

# Investor Meeting on Financial Results for 1HFY2023

November 17, 2023

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- ◆ Thank you very much for taking the time out of your busy schedule to attend SuMi TRUST Holdings' presentation today.
- ◆ It has been half a year since we announced our Medium-Term Management Plan in May. Through dialogues with investors, including a business trip to Europe in July, I feel that we have generally been able to gain a positive understanding of our growth strategy.
- ◆ In particular, I feel that there are high expectations for our direction of growth by further refining our strengths in asset management and asset administration, while leveraging the characteristics of trust and the long-term relationship of trust with our retail and corporate clients.
- ◆ Looking at the domestic economy, we are beginning to see an end of deflation that has continued for over 30 years since the collapse of the bubble economy in Japan, with rising stock prices, interest rate hikes, and sustained wage increases. Furthermore, the government has added the concept of making Japan an "Asset management nation", aimed at the virtuous circulation of growth and distribution. We expect the long-stagnant funds originating from the 2,000 trillion yen of domestic household financial assets are finally starting to move.
- ◆ At the request of the Tokyo Stock Exchange, awareness and initiatives towards enhancing corporate value are also progressing. Investments in domestic start-up companies that have animal spirits to create new technologies and markets for the future are steadily increasing.
- ◆ There is a very positive "change" happening for us and society, which will accelerate our growth. We will accelerate our growth strategy so that we can achieve and exceed our ROE target of 10% in FY2030 as soon as possible, using this "change" as a new tailwind.
- ◆ Please turn to page 6.

## Key Messages

### Financial results for 1HFY2023, Forecast for FY2023

- ✓ Financial results for 1HFY2023 : Core business is steady. 22% progress in Net income due to reduction of bear funds with low B/E
- ✓ Forecast for FY2023 : Revised Net business profit before credit costs to ¥330bn (up +¥10bn), ¥85bn of Net income (down (¥115bn))

### Initiatives to enhance corporate value

- ✓ Growth strategy : Structural changes in the macro environment are creating a tailwind for our growth centered on asset management and asset administration businesses
- ✓ Improvement of capital efficiency : Improvement of own B/S profitability and growth investment

### Capital policy

- ✓ Capital management : CET1 ratio (finalized Basel3): 9.7% at the end of September, 2023
- ✓ Dividend policy : Dividend forecast for FY2023 (¥220 per share) remains unchanged

# Agenda

<b>1</b>	<b>Financial results for 1HFY2023/Forecast for FY2023</b>	.....	P. 4~
<b>2</b>	<b>Initiatives to enhance corporate value</b>	.....	P. 13~
	Our capabilities and strengths to accelerate virtuous circulation		
	Initiatives to key strategic businesses		
	Improvement of capital efficiency		
<b>3</b>	<b>Capital policy</b>	.....	P. 41~
	<b>Appendix</b>	.....	P. 45~

## ① Financial results for 1HFY2023 and forecast for FY2023

Revision of earnings forecasts for FY2023(announced on October 30)①

1 Steady progress in core businesses. Increased capital.

2 Accelerate activities to reduce strategic shareholdings in light of structural changes in the macro environment and drastically reduced bear funds with low B/E (Impairment level raised to above Nikkei 225 of 40,000 yen)

3 Dividend forecast for FY2023 remains unchanged (considered business progress and capital adequacy)

Request for PBR  
improvement by TSE



Stock price rise



End of deflation

Business

【FY2023】

- Steady progress in core businesses
- Revised up forecast of net business profit

【After FY2024】

- Upside mainly in asset management business

Capital

- Neutral impact from reduction of bear funds with low B/E
- Increased valuation differences on available-for sale securities after taking hedging into consideration

Response to future

- Drastically reduced unrealized loss of bear funds and addressed impairment risks
- Increased certainty of achieving future profit targets

## Revision of earnings forecasts for FY2023 (announced on October 30)

- Steady progress in net business profit before credit costs. Revised full year forecast of net income downward by realizing losses from reduction of bear funds with low B/E
- Remains unchanged of dividend forecast for FY2023 considering business progress and capital adequacy

(Billions of Yen)		1HFY2023		FY2023 forecasts (revised)	Change from previous ones	Key points of revision of consolidated earnings	
1	Net business profit before credit costs	1	166.3	330.0	10.0	1	Steady progress driven by macro environment
2	Substantial gross business profit		428.4	860.0	10.0		
3	Substantial G&A expenses		(262.0)	(530.0)	—	2	Reduce bear funds with low B/E Accelerate activities to reduce strategic shareholdings
4	Total credit costs		(1.7)	(20.0)	—		
5	Net gains on stocks	2	(95.4)	(160.0)	(175.0)	3	Downwardly revised mainly due to above 2 Increased certainty of achieving future profit targets
6	Other non-recurring profit		(17.5)	(35.0)	—		
7	Ordinary profit		51.5	115.0	(165.0)	4	Remain unchanged of dividend forecast considering business progress and capital adequacy
8	Net income attributable to owners of the parent	3	44.0	85.0	(115.0)		
9	Dividend per share (common share) (Yen)	4	110 yen	220 yen	—		

(\*) Market environment assumption (2HFY23) : Nikkei 225:¥ 32,000, USD/JPY ¥145

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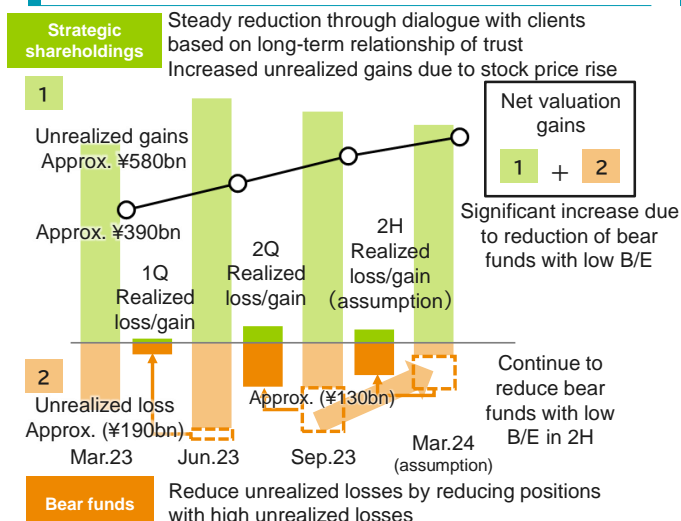
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- I will explain the full-year earnings forecast for fiscal 2023.
- We expect Net business profit before credit costs to remain robust throughout the fiscal year. Considering the results of the first half, we have revised our full year forecast up by 10 billion yen to 330 billion yen.
- On the other hand, we have revised our forecast for Net income attributable to parent company shareholders for the full year from 200 billion yen to 85 billion yen. This is due to our decision to take the optimal timing to reduce strategic shareholdings and to reduce and change bear funds positions as we see an end of deflation.
- The impact on capital is neutral and business progress is steady, so we are maintaining our original dividend forecast for fiscal year 2023 of 220 yen per share.
- Please turn to page 7.

## Reduction of bear funds with low B/E

- Accounting for losses on bear funds with high unrealized losses. Reduced risk to future periodic profit and loss
- Wipe out the risk of impairment of bear funds at levels below Nikkei 225 of 40,000 yen by the end of FY2023

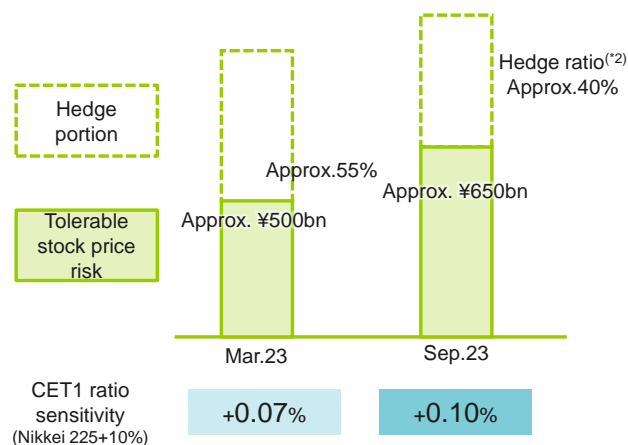
### Net valuation gains and losses



Impairment level raised to above Nikkei average of 40,000 yen<sup>(\*)</sup> at Mar.24

### Revision of hedge policy

Reduced same amount of strategic shareholdings (market value) and hedge positions (decreasing hedge ratio)



Reduce hedge positions considering progress of strategic shareholdings reduction, market trends and capital

(\*) TOPIX:2,920pt or above (calculate based on 13.7x of NT ratio as of Sep.23)

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- The risk of fluctuations in periodic gains and losses will decline through the reduction of and change in bear funds positions. We will seize the tailwind of changes in the macro environment, including interest rate hikes and the rise in stock prices, and work to achieve the profit targets outlined in the Medium-Term Management Plan well ahead of schedule.
- From here, I will explain our initiatives to enhance corporate value.
- Please proceed to page 14.

# (Ref.)Impact of stock price rise on our corporate value

- Stock price rise positively impacts our corporate value including various businesses and capital impact
- Sale of bear funds realizes losses in Net gains on stocks(P/L), while has a neutral impact on corporate value(B/S)

## Impact of stock price rise on business performance and capital

### Net business profit before credit costs (P/L)

Contribution to AUM increase due to growth of market value  
Positive impact on mainly asset management business  
(sensitivity(estimate): Nikkei 225 +¥1,000  
→Net business profit before credit costs approx.+¥1.5bn/y (\*))

### Capital (B/S)

Increased valuation gains on strategic shareholdings more than unrealized losses on bear funds  
(sensitivity(estimate): Nikkei 225 +10% → CET1ratio approx.+10bp (as of Sep.23))

Positive impact on corporate value due to stock price rise



## Impact of realization of unrealized losses on bear funds on corporate value

### Realization of losses on bear funds

Realized losses from sale of bear funds

### Net gains on stocks (P/L)

offset

### Valuation differences on available-for-sale securities (B/S)

Improved hedge positions by sale of bear funds with low B/E

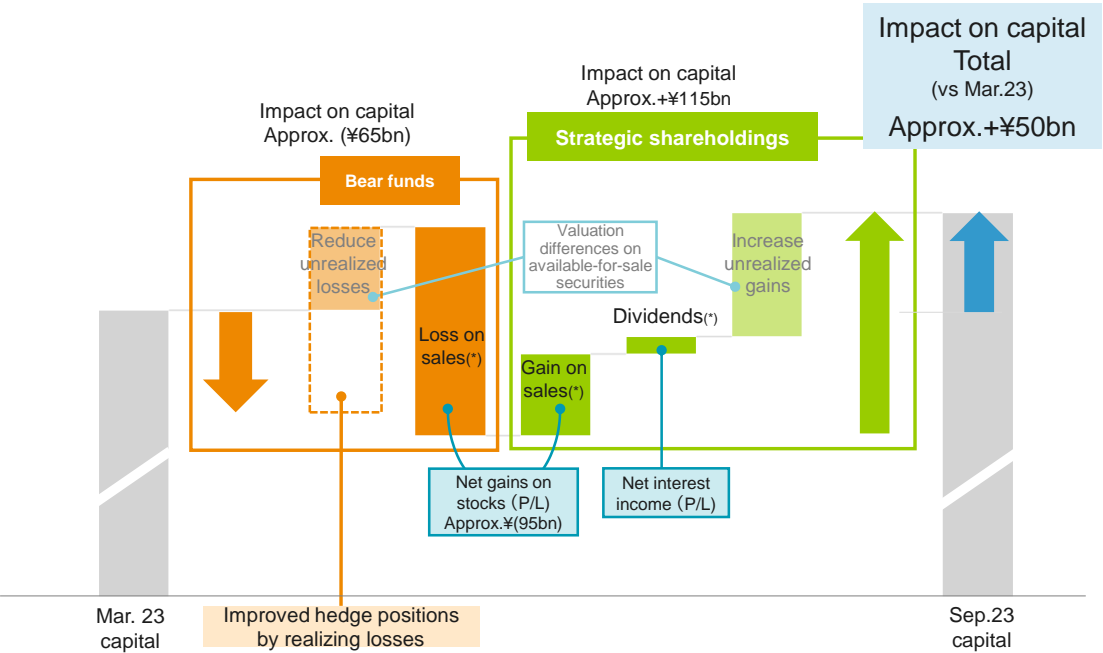
Neutral impact on corporate value due to realized losses



(\*) Estimated assumption in case of +¥1,000 YoY of Nikkei 225 throughout the fiscal year  
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(Ref)Impact of stock price rise on capital related to strategic shareholdings and bear funds

Impact on capital based on actual 1HFY2023 (image)



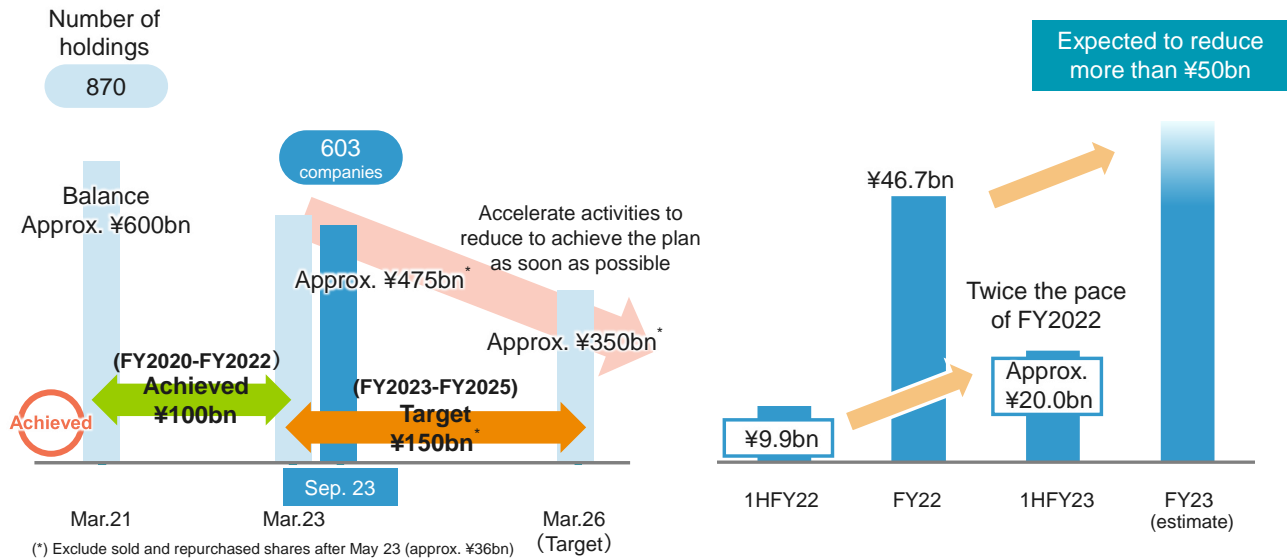
(\*) After considering tax effect

# Reduction of strategic shareholdings

- Reduced steadily in balance and number of holdings since the announcement of reduction of strategic shareholdings to zero in May, 2021
- Reduction in FY2023 progressed at twice the pace of FY2022. Expected to reduce more than ¥50bn for the full year

## Cost basis balance of strategic shareholdings and number of holdings

## Achievement and expectation of reduction (cost basis)



## Financial results for 1HFY2023

- Net business profit before credit costs: Steady progress. Strong performance in corporate credit related fees and favorable stock market condition and weaker yen also made a positive contribution
- Net income : Decreased mainly due to reduction of bear funds with low B/E
- Dividend forecast for FY2023: Remains unchanged considering business progress and capital adequacy

### <Major KPIs>

	1HFY22 Actual	1HFY23 Actual	Change	Revised on October 30, 2023		
				FY23 Plan	change from FY22	change from initial plan
(Yen bn)						
1 Net business profit before credit costs	168.2	166.3	(1.9)	330.0	+ 5.3	+ 10.0
2 Substantial gross business profit	408.5	428.4	+ 19.8	860.0	+ 45.8	+ 10.0
3 Substantial G&A Expenses	(240.2)	(262.0)	(21.8)	(530.0)	(40.4)	-
4 Total credit costs	(8.8)	(1.7)	+ 7.1	(20.0)	(9.5)	-
5 Net gains on stocks	(2.5)	(95.4)	(92.9)	(160.0)	(163.0)	(175.0)
6 Other net non-recurring profit, Extraordinary profit	(12.3)	(14.4)	(2.1)	(35.0)	+ 10.8	-
7 Net income	104.0	44.0	(59.9)	(*) 85.0	(106.0)	(115.0)
8 Fee income ratio	53.2%	52.8%	(0.4%)			
9 Overhead ratio	58.8%	61.1%	+ 2.3%	61.6%	+ 1.5%	(0.8%)
10 Return on equity	7.63%	3.07%	(4.56%)			
11 Common Equity Tier 1 capital ratio (*2)	11.11%	10.73%	(0.38%)			

### <Per share information>

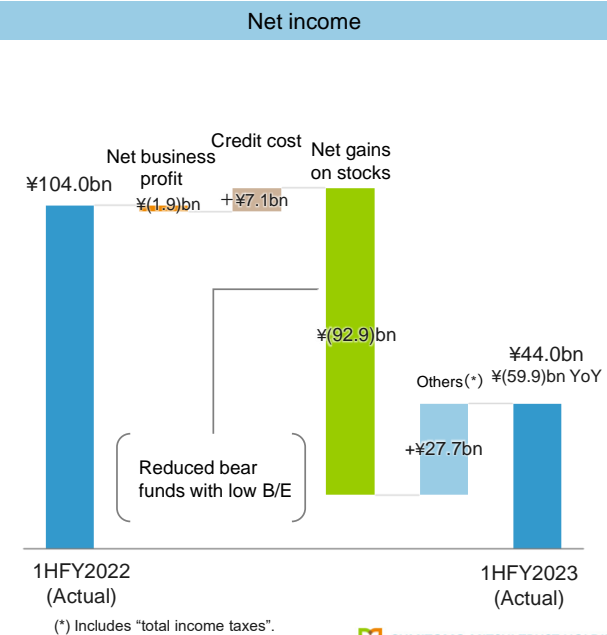
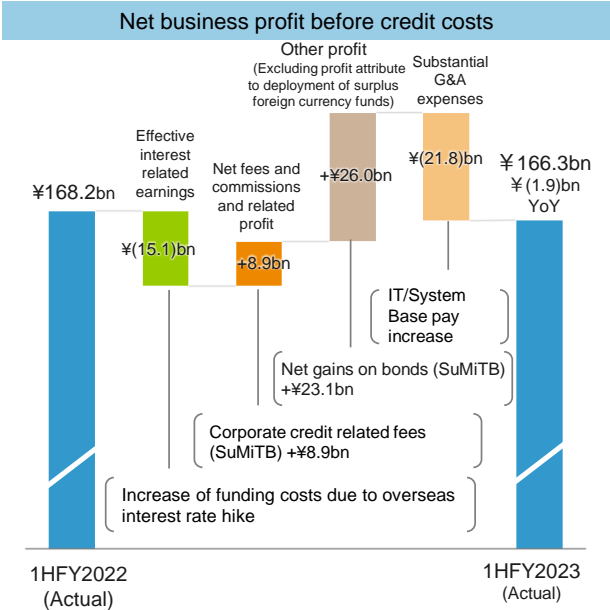
	1HFY22 Actual	1HFY23 Actual	Change	FY23	
				Plan	change from FY22
(Yen)					
12 Earnings per share (EPS)	279	121	(158)	234	(316)
13 Dividend per share (DPS)	100	110	+ 10	220	+10
(Yen)					
14 Net assets per share (BPS)	Mar. 23 7,686	Sep. 23 8,107	+ 421		

(\*)1 Excluding impact of gains/losses from sales of strategic shareholdings and bear funds(#5 net gains on stocks), estimated that net income will be roughly in line with our original forecast(¥200bn)

(\*)2 CET1 ratio(finalized Basel3) as of Sep. 23 is 9.7%

# YoY Changes (Net business profit before credit costs and Net income)

- Net business profit before credit costs: Decreased (1.9)bn YoY. Despite positive contribution from corporate credit-related fees, as well as the improvement in net gains on bonds which were booked in FY2022, profit declined mainly by the increase in funding cost due to overseas rate hikes and other rises in costs
- Net income: Decreased (59.9)bn YoY, mainly due to decrease in net gains on stocks



