆ Steadily capturing the expansion of the asset management market, the balance of asset under custody has tripled in size over the past 10 years.
- ◆ We plan to expand the balance by another 200 trillion yen to 460 trillion yen by FY2030.
- ◆ We intend to expand our business into areas such as private assets or digital assets to strengthen and diversify our revenue base.
- ◆ Please jump to page 33.

◆ Capital policy

Capital policy

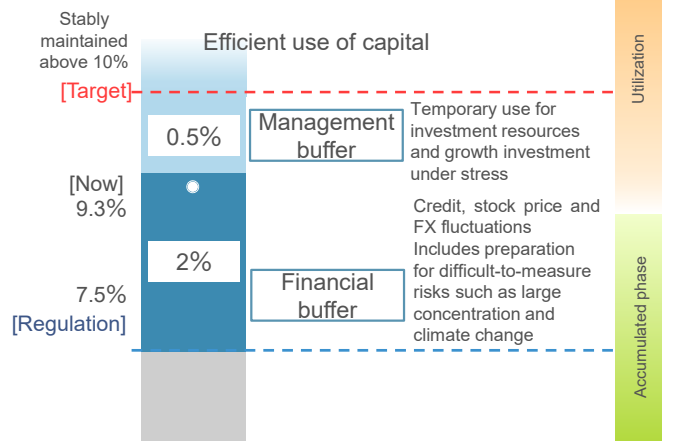
- Pursue the best balance between capital adequacy and efficiency. Aim for sustainable dividend growth in line with profit growth.
- Strategic investments necessary for future growth to be made over the medium-term, and share repurchase to be considered in a flexible manner.

Capital policy



Capital management

CET1 ratio (finalized Basel3)

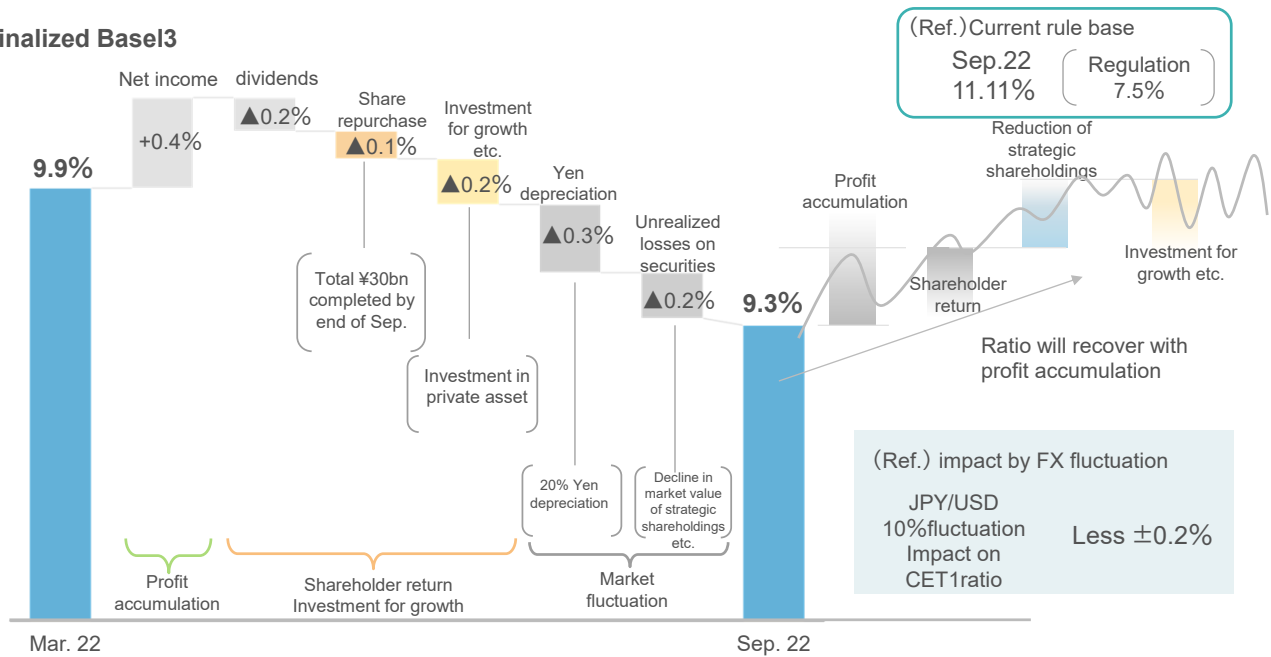


- ◆ There is no change at this time in our basic approach to capital policy.
- ◆ CET1 ratio on finalized Basel III has secured a healthy level of buffer, and we have set around 10% as a target range for capital adequacy.
- ◆ We shall continue to utilize capital efficiently considering investments in growth areas and share repurchases in a balanced manner.
- ◆ Please refer to page 34.

Financial capital ~ Breakdown of increase/decrease in 1HFY22 ~

- CET1 ratio: 9.3%. Down 0.6ppt from Mar. 2022.
- CET1 ratio decreased due to investment for growth and yen depreciation, but expected to recover mainly due to future profit accumulation

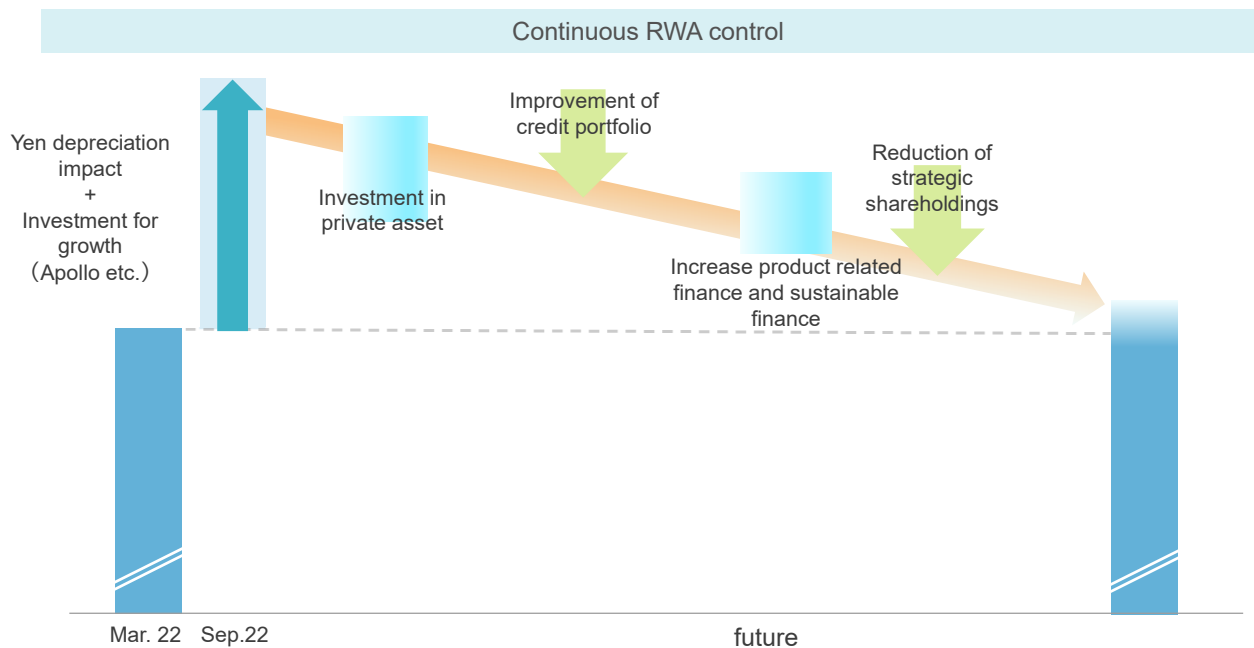
Finalized Basel3



- ◆ At the end of September 2022, the CET1 ratio was 9.3%, 0.6 percentage points lower than at the end of March, mainly due to investments in growth areas and market fluctuations.
- ◆ We believe that the impact on volatilities of interest rates and foreign exchange rates is within the buffer on capital and that we are managing our capital.
- ◆ Given our group's earning power and risk status, we believe we have enough resilience to recover the ratio through profit accumulation. However, we shall continue to pay attention to future capital fluctuations due to yen depreciation and other factors.
- ◆ Please turn to page 35.

RWA control

- Continue RWA management initiatives such as credit portfolio rebalancing with profitability improvement in mind and reduction of strategic shareholdings etc.

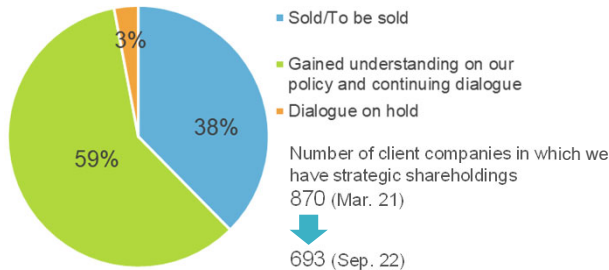


- ◆ We shall maintain risk asset control operations that enable the use of capital for future growth, including realignment of the credit portfolio with an awareness to profitability and reduction of strategic shareholdings.
- ◆ Please turn to page 36.

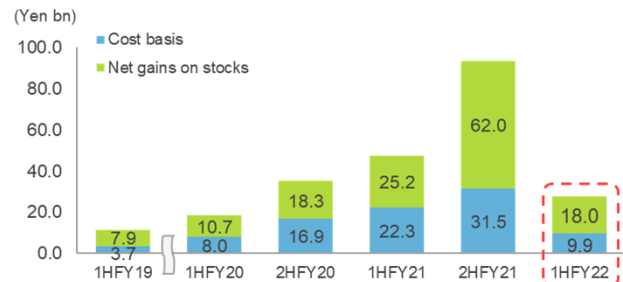
Reduction of strategic shareholdings

- Continue dialogue with clients, based on our new policy regarding reduction of strategic shareholdings
- Reduced ¥9.9bn(at cost) in 1H FY22. Amount sold/ to be sold reached 83% of the two-year target

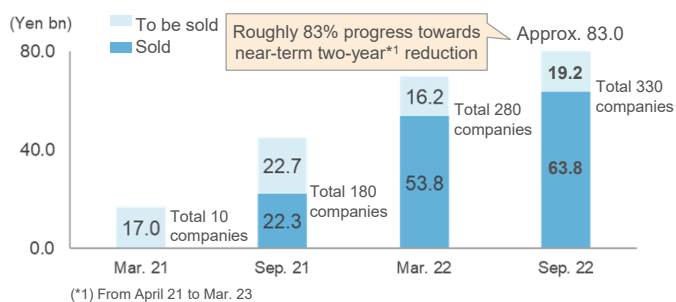
Dialogue with clients



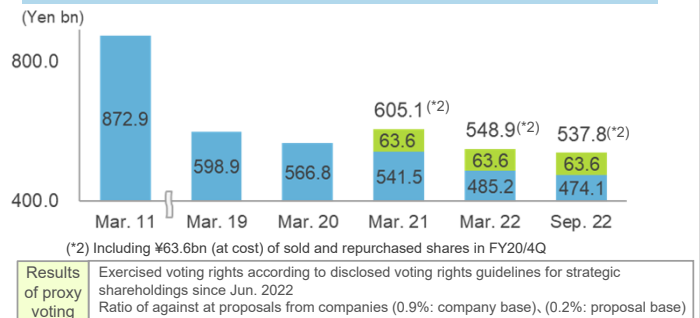
Reduction (consolidated basis)



Amount sold/ to be sold (cost basis) (consolidated basis)



Cost basis balance of strategic shareholdings(consolidated basis)



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- ◆ As of the end of September, we reached 83% progress of two-year target for reduction of strategic shareholdings (100 billion yen of BV by March 2023), including the amount of strategic shareholdings to be sold.
- ◆ We shall continue our persistent dialogue with corporate clients to achieve the plan.
- ◆ Please turn to page 37.

