



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for 3QFY23

January 31, 2024

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Definitions of terms in this document

Sumitomo Mitsui Trust Holdings (Consolidated): “Consolidated “ or “SuMi TRUST Holdings”

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

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

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

Financial indices per share

Indices regarding financial information such as “Earnings per share”, “Net assets per share”, and “Number of shares issued” are presented assuming that the stock split of shares (two (2) for each share of common stock) enacted on January 1, 2024, was taken place at the beginning of fiscal year 2022, for consistency purposes.

# Overview of profits

	(Yen bn)	FY22 1-3Q	FY23 1Q-3Q	Change	FY23 Forecast <sup>(*)</sup>
1	Net business profit before credit costs (*2)	243.2	230.5	(12.6)	330.0
2	Substantial gross business profit (*2)	603.5	622.2	18.6	860.0
3	Effective interest related earnings (*3)	221.3	205.7	(15.5)	
4	Net fees and commissions and related profit	331.2	341.6	10.4	
5	Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)	50.9	74.7	23.8	
6	Substantial G&A expenses (*2)	(360.2)	(391.6)	(31.3)	(530.0)
7	Total credit costs	(11.5)	(3.8)	7.7	(20.0)
8	Net gains on stocks	(1.1)	(142.0)	(140.9)	(160.0)
9	Other net non-recurring profit	(27.3)	(28.9)	(1.6)	(35.0)
10	Ordinary profit	203.2	55.7	(147.4)	115.0
11	Extraordinary profit	(1.4)	2.7	4.1	
12	Income before income taxes	201.8	58.5	(143.3)	
13	Total income taxes	(55.4)	(8.5)	46.9	
14	Income attributable to non-controlling interests	(0.6)	(0.7)	(0.0)	
15	Net income	145.6	49.2	(96.4)	85.0
16	Earnings per share (EPS) (Yen)	196	67	(128)	
17	Number of shares issued (mn shares) (*4)	740.5	726.2	(7.1)	
<b>(Reference)</b>					
18	Net interest income and related profit	134.0	(62.7)	(196.7)	
19	Other profit	138.1	343.2	205.0	
20	Profit attributable to deployment of surplus foreign currency funds	87.2	268.4	181.2	
21	Other	50.9	74.7	23.8	

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

- Achieved ¥230.5bn of 70% progress vs FY23 forecast of ¥330.0bn
- Decreased YoY ¥(12.6)bn. Steady increase in substantial gross business profit from client related businesses, while expenses increase in line with investments for sustainable growth
- (#3:Effective interest related earnings) Decreased YoY ¥(15.5)bn mainly due to funding cost increase, while deterioration range was improved as rising overseas interest rates peaked out
- (#4:Net fees and commissions and related profit) Increased YoY ¥10.4bn. Corporate credit related fees was strong, while real estate brokerage fees declined. Stock transfer agency services, asset management and asset administration fees were stable
- (#6: Substantial G&A expenses) Increased YoY mainly due to investments in human capital and expenses linked with gross business profit increases

## Total credit costs (#7)

- Occurrence of credit cost in 3Q was limited
- Posted ¥(3.8)bn of total credit costs vs FY23 forecast of ¥20.0bn

## Net gains on stocks (#8)

- Posted ¥76.0bn of gains from reducing strategic shareholdings. Accelerate reduction of strategic shareholdings
- Posted ¥(217.3)bn of realized losses from sale of bear funds. Continue reducing bear funds with low B/E drastically in line with the disclosed policy, due to structural changes in the macro environment

## Net income (#15)

- Achieved ¥49.2 bn of 58% progress vs FY23 forecast of ¥85.0bn

(\*1) Revised on October 30, 2023.