## ② Initiatives to enhance corporate value

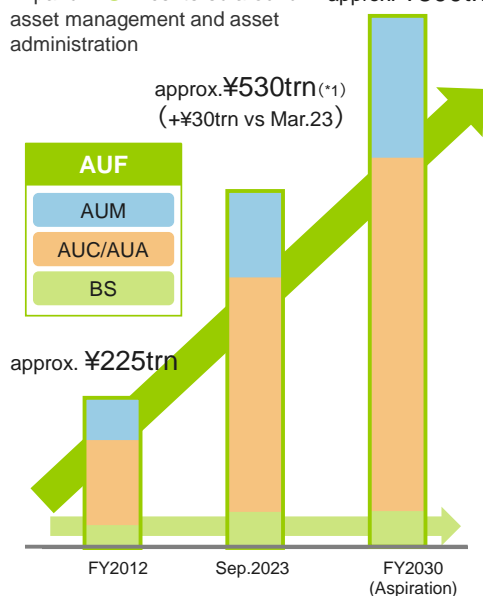
## Assets Under Fiduciary

### AUF (Assets Under Fiduciary)

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

Expand **AUF** centered around asset management and asset administration

approx. ¥800trn



Breakdown of major items	Balance (vs Mar.23)	Aspiration <sup>(*)2</sup>	(Ref)
Assets Under Management	¥125trn (+¥4trn)	¥215trn	P.78
Private asset related	¥6trn (+¥0trn)	¥24trn	P.25
Assets Under Custody <sup>(*)3</sup>	¥273trn (+¥19trn)	¥460trn	P.78
Securitized real estate	25trn (+¥1trn)	¥30trn	P.77
Investment management consulting related	7trn (+¥0trn)	¥9trn	P.76
Total assets from will trustor	¥4trn (+¥0trn)	¥7trn	-
Credit portfolio Individual/Corporate	¥34trn (+¥1trn)	Improve profitability	P.79

(\*)1 Include approx. ¥20trn of increase due to redefine (Exclude difference vs Mar.23)

(\*)2 Each "Aspiration" was already announced

(\*)3 Include AUC at custody services and fund administrations, and balance that we provide BPO and report making services internally and externally

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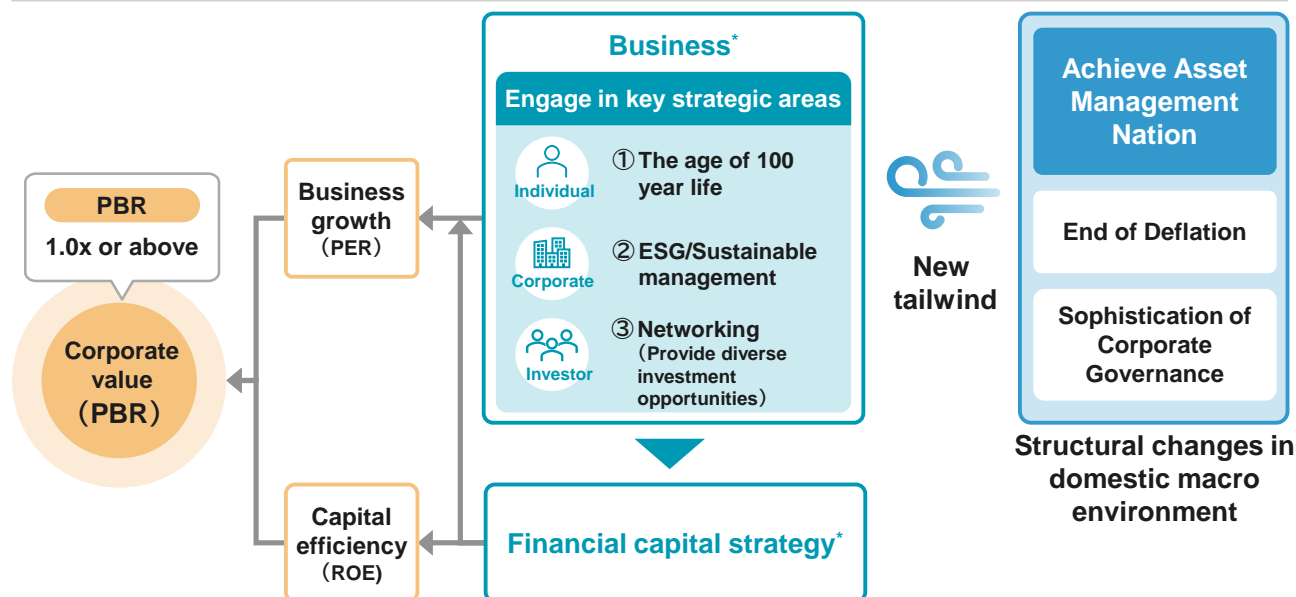
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- ◆ AUF, which we aim to expand to 800 trillion yen by fiscal year 2030, is approximately 530 trillion yen as of the end of September 2023. As shown on the right, it has increased by about 30 trillion yen since the end of this March, mainly due to growth in AUM and AUC.
- ◆ AUF is an indicator that represents the scale of our initiatives to contribute to solving social issues and creating and expanding markets. You can confirm our progress towards enhancing corporate value through the expansion of AUF. We will continue to strive for content enrichment along with regular disclosure.
- ◆ Please turn to page 15.

## Initiatives to enhance corporate value

- Focus on three key strategic areas that create virtuous circulation of funds, assets and capital
- Structural changes in domestic macro environment create a new tailwind for our business growth



\*: Generally corresponds to "9 Strategies" (1) to (4) in the Medium-Term Management Plan

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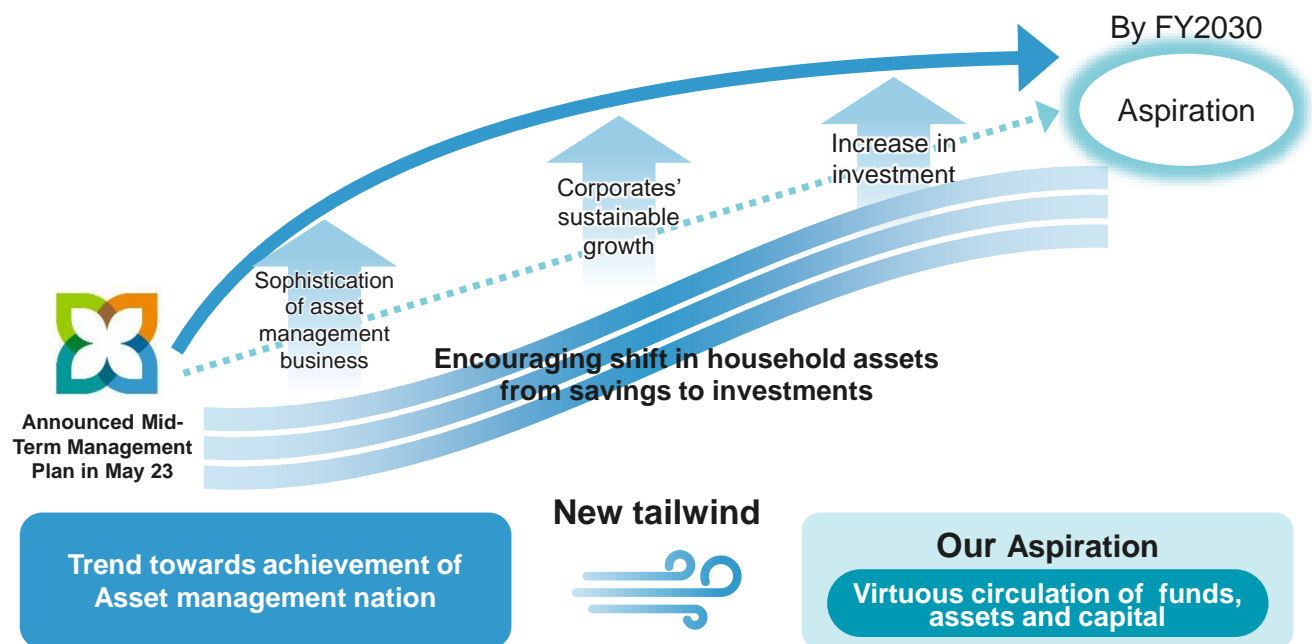
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- ◆ This is the overall image of our initiatives to enhance corporate value, which we also presented in May this year.
- ◆ The "new tailwind" of the macro environment overlaps with the three key strategic areas that bring about a large circulation of funds, and positive changes are happening that accelerate our growth.
- ◆ Please look at page 16.

## Trend towards making Japan an Asset Management Nation

- Announced our growth strategy in May 2023, centered on asset management and asset administration businesses
- Accelerate virtuous circulation of funds, assets and capital by taking advantage of trend towards “the achievement of Asset Management Nation” as a new tailwind



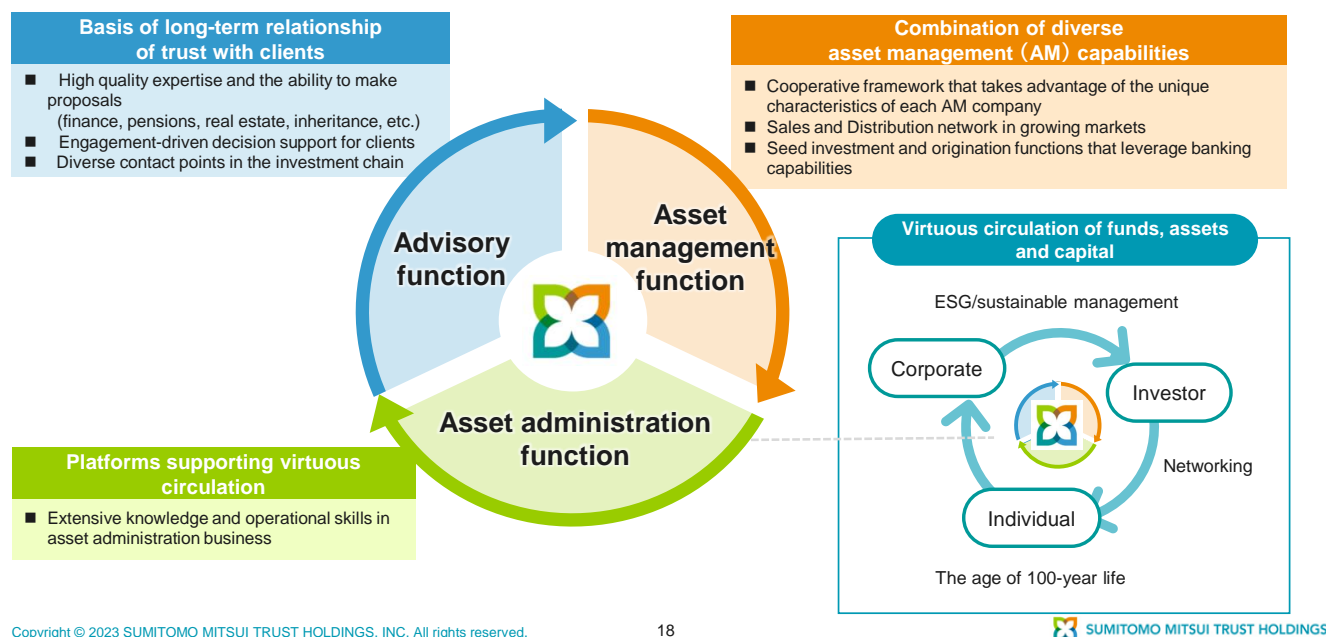
- ◆ Policies to shift household assets from savings to investments are about to begin, in order to make Japan an “Asset management nation”. Major agendas such as sophistication of the asset management business, sustainable growth of corporates, and increase in investments are exactly in line with our growth strategy.
- ◆ By creating a virtuous circulation of funds, assets and capital, and leading the development of capital markets in Japan, we will also accelerate our growth towards the achievement of our “aspiration”.
- ◆ Next, please turn to page 18.

## ◆ Our capabilities and strengths to accelerate virtuous circulation

## Our capabilities and strengths

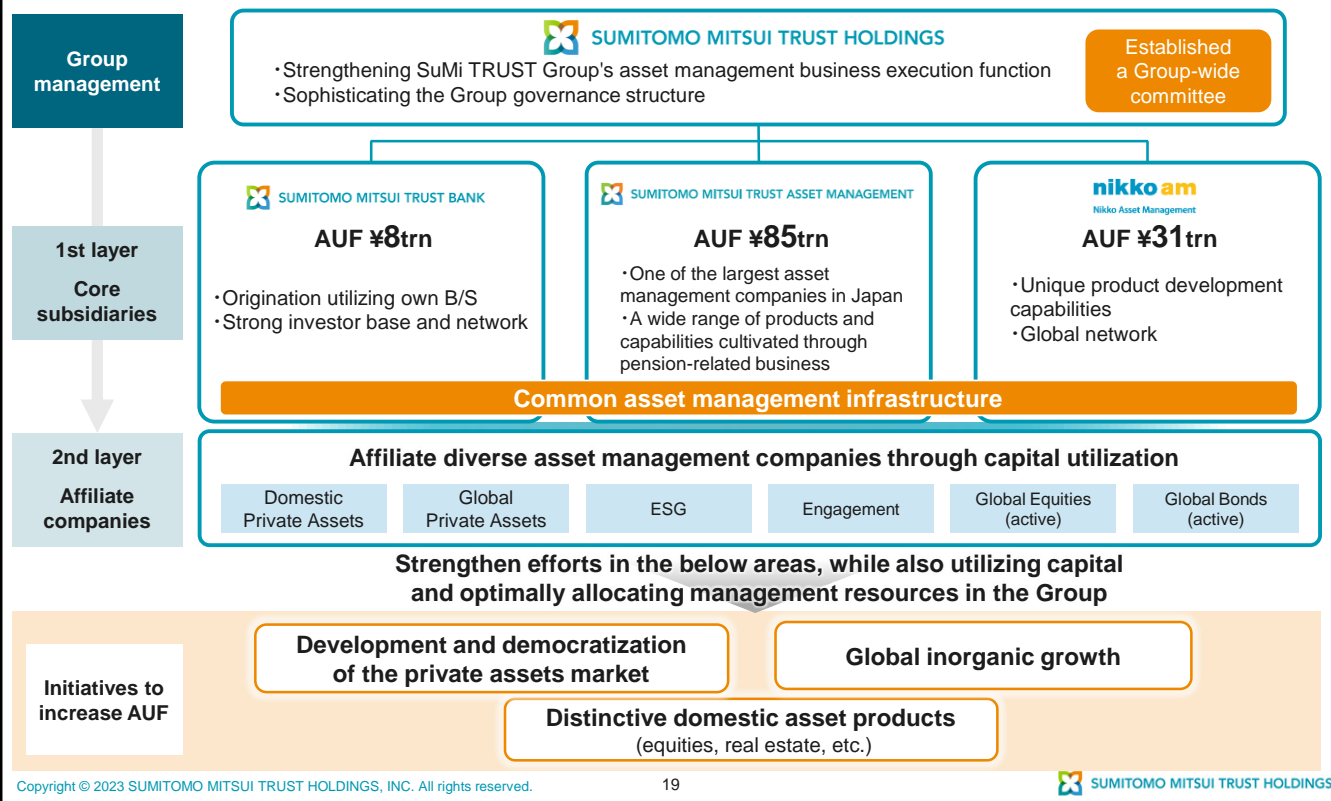
Creating and accelerating a virtuous circulation of funds, assets and capital  
by performing the functions of a trust  
from the perspectives of both "business operators" and "investors"

Increase  
in AUF



- ◆ Before explaining the specific initiatives, let me explain a little about how we will create a virtuous circulation of funds, and why we can accelerate it.
- ◆ The capabilities and strengths we provide can be broadly divided into three: "Advisory" that supports our clients' decision-making, "Asset Management" in which we bring together diverse capabilities, and "Asset Administration", which supports the virtuous circulation.
- ◆ In the "Advisory" function, we have built a long-term relationship of trust with retail and corporate clients in a wide range of business areas such as financing, pensions, real estate, and inheritance. The term "retail clients" mentioned here may be easier for you to understand if replaced with "individual investors".
- ◆ Having the perspective of both business operators and investors, and being able to have dialogues and proposals that capture the entire investment chain from individuals to global companies, is a key characteristic and strength of the Trust Group. For example, for individual investors, we provide consulting that includes future cash flows such as pensions, according to the difference in owned assets and liabilities, and support long-term asset formation.
- ◆ Please look at page 19.

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



- ◆ Since the start of this fiscal year, we have been actively discussing initiatives such as the structure of our asset management business and the expansion of AUF at the newly established cross-group committee within the holding company.
- ◆ Today, I will not go into detail, but the content of our discussions includes improving the autonomous operational capabilities of our three core companies, expanding AUF across the group, and aligning asset management companies that specialize in their areas of strength by using our capital.
- ◆ Let me introduce some examples of our efforts towards the expansion of AUF at the bottom of the slide.
- ◆ Please turn to page 20.

# Initiatives for the Development of the Domestic Asset Management Industry

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

## Direction of major Initiatives

- Identification of emerging managers and support for their fundraising (Case ①)
- Turn asset managers with unique edges into our affiliates (Case ②)
- Expansion of products that contribute to the development of the domestic market  
Considering a domestic listed stock engagement fund (characterized by "nurturing value" through friendly dialogue with companies)

### ② Investment in Osmosis (Nov. 23)

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nikko am  
Nikko Asset Management

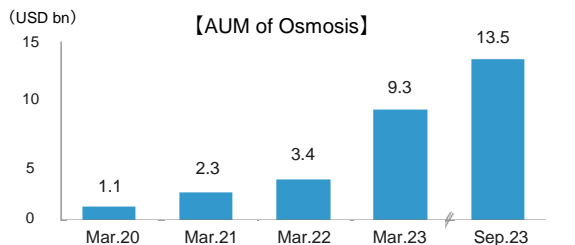
- HR development for ESG asset management
- Sales and distribution of Osmosis products
- New product development

Strategic Partnership (minority investment)



AM company in UK, established in 2009

Strengths in active management specializing in the environment area and expanding AUM dramatically



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



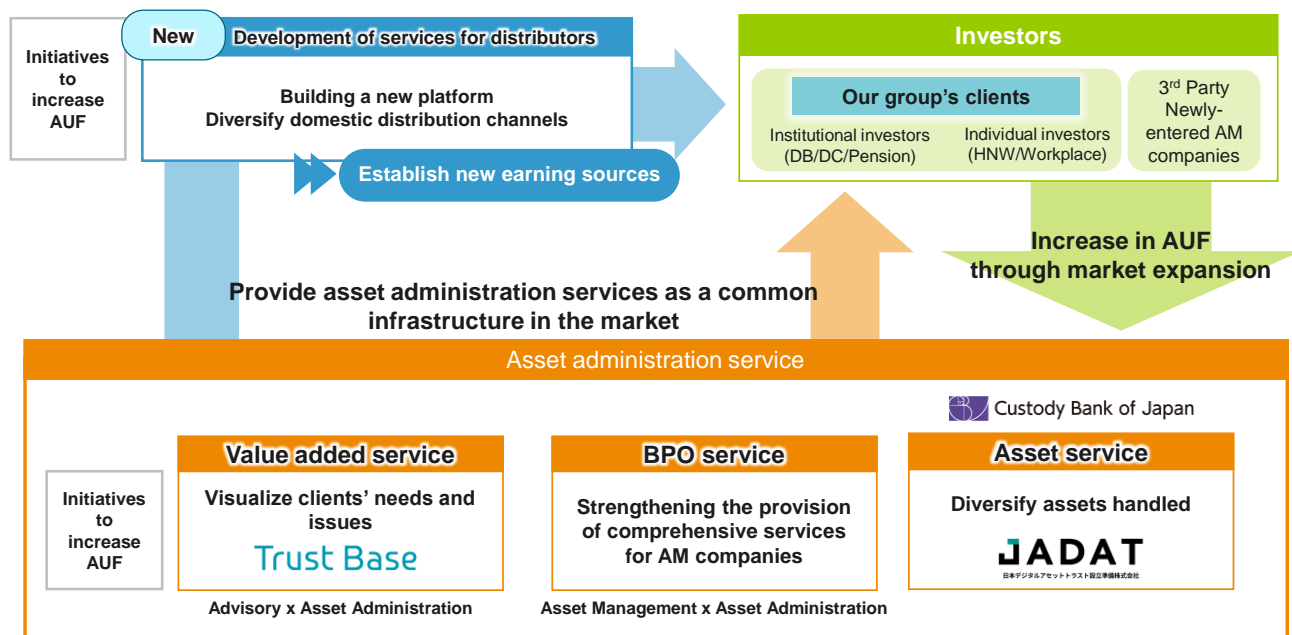
(\*)1 Aozora Corporate Investment Co., Ltd., SUMITOMO MITSUI TRUST INVESTMENT CO., LTD

(\*)2 Aozora Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, and one major domestic financial institution

- ◆ On the left, we have listed examples of our so-called "Emerging Managers Program (EMP)" initiatives. To revitalize Japan, it is necessary to discover and nurture emerging managers who invest in new growth industries and provide funding. We will take the lead in fulfilling this role.
- ◆ On the right, as an example of inorganic investment in asset managers with an edge, we have included the investment case in "Osmosis", for which we made a press release on November 7. Osmosis is a UK asset manager with a high value-added track record in the field of sustainable investment. By merging its strengths with our group's core asset management companies, we aim to expand AUF.
- ◆ Please proceed to page 21.

## Direction of Asset Administration Business

- In addition to value-added improvements in various services, develop services for distributors to build a new platform in the domestic asset administration market



- ◆ Not only advisory and asset management, but also our capability as a platform supporting capital markets and real asset markets is a significant strength of our group. We provide high-quality asset administration services and realize the expansion of AUF through market growth.
- ◆ From here, I will explain the specific engagements in our key strategic areas.
- ◆ Please proceed to page 23.