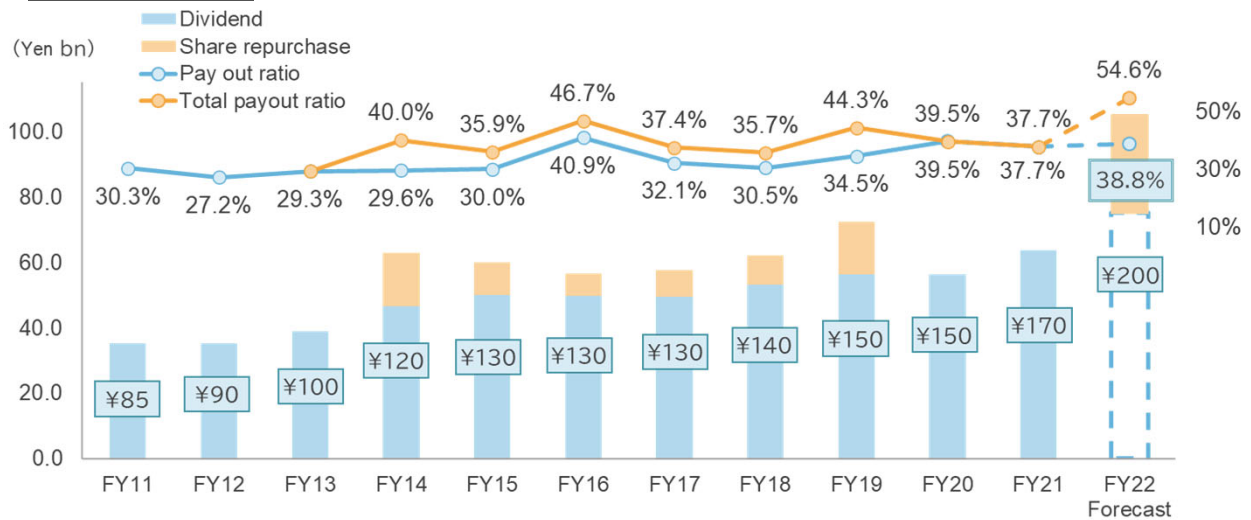
Shareholder return policy

- Our shareholder return policy with consolidated dividend payout target ratio is around 40% in FY22
- Dividend per common share forecast ¥200, increase by ¥30 YOY in FY22

Shareholder return policy

- As a means of returning shareholder's profits commensurate with earnings, aim to raise consolidated dividend payout ratio to around 40% in or around FY22.
- May consider share repurchase flexibly based on the balance with investment in profit growth opportunities from our medium- to long term perspective, and the effect of the repurchase on capital efficiency improvement, subject to securing adequate capital level

■ Shareholder return



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- ◆ Based on the plan of consolidated dividend payout ratio of around 40% for FY2022, our forecast of dividend per share is 200 yen, on consolidated net income of 190 billion yen.
- ◆ For the interim period, dividend per share would be 100 yen.
- ◆ Please jump to page 39.

◆ Human capital

Investment in human capital

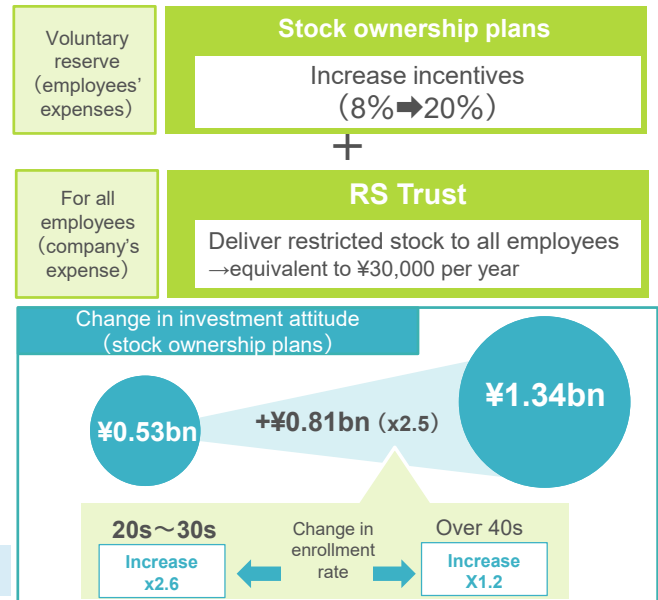
- Increased incentives for employees to stock ownership plan and introduced a new stock compensation plan for all employees as an investment in human capital
- Support employees' asset formation for "FINANCIAL WELL-BEING" by providing advanced investment education cultivated over the years

Employees' FINANCIAL WELL-BEING

- Support employees' asset formation by providing financial educational program
- Promote FINANCIAL WELL-BEING of clients and society



Stock incentive plan



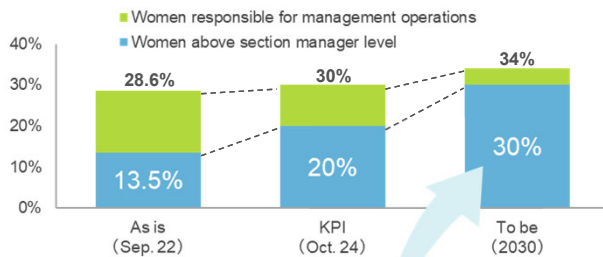
- ◆ I would like to explain our investment in human capital, which is the essential starting point for our value creation.
- ◆ In the first half of the year, we continue to promote the financial well-being of our employees with such initiatives as an introduction of stock incentive plans and the provision of investment education.
- ◆ We have observed a positive change in investment attitude of younger employees due in part to the effect of increased incentive payments for our employee stock ownership plans.
- ◆ Please turn to page 40.

Investment in human capital

- Human capital is enhanced by leveraging diversity and creativity as added value to the organization from culture in which diverse personnel can flourish

Active participation of women in decision-making (SuMi TRUST Bank)

Endorse "Here we go 2030 30%" project



(*) Roles managing a certain number of people

Executive support

All executive officers directly support career development for one year

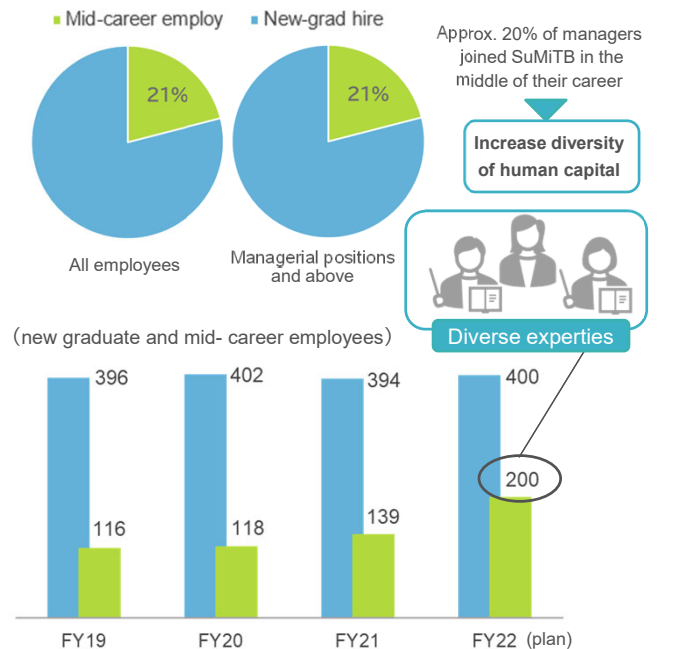
Company's seriousness motivated me.

I've become more aware of the height of my vision

Interactive awareness

Reaffirm women's potential and challenges in work life balance

Diverse career background (SuMi TRUST Bank)



- ◆ One of our strengths, our ability to respond flexibly to various changes, is supported by our corporate culture that allows a diverse workforce.
- ◆ Last year, we launched the Support Executive Program through which executives support career developments of female employees with high performance. For the executives, the program also provides an opportunity to recognize the challenges faced by female employees.
- ◆ Please turn to page 41.

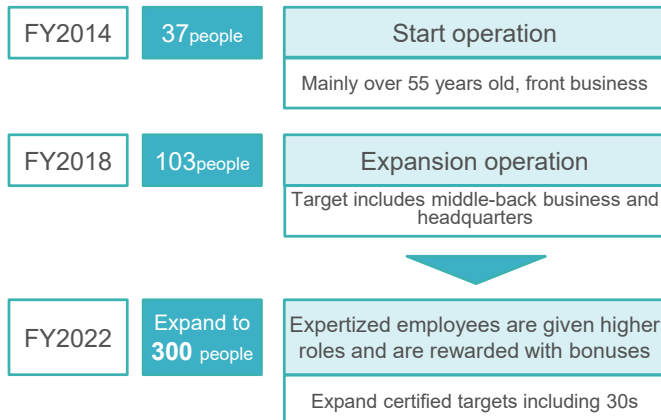
Investment in human capital

- Expand the scope of certification and enhance compensation programs for expertized employees in all ages
- Provide a variety of reskilling opportunities to improve the digital skills of all employees

Expanding operation for expertized employees

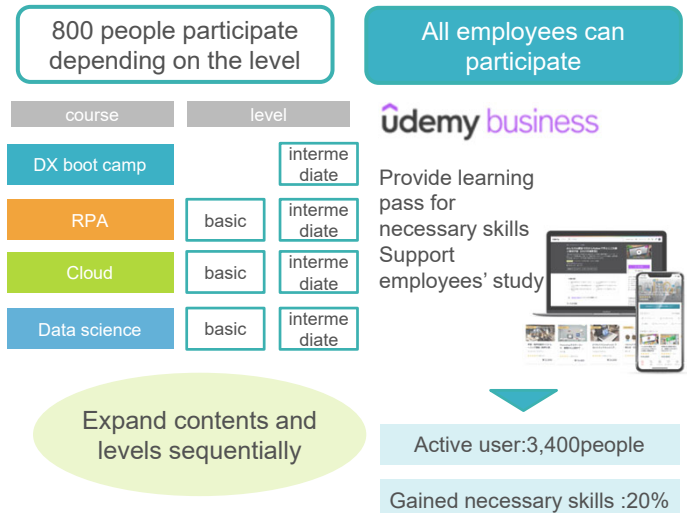


Expanding operation for expertized employees



Reskilling (digital training programs)

Provide training programs based on the skill set required for DX



- ◆ We reviewed the compensation system and benefits for highly expertized employees this October.
- ◆ In the past, the eligibility criteria were limited to employees over a certain age, emphasizing their length of experience. Now, we eliminated this restriction and started recognizing some younger employees even in their 30's as highly expertized personnel.
- ◆ As an investment in growth for the future, we also support employee skill development so that all employees can acquire the digital knowledge and skills that will be essential in future society.
- ◆ That is all for the explanation of the slides.
- ◆ Conditions are now in place to break out of the long period of financial and economic stagnation in our country. However, we have yet to create a movement that can be called a virtuous circulation of funds.
- ◆ Today, I touched upon our initiatives to address various social issues.
- ◆ I believe that we now have an unparalleled opportunity to leverage our expertise and experience, and can demonstrate the power of "trusts," which leads to a prosperous future for society and our clients. We are entering an era that will be even more difficult to predict.
- ◆ We shall continue to invest in human capital and DX so as to enhance each employee's ability to adapt to the future and aim for our remarkable growth together with our stakeholders.
- ◆ Thank you for your continued support and understanding.