(\*2) "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

(\*3) "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"

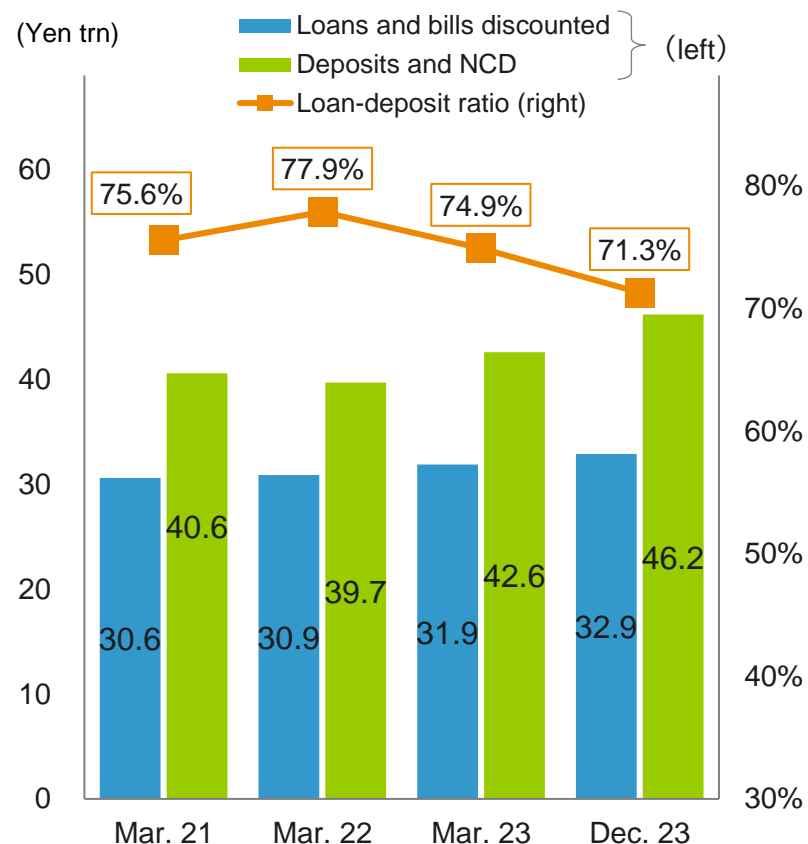
(\*4) Average number of common shares outstanding (excluding treasury stocks) during the period

# Overview of balance sheet

		(Yen bn)		
		Mar. 23	Dec. 23	Change
1	Assets	69,022.7	73,348.1	4,325.4
2	Cash and due from banks	21,602.4	22,384.8	782.3
3	Securities	6,933.0	8,745.3	1,812.3
4	Loans and bills discounted	31,810.9	32,779.7	968.7
5	Other assets	8,676.2	9,438.2	761.9
6	Liabilities	66,200.1	70,337.8	4,137.7
7	Deposits and NCD	42,848.2	46,353.0	3,504.7
8	Borrowed money from trust account	4,332.4	4,156.6	(175.7)
9	Other liabilities	19,019.4	19,828.1	808.7
10	Total net assets	2,822.5	3,010.2	187.7
11	Total shareholders' equity	2,587.8	2,556.5	(31.3)
12	Total accumulated OCI	204.2	422.9	218.6
13	Minority interests, etc.	30.4	30.8	0.3
14	Net assets per share (BPS) (Yen)	3,843	4,102	518
15	Number of shares issued (mn shares) (*)	726.4	726.2	(0.1)
(Reference)				
16	Loan-deposit ratio (SuMi TRUST Bank)	74.9%	71.3%	(3.6%)
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