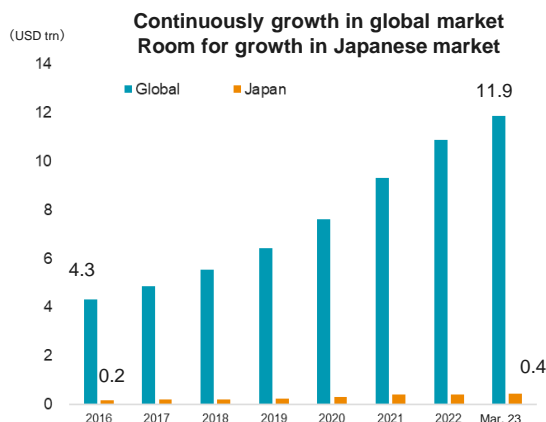
## ◆ Initiatives to key strategic businesses

- Expect future growth of Japanese private asset market as its current share is small in expanding global market
- Provide various private asset investment opportunities as a diversification option to investors

### Expecting private asset market growth

【Funded private assets<sup>(\*)</sup>】

Assets include private equities, corporate debt, real estate, infrastructure and natural resource investments, etc.



(Source)Preqin Pro

(\*)Only AUM(asset management companies and funds) that can find from public data

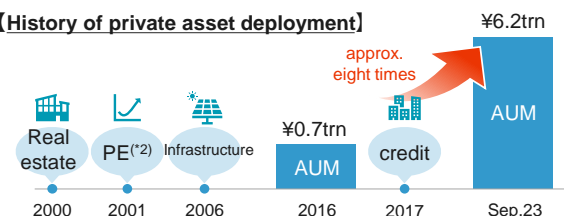
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### Providing private asset investment opportunities

**Institutional investors**

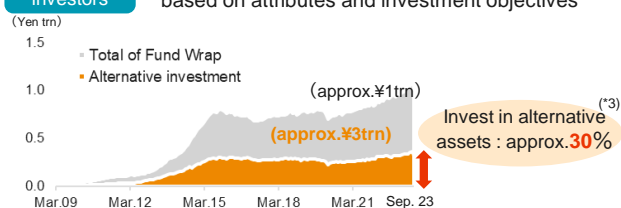
Lead the domestic market with over 20 years of experience in private asset market

【History of private asset deployment】



**Individual investors**

Provide diversified investment opportunities based on attributes and investment objectives



(\*)Invested in PE since 1991 using own B/S

(\*) Hedge funds, commodity, REIT

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- First, I would like to explain our initiatives of private assets. Generally, private assets are considered to be assets with relatively high return expectations over the long term, due to their lower liquidity compared to stocks and bonds. Additionally, they provide resilience against unexpected market fluctuations due to high diversification through a wide range of investments.
- Japan's share in the global private asset market is only around 3%, which is significantly lower compared to the 6% share in the stock market. Considering the overall growth of the global market, if Japan's share in the private asset market were to reach the same level as the stock market, the scale would expand to around 100 trillion yen.
- We have been investing and providing investment opportunities in private assets such as real estate and private equity to institutional investors, including corporate pension funds and financial institutions, for over 20 years. In our discretionary investment products offered to retail clients for about 15 years, we have incorporated more than 30% of alternative investments according to the risk tolerance and investment objectives of our clients.
- Please refer to page 24.

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

## Leveraging B/S and alliances with strategic partners

### leveraging proprietary account and funds from investors

Promote a virtuous circulation of private asset as a pilot

expertise



Proprietary account

Impact equity investment

### Collaboration with external partners with unique edges

Further strengthening of origination and structuring

Apollo Global Management

**Investment in alternative assets portfolio**  
Expanding access to us primary market

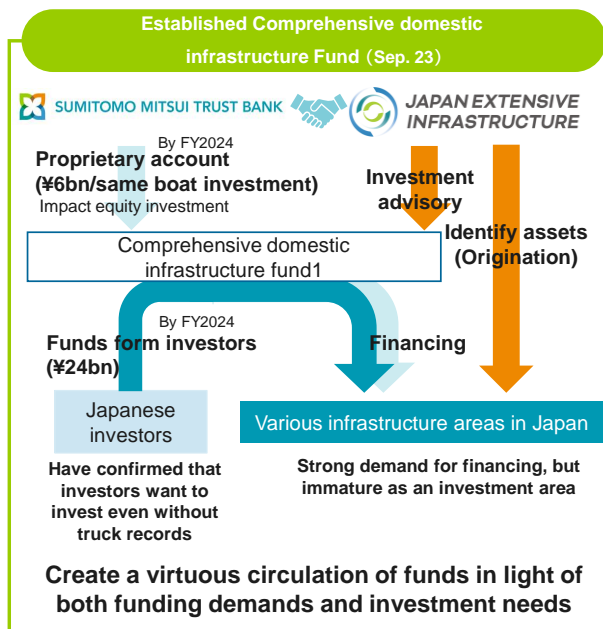
Energy Capital Partners

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

Mercuria Holdings

**Jointly established an investment advisory company<sup>(\*)</sup>**  
Developing domestic infrastructure market (see right side)

<sup>(\*)</sup> Japan extensive infrastructure



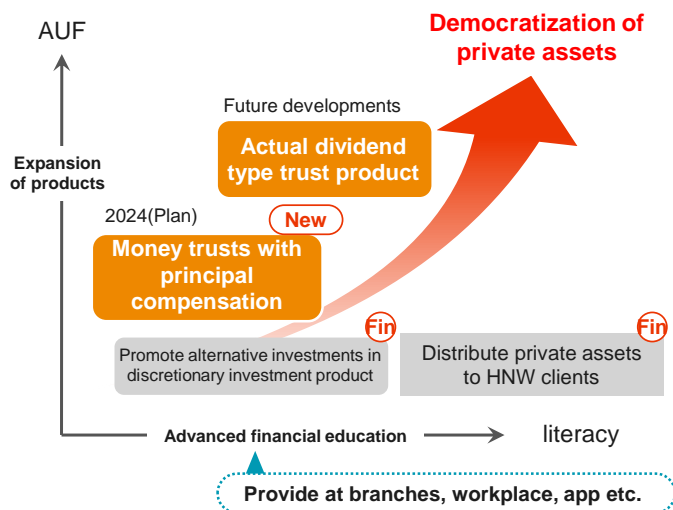
- ◆ In the process to create virtuous circulation of funds, it gives us a great advantage that we can utilize our own balance sheet. We have made early seed investments in assets where market expansion is expected and we have accumulated knowledge, experience, and investment track records in those markets over a long period of time.
- ◆ In the private asset area, where liquidity is low and information gathering and analysis for investment are challenging, we believe many investors prefer to make same boat investments with a "pilot" like us.
- ◆ On the right side of the slide, we show an overview of the domestic comprehensive infrastructure fund that we recently released as an example. The sourcing and origination of investment transactions utilizing our "advisory" function, which takes into account the needs of both corporates and investors, is our strength. We will continue to develop new markets in collaboration with strategic partners.
- ◆ Please proceed to page 25.

## Private asset-related initiatives ③

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

### Advanced financial education and expansion of products

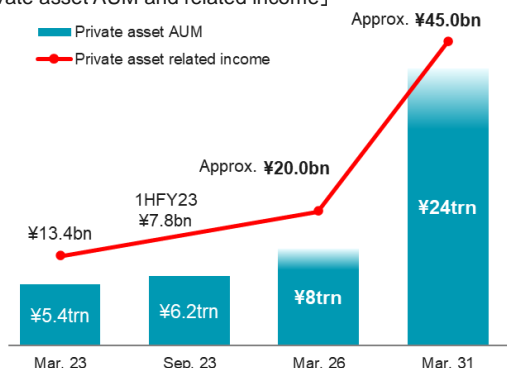
Achieve democratization of private assets by utilizing strengths of trust-related capability, such as financial education and flexible product development



### Private asset AUM and related income

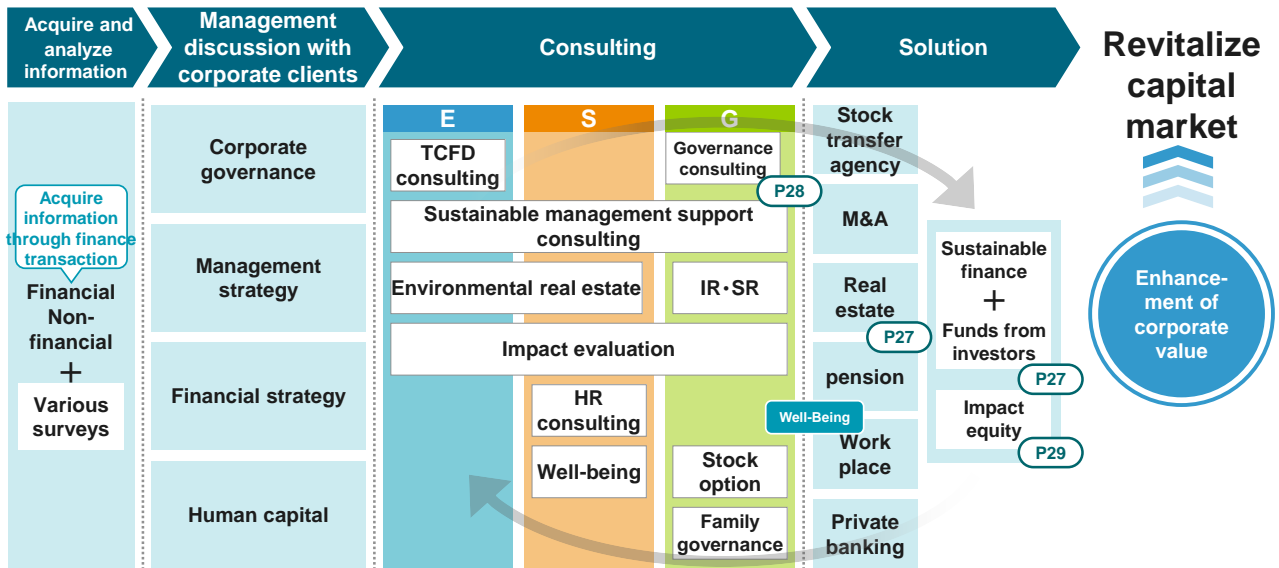


[Private asset AUM and related income]



- ◆ The expansion of the private asset market cannot be achieved without reaching out to individual investors. We will promote the democratization of private assets by improving the financial literacy of individual investors through advanced financial education cultivated in our pension business, and by expanding investment products that are generated from investor needs.
- ◆ Our strength lies in our ability to convert assets into a variety of products through trust, and in the fact that we have clients with high risk tolerance. As shown in the graph on the left, we will grow both AUM and revenue towards 2030.
- ◆ Next, I will explain our initiatives regarding the management issues of our corporate clients, centered in the ESG area.

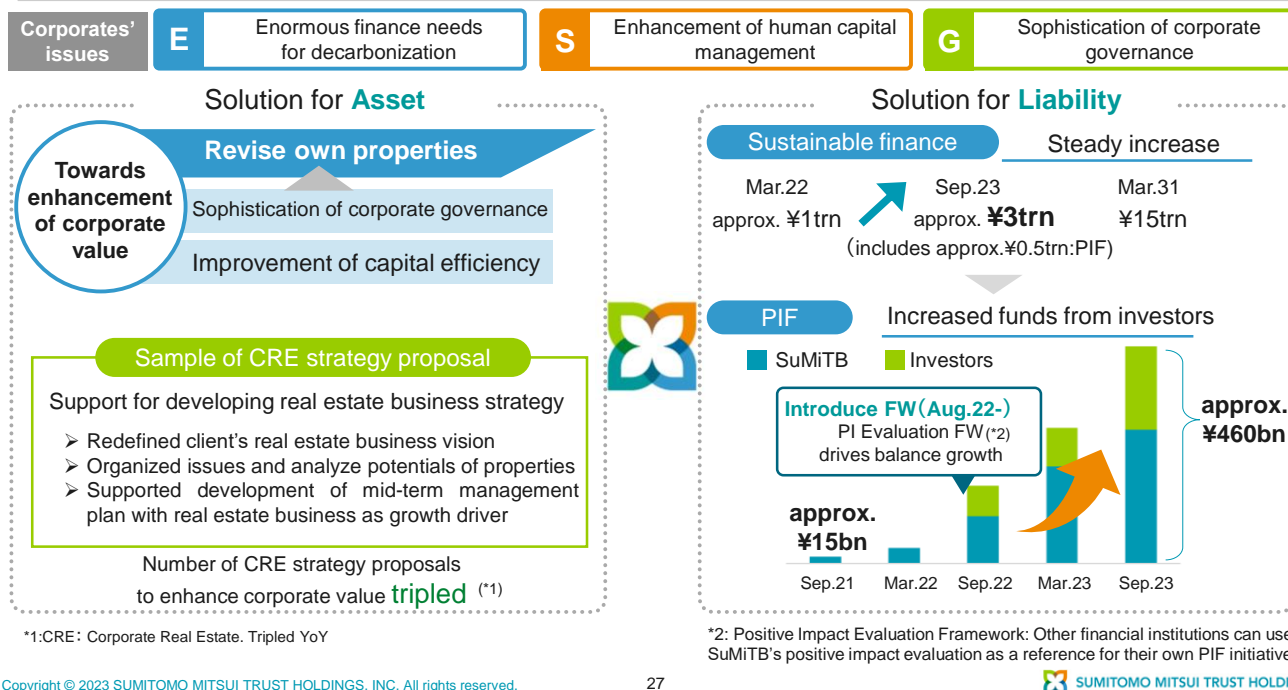
- Visualize corporate clients' management issues and provide various solutions
- Contribute to revitalizing capital market by fruitful dialogues with clients and enhancing corporate value



Long-term relationships of trust based on finance transactions

- On page 26, we have listed our total solutions that start with dialogues with our clients, from identifying issues to providing specific solutions. All these businesses leverage our Group's expertise. In addition, the initiatives will enhance the corporate value of our clients, which will lead to the expansion of the Group's AUF.
- Today, due to time constraints, I will briefly touch on the content and key points of our initiatives and their progress.
- Please refer to page 27.

- External environment changed, such as improvement of capital efficiency and sophistication of corporate governance
- Provide optimal solutions unique to our Group, to address to issues faced by our corporate clients



- More companies are prioritizing human resource strategies in light of human capital management trend
- Contribute enhancement of corporate value by providing various solutions with alliances

## Governance survey / human capital survey (2023)

**Governance survey® 1,888 companies participated**

### 【Topics of interest】

- **Prioritize HR strategy**
- **Employees engagement**
- Fruitful dialogue with investors
- Cost of capital



Recognize high interest in human capital management

### Human capital survey (focus on human capital)

Increased participants



## Providing solution

### Support menu

- Holding IR/SR meetings
- Evaluation of the Board of Directors
- Introduction of compensation framework
- Revision of organization
- Succession plan **New**
- Invite external directors **New**

■ : Provided by Board Advisors Japan

### Introduction of stock compensation scheme for employees

#### Introduction of RS Trust

- The number of group employees: 30,000people
- Aim to strengthen awareness of business performance and stock price, improve employee engagement and enhance corporate value

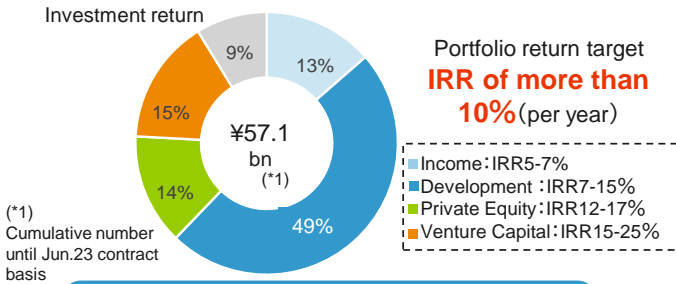
Enhance employee engagement

Improve productivity

- ◆ This is our initiative related to human capital, which is becoming increasingly important in corporate management.
- ◆ In the Governance survey participated by more than 1,800 companies, we can recognize the growing interest in enhancing human resource strategies and employee engagement.
- ◆ As you can see on the lower right, we are working to enhance employee engagement to our business partners, providing stock compensation scheme for employees.
- ◆ Please refer to page 29.

- Steady progress of impact equity investments. As of June,23 :¥57.1bn
- Contribute to expanding start-up market by solving issues faced by start-ups and institutional investors

## Impact equity investment



### Investment in self-driving truck companies(Sep.23)

Due to labor shortage, overtime work limits for truck drivers in 2024 is urgent social issues

Transportation by self-driving trucks that utilize autonomous Level4 of driving technology

**Sustainable logistics**

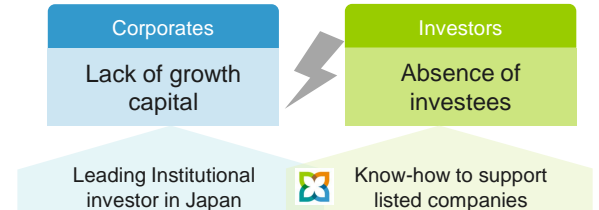
**IRR of more than 15%**



## Initiatives in Start-up market

Issues in Japanese Start-up market

Division between unlisted and listed markets



### Main strategy

Strategic IR support

Secondary fund

Financing for later companies

Crossover fund

By FY2025 accumulated ¥50bn(plan)

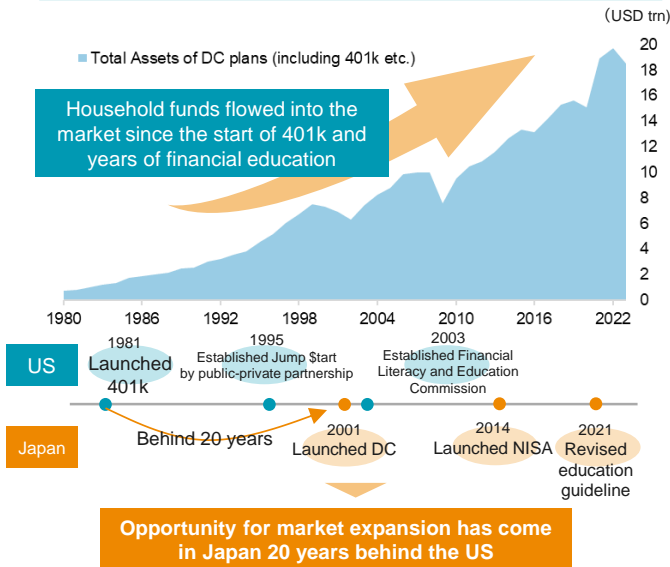
**For virtuous circulation of funds and expansion of start-up market by utilizing group capabilities**

(\*2) Provide IR support for unlisted companies. Support financing from institutional investors around listing

- ◆ We are making impact equity investments, to establish and grow a new “bond” with corporate clients that replace the conventional strategic shareholdings, and as an initiative to lead the circulation of funds in areas such as green and IT/digital.
- ◆ From renewable energy to AI technology, our initiatives have progressed to a scale of 50 billion yen in less than two years. We aim to generate impact in a wide range of fields, aiming for portfolio return IRR of more than 10%.
- ◆ In the startup market, which is necessary for the virtuous circulation of funds, we provide not only financial support but also consulting on shareholder strategies.
- ◆ Please proceed to page 30.

- In the US, there was a significant increase in pension assets, with the spread of financial education since introduction of 401k
- Support long-term asset formation by providing our advanced financial education to a wide range of generations

## Spread of financial education and balance of pension assets in the US<sup>\*1</sup>



\*1 Source :ICI (US)

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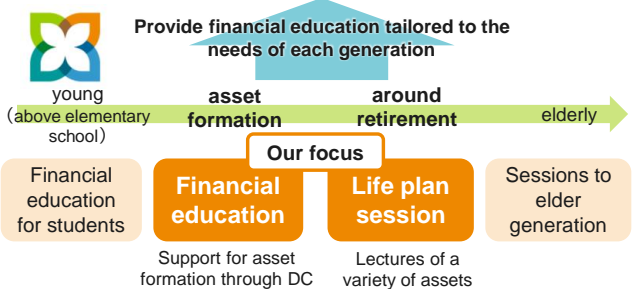
## Provide financial education to a wide range of generations

The reason why Japanese people don't invest<sup>\*2</sup>

Lack of knowledge about investing	40%
Concerned about buying and holding	26%
More comfortable with a guarantee of principal, such as deposit	23%

(\*2) Source :FSA "customer survey result of risky financial products (Jun.21)"

### Issue: Improving financial literacy

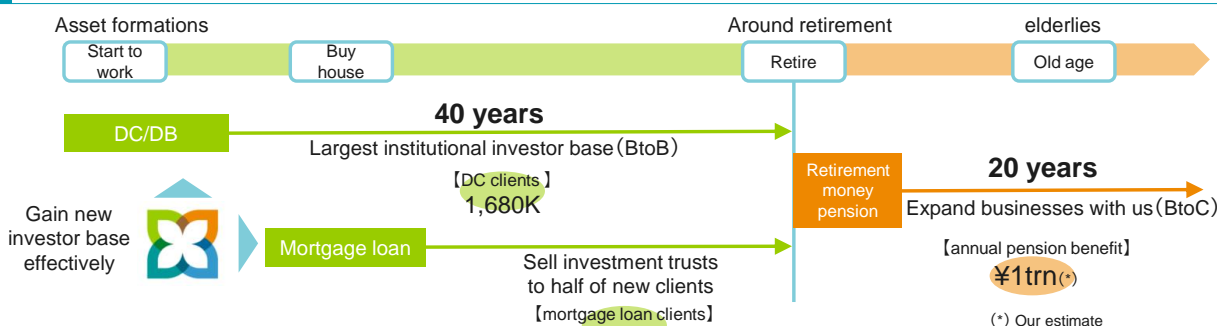


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- ◆ The third key strategic area is the age of 100-year life, but today, I will explain about financial education and NISA, the two driving forces to fully realize the shift from savings to investments here in Japan.
- ◆ The graph on the left side shows the trend of 401K pension asset balances in the U.S. Since its introduction in 1981, financial literacy had been raised nationwide, and as a result of the widespread financial economic education by both public and private sectors, pension asset balances have expanded 94 times over 40 years.
- ◆ In Japan, 40% of the population is anxious about their knowledge of investment. I believe that by continuously improving the financial literacy of the public in the wake of the introduction of the new NISA, we can firmly establish an investment culture in Japan as well.
- ◆ We provide financial education to a wide range of generations, from young people to seniors. On the next page, I will explain our initiatives for the asset formation generation and the pre- and post-retirement generation, which we are particularly focusing on.
- ◆ Please refer to page 31.