(3) Foundation for our corporate value

◆ Sustainability

Climate change ~our group initiatives for carbon neutrality~

- Establish Roadmap based on the Carbon Neutral Commitment. Disclosed progress report at the end of October

	FY2020	FY2021	FY2022	...	FY2030	FY2040	FY2050
Net zero GHG Emissions in inv. & loan portfolio(NZBA)							Net Zero
Electricity(g-CO2eq/kWh)	249		Disclose Intermediate Target	»	138~173	See P. 54	
Oil/Gas			Set by Mar. 31, 2023				
Other Highly Carbon Intensive Sectors(*1)			Successively set by Sep. 2024				
Net zero GHG Emissions in investment portfolio (NZAMI)							Net Zero
SuMi Trust Asset Management			Disclose Intermediate Target	»	Halve emission intensity for 50% of managed assets from 2019	See P. 55	
Nikko Asset Management			Set Intermediate Target	»	Halve emission intensity for 43% of managed assets from 2019		
Total amount of cumulative sustainable financing(*2)		0.83trillion yen		»	Total 10 trillion yen	See P. 23	
Loan balance for coal-burning power plants							
Loan for projects		142.7 billion yen		»	Halve from Mar. 2020	Zero	
Corporate loans (new/expansion)		20.1 billion yen		»		Zero	
Net Zero GHG Emissions of SuMi TRUST Group			Completed shift to electricity from renewable sources in domestic branch offices of the trust bank	»	Zero		

(*1)9 sectors: agriculture, aluminum, cement, coal, commercial/residential real estate, steel, oil/gas, power generation, transportation

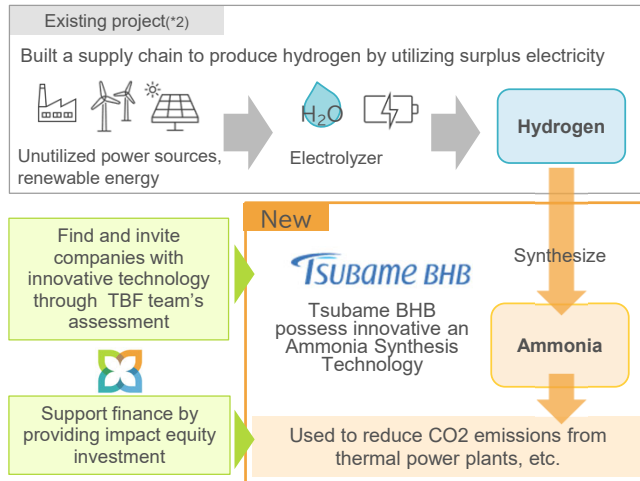
(*2)General term for financial services to businesses and clients which contribute to solving environmental/social issues based on international standards such as the Green Bond Principle and the Social Bond Principle.

TBF Initiatives / Providing financial literacy education

- Realize sustainable society through initiatives to integrate "technology," "finance" and "policy" by TBF team
- With the lowering of the age of adulthood, offer proactive financial literacy education for the younger generation. Reaffirmed high demand from the educational field

Initiatives of TBF(*1) (Specific Case: Tsubame BHB)

Invite companies with innovative technology to make effective use of hydrogen generated from existing project. Aim for further expansion of hydrogen supply chain.



(*1) TBF: Technology based Finance

(*2) Distributed hydrogen production business Concept to be developed by SuMiTB and business partners

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Providing financial literacy education

Actively develop financial literacy education for the next generation, particularly high school students



Past 1 year results (~Nov. 22)

Scheduled for the end of FY2022

19 schools
2,170 students
Conducted in 13 prefectures

Accelerate and expand

32 schools
newly scheduled to conduct in 5 prefectures

Proposals to schools through our branches

Appropriate themes and content are selected according to the needs of the school and the age of the students.

(Image of material)



Case Study:
Kansai University Dai-ichi Senior High School

Implemented in September 2022
Theme: Cultivating a perspective on long-term asset formation



Approximately 400 high school sophomores participated.

High demand from the educational field

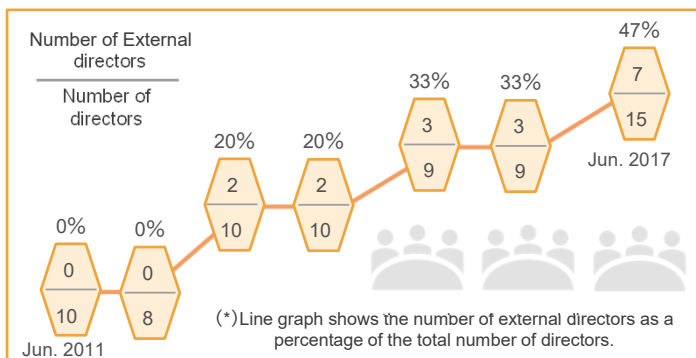
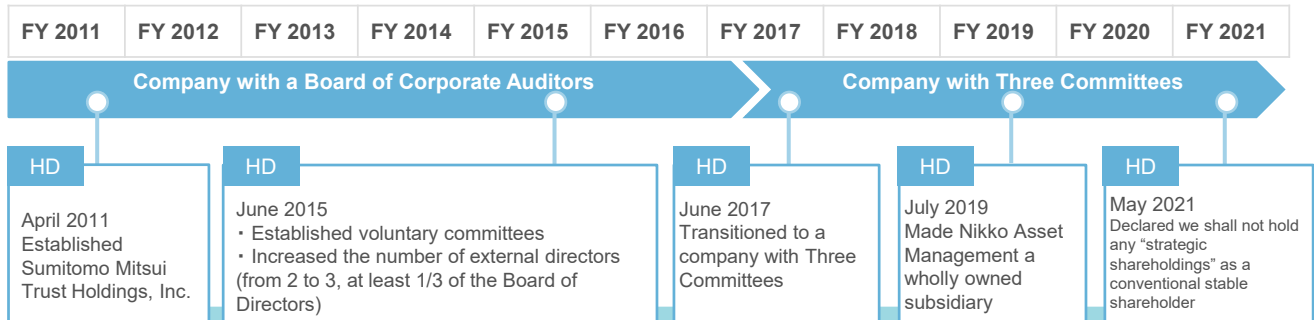
(*3) Special organization to increase awareness about financial literacy in the age of 100-year life

SUMITOMO MITSUI TRUST HOLDINGS

◆ Corporate governance

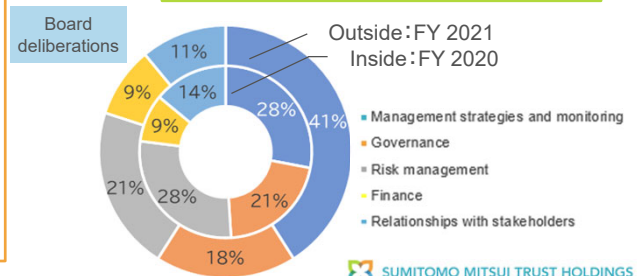
10 year review -Changes in the structure of Corporate Governance-

- Since management integration, we have modified the structure of corporate governance to further enhance the effectiveness of the Board of Directors.
- Board deliberations are conducted flexibly on appropriate themes in response to changes in the internal and external environment.



TAM Transitioned to a company with an Audit Committee in October 2018

SuMiTB・NAM Transitioned to a company with an Audit Committee in June 2019

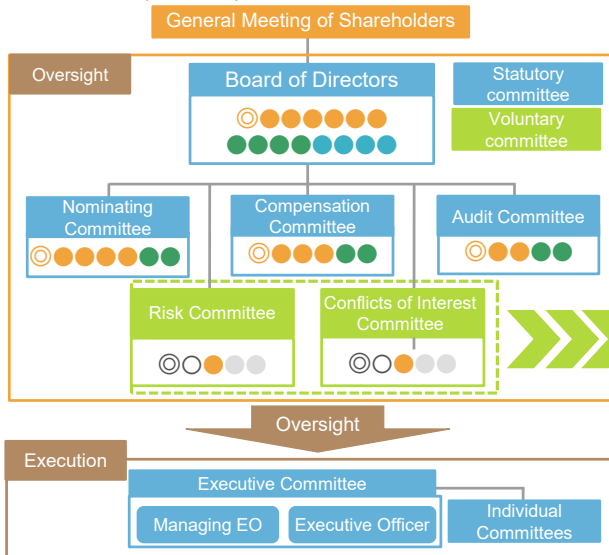


Governance ~Oversight structure~

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)



Composition of Board of Directors (As of Nov. 1, 2022)



Breakdown of 15 directors: 13 men, 2 women

External directors: 47%



Non-executive directors: 73%



Initiatives at the voluntary committees (Both committees are chaired by **outside experts**)

Examples of deliberations at the Conflict of Interest Committee (1H/2022)

Theme: Managing Conflicts of Interest in light of the establishment of Investor Services Business."

Advocate necessity of organizing business structures for our group's focus area in response to rapid growth in the quantity and quality of its business in the future



Proactive communication
with the execution side

Improve the effectiveness of the Board of Directors

Building an Effective Board of Directors – “Area of Expertise” & Performance-linked compensation-

Additional disclosure of “Area of Expertise of External Directors”

- Additional disclosure of breakdown of “Creativity Expertise” of seven external directors

	External directors						
	Isao Matsushita	Shinichi Saito	Hiroko Kawamoto	Mitsuhiro Aso	Nobuaki Katoh	Masanori Yanagi	Kaoru Kashima
Corporate management	●	●	●		●	●	●
Finance, Accounting	●	●					●
Legal affairs, risk management, and compliance		●	●	●			●
Creativity(*1)	●	●	●	●	●	●	●
Trust, Investment		●				●	
Internationality(*2)	●	●		●	●		
Sustainability	●	●	●	●	●	●	●
Environment(*3)	●	●			●	●	
Social(*4)	●			●	●		
Empowerment of women, D&I			●				●

(*1) Including digital technology/IT. “Digital/IT” discussions were conducted based on opinions from external experts in the IT Committee, which is on the execution side.

(*2) Including experience of working overseas, academic activities in cooperation with overseas universities, and studying at universities and graduate schools

(*3) Including ESG investment/environmental rating finance and supply chain management

(*4) Including human rights and supply chain management

Indicators (KPIs) for performance-linked compensation

- Revised evaluation system to better reflect medium- to long-term contributions and ESG-related contributions

New performance assessment system for stock-based remuneration (Applied on July, 2022)

Indicators (KPIs) for performance-linked compensation		Assessment weighting	
Linked to near-term earnings	(1) Consolidated net business profit	33.3%	22.2%
	(2) Consolidated net profit attributable to owners of the parent		11.1%
Linked to medium-term financial metrics	(3) Consolidated shareholders' equity and ROE	33.3%	11.1%
	(4) Consolidated CET1 ratio (common equity tier 1 capital ratio)		11.1%
	(5) Consolidated overhead ratio (OHR)		11.1%
Linked to ESG	(6) ESG overall assessment (categories: climate change, FD & CS activities, employee engagement, D&I (empowerment of women, etc.), ESG assessment organizations)(*5)	33.3%	

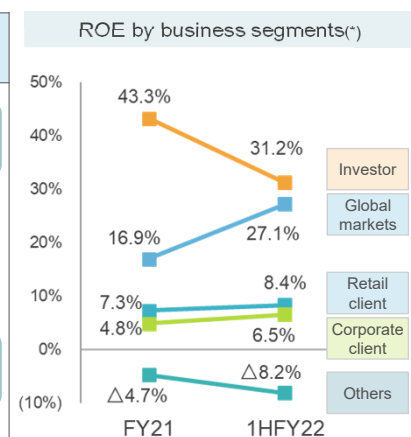
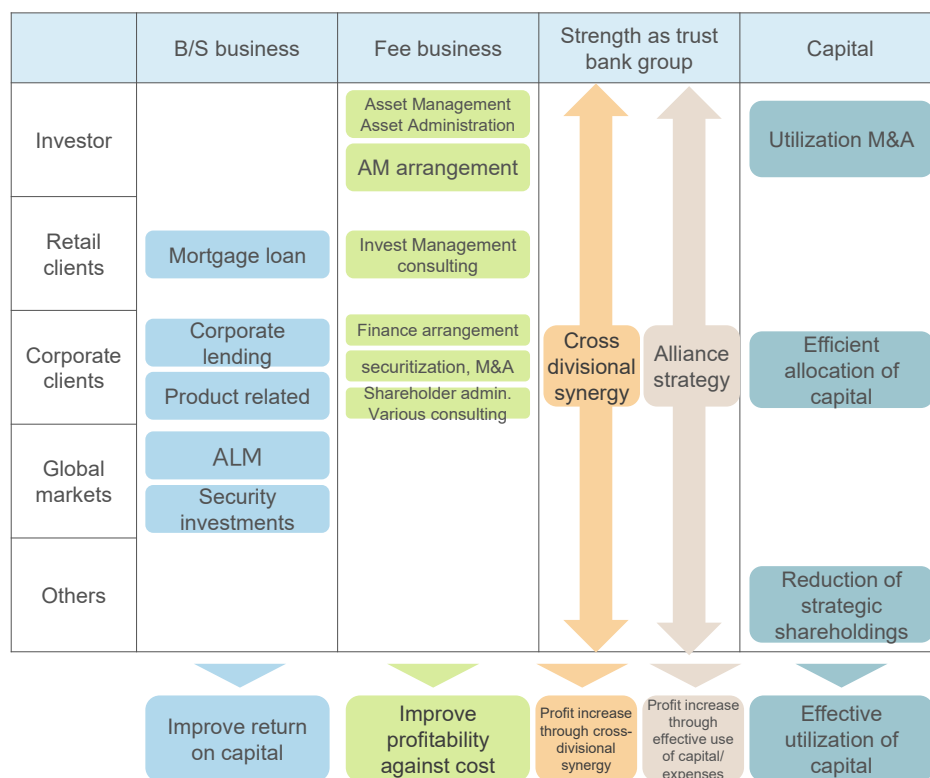
(*5) MSCI, FTSE, and Sustainalytics

< Main changes >

Please see to [Annual report P95](#) for more information.