## Loan - deposit ratio (SuMi TRUST Bank)



# Profit by group company

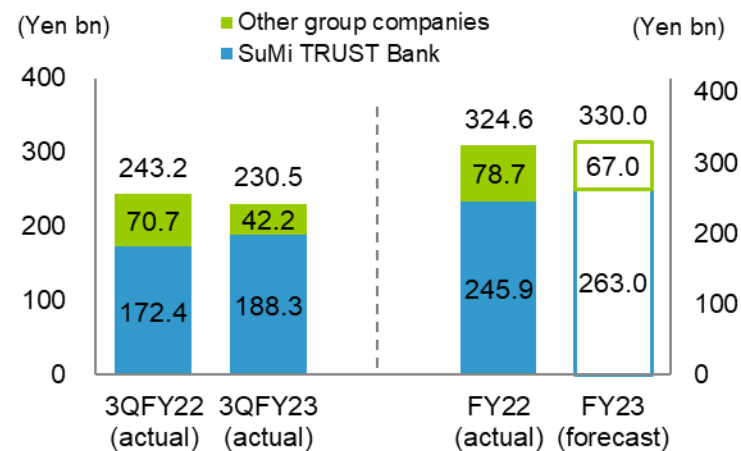
	(Yen bn)	FY22 1-3Q	FY23 1-3Q	Change
1 Net business profit before credit costs (*1)		243.2	230.5	(12.6)
2 o/w SuMi TRUST Bank (*2)		172.4	188.3	15.8
3 SuMi TRUST AM		6.5	4.9	(1.5)
4 Nikko AM (*3)		10.9	8.8	(2.1)
5 SuMi TRUST Realty		5.4	5.9	0.4
6 SuMi TRUST Panasonic Finance (*3)		6.6	6.9	0.3
7 SuMi TRUST Loan & Finance		8.3	8.7	0.3
8 Sumitomo Mitsui Trust Bank (U.S.A.)		3.4	7.7	4.2
9 Sumitomo Mitsui Trust (Hong Kong)		3.7	4.6	0.8
10 SuMi TRUST Guarantee (*3)		8.7	8.4	(0.3)
11 SuMi TRUST Club		3.5	1.7	(1.8)
12 UBS SuMi TRUST Wealth Management		2.4	2.6	0.2
13 Net income (*1)		145.6	49.2	(96.4)
14 o/w SuMi TRUST Bank (*2)		109.1	38.7	(70.4)
15 SuMi TRUST AM		4.5	3.4	(1.0)
16 Nikko AM (*3)		10.6	9.8	(0.8)
17 SuMi TRUST Realty		3.8	4.0	0.2
18 SuMi TRUST Panasonic Finance (*3)		4.1	3.9	(0.1)
19 SuMi TRUST Loan & Finance		5.8	6.0	0.2
20 Sumitomo Mitsui Trust Bank (U.S.A.)		2.6	6.0	3.3
21 Sumitomo Mitsui Trust (Hong Kong)		3.0	3.8	0.7
22 SuMi TRUST Guarantee (*3)		6.4	5.9	(0.4)
23 SuMi TRUST Club		2.0	0.6	(1.4)
24 UBS SuMi TRUST Wealth Management		1.7	2.1	0.4

(\*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.

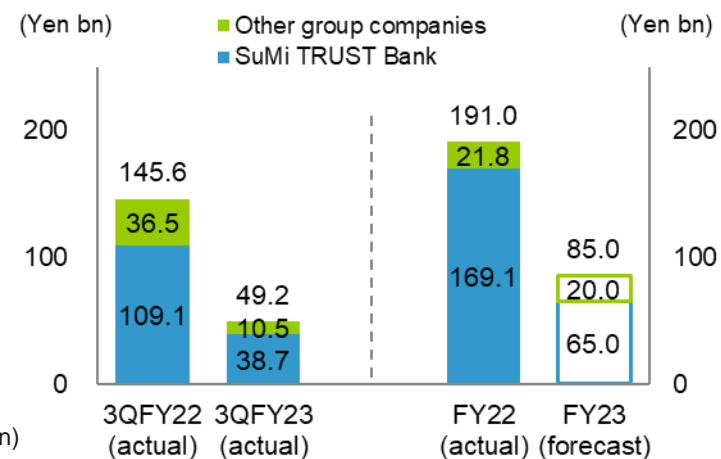
(\*2) Including dividend from group companies (1-3QFY22:¥15.0bn, 1-3QFY23:¥42.2bn, YoY change: +¥27.2bn)