- Provide financial education to asset formations generation with DC and mortgage loans and leverage our strengths of ultra long term and high quality individual investor base.
- Utilize digital technology like application as well as in person. Cultivate asset formation generation by diversifying financial education tools and channels

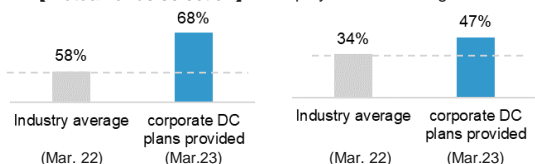
## Developing ultra long term relationship through supports for asset formation



### Developing literacy through advanced financial education

Contribute to expanding investment by developing literacy

【mutual funds selection】 【employees of matching contributions】



### Arousing needs through app

Smart Life Designer

スマートライフデザイナー



Calculate future cash flow  
 Simulate for asset formation  
 Provide information to develop literacy

Provide functions mutually (Sep. 23-)

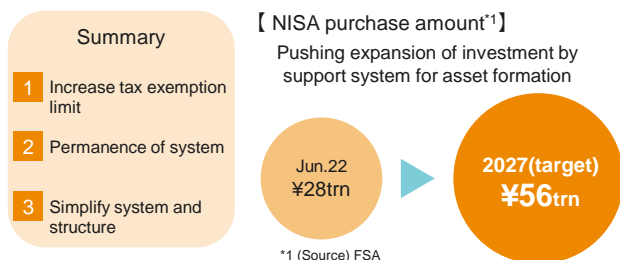


Highly convenient payment function

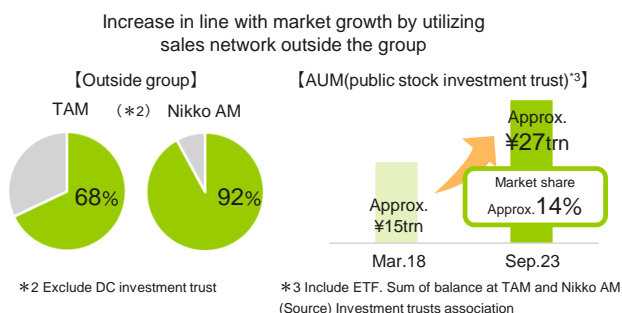
- ◆ One of our strengths in business with individual investors is that we can build a very long-term relationship of trust based on asset formation support such as DC and mortgage loans. For example, a transaction period of 40 years for corporate pensions and another 20 years after their retirement.
- ◆ By connecting the asset formation support that started with pension transactions via corporate clients to face-to-face and digital channels even after retirement, we can provide ultra-long term asset management services to individual investors. It is important to make them realize how useful our asset formation support is while they are still active, and we are also working on DX utilization to enhance convenience in addition to advanced financial education.
- ◆ Please proceed to page 32.

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

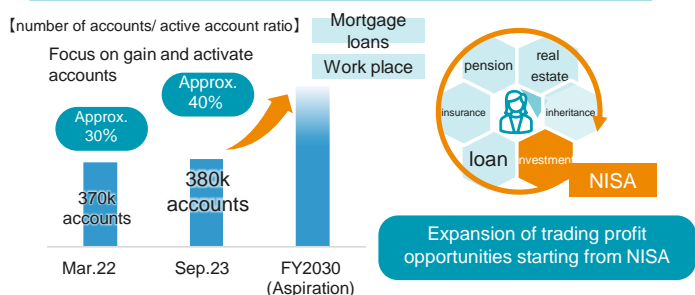
## New NISA (Nippon Individual Saving Account)



## Initiatives at SuMiTAM/Nikko AM



## Initiatives at SuMi Trust Bank



## Products for NISA

- Investment trusts pursuing long-term stable return
  - Balanced
  - High Dividend
  - Low risk
- Active investment trusts focusing on long-term megatrend
  - Innovation
  - FinTech
  - Semiconductor
  - Mobility
  - In-bound

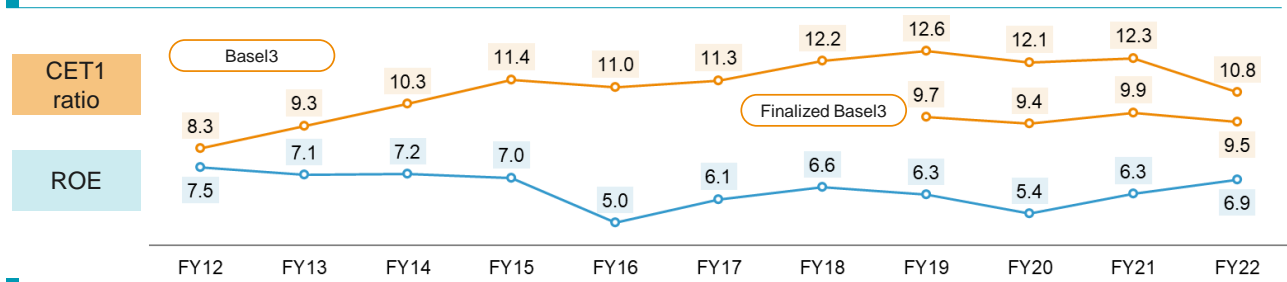
- ◆ An overseas investor I met this summer told me that he would expect the NISA to be effective because the funds invested in the UK ISA had high stickiness and have contributed to the expansion of capital markets.
- ◆ Our Group has the advantage of being able to reap the benefits of increased investment at all stages of the investment chain, including acquiring NISA accounts at Sumitomo Mitsui Trust Bank, but also with the two asset management companies, as well as asset administration services.
- ◆ Although there is no shortcut to our initiatives, we will create a flow in which household financial assets circulate to long-term investments by developing the financial literacy of a wide range of generations in Japan, just like in Western countries.
- ◆ That concludes the explanation of our engagements in the key strategic areas. Next, I will explain about growth investment and risk weighted asset control as part of our initiatives to improve capital efficiency.
- ◆ Please proceed to page 35.

## ◆ Improvement of capital efficiency

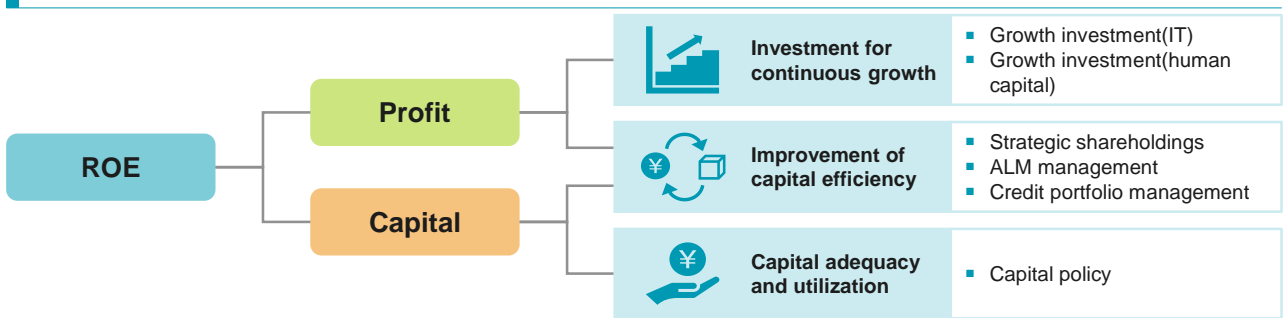
# Improvement of capital efficiency ~Overall picture~

- Improve capital efficiency by investing in sustainable growth and improving profitability of own balance sheet

## Historical CET1 ratio and ROE (%)



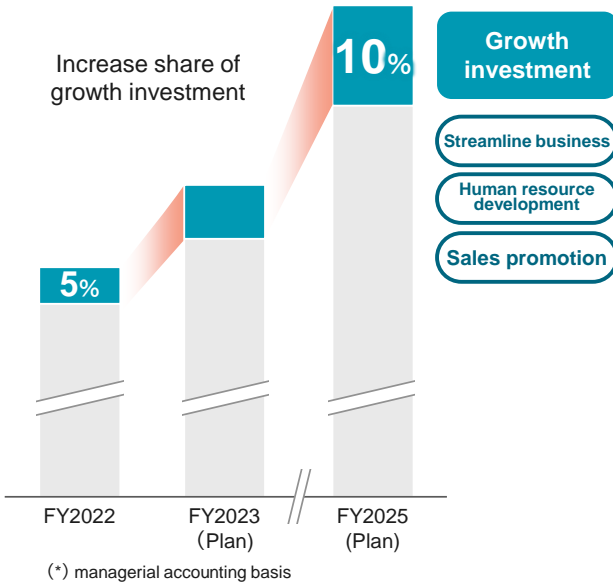
## Initiatives to improve ROE



# Growth investment ~IT system Investment~

- Invest in IT systems for future growth. Double the share of growth investment in FY2025 vs FY2022
- Streamline contact center operation through use of generative AI by collaboration with PKSHA

## IT system investment plan (FY2023-2025)

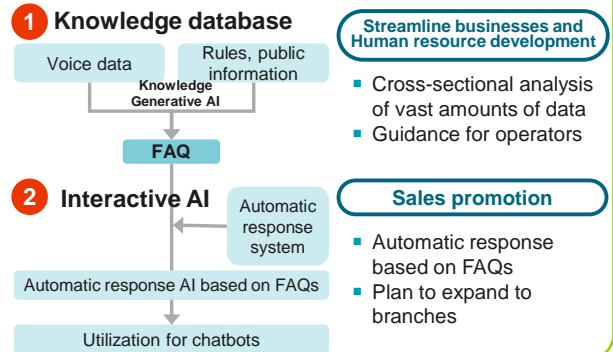


## Sales promotion activity using generative AI

Collaborate with PKSHA, which has advanced knowledge in generative AI



### Image of contact center utilization

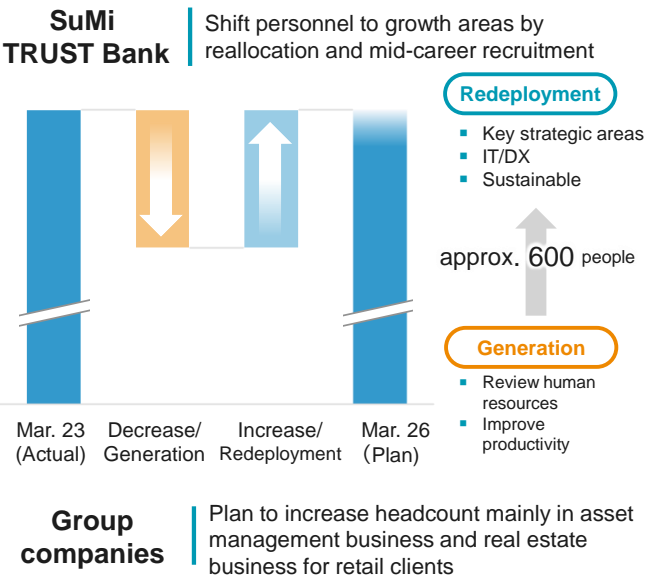


- While the structure of IT investment remains unchanged, where the maintenance and upkeep costs of existing systems take up a significant portion, we plan to gradually increase the proportion of investments that lead to future growth.
- On the right-hand side, we show examples of how we are proceeding to streamline businesses through investments in generative AI. We are also continuing proactive investments in human capital, such as linking productivity improvements to redeployments in growth areas and expanding our training programs.
- Please also refer to page 36.

Growth investment ~Human capital investment~

- Shift personnel to growth areas such as key strategic businesses or IT/DX during Medium-Term Management Plan
- Provide employees with opportunities to learn on their own by increasing human capital investment

Personnel allocation plan(FY2023-2025)



Training and development of human resources



Aidemy GX (Start in Sep. 2023)



- Provide GX education for all group employees
- Improve skills in responding to GX-related consultations

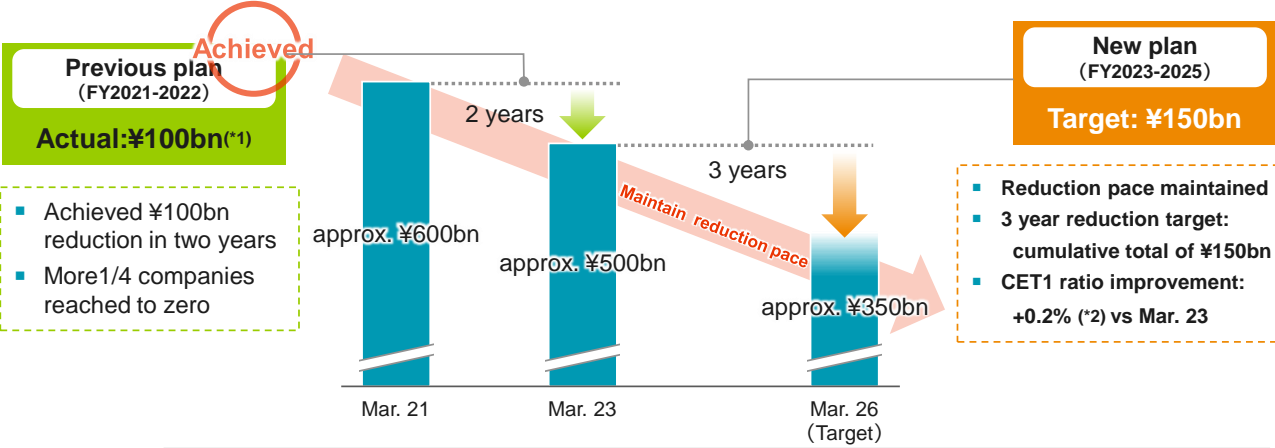
◆ Please proceed to page 40.

Announcement of reduction of strategic shareholdings to zero (May, 2021)

We shall not hold any “strategic shareholding as a conventional stable shareholder.”

Cost basis balance of strategic shareholdings

Conduct persistent dialogue to ensure continuation of long- term relationship of trust with clients



**Proxy voting**

- Exercised voting rights according to voting rights guidelines for strategic shareholdings at SuMi TRUST bank since Jun. 22
- Emphasize pre-engagement activities that lead to enhance corporate value for corporate clients

\*1: Achieved ¥100.6bn reduction exclude sold and repurchased shares in FY2020/4Q

\*2: Estimate based on actual results as of the end of Mar. 23 (finalized Basel III), incorporating a reduction in RWA equivalent to the reduction target (¥150 bn) for the new plan period.

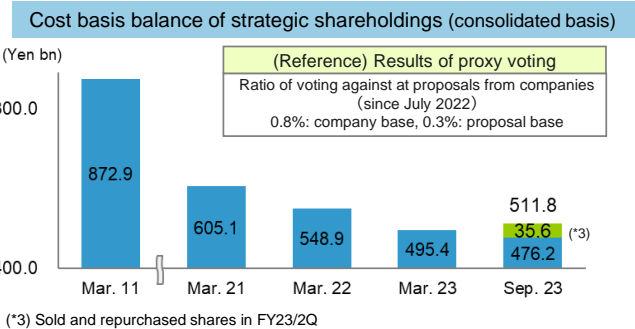
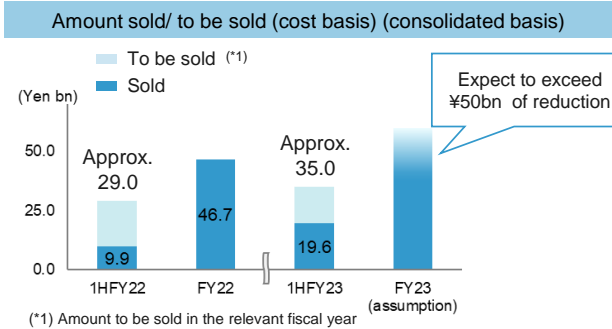
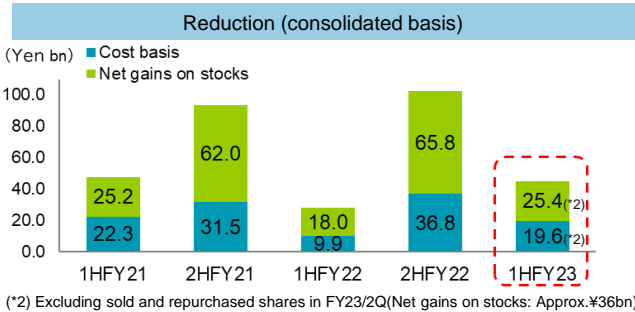
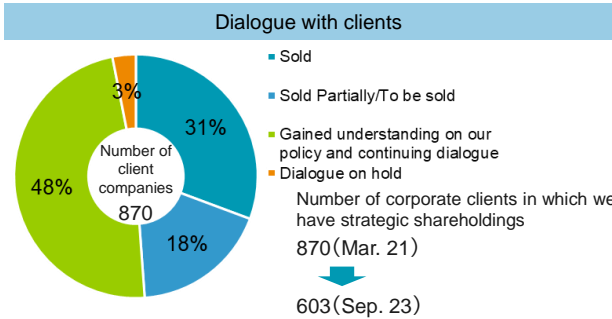
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# Reduction of strategic shareholdings

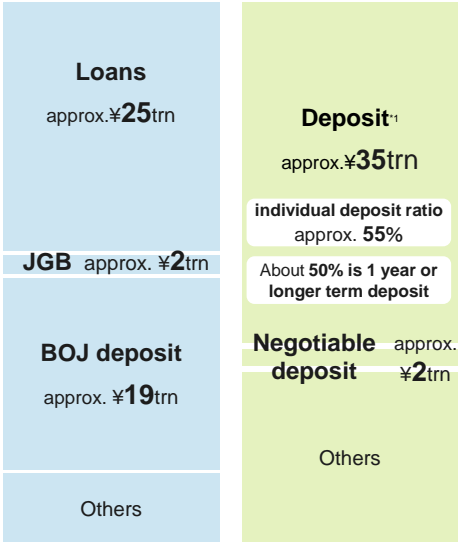
- Continue careful dialogue with clients based on long-term relationship of trust. The number of companies with strategic shareholdings decreased by 30% since March 2021
- Amount sold / to be sold reached approx. ¥35bn. Expect to exceed ¥50bn reduction in FY2023



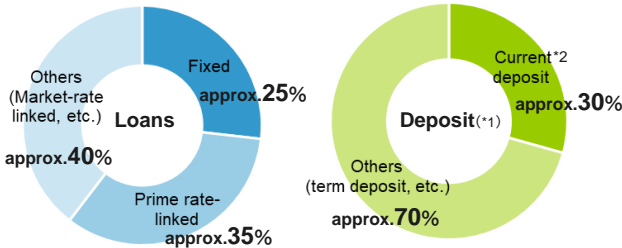
ALM management ~Impact of interest rate hikes~

- Stable funding structure centered on time deposits from retail clients
- Increased net interest income when interest rates hike. Could be further increase in income from increased investments in securities, depending on market conditions

JPY denominated balance sheet (as of Sep. 23)



Loans and Deposits (as of Sep.23)



Impact of interest rate hike (estimate)

Scenario	End negative interest	Interest hike in parallel in every term maturity
impact (net business profit)	+ approx. ¥10bn/year	+ approx. ¥40bn/year
premise	<ul style="list-style-type: none"><li>Interest rate Include FY2024 market condition (estimate based on OIS)</li><li>Balance As of the end of Sep.23</li></ul>	<ul style="list-style-type: none"><li>Interest rate shift +50bp in parallel</li><li>Balance As of the end of Sep.23</li></ul>

(Ref.) Effect of shifting a part of BOJ deposit to securities investment

+ ¥5bn  
(¥1trn invested at 0.5%)

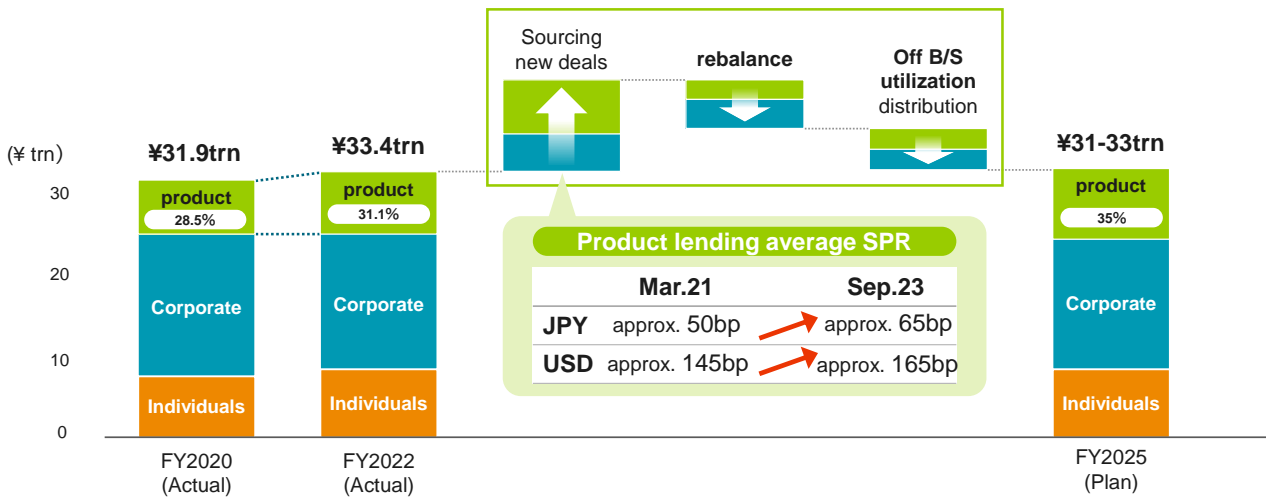
(\*1) Managerial reporting basis; Deposits and trust principal, exclude negotiable deposit  
(\*2) Current deposits include liquid deposits, separate deposits, non-resident yen deposits, etc.