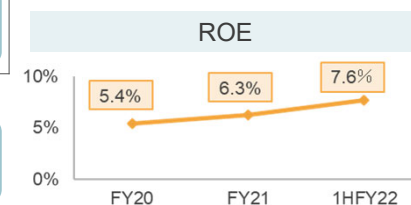
◆ Appendix

Segment ROE



(*)

- Profit in Global markets business and Real estate business is divided into Investor, Retail client or Corporate client, respectively
- In the case of accounting for pension related business included in Investor to Corporate client, Corporate client : FY21 6.0%, 1HFY22 7.7%
- Investor includes Asst management business
- Others includes headquarters expense, profit/loss and RWA of strategic shareholdings and hedging transactions



Medium-Term Management Plan (Ref.)

- The 3 years positioned as a period for expanding the business foundation for materializing the next leap into a sustainable / stable growth

The role our Group should play and what we aim for

<Purpose>

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Themes to be addressed proactively as social challenges

Individual clients



Asset administration suited for Japan's aging society and asset formation of individuals

Corporate clients



Sustainable growth of the Japanese economy and corporations (addressing both financial and non-financial issues)

Investor clients



Diverse range of investment opportunities and development of the investment Chain

To contribute to the sustainable development of society

Three basic strategies for “balanced creation of both social value and economic value”

(1) Strengthening our business portfolio

Strengthen the foundation for a sustainable / stable growth

Strengthen the business foundation

Establish new growth areas

Strategic resource mix

(2) Capital strategy

Efficient use of the balance sheet and capital

Improve balance sheet efficiency

Balanced capital adequacy and efficiency

Strengthen shareholder return through dividends

(3) Sophistication of business quality

Power to support business creation / reinforcement

Service quality that maximizes client value

Strengthen group governance

Prudent risk management

Nurture human resources capable of creating added value

Financial target (KPI)

	FY21 (Actual)	FY22 (Target)	(For reference) Medium/Long-term Target	
Net business profit	¥346.0bn	¥310.0bn		
Net income	¥169.0bn	¥190.0bn		
OHR (Overhead ratio)	57.1%	Lower 60% range	Upper 50% range	Promote efficiency despite limited OHR decline based on enhancing fee business
Fee income ratio	54.0%	Mid-range b/w 50-60%	Maintain above 60%	Increase stable fee revenue
Common Equity Tier 1 ratio (*)	9.9%	Lower 10% range	Maintain stable 10% range	Maintain prudent level of capital
Return on equity	6.25%	Around 7%	Around 9%	Aim for self-sustaining improvement of ROE
Dividend payout ratio	37.7%	Around 40%		

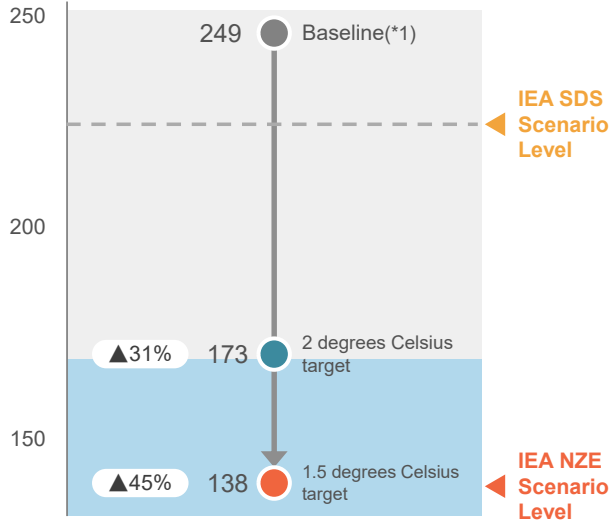
(*) Pro-forma figure on Finalized Basel III reform basis

Climate change -our group initiatives for NZBA-

- Disclosed Intermediate Target of “Electricity” sector in the area of investments and loans
- Achieve 2 degrees Celsius target and promote efforts with the goal of achieving the 1.5 degrees Celsius target

Intermediate Target for 2030

g-CO₂eq/kWh (The value with % is a target reduction ratio from the baseline.)



Concept for Setting Target for 2030

- Well below 2 degrees Celsius level (“2 degrees Celsius target”)
- 1.5 degrees Celsius target
- In principle, refer to the IEA SDS scenario(*2)
- Level well below the IEA SDS scenario in 2030 (229g-CO₂eq/kWh)
- Achieve a level well below the IEA SDS scenario mentioned above, and furthermore support clients in transition through engagements and aim to achieve the level (138g-CO₂eq/kWh) which fits the IEA NZE scenario

Major Premise for Calculating GHG Emissions Intensity

Target Scope

- Scope 1 of power generating business which generates the majority of emissions
- Financing, acceptance and guarantee, corporate bonds and strategic shareholdings(including unused pledged lending)
- This calculation covers 93% of the target investments and loans

Target Investment and Loan

Calculation Method

$$\sum \left(\text{Emission intensity of each client/Project} \times \frac{\text{Balance of investments and loans to each client/Project}}{\text{Balance of investments and loans to target sector}} \right)$$

(*1) "Baseline" means GHG emissions or the emission intensity at the start of working toward the target

(*2) Please refer to the baseline emission intensity, as for the domains of investments and loans whose emissions are already well below the IEA SDS scenario

Climate change -our group initiatives for NZAMI-

- Set Intermediate Target of Nikko Asset Management in Nov. 2022

	Sumitomo Mitsui TRUST Asset Management	Nikko Asset Management
Characteristics	Entrusted with large scale passive/active strategies by public mutual aid/corporate pensions. Expanding the most large-scale engagements in climate change in Asia	Strong in unique equities strategies and ETFs in Japan, Asia and other countries around the world. Focuses on incorporation of decarbonizing related factors into decision processes for investments
Intermediate targets for 2030	Targeting 50% of about ¥85 trillion of assets managed ^(*1) , and aims to halve their carbon footprints compared to 2019 (May, 2022)	Targeting 43% of about ¥31 trillion of assets managed ^(*2) and aims to halve their carbon footprints compared to 2019 (Nov, 2022) NEW
Efforts after joining NZAMI	Acting as a core member of NZAMI <ul style="list-style-type: none"> ■ Joined the advisory group consisting of 6 companies of the member organizations of NZAMI (Mar. 2022) ■ Plans to actively make proposals for creating an international framework on behalf of Japan and other Asian countries 	Selection of key engagement targets <ul style="list-style-type: none"> ■ Through close inspection of climate related targets of its investee companies, selects key engagement targets with which Nikko Asset Management performs continuous dialogues ■ Also introduced a new climate change-related standard into its voting rights exercise standards (Apr. 2022)
Strength in engagement and investment management method	Leading Climate Action100+(*3) activities <ul style="list-style-type: none"> ■ Responsible for co-engagements with Asian companies (lead manager) ■ Sole member of a steering committee among Japanese asset managers 	Strengthened analysis of responses to climate change of its investee companies <ul style="list-style-type: none"> ■ Added categories to evaluate climate change-related business opportunities/risks to the framework to assess attractiveness of investment ■ Utilizes it not only for investment decisions/engagements but for development of managed financial products responding to environment/climate change

^(*1) As of Jun. 30, 2021

^(*2) As of Dec. 31, 2021

^(*3) One of the international initiatives by asset owners and managers around the world. It requires governance to companies with a large amount of GHG emissions and implements co-engagements

Summary of Financial Results for 1HFY2022

Overview of profits

	(Yen bn)	1HFY21	1HFY22	Change	FY22 Forecast
1	Net business profit before credit costs (*1)	174.4	168.2	(6.2)	310.0
2	Substantial gross business profit (*1)	400.7	408.5	7.7	800.0
3	Effective interest related earnings (*2)	163.8	151.3	(12.4)	
4	Net fees and commissions and related profit	203.2	217.5	14.3	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	33.7	39.6	5.9	
6	Substantial G&A expenses (*1)	(226.2)	(240.2)	(13.9)	(490.0)
7	Total credit costs	5.1	(8.8)	(14.0)	(20.0)
8	Net gains on stocks	(18.0)	(2.5)	15.5	0.0
9	Other net non-recurring profit	(9.4)	(11.7)	(2.2)	(25.0)
10	Ordinary profit	152.0	145.1	(6.9)	265.0
11	Extraordinary profit	(0.6)	(0.6)	0.0	
12	Income before income taxes	151.4	144.4	(6.9)	
13	Total income taxes	(39.9)	(39.9)	0.0	
14	Income attributable to non-controlling interests	(0.4)	(0.5)	(0.1)	
15	Net income	111.0	104.0	(6.9)	190.0
16	Earnings per share (EPS) (Yen)	296	279	(16)	
17	Number of shares issued (mn shares) (*3)	374.5	371.7	(2.7)	
(Reference)					
18	Net interest income and related profit	155.6	117.5	(38.0)	
19	Other profit	41.9	73.4	31.5	
20	Profit attributable to deployment of surplus foreign currency funds	8.1	33.7	25.5	
21	Other	33.7	39.6	5.9	

(*1) "Net business profit before credit costs", "Substantial gross business profit" and "Substantial G&A expenses" are based on managerial accounting, taking gross income and expenses from affiliates into consideration
 (*2) "Effective interest related earnings" is sum of "Net interest income and related profit" and "Profit attributable to deployment of surplus foreign currency funds", included in "Net gains on foreign exchange transaction"
 (*3) Average number of common shares outstanding (excluding treasury stocks) during the period

Net business profit before credit costs

- Robust 54% progress vs FY22 forecast of ¥310.0bn
- Decreased YoY ¥(6.2)bn mainly due to dearth of favorable market conditions
- (Effective interest related earnings) Decreased YoY ¥(12.4)bn mainly due to absence of favorable market conditions and increase of funding costs due to rise in overseas interest rates
- (Net fees and commissions and related profit) YoY increase of ¥14.3bn
- Real estate brokerage fees propelled increase in fee income. Corporate credit related fees and asset administration fees also contributed but asset management fees decreased
- Substantial G&A expenses increased YoY mainly due to personnel expenses and expenses linked with gross business profit increases

Total credit costs

- Posted ¥(8.8)bn of total credit costs. Additional credit cost in 2Q was limited
- Negligible release of special loan loss provision
- Maintain special loan loss provision of over ¥20.0bn

Net gains on stocks

- Posted ¥(2.5)bn net loss from approx. ¥18.0bn of gains from divestment of strategic shareholdings and ¥(18.0)bn of realized loss from sale of bear funds and impairment loss of listed stocks

Other net non-recurring profit

- YoY net losses on stocks related derivatives improved by ¥3.8bn, losses on investment in partnership increased by approx. ¥(3.3)bn and amortization of actuarial net differences increased by ¥(1.3)bn

Net income

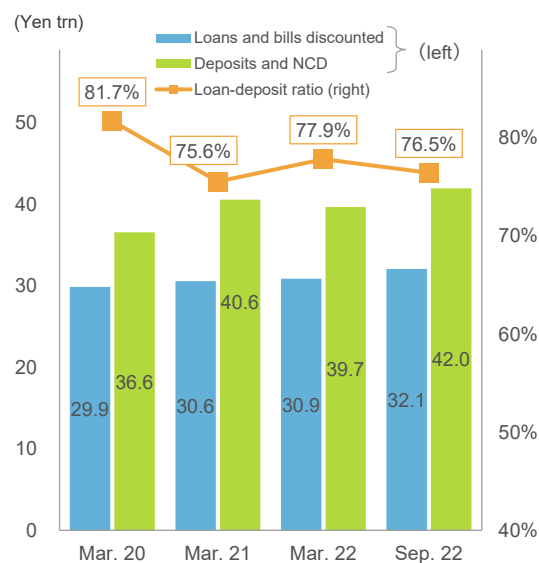
- 55% progress vs FY22 forecast of ¥190.0bn
- YoY decrease of ¥(6.9)bn mainly due to decrease of net business profit before credit costs

Overview of balance sheet

(Yen bn)		Mar. 22	Sep. 22	Change
1	Assets	64,633.2	68,838.0	4,204.7
2	Cash and due from banks	18,223.3	19,677.8	1,454.4
3	Securities	7,879.2	7,226.9	(652.2)
4	Loans and bills discounted	30,876.5	32,281.5	1,405.0
5	Other assets	7,654.1	9,651.6	1,997.5
6	Liabilities	61,887.9	66,086.0	4,198.1
7	Deposits and NCD	39,818.1	42,273.3	2,455.2
8	Borrowed money from trust account	4,298.8	4,357.6	58.8
9	Other liabilities	17,770.9	19,455.0	1,684.0
10	Total net assets	2,745.2	2,751.9	6.6
11	Total shareholders' equity	2,517.5	2,557.9	40.4
12	Total accumulated OCI	198.0	163.9	(34.0)
13	Minority interests, etc.	29.7	30.0	0.2
14	Net assets per share (BPS) (Yen)	7,249	7,321	71
15	Number of shares issued (mn shares) (*)	374.5	371.7	(2.7)
(Reference)				
16	Loan-deposit ratio (SuMi TRUST Bank)	77.9%	76.5%	(1.4%)
17	NPL ratio (SuMi TRUST Bank)	0.6%	0.5%	(0.1%)

(*) Number of common shares issued (excluding treasury stocks) as of the date above

Loan – deposit ratio (SuMi TRUST Bank)



Profit by group company

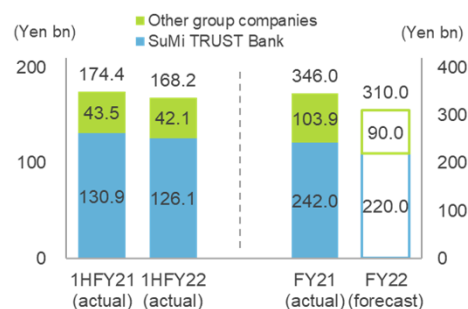
	(Yen bn)	1H FY21	1H FY22	Change
1 Net business profit before credit costs (*1)		174.4	168.2	(6.2)
2 SuMi TRUST Bank (*2)		130.9	126.1	(4.8)
3 SuMi TRUST AM		5.4	4.8	(0.5)
4 Nikko AM (*3)		17.0	8.2	(8.7)
5 SuMi TRUST Realty		2.8	3.1	0.2
6 SuMi TRUST Panasonic Finance (*3)		4.7	4.6	(0.0)
7 SuMi TRUST Loan & Finance		5.3	5.4	0.1
8 SBI Sumishin Net Bank (*3)		5.0	7.2	2.2
9 SuMi TRUST Guarantee (*3)		5.8	5.8	0.0
10 SuMi TRUST Club		1.3	2.1	0.8
11 UBS SuMi TRUST Wealth Management		-	2.1	2.1
12 Net income (*1)		111.0	104.0	(6.9)
13 SuMi TRUST Bank		87.5	82.4	(5.1)
14 SuMi TRUST AM		3.7	3.3	(0.3)
15 Nikko AM (*3)		12.8	9.0	(3.8)
16 SuMi TRUST Realty		1.9	2.2	0.2
17 SuMi TRUST Panasonic Finance (*3)		2.2	3.2	0.9
18 SuMi TRUST Loan & Finance		3.6	3.8	0.1
19 SBI Sumishin Net Bank (*3)		4.2	4.7	0.5
20 SuMi TRUST Guarantee (*3)		4.0	4.3	0.3
21 SuMi TRUST Club		0.9	1.3	0.3
22 UBS SuMi TRUST Wealth Management		-	1.5	1.5

(*1) Figures on the table above are contribution of group companies, which are substantive amount excluding consolidation adjustment that do not relate directly to the group companies' business results.

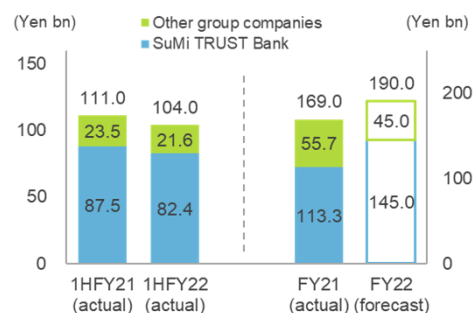
(*2) Including dividend from group companies (1H FY21:¥13.5bn, 1H FY22:¥14.2bn, YoY change: ¥ 0.6bn)

(*3) Consolidated basis

Breakdown of Net business profit before credit costs



Breakdown of Net income



Profit by business segment

(Yen bn)		1HFY21 Net business profit before credit costs	Substantial gross business profit		Substantial G&A expenses	1HFY22 Net business profit before credit costs		FY22 Plan Net business profit before credit costs
				Change			Change	
1	Total	174.4	408.5	7.7	(240.2)	168.2	(6.2)	310.0
2	Retail Business	16.6	100.2	6.3	(78.6)	21.6	4.9	34.0
3	SuMi TRUST Bank	8.0	65.8	(0.8)	(55.7)	10.1	2.1	16.0
4	Other group companies	8.6	34.4	7.1	(22.9)	11.4	2.8	18.0
5	Corporate Business	60.0	110.9	8.8	(43.3)	67.5	7.5	126.0
6	SuMi TRUST Bank	47.3	74.2	6.2	(21.2)	53.0	5.6	101.0
7	Other group companies	12.6	36.6	2.5	(22.1)	14.5	1.8	25.0
8	Investor Services Business	36.4	63.8	(5.0)	(34.3)	29.5	(6.9)	51.0
9	SuMi TRUST Bank	31.6	39.4	(8.6)	(16.0)	23.3	(8.2)	43.0
10	Other group companies	4.8	24.4	3.6	(18.3)	6.1	1.3	8.0
11	Real Estate Business	10.9	30.1	6.4	(13.2)	16.8	5.9	35.0
12	SuMi TRUST Bank	7.7	18.2	5.5	(4.9)	13.2	5.5	29.0
13	Other group companies	3.1	11.9	0.9	(8.3)	3.5	0.3	6.0
14	Global Markets Business (*1)	27.5	40.9	5.9	(7.2)	33.7	6.2	48.0
15	Asset Management Business (*2)	22.5	43.9	(9.1)	(30.6)	13.2	(9.3)	30.0

(*1) Substantial gross business profit and net business profit include equity related profit which is posted as "net gains on stocks" 1H FY21: ¥2.0bn, 1H FY22: ¥-bn, YoY change: ¥(2.0)bn and net gains/losses on stock related derivatives which is posted as "other non-recurring profit" (1H FY21: ¥(0.0)bn, 1H FY22: ¥3.7bn, YoY change: ¥3.8bn)

(*2) Sum of Asset management companies (SuMi TRUST AM (consolidated), Nikko AM (consolidated), Sky Ocean AM, JP AM)

Overview of profit (SuMi TRUST Bank)

	(Yen bn)	1HFY21	1HFY22	Change
1	Net business profit before credit costs	130.9	126.1	(4.8)
2	Gross business profit	253.9	254.9	0.9
3	Effective interest related earnings	154.2	143.9	(10.3)
4	Net interest income and related profit	146.1	110.1	(35.9)
5	Profit attributable to deployment of surplus foreign currency funds	8.1	33.7	25.5
6	Net fees and commissions and related profit	80.7	90.8	10.1
7	Net trading profit	11.8	18.5	6.7
8	Net gains on foreign exchange transactions	38.1	(31.7)	(69.8)
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	(26.3)	50.2	76.5
10	Net gains on bonds	8.1	(25.8)	(34.0)
11	Net gains from derivatives	0.3	28.0	27.7
12	General and administrative expenses	(122.9)	(128.7)	(5.7)
13	Total credit costs	6.0	(8.9)	(15.0)
14	Other non-recurring profit	(21.6)	(7.3)	14.2
15	o/w Net gains on stocks	(18.5)	(0.5)	18.0
16	Amortization of net actuarial losses	(0.5)	(1.9)	(1.3)
17	Ordinary profit	115.4	109.8	(5.5)
18	Extraordinary profit	(0.7)	(0.5)	0.1
19	Income before income taxes	114.7	109.3	(5.3)
20	Total income taxes	(27.2)	(26.9)	0.2
21	Net income	87.5	82.4	(5.1)

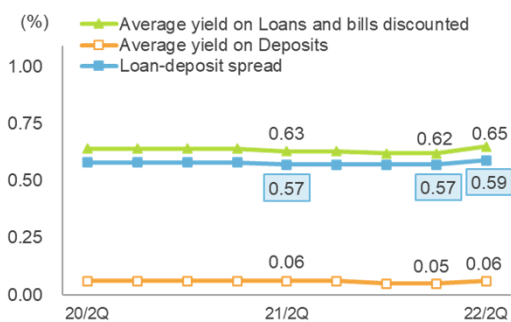
		1HFY21	1HFY22	Change
22	Gross business profit	253.9	254.9	0.9
23	Net interest income and related profit	146.1	110.1	(35.9)
24	Net fees and commissions and related profit	80.7	90.8	10.1
25	Net trading profit	38.1	(31.7)	(69.8)
26	Net other operating profit	(11.0)	85.5	96.6
27	o/w Net gains on foreign exchange transactions	(18.1)	84.0	102.1
28	Profit attributable to deployment of surplus foreign currency funds	8.1	33.7	25.5
29	other	(26.3)	50.2	76.5
30	Net gains on bonds	8.1	(25.8)	(34.0)
31	Net gains from derivatives	0.3	28.0	27.7
32	Net fees and commissions and related profit	80.7	90.8	10.1
33	o/w Investment management consulting	20.6	20.6	0.0
34	Asset management/administration (*)	32.7	33.3	0.5
35	Real estate brokerage	9.5	15.0	5.4
36	Stock transfer agency services	12.7	12.7	0.0
37	Inheritance related services	1.9	1.9	(0.0)
38	Corporate credit related (*)	10.5	14.3	3.8
39	Net gains on bonds	8.1	(25.8)	(34.0)
40	Domestic bonds	1.1	(6.9)	(8.0)
41	Foreign bonds	7.0	(18.9)	(25.9)