# Credit portfolio

- Corporate: Good progress in shift to product related credit with higher profitability
- Retail: Expand client base and increase long-term relationships with clients through mortgage loans

Credit portfolio plan (corporate and retail)

(SuMi TRUST Bank)



Focus on improving capital efficiency without expanding balance sheet

- ◆ For both retail and corporate businesses, we do not plan to significantly increase the balance of financing. We will continue to raise the ratio of product lending available to investors and continue to improve lending spreads and earn arrangement fees.
- ◆ Finally, let me explain our capital policy.
- ◆ Please proceed to page 42.

## ③ Capital policy

# Basic approach to capital management

- Target for CET1 ratio (Finalized Basel3) remains unchanged at “stably maintain 10% or above”. As of Sep.23: 9.7%
- Focus on shareholder returns, in addition to utilizing capital for future growth. Based on a progressive dividend, repurchase own shares in a flexible manner

✓ Target of CET1 ratio(\*)

**Basic policy**  
**Stably maintain 10% or above**

Regulation :7.5%  
Financial buffer :2.0%  
Management buffer:0.5%

**Financial capital utilization**

- ✓ Growth investment (expand trust group's businesses)
- ✓ Investment for solving social issue
- ✓ Share repurchase

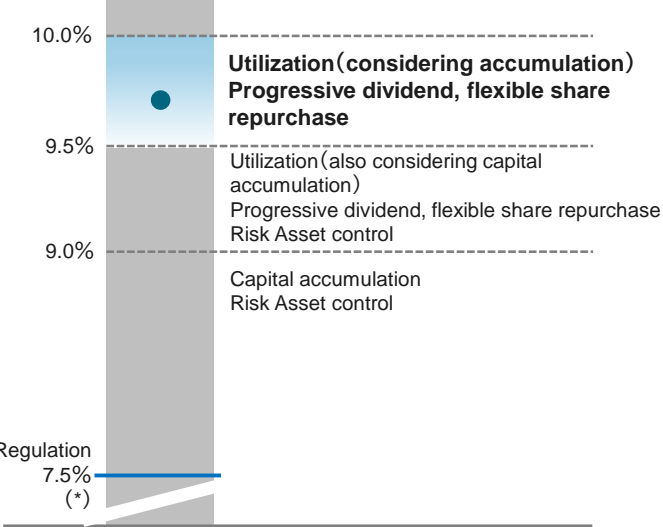
Current level (9.7%) :  
Capital utilization phase

- Time frame for finalized Basel 3
- Stable profit accumulation
- Readiness for various risks
- Reduction of strategic shareholdings to zero

(Ref.) impact on CET1 ratio of each indicator(as of Sep.23)

		(10)%	+10%
Stock Price	Nikkei 225	(11)bp	+10bp
FX	JPY/USD	+26bp	(25)bp

✓ Capital management  
(balance between adequacy and efficiency)



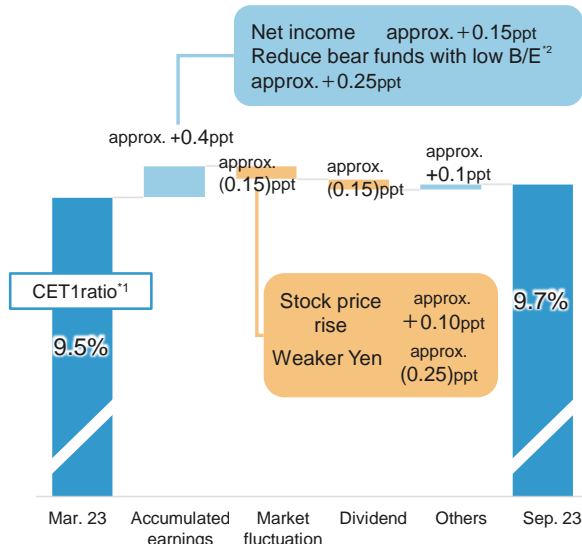
(\*)CET1 ratio :Finalized Basel 3. Includes valuation difference on AFS.

- ◆ There is no change in our basic approach to capital management. CET1 ratio (Basel3 finalized basis) at the end of September was 9.7%, which is recognized as the capital utilization phase.
- ◆ Please look at page 43.

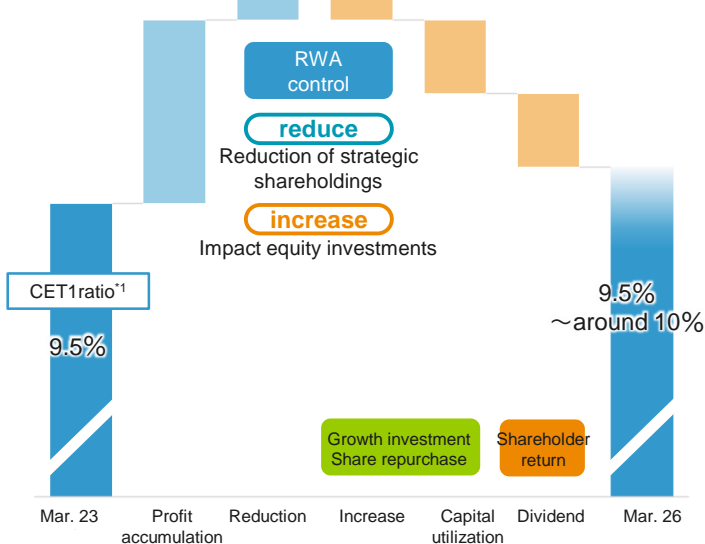
## Capital allocation (CET1 ratio)

- Increased CET1 ratio in 1HFY2023 mainly by accumulated earnings and improvement of valuation differences on AFS securities due to stock price rise
- Invest in the future growth while utilizing accumulated earnings for dividends, growth investments and share repurchase during Medium-Term Management Plan

### 1HFY2023 (actual)



### Future plan (FY2023-2025)



(\*1) CET1ratio: Finalized Basel3. Includes valuation differences on AFS.

(\*2) Consider reduction of unrealized losses on bear funds (see p.9)

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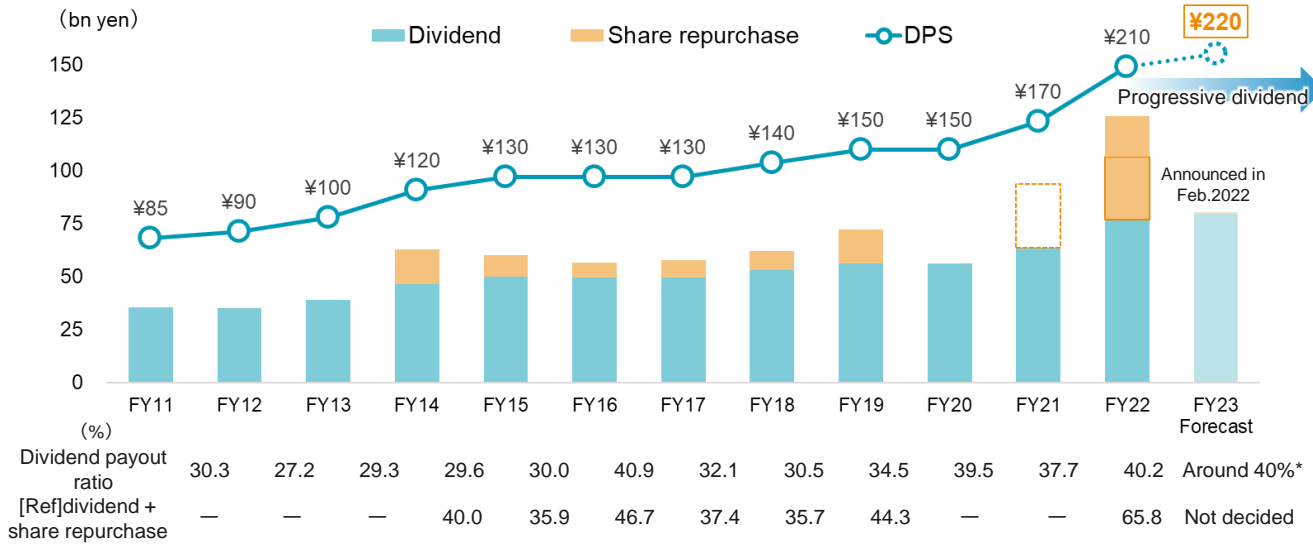
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- Capital is shown here, with the results for the first half of the year and future plans. In the first half of fiscal year 2023, the CET1 ratio increased by 0.2points due to profit accumulation and rising stock prices.
- The graph on the right shows the image of capital allocation during the Medium-Term Management Plan period. We will improve capital efficiency by reducing strategic shareholdings and optimizing our business portfolio. At the same time, we will invest in growth investments and share repurchase in a well-balanced manner.
- That concludes my explanation. As I mentioned at the outset, we will also take advantage of the tailwind of the macro environment to accelerate the Trust Group's unique growth by focusing on our strengths.
- We appreciate your continued support. Thank you.

# Dividend and share repurchase~

Dividend	Dividend per share will be progressive, while aiming to increase the dividend per share through profit growth. The dividend payout ratio will be determined at 40% or above
Share repurchase	Share repurchase will be implemented flexibility on the premise of securing sufficient capital, while balancing the use of capital for medium-to long term profit growth and the effects of better capital efficiency



# Appendix

# Key Performance Indicators (KPI)

Financial Results for FY2022  
May19, 2023

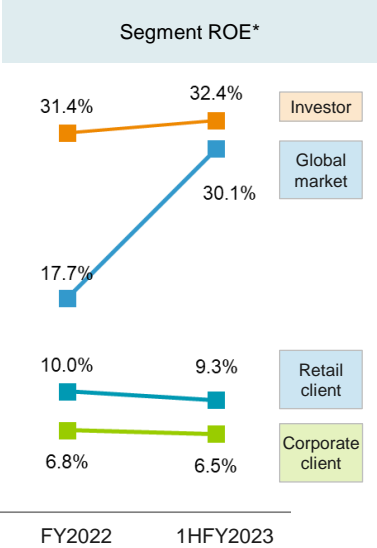
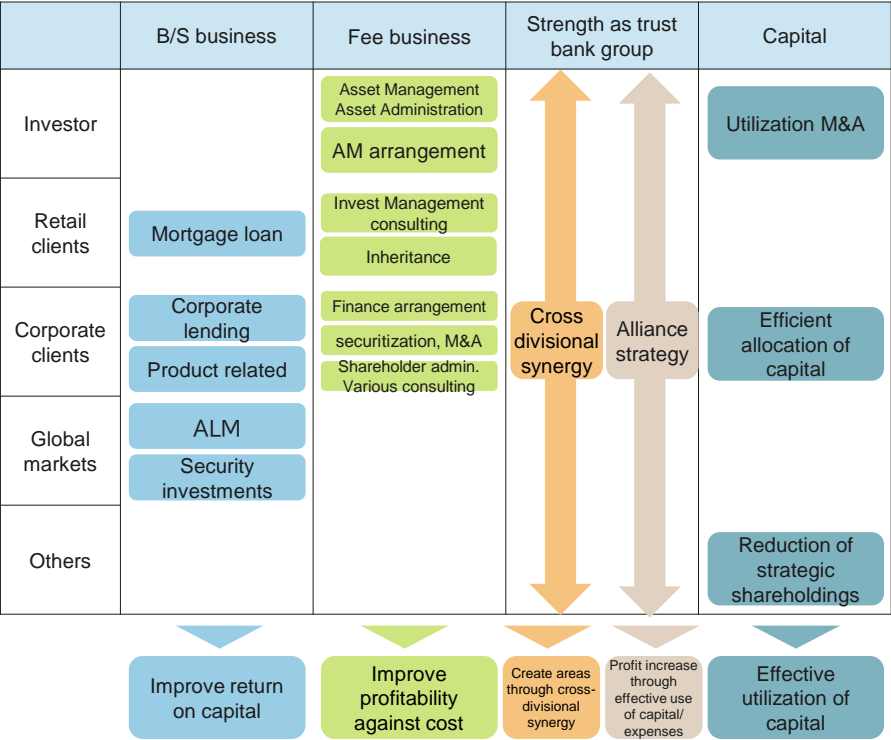
		FY2022 (Actual)	FY2023 (Plan) <sup>*1</sup>	FY2025 (Target) <sup>*1</sup>	By FY2030 (Aspiration)
<b>Profitability Efficiency</b>	<b>Return on equity</b>	6.93%	<b>Lower 7% range</b>	<b>8% or above</b>	10% or above
<b>Source of investment/ distribution</b>	<b>Substantial gross business profit</b>	¥814.1bn	<b>¥850.0bn</b> ¥860.0bn <sup>*3</sup>	<b>¥920.0bn</b>	¥1trn or above
<b>Earning power/ Growth</b>	<b>Net business profit</b>	¥324.6bn	<b>¥320.0bn</b> ¥330.0bn <sup>*3</sup>	<b>¥355.0bn</b>	¥400.0bn or above
	<b>Net income</b>	¥191.0bn	<b>¥200.0bn</b> ¥85.0bn <sup>*3</sup>	<b>¥240.0bn</b>	¥300.0bn or above
<b>Business model</b>	<b>AUF(outstanding)<sup>(*)2</sup></b>	¥480trn	<b>¥500trn</b>	<b>¥600trn</b>	¥800trn
	<b>Fee income ratio</b>	55%	<b>Mid-50% range</b>	<b>Mid-50% range</b>	60% or above
<b>Cost effectiveness</b>	<b>OHR</b>	60%	<b>Lower 60% range</b>	<b>Lower 60% range</b>	Upper 50% range
<b>Capital adequacy</b>	<b>CET1 ratio (Finalized Basel III)</b>	9.5%	<b>Mid-9% range</b>	<b>9.5% ~around 10%</b>	Stably maintain 10% or above

(\*)1 Market environment assumption (FY2023/FY2025) : 10YJGB yield 0.50%/0.70%, Nikkei225 ¥28,000/¥28,000, USD/JPY ¥130/¥120

(\*)2: AUF: Assets Under Fiduciary

(\*)3 Plan based on revision of earnings forecasts for FY2023 (announced on October 30). Market environment assumption (2HFY23) : Nikkei 225:¥ 32,000, USD/JPY ¥145

Segment ROE

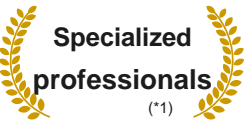


(\*)

- 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 shift from Investor to Corporate client.  
Corporate client ROE : FY2022:7.9%, 1HFY2023:7.5%
- Investor includes Asst management business
- Not included above graphs are headquarters expense, profit/loss and RWA of strategic shareholdings and bear funds

## ◆ Human resource strategy

- Highly specialized and diverse employees in a wide range of business areas



Certified Fellows  
**391**

Real Estate  
Transaction Specialist  
**6,489**

Certified  
Gerontology Concierges  
**1,082**

Financial Planner  
1st Grade  
**730**

		Actual(Sep. 23)	Target/Direction
Gender	Female management positions <sup>(*2)</sup>	30.1%	30% or above (by Oct. 24)
	Female directors and executive officers <sup>(*3)</sup>	4	—
	Paternity leave <sup>(*4)</sup>	117%	100%
Mid-career recruitment	Management position	21%	Fair appointment
Foreign nationals	Management position at overseas <sup>(*5)</sup>	70%	Fair appointment
Persons with disability	Employment rate	2.2%	—

【Executive support】

Executive officers directly support women's career development

Executive officers' own awareness

Network among female employees

【External evaluation】

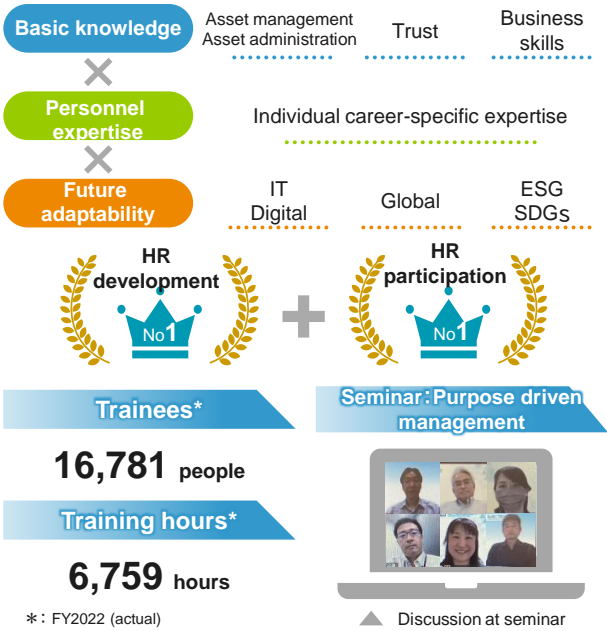


2023  
健康経営優良法人  
Health and productivity  
ホワイト500

\*1 As of Sep. 23 \*2: women responsible for management operations \*3: SuMi TRUST Holdings \*4: FY2022 \*5: As of Mar.23

- Provide various supports to independent, career-oriented employees. Expanding support menus in light of active utilization by employees

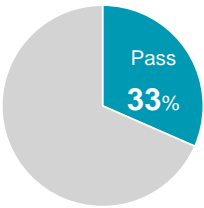
Autonomous career development



Career development support

Job posting system

[FY2022 results]



※ Applicants data

- Number: 377 people
- Average age: 31.6 years old

**Support for younger employees' to develop independent and career-oriented development**  
Expand application menu

In-house side job system

- Integrate know-how and human resources across businesses
- Launched external or group-wide side job system in April, 2023

[examples of in-house side job system]

- Well-being promotion
- Life plan consulting
- Sustainability
- IR (focus on individual shareholders)
- Corporate communication
- RPA builder

## ◆ Sustainability

# Development of impact businesses

- Accelerate impact business by steady increase of transaction merging “technology”, “finance” and “policy”

## Technology-Based Finance (TBF) team

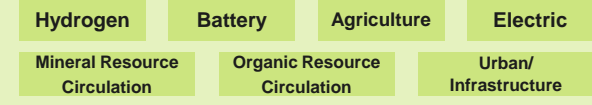
Unique capacity from combination of deep knowledge as specialist (each member)



Creative ideas through discussion (team)

12 experts

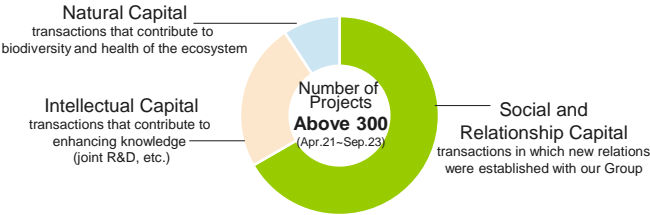
### 7 key strategies



Technology-driven approach

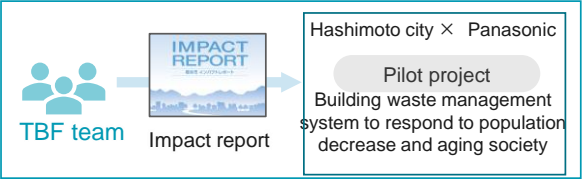


## Initiatives by TBF team



### Initiatives in Hashimoto-city (Social and Relationship Capital)

- Support acceleration of projects that solve social issues through impact evaluation



Contribute to expansion to other regions and growing our businesses

# Road Map and Progress Toward Carbon Neutrality

Fiscal year	Carbon Neutral Commitment		Transition planning				2030	2040
	FY2020	FY2021	FY2022	FY2023	...			
<b>Net zero GHGs in inv. &amp; loan portfolio (NZBA)</b>		Joined						
Power generation (intensity, g-CO <sub>2</sub> e/kWh)	249	243					138 – 173	
Oil & Gas (reduction ratio, Mt-CO <sub>2</sub> e)	3.6	(3.6)%					(13)% – (31)%	
Real estate (intensity, kg-CO <sub>2</sub> e/m <sup>2</sup> )		64					34 – 41	
Shipping (Portfolio Climate Alignment)	(0.8)%	(0.4)%					≤ 0%	
Other highly carbon intensive sectors*1				"Iron & steel" "automotive" by Sep. 2024				
<b>Net zero GHGs in Asset Management portfolio (NZAMI)</b>		Joined						
Sumitomo Mitsui Trust Asset Management					➤		Halve intensity of 50% of AUM <sup>2</sup> from 2019	
Nikko Asset Management					➤		Halve intensity of 43% of AUM <sup>3</sup> from 2019	
<b>Total amount of performed sustainable financing</b>		¥0.83trn	Approx. ¥2trn		➤		¥15trn	
<b>Loan balance for coal-burning power plants</b>								
For project		¥142.7bn	Approx. ¥140bn		➤		Halve from Mar. 31, 2020	Zero
For corporates (new/expansion)		¥20.1bn	Approx. ¥14bn		➤			Zero
<b>Net Zero GHGs from Our GROUP (Scope1,2)</b>		23,763 t-CO <sub>2</sub> e			➤		Net Zero	
SuMi TRUST Bank Group*4 (branch offices in Japan)		22,228 t-CO <sub>2</sub> e	Partial introduction of renewable energy in branch offices		FY2025: 7,224 t-CO <sub>2</sub> e*5			

\*1: 9 sectors to which targets should be set with priority according to the NZBA guideline: "power generation", "oil & gas", "real estate", "transportation", "iron & steel", "coal", "cement", "aluminum", "agriculture".