(*) Change the scope of aggregation due to the reorganization of business on April 1, 2022, recalculating the figures for 1HFY21 recalculated based on the new scope

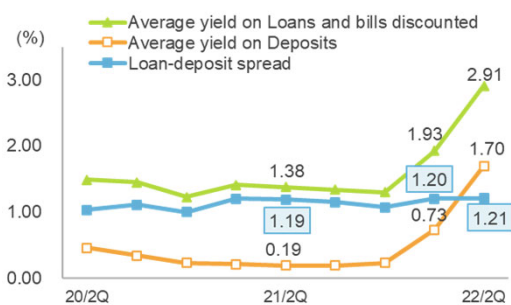
Net interest income (SuMi TRUST Bank)

		1H FY22					
		Average Balance	Change from 1H FY21	Average Yield	Change from 1H FY21	Income/Expenses	Change from 1H FY21
1	Net interest income					100.1	(36.4)
2	Domestic business			0.37%	0.01%	87.6	2.7
3	Interest-earning assets	46.35	0.66	0.50%	0.02%	118.1	6.0
4	o/w Loans and bills discounted	24.62	(0.01)	0.64%	0.00%	79.3	0.1
5	Securities	4.87	0.51	1.43%	0.07%	35.0	5.2
6	Interest-bearing liabilities	45.70	0.71	0.13%	0.01%	(30.5)	(3.3)
7	o/w Deposits	27.45	(0.04)	0.05%	(0.01%)	(8.0)	0.4
8	Borrowings from trust a/c	4.26	0.21	0.46%	0.00%	(9.9)	(0.5)
9	Swaps	---	---	---	---	(5.0)	(4.1)
10	International business			0.17%	(0.54%)	12.5	(39.1)
11	Interest-earning assets	16.66	2.12	1.74%	0.70%	145.5	69.4
12	o/w Loans and bills discounted	6.94	1.09	2.44%	1.05%	85.1	44.0
13	Due from banks	2.84	1.03	1.39%	1.18%	19.8	17.9
14	Securities	2.80	0.37	2.34%	(0.18%)	32.9	2.1
15	Interest-bearing liabilities	16.84	2.33	1.57%	1.24%	(132.9)	(108.5)
16	o/w Deposits	6.77	1.47	1.23%	1.03%	(42.0)	(36.6)
17	NCD / USCP	6.79	0.36	1.48%	1.35%	(50.4)	(46.2)
18	Repo	1.45	(0.17)	1.44%	1.36%	(10.5)	(9.8)
19	Expenses on swaps	---	---	---	---	(16.7)	(6.4)
20	(+) Trust fees from principal guaranteed trust a/c					10.0	0.5
21	(+) Profit attributable to deployment of surplus foreign currency funds					33.7	25.5
22	Effective interest related earnings					143.9	(10.3)
23	Loan-deposit spread / income in domestic business			0.59%	0.01%	71.3	0.5
24	Loan-deposit spread / income in international business			1.21%	0.02%	43.0	7.4

Domestic loan-deposit spread (quarterly)



International loan-deposit spread (quarterly)



(Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)

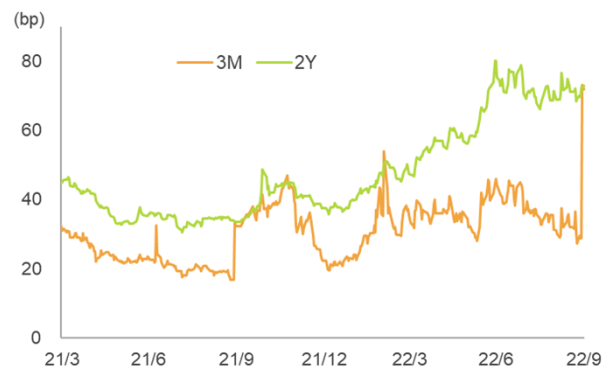
Foreign currency B/S (as of Sep. 22) (USD bn)

Foreign currency Core B/S			
(Reference) Mar.22			(Reference) Mar.22
48.7	Loans 48.1	Client deposits, Deposit from Central banks, etc. 45.6	46.1
7.1	Credit securities 8.3	Cross currency swap 12.4	10.9
21.0	Net I/B depo, etc. 19.8	Repo utilizing client assets 4.5	7.8
		Senior bond, etc. 10.0	9.2
38.7	FX Forward 41.4	NCD USCP 49.9	45.8
8.1	Bond investments 9.0	Repo 4.0	3.6
123.7	Total 126.7	Total 126.7	123.7

Foreign currency ALM management

- ◆ Loans and credit investment securities constitute foreign currency Core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer, and the funds are utilized as short-term funds in the inter-bank or foreign exchange market.

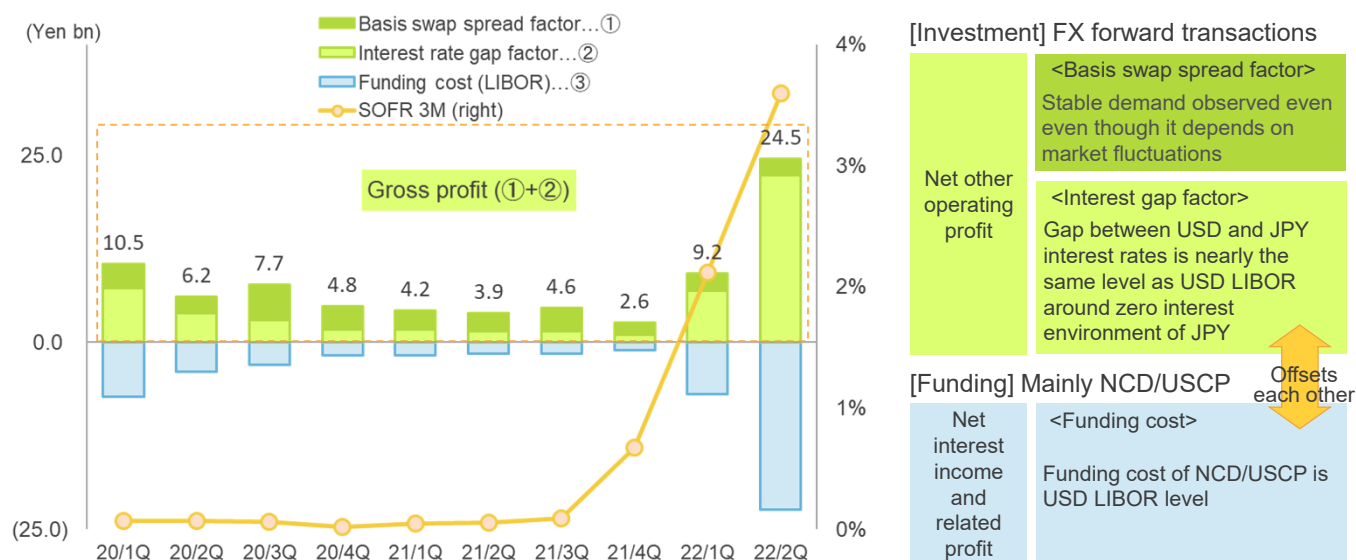
Basis swap spread (*) (USD/JPY)



(*) Basis swap spread with SOFR and TONA as the indexes

Profit structure of market deployment of surplus foreign currency

- Profit from FX forward transactions(investment) consists of basis swap spread and interest rate gap factor. Interest rate gap is offset by USD funding costs
- Gross funding costs and investment profits increased due to rising US short-term interest rate. Net profit remained unchanged YoY



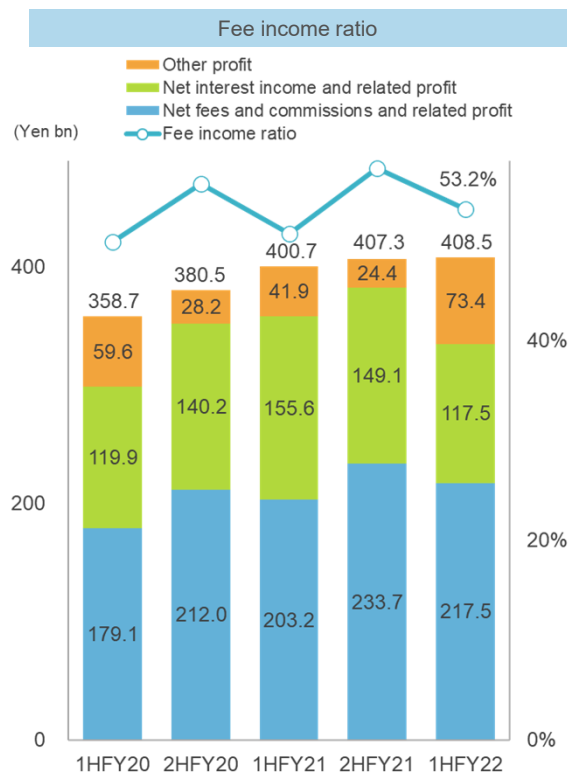
(*) The above contents are simplified to promote understanding the structure of the operations, although actual profitability of market placement of surplus foreign currency changes depending on market environment. Figures show gross profits as sum of basis swap spread factor and interest gap factor. The components of Gross profit as of 22/1Q were amended.

Net fees and commissions and related profit

	SuMi TRUST Bank		SuMi TRUST Group (*1)	
	1HFY22	Change from 1HFY21	1HFY22	Change from 1HFY21
(Yen bn)				
1 Net fees and commissions and related profit	90.8	10.1	217.5	14.3
2 Investment trust and insurance sales	20.6	0.0	20.6	0.0
3 Card	-	-	19.7	2.0
4 Asset management / administration	33.3	0.5	99.8	(4.0)
5 Profit	52.6	0.4	109.6	(4.0)
6 Fees paid out for outsourcing	(19.3)	0.1	(9.8)	0.0
7 Stock transfer agency services	12.7	0.0	22.1	0.7
8 Profit	19.0	0.7	22.1	0.7
9 Fees paid out for outsourcing	(6.2)	(0.6)	-	-
10 Real estate	18.2	5.5	30.1	6.4
11 Others (Loan arrangement fees, etc.)	5.8	3.9	24.9	9.0
12 Fee income ratio (*2)	35.6%	3.9%	53.2%	2.5%

(*1) Figures are after eliminations of intra-group transactions

(*2) Net fees and commissions and related profit / Gross business profit

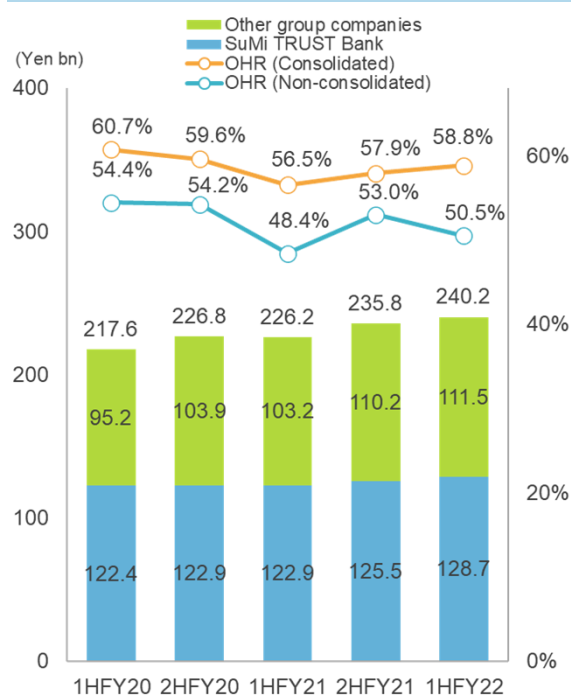


Expenses

[SuMi TRUST Group]		(Yen bn)	1HFY21	1HFY22	Change
1	Personnel expenses		(104.4)	(109.9)	(5.4)
2	Non-personnel expenses excluding taxes		(114.0)	(123.0)	(8.9)
3	Taxes other than income taxes		(7.8)	(7.3)	0.4
4	Substantial G&A expenses		(226.2)	(240.2)	(13.9)
5	Overhead ratio		56.5%	58.8%	2.3%

[SuMi TRUST Bank]		(Yen bn)	1HFY21	1HFY22	Change
6	Personnel expenses		(55.4)	(58.6)	(3.1)
7	Salaries etc.		(51.9)	(54.5)	(2.5)
8	Retirement benefit expenses		5.4	5.3	(0.1)
9	Others		(8.9)	(9.3)	(0.4)
10	Non-personnel expenses excluding taxes		(62.7)	(65.6)	(2.9)
11	IT system related costs		(22.2)	(23.5)	(1.3)
12	Others		(40.5)	(42.1)	(1.6)
13	Taxes other than income taxes		(4.8)	(4.5)	0.3
14	G&A expenses		(122.9)	(128.7)	(5.7)
15	Overhead ratio		48.4%	50.5%	2.1%

Breakdown of G&A expenses



Total credit costs and Non-Performing Loans (NPLs) based on Banking Act and Reconstruction Act

[Total credit costs]

(Yen bn)		1HFY21	1HFY22	Major factors (1HFY22)
1	SuMi TRUST Bank	6.0	(8.9)	
2	General allowance for loan losses	6.2	4.3	Downgraded: Approx. ¥(15.0)bn Upgraded: Approx. +¥1.0bn Changes in loan balance, etc. (including profit of collection): Approx. +¥5.0bn Negligible release of special loan loss provision
3	Specific allowance for loan losses	1.5	(12.6)	
4	Recoveries of written-off claims	0.6	0.4	
5	Losses on sales of claims, written-off	(2.3)	(1.0)	
6	Other group companies, etc.	(0.9)	0.0	SuMi TRUST Panasonic Finance ¥0.0bn Negligible release of special loan loss provision
7	Total	5.1	(8.8)	

As of September 2022, special loan loss provision of approx. ¥20.3bn

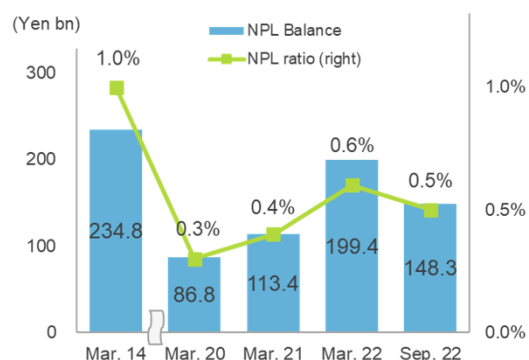
[Non-performing loans (NPLs) based on Banking Act and Reconstruction Act]

(Yen bn)		Sep. 22	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 22
8	Total	148.3	70.7%	53.8%	(51.1)
9	NPL ratio	0.5%	---	---	(0.1%)
10	Bankrupt and Practically Bankrupt	19.1	100.0%	100.0%	2.4
11	Doubtful	97.5	67.2%	57.6%	(20.3)
12	Substandard	31.7	63.7%	22.1%	(33.2)
13	Loans past due 3 months or more	2.7	---	---	2.7
14	Restructured loans	29.1	---	---	(35.9)
15	Assets to borrowers requiring caution(excluding Substandard)	319.3	---	---	9.3
16	Assets to normal borrowers	32,316.6	---	---	1,384.8
17	Grand total	32,784.2	---	---	1,343.0

(*1) (Collateral value + allowance for loan losses) / Loan balance

(*2) Allowance for loan losses / (Loan balance - Collateral value after considering haircuts)

Total Balance and ratio of NPL



Securities portfolio

[Securities with fair value]

	(Yen bn)	Costs		Unrealized gains/losses	
		Sep. 22	Change from Mar. 22	Sep. 22	Change from Mar. 22
1 Available-for-sale securities		6,190.0	(657.5)	313.5	(88.1)
2 Japanese stocks		537.8	(11.0)	579.9	(80.4)
3 Japanese bonds		2,353.8	(1,131.1)	(17.1)	(3.7)
4 Others		3,298.3	484.6	(249.2)	(3.9)
5 Held-to-maturity debt securities		252.0	14.1	9.8	(3.2)

[Securities with fair value (SuMi TRUST Bank)]

6 Available-for-sale securities	6,033.5	(658.8)	328.6	(87.8)
7 Japanese stocks	513.3	(9.0)	602.1	(82.2)
8 Japanese bonds	2,353.8	(1,131.1)	(17.1)	(3.7)
9 o/w Government bonds	1,593.7	(1,142.9)	(18.5)	(3.9)
10 Others	3,166.3	481.3	(256.3)	(1.8)
11 Domestic investment	102.2	13.6	2.4	0.2
12 International investment	1,974.2	419.2	(84.8)	(66.0)
13 o/w US Treasury(*1)	706.4	184.2	(59.0)	(43.4)
14 Others (Investment trust, etc.)	1,089.7	48.4	(173.8)	63.8
15 o/w for hedging of strategic shareholdings (*2)	793.1	(46.8)	(187.7)	53.9

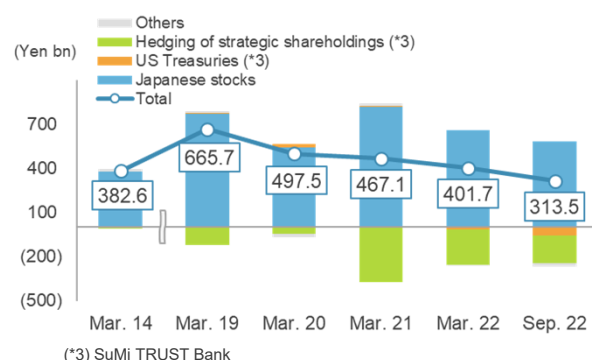
(*1) Unrealized losses of US Treasury after adjusting PL from hedged derivatives transactions is ¥(24.5)bn

(*2) Of which hedging effect under capital regulation is recognized: Costs ¥674.7bn, Unrealized gains/losses ¥(150.3)bn

[Held-to-maturity debt securities with fair value (SuMi TRUST Bank)]

16 Held-to-maturity debt securities	252.0	14.1	9.8	(3.2)
17 o/w Government bonds	117.4	(0.1)	11.6	(1.4)
18 International investment	77.3	17.3	(2.2)	(1.7)

Unrealized gains/losses of AFS securities with fair value



(*3) SuMi TRUST Bank

Securities portfolio of Global markets(*4)

	(Yen bn)	10BPV (*5)		Duration (years) (*5)	
		Sep. 22	Change from Mar. 22	Sep. 22	Change from Mar. 22
19 JPY		6.3	(0.8)	3.2	0.9
20 Others (*6)		2.7	1.0	3.4	0.5

(*4) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

(*5) In the calculation of 10BPV and duration, investment balance hedged by derivatives transactions, etc. were excluded

(*6) total of securities denominated in USD, EUR and GBP

Capital

- Common Equity Tier 1 ratio: 11.11%. Down 1.20 ppt from Mar. 2022 due to increase in RWA, mainly due to increase in foreign currency-denominated loan as a result of JPY depreciation, etc. Pro-forma CET1 capital ratio on finalized Basel III: 9.3% also down 0.6 ppt
- Both leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

<Capital and total risk-weighted assets (consolidated)>

	(Yen bn)	Mar. 22	Sep. 22	Change
1 Total capital ratio		15.61%	13.86%	(1.75%)
2 Tier 1 capital ratio		13.71%	12.38%	(1.33%)
3 Common Equity Tier 1 capital ratio		12.31%	11.11%	(1.20%)
4 Total capital		3,144.4	3,091.4	(52.9)
5 Tier 1 capital		2,761.5	2,760.2	(1.2)
6 Common Equity Tier 1 capital		2,480.1	2,478.7	(1.4)
7 Instruments and reserves		2,682.8	2,686.1	3.2
8 Accumulated other comprehensive income (*1)		198.0	163.9	(34.0)
9 Regulatory adjustments		(202.6)	(207.3)	(4.7)
10 Additional Tier 1 capital		281.3	281.5	0.1
11 Tier 2 capital		382.9	331.2	(51.7)
12 Total risk-weighted assets		20,135.3	22,293.0	2,157.6
13 Credit risk		17,921.0	20,029.0	2,108.0
14 Market risk		1,268.5	1,306.2	37.6
15 Operational risk		945.7	957.7	12.0

(*1) Valuation differences on Available-for-Sale Securities (Sep. 2022): ¥215.1bn
(Change from Mar. 2022: ¥(62.4)bn)

(*2) Calculated according to the revision of Financial Services Agency Notification (effective as of June 30, 2020). For reference, figures on item 17 and 20 are calculated according to the basis applied before the revision.

(*3) Average figures in 2QFY2022. "Change from Mar. 22" represents the comparison to figure for 4QFY2021 calculated in the same manner

<Major factors of change in capital adequacy ratios>

[Capital]

(1) Common Equity Tier 1 capital: ¥(1.4)bn

- Net income: +¥104.0bn
- Valuation differences on AFS (considering valuation differences on hedging items): ¥(44.2)bn
- Dividend: ¥(36.7)bn
- Repurchase of own shares: ¥(29.9)bn

[Risk-weighted assets]

(2) Credit risk: +¥2,108.0bn

- Increase in foreign currency-denominated loan due to JPY depreciation : approx. +¥900bn
- Increase in investment in alternative asset : approx. +¥1,100bn

<Other ratios required in prudential regulations (consolidated)>

	(Yen bn)	Sep. 22	Change from Mar. 22
16 Leverage ratio (*2)		5.13%	(0.19%)
17 Including current account with the Bank of Japan		3.93%	(0.19%)
18 Tier 1 capital		2,760.2	(1.2)
19 Total exposure (*2)		53,780.6	1,903.6
20 Including current account with the Bank of Japan		70,059.7	3,098.5
21 Liquidity coverage ratio (*3)		149.5%	(23.9%)
22 Total high-quality liquid assets		19,092.7	(110.6)
23 Net cash outflows		12,770.5	1,701.4

(Reference) Forecast for FY2022

- Net business profit: ¥310.0bn decreased by (¥36.0bn) YoY due to absence of favorable market conditions in FY2021 and consideration of future uncertainty
- Net income: ¥190.0bn increased by ¥20.9bn YoY. Aim to achieve target of the Medium- Term Management Plan
- Dividend per common share : ¥200 increased by ¥30 YoY, equivalent to consolidated payout ratio of 38.7% in accordance with our shareholder return policy

	(Yen bn)	FY21 Actual	1H Actual	FY22 Forecast	Change from FY21
1	Net business profit before credit costs	346.0	168.2	310.0	(36.0) (1)
2	SuMi TRUST Bank	242.0	126.1	220.0	(22.0)
3	Substantial gross business profit	808.1	408.5	800.0	(8.1)
4	SuMi TRUST Bank	490.6	254.9	475.0	(15.6)
5	Other group companies	317.5	153.6	325.0	7.4
6	Substantial G&A Expenses	(462.0)	(240.2)	(490.0)	(27.9)
7	SuMi TRUST Bank	(248.5)	(128.7)	(255.0)	(6.4)
8	Other group companies	(213.5)	(111.5)	(235.0)	(21.4)
9	Total credit costs	(41.5)	(8.8)	(20.0)	21.5 (2)
10	Net gains on stocks	(38.3)	(2.5)	0.0	38.3 (3)
11	Other non-recurring profit	(36.4)	(11.7)	(25.0)	11.4
12	Ordinary profit	229.7	145.1	265.0	35.2
13	SuMi TRUST Bank	150.8	109.8	195.0	44.1
14	Net income	169.0	104.0	190.0	20.9
15	SuMi TRUST Bank	113.3	82.4	145.0	31.6
16	Dividend per common share (Yen)	170	100	200	+30
17	Consolidated dividend payout ratio	37.7%	---	38.7%	+1.0%