\*2: Targeting 43 trillion yen, 50% of 85 trillion yen of total managing assets as of Jun.30, 2021. Excluded managing assets are sovereign bonds, etc., for which a method to calculate has not been established yet but will be successively added as target assets, when a method is established from now on.

\*3: Targeting about 13 trillion yen, 43% of 31 trillion of total managing assets as of Dec. 31, 2021.

\*4: On a consolidate basis of SuMi TRUST Bank as a top and other group companies including subsidiaries such as Sumitomo Mitsui Trust Panasonic Finance and Sumitomo Mitsui Trust Loan & Finance

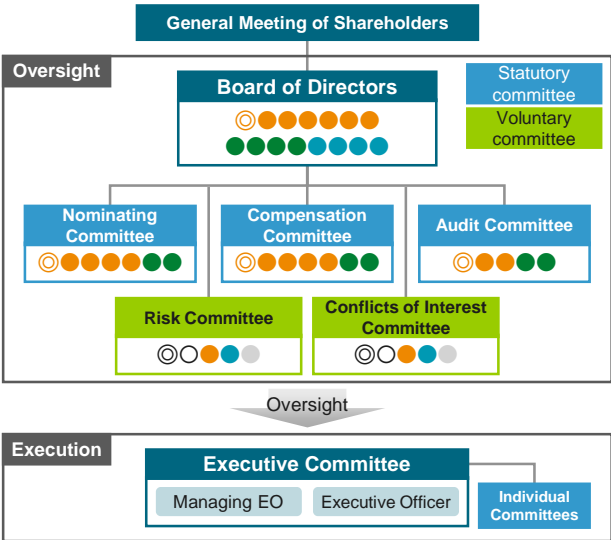
\*5: Joined the GX League in FY2023 and set the intermediate targets, but emissions from our internal commercial vehicles are excluded from the targets for FY2025.

## ◆ Corporate governance

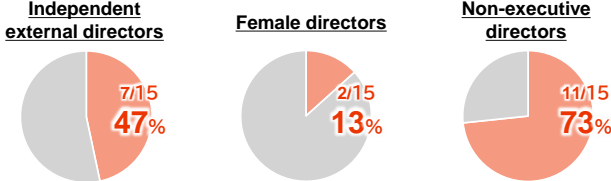
# Governance ~Oversight structure~

## Oversight structure

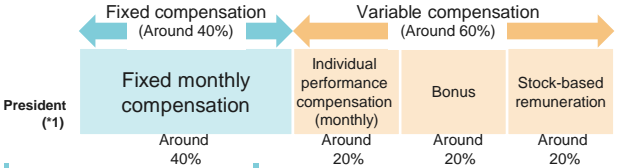
- Company with Three Committees
  - The Board of Directors' meeting and other committees to be chaired by external directors
- : External (Director Chairman) ●: External (Directors) ◎: External (Experts, Chairman)  
○: External (Experts) ●: Internal·Non-executive ●: Internal·Executive  
●: Executive officer (non-director)



## Breakdown by director types



## Directors' compensation



## Stock-based remuneration

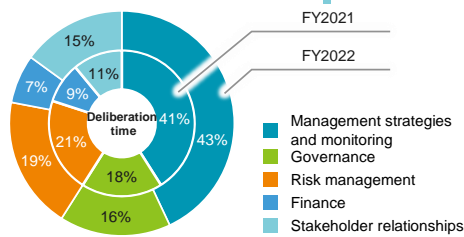
Indicators (KPIs) for performance-linked compensation			Assessment weighting
Linked to near-term earnings	(1) Consolidated net business profit		22.2%
	(2) Consolidated net profit attributable to owners of the parent	33.3%	11.1%
Linked to medium-term financial metrics	(3) Consolidated shareholders' equity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

\*1: Monthly compensation (for non-presidents) around 45%: fixed compensation, around 25% individual performance compensation, around 20%: bonus for directors and executive officers, around 10%: stock remuneration  
\*2: MSCI, FTSE, Sustainalytics

# Initiatives at the Board of Directors in FY2022

## Deliberations at the Board of Directors in FY2022

### Deliberations at the Board of Directors



### Main themes for deliberations and topics at the Board of Directors during FY2022

Theme category	Main topics
Purpose/materiality/value creation process	Materiality management
Policy on establishing desirable stakeholder relationships	Dialogue policy with stakeholders, sustainability policy, strategic shareholdings and voting rights exercise
Medium-to long- term management strategies	Group's Medium-Term Management Plan
Discipline on capital distribution	Human capital, DX strategy
Basic policy on internal management	Group governance, conduct risk management for Group

Please see to [Annual report 2023 on page 60](#) for more information.

## Results of the evaluation of the Board of Directors in FY2022(evaluation results, issues and future initiatives)

- Confirmed improvements in effectiveness through the formulation of the Medium-Term Management Plan, internal management of Group, enhanced discussions on policies for building desirable relationships with diverse stakeholders and other measures at the meeting of the Board of Directors in FY2022
- The Board of directors and each committee are aware of their perspective objectives and are endeavoring to invigorate discussions and improve their supervisory functions. An adequate degree of effectiveness is being sustained

Please see to [Annual report 2023 on page 61](#) for more information.

### Issues that are recognized in FY2022 evaluation

- ☒ Discussion on business portfolios for improved profitability and growth capabilities of business strategies
- ☒ Organic collaboration with the subsidiaries and affiliates, and discussions to realize Group strategy based on the collaboration
- ☒ Enhanced discussion in light of expectations from various stakeholders

Effective Board of Directors ~Skill matrix and Composition of statutory committees~

		Name	Skill matrix (knowledge, expertise and experience)									Statutory committees		
			Corporate management	Financial and accounting	Legal, risk management and compliance	Trust, investment and asset administration	Digital, IT technology	Internationality (*1)	Sustainability			Nominating	Compensation	Audit
									Environment (*2)	Society (*3)	DE&I			
External	Directors	Isao Matsushita	●	●				●	●	●		◎	○	
		Hiroko Kawamoto	●		●						●	○	◎	
		Mitsuhiro Aso			●			●		●		○	○	◎
		Nobuaki Katoh	●				●	●	●	●		○	○	
		Kaoru Kashima	●	●	●						●			○
		Tomonori Ito				●		●	●					○
		Hajime Watanabe	●	●	●	●		●	●	●		○	○	
Internal	Directors (Non-executive)	Tetsuo Ohkubo	●	●	●	●			●	●	●	○	○	
		Masaru Hashimoto	●	●	●	●			●	●	●	○	○	
		Kouji Tanaka	●		●	●								○
		Toshiaki Nakano	●		●	●								○
	Directors (Executive)	Toru Takakura	●		●	●			●	●	●			
		Atsushi Kaibara	●		●	●								
		Yasuyuki Suzuki	●		●	●								
		Kazuya Oyama	●	●	●	●		●	●	●				

(\*1) Includes overseas working experience, academic collaboration with overseas universities etc.

(\*2)Includes ESG/environmental ranked finance and supply chain management

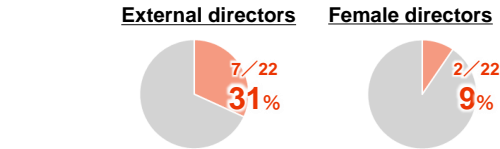
(\*3) Human rights and supply chain management

# Functioning of the Board of Directors of subsidiaries in group governance

Premise in group governance by the Board of Directors at SuMi TRUST Holdings	
Companies Act (Article 416)	<ul style="list-style-type: none"><li>The stock company performs the duties of the development of systems necessary to ensure the properness of operations of a group of enterprises</li></ul>
Banking Act (Article 52-21)	<ul style="list-style-type: none"><li>A bank holding company must carry out business management of a bank holding company group to which it belongs</li><li>A bank holding company must endeavor to ensure the sound and appropriate management of services at any bank that its subsidiary company</li></ul>

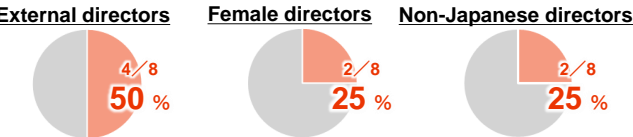
Classification of Group governance and management policy	
Key subsidiaries with significant impact on group management	
Expected role	Autonomous supervisory function
Group management	<ul style="list-style-type: none"><li>Management strategy</li><li>Control by supervisory board</li></ul>
Subsidiaries	<ul style="list-style-type: none"><li>Sumitomo Mitsui Trust Bank</li><li>Sumitomo Mitsui Trust Asset Management</li><li>Nikko Asset Management</li></ul>

## SUMITOMO MITSUI TRUST BANK



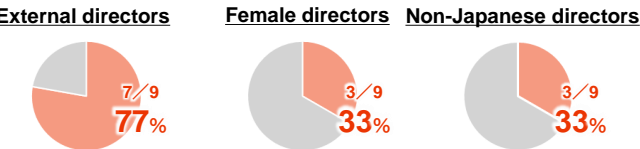
As of Sep.23

## SUMITOMO MITSUI TRUST ASSET MANAGEMENT



As of Sep.23

## nikko am Nikko Asset Management

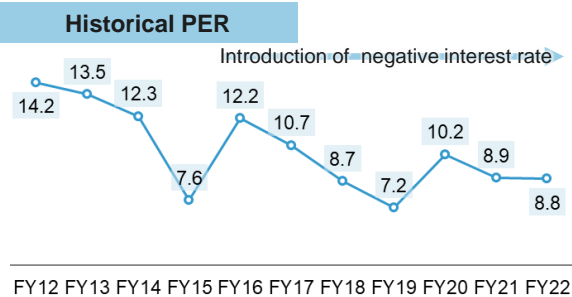


As of Sep.23

## ◆ Management conscious of capital cost and stock price

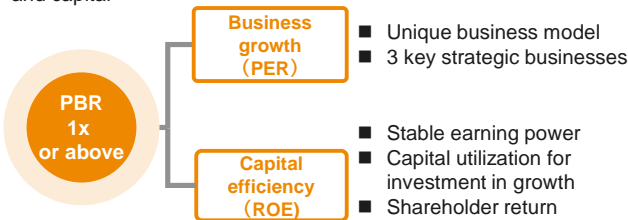
# Management conscious of capital cost and stock price

- Control earning volatility by stable profit growth with higher fee income ratio and appropriate risk control
- Continuous efforts to improve and sophisticate our disclosure by utilizing investor's implication through dialogues



### Enhancement of corporate value See p.15

Enhance corporate value by a virtuous circulation of funds, assets and capital



### Initiatives to lower capital cost

#### Control earning volatility

- High-quality earnings growth
  - Increase fee income ratio
  - Build diversified business portfolio
- Appropriate risk control
  - Initiative to reduce strategic shareholdings to zero
  - Improve profitability of credit portfolio

#### Dialogue with capital market

- Dialogue with various stakeholders
  - Easy-to-understand information disclosure and announcement to investors
  - Enhancement of engagement to corporates
  - Timely information sharing to Board of Directors
  - Reflection on management strategy

### Achievement of dialogues with shareholders/investors

#### Dialogue Request

- Sophisticated disclosure of strategic shareholdings
- Detailed disclosure of skill matrix

#### Respond Result

- Timely disclosure of strategic shareholdings list on website
- Clarify relationships between skills and materiality

Continuously disclose progress by utilizing investor meetings

# Summary of financial results for 1HFY2023

# Overview of profits

	(Yen bn)	1H FY22	1H FY23	Change	FY23 Forecast <sup>(1)</sup>
1	Net business profit before credit costs <sup>(2)</sup>	168.2	166.3	(1.9)	330.0
2	Substantial gross business profit <sup>(2)</sup>	408.5	428.4	19.8	860.0
3	Effective interest related earnings <sup>(3)</sup>	151.3	136.1	(15.1)	
4	Net fees and commissions and related profit	217.5	226.5	8.9	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	39.6	65.7	26.0	
6	Substantial G&A expenses <sup>(2)</sup>	(240.2)	(262.0)	(21.8)	(530.0)
7	Total credit costs	(8.8)	(1.7)	7.1	(20.0)
8	Net gains on stocks	(2.5)	(95.4)	(92.9)	(160.0)
9	Other net non-recurring profit	(11.7)	(17.5)	(5.8)	(35.0)
10	Ordinary profit	145.1	51.5	(93.5)	115.0
11	Extraordinary profit	(0.6)	3.0	3.6	
12	Income before income taxes	144.4	54.6	(89.8)	
13	Total income taxes	(39.9)	(10.1)	29.7	
14	Income attributable to non-controlling interests	(0.5)	(0.4)	0.1	
15	Net income	104.0	44.0	(59.9)	85.0
16	Earnings per share (EPS) (Yen)	279	121	(158)	
17	Number of shares issued (mn shares) <sup>(4)</sup>	371.7	363.1	(8.6)	
(Reference)					
18	Net interest income and related profit	117.5	(18.9)	(136.4)	
19	Other profit	73.4	220.8	147.3	
20	Profit attributable to deployment of surplus foreign currency funds	33.7	155.0	121.3	
21	Other	39.6	65.7	26.0	

<sup>(1)</sup> Revised on October 30, 2023.

<sup>(2)</sup> "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.

<sup>(3)</sup> "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 "Other profit".

<sup>(4)</sup> Average number of common shares outstanding (excluding treasury stocks) during the period.

## Net business profit before credit costs (#1)

• ¥166.3bn vs FY23 original forecast of ¥320.0bn (52% progress) due to strong performance in corporate credit related fees and positive contribution such as rise in stock price and weaker yen  
Revised up full year forecast to ¥330.0bn(+10bn)

• Decreased ¥(1.9)bn YoY mainly due to ¥(15.1)bn of deterioration of effective interest related earnings from overseas interest rate hikes. Generally as expected at the beginning of FY23

• (#4: Net fees and commissions and related profit) Increased ¥8.9bn YoY. Strong corporate credit related fees was the driver. Meanwhile, real estate brokerage fees declined. Steady asset management and asset administration fees due to rise in stock price and weaker yen

• (#6: Substantial G&A expenses) Increased YoY mainly due to investments in human capital and expenses linked with gross business profit increases

## Net gains on stocks (#8)

• Posted ¥62.0bn of gains from reducing strategic shareholdings. Accelerate reduction of strategic shareholdings to twice the pace of FY22

• Posted ¥(157.0)bn of realized losses from sale of bear funds. Drastically reduced bear funds with low B/E in light of structural changes in the macro environment

• Continue to reduce bear funds with low B/E in 2H. Wipe out the risk of impairment of bear funds at levels below Nikkei 225 of ¥40,000 by the end of FY23

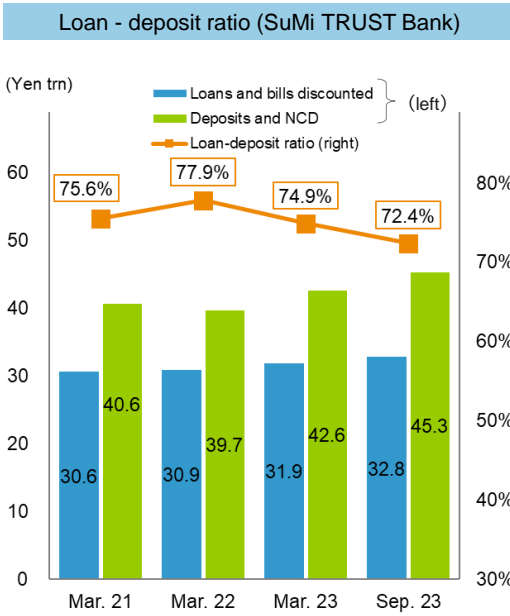
## Net income (#15)

• Drastically reduced bear funds with low B/E to ease concerns about fluctuations in future periodic earnings. Posted ¥44.0bn, which is 22% progress vs original full year forecast

• Revised full year forecast to ¥85.0bn(decreased by ¥(115.0)bn) due to continuously reduction and changes in positions of bear funds in 2H (Disclosed on October 30, 2023)

# Overview of balance sheet

	(Yen bn)	Mar. 23	Sep. 23	Change
1	Assets	69,022.7	73,145.1	4,122.4
2	Cash and due from banks	21,602.4	22,257.0	654.5
3	Securities	6,933.0	8,190.2	1,257.1
4	Loans and bills discounted	31,810.9	32,722.6	911.6
5	Other assets	8,676.2	9,975.2	1,298.9
6	Liabilities	66,200.1	70,170.1	3,970.0
7	Deposits and NCD	42,848.2	45,502.5	2,654.2
8	Borrowed money from trust account	4,332.4	4,794.8	462.3
9	Other liabilities	19,019.4	19,872.8	853.4
10	Total net assets	2,822.5	2,974.9	152.3
11	Total shareholders' equity	2,587.8	2,591.3	3.4
12	Total accumulated OCI	204.2	352.9	148.7
13	Minority interests, etc.	30.4	30.6	0.1
14	Net assets per share (BPS) (Yen)	7,686	8,107	421
15	Number of shares issued (mn shares) (*)	363.2	363.1	(0.1)
(Reference)				
16	Loan-deposit ratio (SuMi TRUST Bank)	74.9%	72.4%	(2.5%)
17	NPL ratio (SuMi TRUST Bank)	0.4%	0.3%	(0.1%)
(*) Number of common shares issued (excluding treasury stocks) as of the date above				



## Profit by group company

	(Yen bn)	1H FY22	1H FY23	Change
1 Net business profit before credit costs (*1)		168.2	166.3	(1.9)
2 o/w SuMi TRUST Bank (*2)		126.1	152.1	26.0
3 SuMi TRUST AM		4.8	3.3	(1.5)
4 Nikko AM (*3)		8.2	6.1	(2.1)
5 SuMi TRUST Realty		3.1	3.7	0.6
6 SuMi TRUST Panasonic Finance (*3)		4.6	4.6	(0.0)
7 SuMi TRUST Loan & Finance		5.4	5.7	0.3
8 Sumitomo Mitsui Trust Bank (U.S.A.)		1.2	4.9	3.6
9 Sumitomo Mitsui Trust (Hong Kong)		2.4	3.0	0.5
10 SuMi TRUST Guarantee (*3)		5.8	5.6	(0.2)
11 SuMi TRUST Club		2.1	0.9	(1.2)
12 UBS SuMi TRUST Wealth Management		2.1	1.9	(0.2)
13 Net income (*1)		104.0	44.0	(59.9)
14 o/w SuMi TRUST Bank (*2)		82.4	48.9	(33.5)
15 SuMi TRUST AM		3.3	2.3	(1.0)
16 Nikko AM (*3)		9.0	8.0	(0.9)
17 SuMi TRUST Realty		2.2	2.6	0.3
18 SuMi TRUST Panasonic Finance (*3)		3.2	2.4	(0.7)
19 SuMi TRUST Loan & Finance		3.8	4.0	0.2
20 Sumitomo Mitsui Trust Bank (U.S.A.)		1.0	3.9	2.8
21 Sumitomo Mitsui Trust (Hong Kong)		2.0	2.6	0.5
22 SuMi TRUST Guarantee (*3)		4.3	3.9	(0.4)
23 SuMi TRUST Club		1.3	0.3	(0.9)
24 UBS SuMi TRUST Wealth Management		1.5	1.5	(0.0)

(\*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.

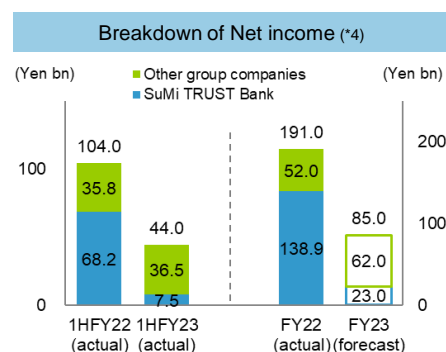
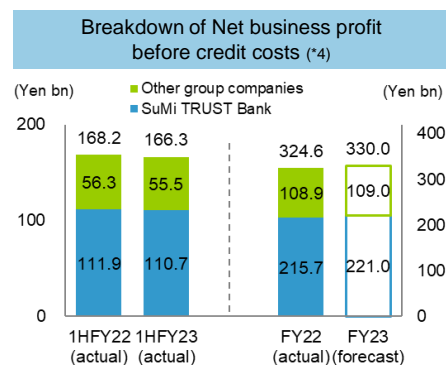
(\*2) Including dividend from group companies (1H FY22:¥14.2bn, 1H FY23:¥41.3bn, YoY change: +¥27.1bn)

(\*3) Consolidated basis

(\*4) On the right bar chart, SuMiTRUST Bank figures do not include dividends from subsidiaries(see \*2 and P22 in details)

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## Profit by business segment

		1H FY22			1H FY23	FY23 Plan	Revised on
		Net business	Substantial		Net business	Substantial	October 30, 2023
		profit before	gross	Change	profit before	gross	Change from
		credit costs (*1)	business		credit costs (*1)	business	initial plan
			profit (*1)			profit (*1)	
(Yen bn)							
1	Total	168.2	428.4	19.8	166.3	330.0	10.0
2	Retail Business	21.6	105.0	4.7	20.9	33.0	-
3	SuMi TRUST Bank	10.1	69.2	3.3	10.6	15.0	-
4	Other group companies	11.4	35.7	1.3	10.2	18.0	-
5	Corporate Business	67.5	124.1	13.2	73.5	141.0	2.0
6	SuMi TRUST Bank	53.0	83.1	8.8	58.5	114.0	2.0
7	Other group companies	14.5	41.0	4.3	15.0	27.0	-
8	Investor Services Business	29.5	67.8	3.9	29.9	63.0	2.0
9	SuMi TRUST Bank	23.3	37.8	(1.5)	19.6	45.0	-
10	Other group companies	6.1	29.9	5.4	10.2	18.0	2.0
11	Real Estate Business	16.8	27.6	(2.4)	13.1	40.0	-
12	SuMi TRUST Bank	13.2	14.4	(3.7)	8.9	32.0	-
13	Other group companies	3.5	13.2	1.3	4.1	8.0	-
14	Global Markets Business	33.7	43.6	2.7	34.7	44.0	-
15	Asset Management Business (*2)	13.2	43.3	(0.5)	9.7	23.0	2.0

(\*1) Substantial gross business profit and net business profit include a part of non-recurring profit (net gains on stocks, net gains on stocks related derivatives and others) and adjust at total

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

## Overview of profit (SuMi TRUST Bank)

	(Yen bn)	1HFY22	1HFY23	Change
1	Net business profit before credit costs	126.1	152.1	26.0
2	Gross business profit	254.9	294.3	39.3
3	Effective interest related earnings	143.9	154.7	10.7
4	Net interest income and related profit	110.1	(0.3)	(110.5)
5	Profit attributable to deployment of surplus foreign currency funds	33.7	155.0	121.3
6	Net fees and commissions and related profit	90.8	94.4	3.5
7	Net trading profit	18.5	23.9	5.3
8	Net gains on foreign exchange transactions	(31.7)	(8.6)	23.1
9	Net trading profit	(31.7)	(8.6)	23.1
10	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	50.2	32.5	(17.7)
11	Net gains on bonds	(25.8)	(2.7)	23.1
12	Net gains from derivatives	28.0	25.1	(2.8)
13	General and administrative expenses	(128.7)	(142.1)	(13.3)
14	Total credit costs	(8.9)	(0.6)	8.2
15	Other non-recurring profit	(7.3)	(104.4)	(97.1)
16	o/w Net gains on stocks	(0.5)	(97.0)	(96.5)
17	Amortization of net actuarial losses	(1.9)	(2.3)	(0.4)
18	Ordinary profit	109.8	47.0	(62.8)
19	Extraordinary profit	(0.5)	1.0	1.5
20	Income before income taxes	109.3	48.0	(61.2)
21	Total income taxes	(26.9)	0.8	27.7
22	Net income	82.4	48.9	(33.5)

		1HFY22	1HFY23	Change
22	Gross business profit	254.9	294.3	39.3
23	Net interest income and related profit	110.1	(0.3)	(110.5)
24	Net fees and commissions and related profit	90.8	94.4	3.5
25	Net trading profit	(31.7)	(8.6)	23.1
26	Net other operating profit	85.5	208.8	123.2
27	o/w Net gains on foreign exchange transactions	84.0	187.6	103.6
28	Profit attributable to deployment of surplus foreign currency funds	33.7	155.0	121.3
29	other	50.2	32.5	(17.7)
30	Net gains on bonds	(25.8)	(2.7)	23.1
31	Net gains from derivatives	28.0	25.1	(2.8)
32	Net fees and commissions and related profit	90.8	94.4	3.5
33	o/w Investment management consulting	20.6	20.5	(0.1)
34	Asset management/administration	33.3	34.5	1.2
35	Real estate brokerage	15.0	10.9	(4.0)
36	Stock transfer agency services	12.7	12.3	(0.3)
37	Inheritance related services	1.9	2.1	0.1
38	Corporate credit related	14.3	23.3	8.9
39	Net gains on bonds	(25.8)	(2.7)	23.1
40	Domestic bonds	(6.9)	(0.0)	6.8
41	Foreign bonds	(18.9)	(2.7)	16.2

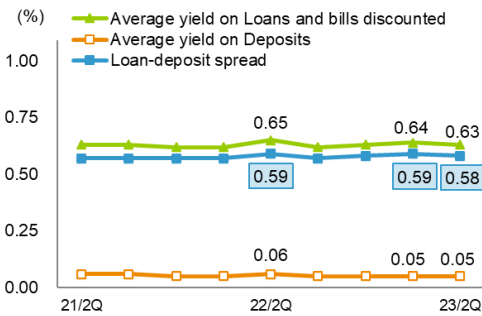
(\*) Including dividend from subsidiaries (1HFY22:¥14.2bn, 1HFY23:¥41.3bn, YoY change: +¥27.1bn)

# Net interest income (SuMi TRUST Bank)

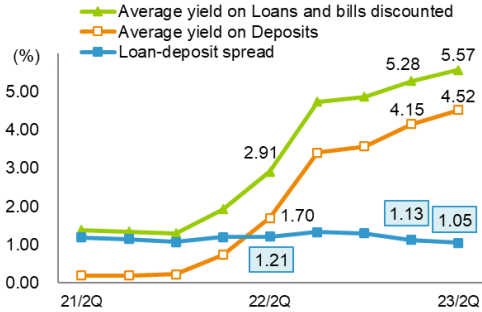
		1HFY23					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from 1HFY22	Average Yield	Change from 1HFY22	Income/ Expenses	Change from 1HFY22
1	Net interest income					(11.1)	(111.3)
2	Domestic business			0.46%	0.09%	109.4	21.8
3	Interest-earning assets	48.07	1.72	0.58%	0.08%	140.0	21.9
4	o/w Loans and bills discounted	24.87	0.25	0.63%	(0.01%)	79.5	0.2
5	Securities	3.83	(1.03)	2.97%	1.54%	57.0	21.9
6	Interest-bearing liabilities	47.37	1.66	0.12%	(0.01%)	(30.6)	0.0
7	o/w Deposits	29.11	1.66	0.05%	(0.00%)	(7.8)	0.1
8	Borrowings from trust a/c	4.54	0.27	0.47%	0.01%	(10.7)	(0.7)
9	Swaps	---	---	---	---	(4.7)	0.2
10	International business			(1.35%)	(1.52%)	(120.6)	(133.1)
11	Interest-earning assets	17.97	1.30	4.01%	2.27%	360.3	214.8
12	o/w Loans and bills discounted	7.61	0.67	5.43%	2.99%	207.0	121.9
13	Due from banks	2.63	(0.21)	4.82%	3.43%	63.4	43.5
14	Securities	3.36	0.55	4.32%	1.98%	72.6	39.7
15	Interest-bearing liabilities	17.93	1.08	5.36%	3.79%	(481.0)	(348.0)
16	o/w Deposits	6.90	0.13	4.34%	3.11%	(150.1)	(108.0)
17	NCD / USCP	7.46	0.66	4.95%	3.47%	(184.9)	(134.4)
18	Repo	1.12	(0.32)	5.33%	3.89%	(30.1)	(19.6)
19	Expenses on swaps	---	---	---	---	(72.2)	(55.5)
20	(+) Trust fees from principal guaranteed trust a/c					10.7	0.7
21	(+) Profit attributable to deployment of surplus foreign currency funds					155.0	121.3
22	Effective interest related earnings					154.7	10.7
23	Loan-deposit spread / income in domestic business			0.58%	(0.01%)	71.6	0.3
24	Loan-deposit spread / income in international business			1.09%	(0.12%)	56.8	13.8

(\*) Including dividend from subsidiaries (1HFY22:¥14.2bn, 1HFY23:¥41.3bn, YoY change: +¥27.1bn)

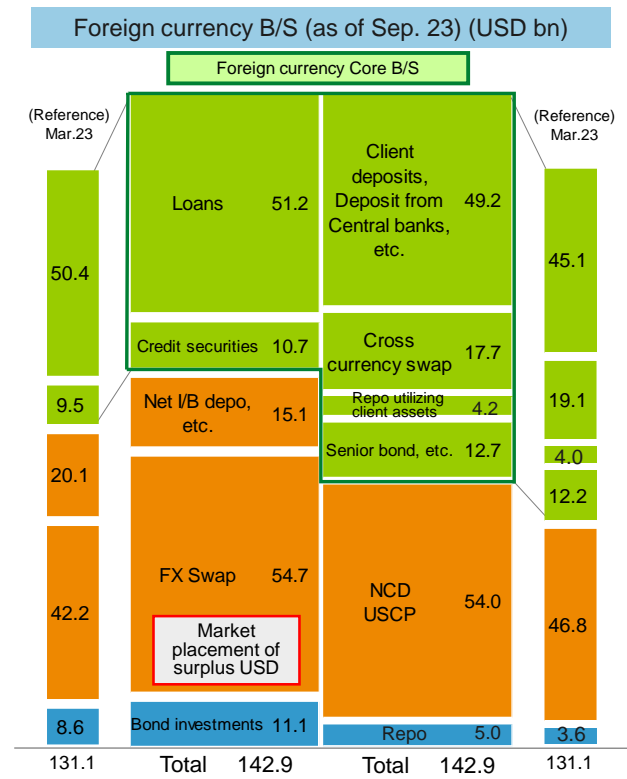
Domestic loan-deposit spread (quarterly)



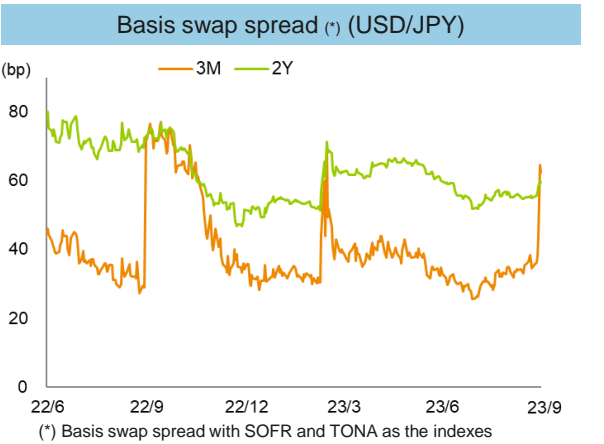
International loan-deposit spread (quarterly)



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

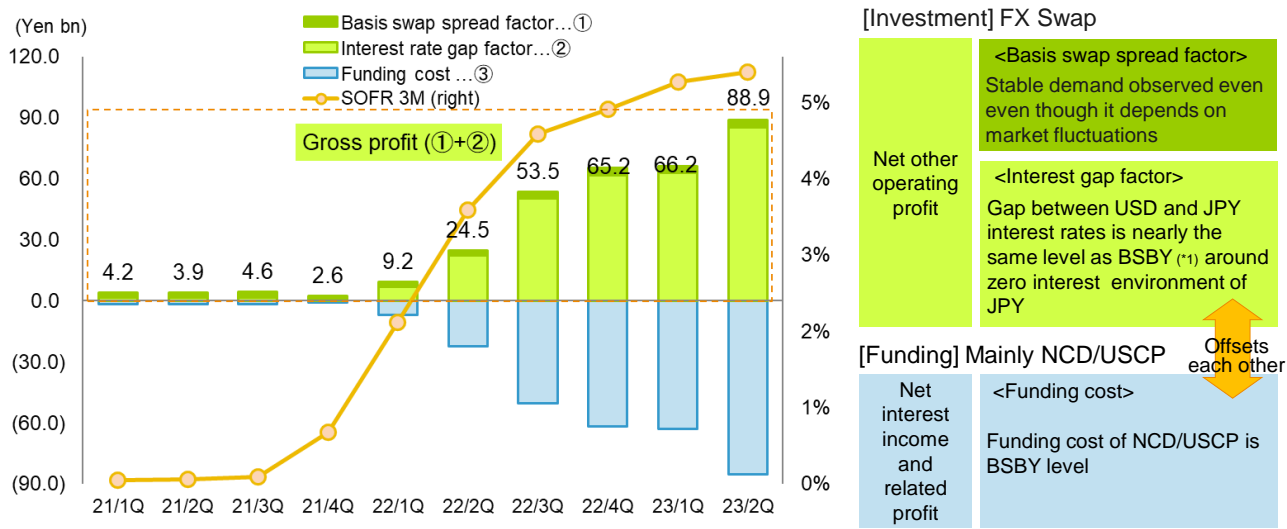


- Foreign currency ALM management
- ◆ Loans and credit investment securities constitute foreign currency Core B/S assets, which are funded utilizing stable sources such as “sticky” client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
  - ◆ Short term funds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



# Profit structure of market deployment of surplus foreign currency

- Profit from FX swap consists of basis swap spread and interest rate gap. Interest rate gap is offset by USD funding costs
- Increased gross funding costs and investment profits due to rising US short-term interest rate. Net profit slightly increased YoY



(\*) Bloomberg Short-term Bank Yield Index  
(\*) 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. Funding costs are estimated by Libor until FY22/4Q and by BSBY from FY23/1Q.

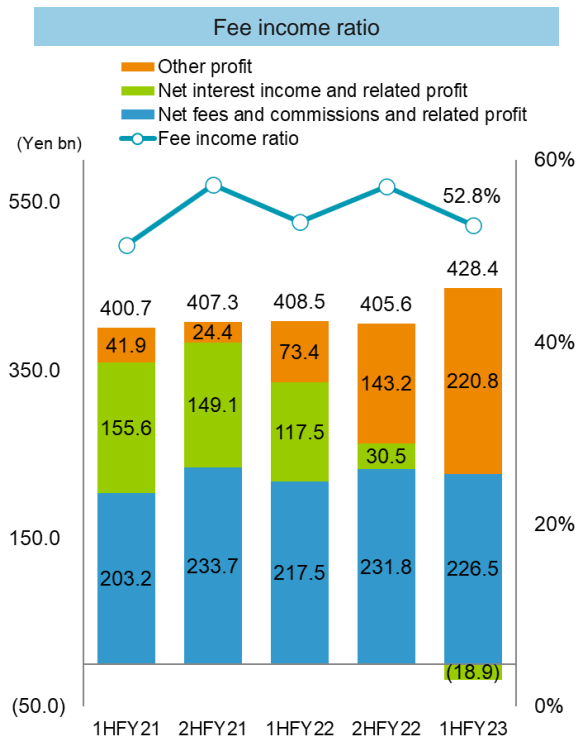
## Net fees and commissions and related profit

	SuMi TRUST Bank		SuMi TRUST Group (*1)	
	1H FY23	Change from 1H FY22	1H FY23	Change from 1H FY22
(Yen bn)				
1 Net fees and commissions and related profit	94.4	3.5	226.5	8.9
2 Investment trust and insurance sales	20.5	(0.1)	20.5	(0.1)
3 Card	-	-	20.6	0.8
4 Asset management / administration	34.5	1.2	102.5	2.7
5 Profit (*2)	54.4	1.8	117.6	3.0
6 Fees paid out for outsourcing (*2)	(19.9)	(0.6)	(15.0)	(0.2)
7 Stock transfer agency services	12.3	(0.3)	24.9	2.7
8 Profit	20.5	1.5	24.9	2.7
9 Fees paid out for outsourcing	(8.1)	(1.9)	-	-
10 Real estate	14.4	(3.8)	27.6	(2.4)
11 Others (Loan arrangement fees, etc.)	12.5	6.6	30.1	5.1
12 Fee income ratio (*3)	32.0%	(3.6%)	52.8%	(0.4%)

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

(\*2) Due to the partial revision of the intergroup adjustments in FY23, figures for SuMi TRUST Group are shown after adjustment, including those for past fiscal years. No impact on "Asset management / administration" figures.

(\*3) Net fees and commissions and related profit / Gross business profit

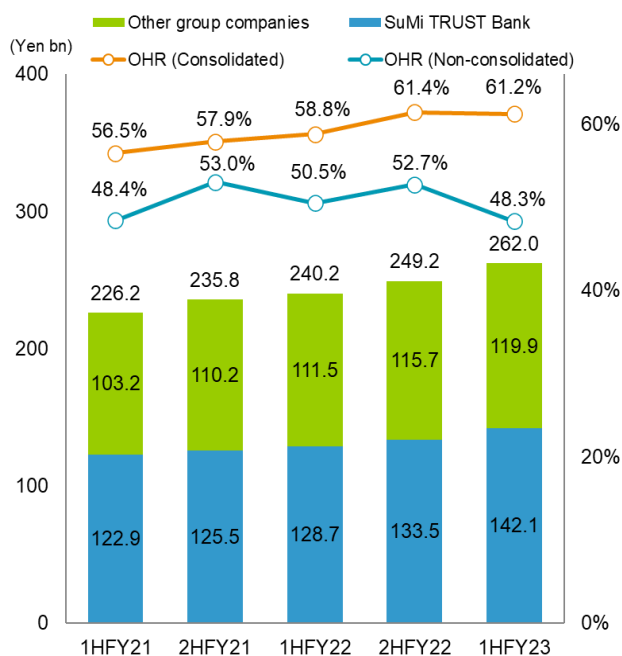


## Expenses

[SuMi TRUST Group]		1HFY22	1HFY23	Change
(Yen bn)				
1	Personnel expenses	(109.9)	(118.2)	(8.3)
2	Non-personnel expenses excluding taxes	(123.0)	(136.6)	(13.6)
3	Taxes other than income taxes	(7.3)	(7.2)	0.1
4	Substantial G&A expenses	(240.2)	(262.0)	(21.8)
5	Overhead ratio	58.8%	61.2%	2.4%

[SuMi TRUST Bank]		1HFY22	1HFY23	Change
(Yen bn)				
6	Personnel expenses	(58.6)	(64.2)	(5.6)
7	Salaries etc.	(54.5)	(59.0)	(4.4)
8	Retirement benefit expenses	5.3	4.8	(0.4)
9	Others	(9.3)	(10.0)	(0.6)
10	Non-personnel expenses excluding taxes	(65.6)	(73.6)	(8.0)
11	IT system related costs	(23.5)	(26.8)	(3.2)
12	Others	(42.1)	(46.8)	(4.7)
13	Taxes other than income taxes	(4.5)	(4.2)	0.2
14	G&A expenses	(128.7)	(142.1)	(13.3)
15	Overhead ratio	50.5%	48.3%	(2.2%)

### Breakdown of G&A expenses



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

[Total credit costs]		1H FY22	1H FY23	Major factors (1H FY23)
(Yen bn)				
1	SuMi TRUST Bank	(8.9)	(0.6)	Downgraded: Approx. ¥(9.0)bn Upgraded: Approx. +¥2.5bn Changes in loan balance, etc. (including recoveries of written-offs) Approx. +¥6.0bn
2	General allowance for loan losses	4.3	(2.1)	
3	Specific allowance for loan losses	(12.6)	5.3	
4	Recoveries of written-off claims	0.4	0.2	
5	Losses on sales of claims, written-off	(1.0)	(4.1)	
6	Other group companies, etc.	0.0	(1.0)	SuMi TRUST Panasonic Finance ¥(1.0)bn
7	Total	(8.8)	(1.7)	

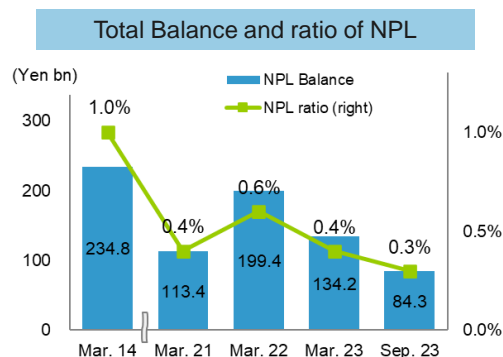
As of September 2023, special loan loss provision of approx. ¥22.0bn