(*) Shareholder return policy

- ✓ As a means of returning shareholder's profits commensurate with earnings, aim to raise consolidated dividend payout ratio to around 40% in or around FY22.
- ✓ May repurchase its own shares flexibly by considering the balance with investment in profit growth opportunities for its mid-to long-term perspective, and the effect of the repurchase on the improvement of capital efficiency, given securing adequate capital level

【Assumptions】

(1) Net business profit: ¥(36.0)bn YoY

- Substantial gross business profit is expected to decrease mainly due to absence of favorable market conditions. (excluding this factor, substantial profit increase)

- Substantial G&A Expenses is expected to increase in proportion with conjunction with substantial gross business profit increases and investment for DX, human capital and other items

(2) Total credit costs: forecast ¥(20.0)bn

- Substantial balance of allowance for losses is ¥(41.0)bn including special loan loss provision ¥(21.0)bn as of Mar.22

(3) Net gains on stocks: forecast ¥0.0bn

- Expected gains from divestment of strategic shareholdings is fully offset by recognition of unrealized losses on hedging transactions

Fee business: Investment management consulting

- Total income posted ¥20.6bn due to increased sales fees of insurance while decreased sales fees of investment trust
- Total sales volume increased by ¥11.8bn YoY to ¥608.2bn due to increase of insurance, Fund wrap and SMA

Income from marketing of investment products

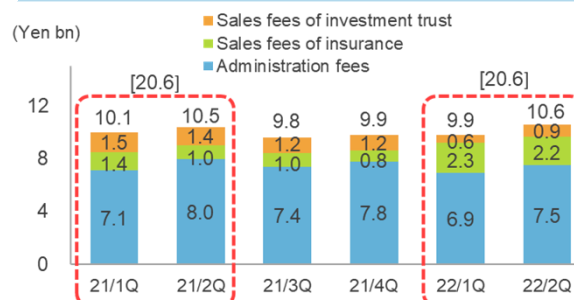
	(Yen bn)	1H FY21	1H FY22	Change	FY22 Initial Plan
1 Income total		20.6	20.6	0.0	40.0
2 Sales fees of investment trust		3.0	1.5	(1.4)	5.5
3 Sales fees of insurance		2.4	4.5	2.1	4.0
4 Administration fees		15.2	14.5	(0.6)	30.5

Sales volume / balance

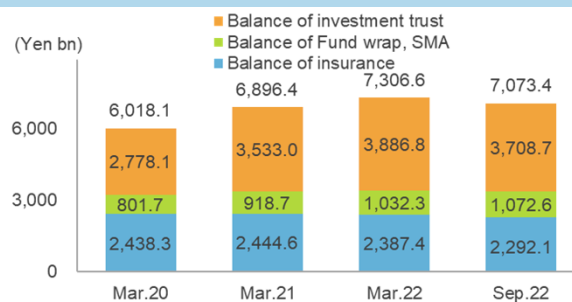
	(Yen bn)	1H FY21	1H FY22	Change	FY22 Initial Plan
5 Sales volume total		596.3	608.2	11.8	1,110.0
6 Investment trust		434.7	357.8	(76.8)	810.0
7 Fund wrap, SMA		83.4	117.3	33.9	150.0
8 Insurance		78.2	133.0	54.8	150.0

	(Yen bn)	Mar. 22	Sep. 22	Change	Mar. 23 Initial Plan
9 Balance total		7,306.6	7,073.4	(233.1)	7,410.0
10 Investment trust		3,886.8	3,708.7	(178.0)	4,040.0
11 Fund wrap, SMA		1,032.3	1,072.6	40.2	1,080.0
12 Insurance		2,387.4	2,292.1	(95.3)	2,290.0

Income from marketing (quarterly)



Balance



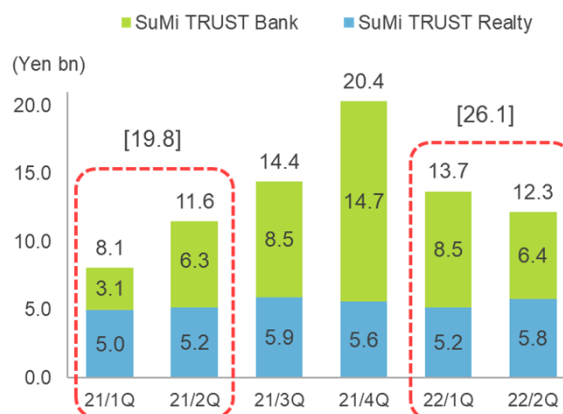
Fee business: Real estate

- Corporate real estate brokerage (SuMi TRUST Bank): Increased by ¥5.4bn YoY to ¥15.0bn due to closing large transactions
- Retail real estate brokerage(SuMi TRUST Realty): Ensured high levels at the same level as 1HFY21 due to maintaining strong performance of business

Income (group base)

	1HFY21	1HFY22	Change	FY22 Initial Plan
(Yen bn)				
1 Real estate brokerage fees	19.8	26.1	6.2	53.0
2 SuMi TRUST Bank	9.5	15.0	5.4	33.0
3 SuMi TRUST Realty	10.2	11.0	0.8	20.0
4 Real estate trust fees, etc.	3.0	3.1	0.1	6.0
5 Net other real estate profit	0.7	0.8	0.1	1.5
6 SuMi TRUST Bank	-	(0.0)	(0.0)	-
7 Group companies	0.7	0.8	0.1	1.5
8 Total	23.6	30.1	6.4	60.5
9 o/w SuMi TRUST Bank	12.6	18.2	5.5	39.0

Real estate brokerage fees (quarterly)



Assets under management / administration

	Mar. 22	Sep. 22	Change
(Yen bn)			
10 Securitized real estate	22,023.8	22,761.1	737.2
11 Assets under custody from J-REITs	17,508.0	16,743.0	(764.9)
12 Assets under management	624.5	613.7	(10.7)
13 Private placement funds	340.2	323.2	(17.0)
14 J-REITs	284.3	290.5	6.2

Fee business: Asset management/administration

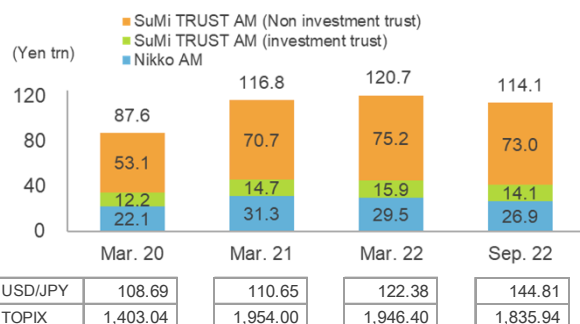
- AUM decreased by ¥(6.6)trn to approx. ¥114trn from March 2022 mainly due to decline of market value
- AUC decreased mainly due to decline of market value except for domestic non investment trust

Assets under management (AUM)

	(Yen trn)	Mar. 22	Sep. 22	Change
1 Assets under management (*1)		120.7	114.1	(6.6)
2 SuMi TRUST AM		91.2	87.1	(4.1)
3 Investment trust		15.9	14.1	(1.8)
4 Non investment trust (*2)		75.2	73.0	(2.2)
5 Corporate pension trust		14.8	13.9	(0.8)
6 Public pension trust		12.9	12.5	(0.4)
7 Discretionary investment		47.5	46.5	(0.9)
8 Nikko AM		29.5	26.9	(2.5)

(*1) Categorized by entity actually managing asset

(*2) Partially include AUM managed by SuMi TRUST Bank



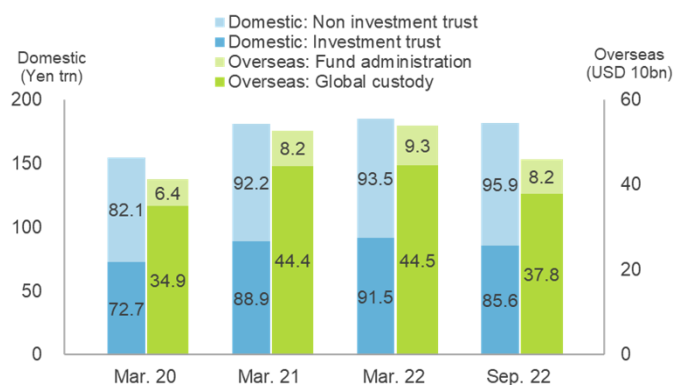
USD/JPY	108.69	110.65	122.38	144.81
TOPIX	1,403.04	1,954.00	1,946.40	1,835.94

Assets under custody/administration (AUC)

	(Yen trn)	Mar. 22	Sep. 22	Change
[Domestic]				
9 Investment trust (*3)		91.5	85.6	(5.8)
10 Non investment trust (*3)		93.5	95.9	2.4
[Overseas]	(USD 10bn)			
11 Global custody (*4)		44.5	37.8	(6.6)
12 Fund administration		9.3	8.2	(1.1)

(*3) Entrusted balance of SuMi TRUST Bank

(*4) Combined figures of SuMi TRUST Bank, SuMi TRUST Bank (U.S.A.) and SuMi TRUST Bank (Lux.)



Loan/Investment business: Credit portfolio (SuMi TRUST Bank)

- Individual: Decreased new loan amount from Mar.2022. Outstanding also decreased slightly YoY
- Corporate: Continue to shift from corporate to product lending. Increased total outstanding mainly due to JPY depreciation

Individual clients

		1H FY21	1H FY22	Change	FY22 Initial Plan
(Yen bn)					
1	Annual amount of new loans to individuals	631.6	444.0	(187.5)	1,100.0
2	Mortgage loans	589.7	395.9	(193.7)	1,000.0

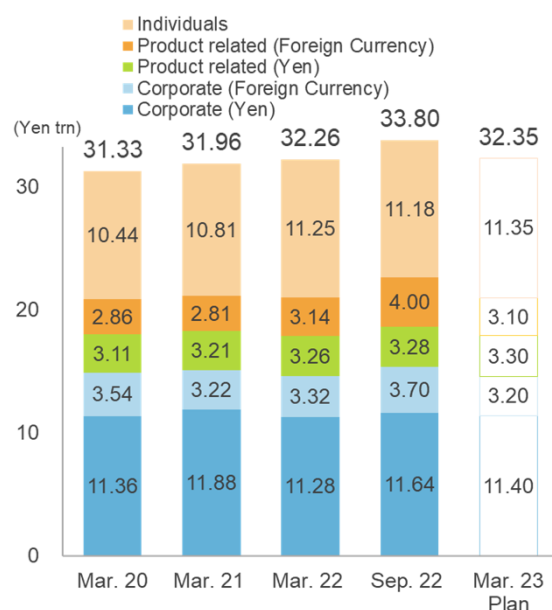
		Mar. 22	Sep. 22	Change	Mar. 23 Initial Plan
(Yen bn)					
3	Outstanding of individual loans	11,251.6	11,183.9	(67.7)	11,350.0
4	Mortgage loans	10,543.7	10,564.4	20.6	10,650.0

Corporate clients

		Mar. 22	Sep. 22	Change (*)	Mar. 23 Initial Plan
(Yen bn)					
5	Corporate lending (Yen)	11,283.2	11,642.8	359.6	11,400.0
6	Corporate lending (Foreign Currency)	3,322.4	3,700.4	377.9	3,200.0
7	Product related (Yen)	3,260.9	3,280.1	19.2	3,300.0
8	Product related (Foreign Currency)	3,144.8	4,001.2	856.4	3,100.0
9	Total balance of credit for corporates	21,011.4	22,624.7	1,613.2	21,000.0
10	Product related	6,405.7	7,281.4	875.6	6,400.0

(*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥506.6bn,
Product related (Foreign Currency) approx. ¥511.3bn

Credit portfolio balance



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