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

		Sep. 23	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 23
(Yen bn)					
8	NPL	84.3	65.2%	37.4%	(50.0)
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	(0.1%)
10	Bankrupt and practically bankrupt	9.0	100.0%	100.0%	0.5
11	Doubtful	36.1	83.4%	66.5%	(50.1)
12	Substandard	39.2	40.5%	8.7%	(0.3)
13	Loans past due 3 months or more	-	---	---	-
14	Restructured loans	39.2	---	---	(0.3)
15	Assets to borrowers requiring caution(excluding Substandard)	393.0	---	---	96.6
16	Assets to normal borrowers	32,977.7	---	---	885.6
17	Grand total	33,454.9	---	---	932.2

(\*1) (Collateral value after considering haircuts + allowance for loan losses) / Loan balance

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



# Securities portfolio

[Consolidated] (\*1)

	(Yen bn)	Costs		Unrealized gains/losses	
		Sep. 23	Change from Mar. 23	Sep. 23	Change from Mar. 23
1 Available-for-sale securities		6,695.0	1,019.7	502.7	130.1
2 Japanese stocks		511.8	16.4	670.8	93.6
3 Japanese bonds		2,622.0	443.5	(9.3)	(8.9)
4 Others		3,561.1	559.7	(158.6)	45.4
5 Held-to-maturity securities		315.5	16.3	8.1	(1.8)

[SuMi TRUST Bank (Available-for-sale securities)] (\*1)

6 Available-for-sale securities		6,531.5	1,009.0	514.1	127.8
7 Japanese stocks		487.5	15.8	691.7	93.4
8 Japanese bonds		2,622.0	443.5	(9.3)	(8.9)
9 o/w Government bonds		1,854.8	421.3	(7.7)	(6.2)
10 Others		3,421.9	549.6	(168.3)	43.4
11 Domestic investment		109.9	2.0	1.7	(0.0)
12 International investment		2,500.5	734.3	(74.0)	(44.0)
13 o/w US Treasury (*2)		1,067.0	416.5	(61.7)	(44.4)
14 Others (Investment trust, etc.)		811.4	(186.7)	(95.9)	87.5
15 o/w for hedging of strategic shareholdings (*3)		522.5	(103.7)	(128.6)	62.9

[SuMi TRUST Bank (Held-to-maturity securities)]

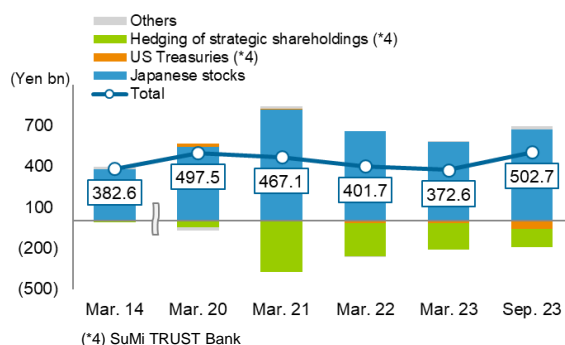
16 Held-to-maturity securities		315.4	16.3	8.1	(1.8)
17 o/w Government bonds		117.0	(0.1)	7.9	(2.7)
18 International investment		147.1	19.5	(0.1)	1.0

(\*1) Not include stocks with no market price and investment partnership and others

(\*2) Unrealized losses on US Treasury after adjusting PL from hedging transactions is ¥(36.8)bn

(\*3) Of which hedging effect under capital regulation is recognized: Costs ¥468.9bn, Unrealized gains/losses ¥(105.6)bn

## Unrealized gains/losses of AFS securities with fair value



(\*4) SuMi TRUST Bank

## Securities portfolio of Global markets(\*5)

(Yen bn)		10BPV (*6)		Duration (years) (*6)	
		Sep. 23	Change from Mar. 23	Sep. 23	Change from Mar. 23
19 JPY		6.3	1.0	2.9	(0.1)
20 Others (*7)		3.6	2.6	3.0	1.6

(\*5) Managerial reporting basis; "HTM securities" and "AFS securities" are combined

(\*6) In the calculation of 10BPV and duration, investment balance hedging transactions were excluded

(\*7) Total of securities denominated in USD, EUR and GBP

# Capital

- Common Equity Tier 1 ratio:10.73%. Down 0.06 ppt from Mar. 23 mainly due to increase RWA of foreign currency denominated assets as a result of JPY depreciation.  
Pro-forma CET1 capital ratio on finalized Basel III: 9.7%. Improved by 0.2 ppt from Mar. 23 mainly due to elaborate on calculation of risk weight
- 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. 23	Sep. 23	Change
1	Total capital ratio	13.24%	13.02%	(0.22%)
2	Tier 1 capital ratio	12.01%	11.90%	(0.11%)
3	Common Equity Tier 1 capital ratio	10.79%	10.73%	(0.06%)
4	Total capital	3,081.2	3,166.8	85.5
5	Tier 1 capital	2,793.5	2,894.4	100.9
6	Common Equity Tier 1 capital	2,509.7	2,609.9	100.1
7	Instruments and reserves	2,752.9	2,905.1	152.1
8	Accumulated other comprehensive income (*1)	204.2	352.9	148.7
9	Regulatory adjustments	(243.2)	(295.2)	(51.9)
10	Additional Tier 1 capital	283.7	284.5	0.8
11	Tier 2 capital	287.7	272.3	(15.3)
12	Total risk-weighted assets	23,256.8	24,308.9	1,052.0
13	Credit risk	20,411.9	21,412.5	1,000.6
14	Market risk	1,838.2	1,819.4	(18.7)
15	Operational risk	1,006.7	1,076.8	70.1

(\*1) Valuation differences on Available-for-Sale Securities (Sep. 2023): ¥350.8bn  
(Change from Mar. 2023: +¥92.6bn)

(\*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 2QFY2023. "Change from Mar. 23" represents the comparison to figure for 4QFY2022 calculated in the same manner

## <Major factors of change in capital adequacy ratios>

### [Capital]

(1) Common Equity Tier 1 capital: +¥100.1bn

• Net income: +¥44.0bn

• Valuation differences on AFS (considering valuation differences on hedging items): +¥97.3bn

• Dividend: ¥(40.0)bn

### [Risk-weighted assets]

(2) Credit risk: +¥1,000.6bn

• Increase in foreign currency-denominated assets due to JPY depreciation :approx. +¥800.0bn

## <Other ratios required in prudential regulations (consolidated)>

(Yen bn)		Sep. 23	Change from Mar. 23
16	Leverage ratio (*2)	5.21%	(0.15%)
17	Including current account with the Bank of Japan	3.86%	(0.09%)
18	Tier 1 capital	2,894.4	100.9
19	Total exposure (*2)	55,466.4	3,349.1
20	Including current account with the Bank of Japan	74,965.3	4,303.4
21	Liquidity coverage ratio (*3)	151.6%	13.3%
22	Total high-quality liquid assets	20,631.0	1,179.4
23	Net cash outflows	13,603.0	(455.8)

## (Reference) Revision of earnings forecasts for FY2023 (announced in October 30)

- Net business profit: Revised up ¥10.0bn to ¥330.0bn due to steady business progress.
- Net income: Revised forecaste to ¥85.0bn, a decreased of ¥115.0bn YoY, due to reduction of bear funds with low B/E
- Dividend per share: Remains unchanged from original forecast for FY2023, considering business progress and capital adequacy

	(Yen bn)	FY22 Actual	FY23 Forecast	Change from FY22	Change from Initial Plan
1	Net business profit before credit costs	324.6	330.0	5.3	10.0
2	SuMi TRUST Bank	245.9	263.0	17.0	4.0
3	Substantial gross business profit	814.1	860.0	45.8	10.0
4	SuMi TRUST Bank (*)	508.1	548.0	39.8	4.0
5	Other group companies (*)	305.9	312.0	6.0	6.0
6	Substantial G&A Expenses	(489.5)	(530.0)	(40.4)	-
7	SuMi TRUST Bank	(262.2)	(285.0)	(22.7)	-
8	Other group companies	(227.2)	(245.0)	(17.7)	-
9	Total credit costs	(10.4)	(20.0)	(9.5)	-
10	Net gains on stocks	3.0	(160.0)	(163.0)	(175.0)
11	Other non-recurring profit	(31.4)	(35.0)	(3.5)	-
12	Ordinary profit	285.8	115.0	(170.8)	(165.0)
13	Net income	191.0	85.0	(106.0)	(115.0)
14	SuMi TRUST Bank	169.1	65.0	(104.1)	(119.0)
15	Dividend per common share (Yen)	210	220	+10	-

(\*) SuMi TRUST Bank includes dividends from subsidiaries (FY22(actual) :¥30.1bn, FY23(forecast) : approx.¥42.0bn)  
Other group companies includes offset elimination of transaction between group companies related above dividends (FY22(actual):¥(30.1bn), FY23(forecast): approx. ¥(42.0bn))

### 【Differences from original forecast】

#### (1) Net business profit: +¥10.0bn vs original forecast

- Substantial gross business profit: Revised up the forecasts of both SuMiTB and group companies, due to strong performance in corporate credit-related fees and favorable stock market condition and weaker yen.
- Substantial G&A Expenses: Progressed generally in line with original forecast

#### (2) Total credit costs: remains unchanged

- Total credit costs: Limited losses due to allowance and partial reversal of provisions. Maintain ¥(20.0)bn based on past results, while no specific client is considered

#### (3) Net gains on stocks: ¥(175.0)bn vs original forecast

- Drastically reduced bear funds with low B/E through FY2023, to reduce risks of fluctuations in future periodic earnings

### 【Shareholder return policy [announced on May 12, 2023]】

- ✓ Dividend per share will be progressive, while aiming to increase the dividend per share through profit growth. The dividend payout ratio will be determined at 40% or above.
- ✓ Share repurchase will be implemented flexibly on the premise of securing sufficient capital, while balancing the use of capital for medium-to-long term profit growth and the effects of better capital efficiency

## Fee business: Invest management consulting

- Total income posted ¥20.5bn, same level as 1H FY2022. Decreased sales fees of investment trust. Increased administration fees due to increase of balance
- Total balance increased by ¥617.2bn to ¥7,996.3bn from Mar. 2023. Growth of market value was approx.¥460.0bn

### Income from marketing of investment products

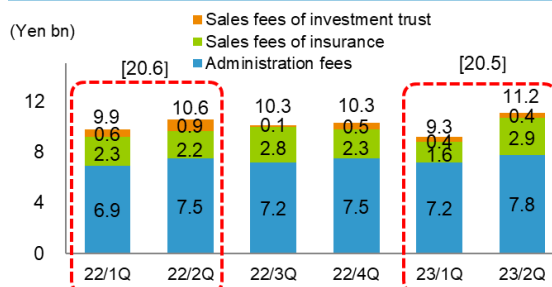
(Yen bn)	1H FY22	1H FY23	Change	FY23
				Original Plan
1 Income total	20.6	20.5	(0.1)	41.0
2 Sales fees of investment trust	1.5	0.8	(0.6)	2.5
3 Sales fees of insurance	4.5	4.6	0.0	9.5
4 Administration fees	14.5	15.0	0.5	29.0

### Sales volume / balance

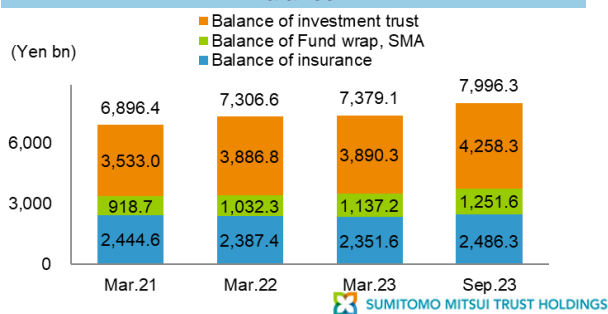
(Yen bn)	1H FY22	1H FY23	Change	FY23
				Original Plan
5 Sales volume total	608.2	661.6	53.4	1,300.0
6 Investment trust	357.8	383.7	25.9	750.0
7 Fund wrap, SMA	117.3	117.6	0.2	200.0
8 Insurance	133.0	160.2	27.2	350.0

(Yen bn)	Mar. 23	Sep. 23	Change	Mar. 24
				Original Plan
9 Balance total	7,379.1	7,996.3	617.2	7,830.0
10 Investment trust	3,890.3	4,258.3	368.0	4,170.0
11 Fund wrap, SMA	1,137.2	1,251.6	114.4	1,280.0
12 Insurance	2,351.6	2,486.3	134.7	2,380.0

### Income from marketing (quarterly)



### Balance



## Fee business: Real estate

- Corporate real estate brokerage (SuMi TRUST Bank): Decreased by ¥4.0bn YoY to ¥10.9bn mainly due to decrease in large transactions
- Retail real estate brokerage (SuMi TRUST Realty): Maintained strength and increased by ¥1.2bn YoY to ¥12.3bn

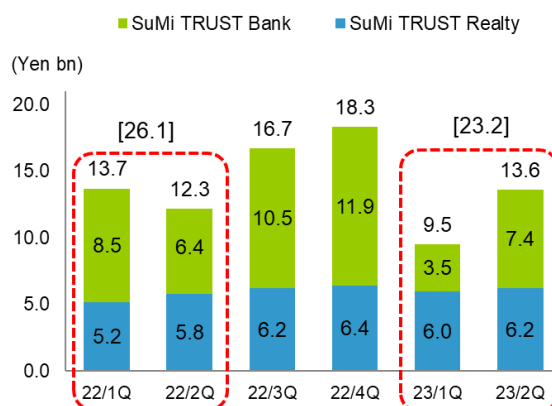
### Income (group base)

	1HFY22	1HFY23	Change	FY23 Original Plan
(Yen bn)				
1 Real estate brokerage fees	26.1	23.2	(2.8)	59.0
2 SuMi TRUST Bank	15.0	10.9	(4.0)	35.0
3 SuMi TRUST Realty	11.0	12.3	1.2	24.0
4 Real estate trust fees, etc.	3.1	3.4	0.2	6.5
5 Net other real estate profit	0.8	0.9	0.1	2.0
6 SuMi TRUST Bank	(0.0)	0.0	0.0	-
7 Group companies	0.8	0.9	0.0	2.0
8 Total	30.1	27.6	(2.4)	67.5
9 o/w SuMi TRUST Bank	18.2	14.4	(3.7)	41.5

### Assets under management / administration

	Mar. 23	Sep. 23	Change
(Yen bn)			
10 Securitized real estate	24,182.3	25,933.0	1,750.6
11 Assets under custody from J-REITs	17,023.4	17,671.1	647.6
12 Assets under management	658.4	668.1	9.7
13 Private placement funds	367.9	377.6	9.7
14 J-REITs	290.5	290.5	-

### Real estate brokerage fees (quarterly)



# Fee business: Asset management/administration

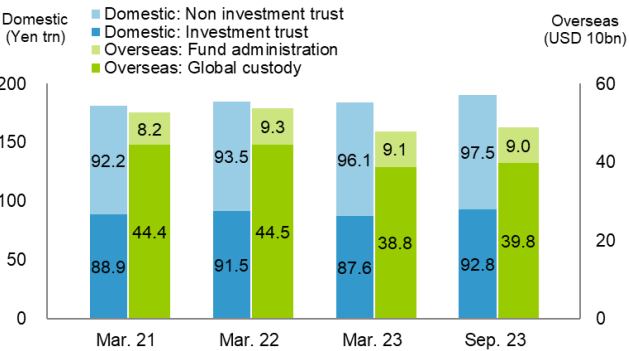
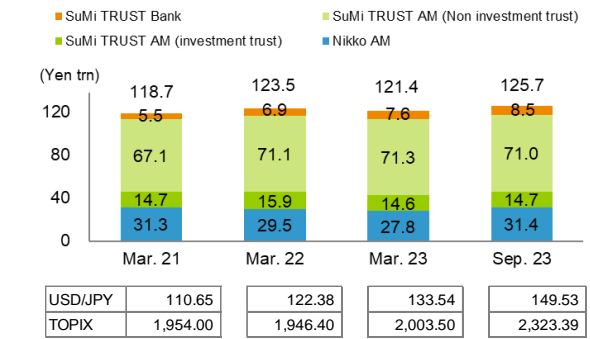
- AUM increased by ¥4.2trn to approx. ¥126trn from Mar.23 mainly due to growth of market value
- AUC increased in domestic businesses and global custody mainly due to growth of market value

Assets under management (AUM)			
(Yen trn)			
	Mar. 23	Sep. 23	Change
1 Assets under management	121.4	125.7	4.2
2 SuMi TRUST Bank (*1)	7.6	8.5	0.8
3 Private asset	5.4	6.2	0.7
4 SuMi TRUST AM	85.9	85.7	(0.2)
5 Nikko AM	27.8	31.4	3.6

(\*1) Not include duplicate amount from re-entrustment to SuMi TRUST AM and Nikko AM

Assets under custody/administration (AUC)			
(Yen trn)			
	Mar. 23	Sep. 23	Change
[Domestic]			
6 Investment trust (*2)	87.6	92.8	5.1
7 Non investment trust (*2)	96.1	97.5	1.4
[Overseas] (USD 10bn)			
8 Global custody (*3)	38.8	39.8	0.9
9 Fund administration	9.1	9.0	(0.1)

(\*2) Entrusted balance of SuMi TRUST Bank  
(\*3) Combined figures of SuMi TRUST Bank, SuMi TRUST Bank (U.S.A) and SuMi TRUST Bank (Lux.)



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

- Individual: New mortgage loans continued to decline, due to intensifying of interest rate competition. Balance was almost flat
- Corporate credit: Continue to shift to product lending. Increase in balance was mainly due to product lending (foreign currency) and JPY depreciation

### Individual clients

(Yen bn)		1H FY22	1H FY23	Change	FY23 Original Plan
1	Annual amount of new loans to individuals	444.0	374.4	(69.5)	900.0
2	Mortgage loans	395.9	340.9	(55.0)	800.0

(Yen bn)		Mar. 23	Sep. 23	Change	Mar. 24 Original Plan
3	Outstanding of individual loans	11,094.4	11,071.8	(22.5)	11,100.0
4	Mortgage loans	10,461.5	10,434.0	(27.4)	10,300.0

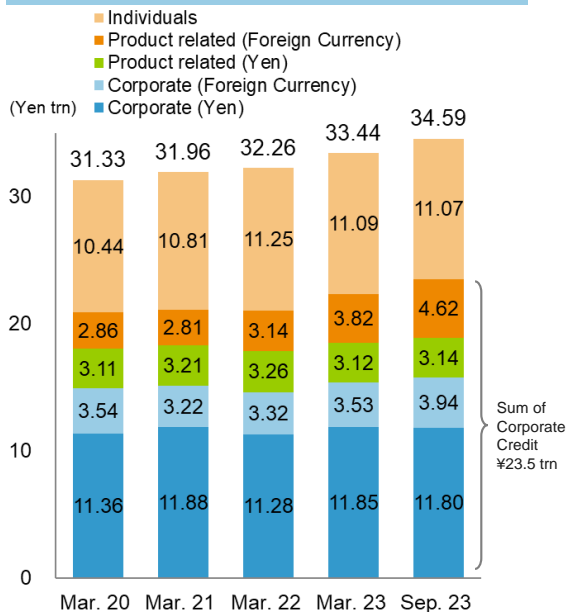
### Corporate clients

(Yen bn)		Mar. 23	Sep. 23	Change(*2)	Mar. 24 Original Plan
5	Corporate lending(Yen)	11,859.6	11,809.4	(50.2)	11,900.0
6	Corporate lending(Foreign Currency)	3,533.6	3,943.6	410.0	3,500.0
7	Product related (Yen)	3,128.7	3,149.6	20.8	3,300.0
8	Product related (Foreign Currency)	3,824.9	4,620.2	795.2	4,200.0
9	Total balance of credit for corporates(*1)	22,347.0	23,522.9	1,175.8	22,900.0
10	Product related	6,953.7	7,769.8	816.0	7,500.0

(\*1) Balance of equity investment(excluding strategic shareholdings) is ¥538.6bn on Sep. 23

(\*2) Impact of foreign exchange: Corporate lending(Foreign Currency) approx. ¥400.0bn,  
Product related (Foreign Currency) approx. ¥460.0bn

### Credit portfolio balance



This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in managerial circumstances. Please refer to the most recent relevant materials including financial results ("Kessan Tanshin")(including attached explanatory materials), the securities report and other presentations disclosed by Sumitomo Mitsui Trust Holdings and its group companies, for further information that could significantly influence its financial position and operating results as well as investment decisions by investors. Information regarding companies and other entities outside the group in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the group and cannot be guaranteed. This presentation does not constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any securities.

Definitions of terms in this document

Sumitomo Mitsui Trust Holdings (Consolidated): "Consolidated " or "SuMi TRUST Holdings"

Sumitomo Mitsui Trust Bank (Non-consolidated): "Non-consolidated " or "SuMi TRUST Bank"

Net income (on consolidated basis) : "Net income attributable to owners of the parent"

NPL (Non performing loans): "Problem assets based on the Financial Reconstruction Act"