(\*3) Consolidated basis

## Breakdown of Net business profit before credit costs



## Breakdown of Net income



# Profit by business segment

		FY22 1-3Q Net business profit before credit costs (*1)	FY22		FY23		FY23 Plan Net business profit before credit costs (*1)
			Substantial gross business profit (*1)	Change	Net business profit before credit costs (*1)	Change	
(Yen bn)							
1	Total	243.2	622.2	18.6	230.5	(12.6)	330.0
2	Retail Business	31.7	157.6	6.9	30.4	(1.2)	33.0
3	SuMi TRUST Bank	14.9	103.9	5.1	15.0	0.1	15.0
4	Other group companies	16.7	53.7	1.7	15.3	(1.3)	18.0
5	Corporate Business	106.3	187.2	16.2	111.6	5.3	141.0
6	SuMi TRUST Bank	84.1	125.5	9.9	89.0	4.9	114.0
7	Other group companies	22.2	61.7	6.3	22.6	0.3	27.0
8	Investor Services Business	43.3	101.6	6.4	44.5	1.2	63.0
9	SuMi TRUST Bank	32.6	56.4	(0.4)	29.0	(3.6)	45.0
10	Other group companies	10.7	45.2	6.9	15.5	4.8	18.0
11	Real Estate Business	28.9	42.4	(6.4)	20.7	(8.1)	40.0
12	SuMi TRUST Bank	22.9	22.5	(7.8)	14.2	(8.6)	32.0
13	Other group companies	5.9	19.9	1.4	6.4	0.5	8.0
14	Global Markets Business	40.3	49.8	(1.5)	35.7	(4.6)	44.0
15	Asset Management Business (*2)	17.7	64.9	0.9	14.2	(3.5)	23.0

(\*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)		FY22	FY23	Change
		1-3Q	1-3Q	
1	Net business profit before credit costs	172.4	188.3	15.8
2	Gross business profit	365.7	400.0	34.2
3	Effective interest related earnings	202.2	212.8	10.6
4	Net interest income and related profit	114.9	(55.6)	(170.5)
5	Profit attributable to deployment of surplus foreign currency funds	87.2	268.4	181.2
6	Net fees and commissions and related profit	140.5	142.8	2.2
7	Net trading profit	42.2	38.1	(4.1)
8	Net gains on foreign exchange transactions			
	Net trading profit	10.2	67.4	57.1
9	Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)	32.0	(29.2)	(61.3)
10	Net gains on bonds	(27.7)	4.5	32.3
11	Net gains from derivatives	9.2	3.9	(5.2)
12	General and administrative expenses	(193.2)	(211.6)	(18.3)
13	Total credit costs	(11.4)	(2.3)	9.0
14	Other non-recurring profit	(14.0)	(156.3)	(142.2)
15	o/w Net gains on stocks	1.6	(142.6)	(144.3)
16	Amortization of net actuarial losses	(2.8)	(3.5)	(0.6)
17	Ordinary profit	147.0	29.6	(117.3)
18	Extraordinary profit	(1.2)	0.7	2.0
19	Income before income taxes	145.7	30.3	(115.3)
20	Total income taxes	(36.5)	8.3	44.8
21	Net income	109.1	38.7	(70.4)

		FY22	FY23	Change
		1-3Q	1-3Q	
22	Gross business profit	365.7	400.0	34.2
23	Net interest income and related profit	114.9	(55.6)	(170.5)
24	Net fees and commissions and related profit	140.5	142.8	2.2
25	Net trading profit	10.2	67.4	57.1
26	Net other operating profit	100.0	245.3	145.3
27	o/w Net gains on foreign exchange transactions	119.3	239.2	119.9
28	Profit attributable to deployment of surplus foreign currency funds	87.2	268.4	181.2
29	other	32.0	(29.2)	(61.3)
30	Net gains on bonds	(27.7)	4.5	32.3
31	Net gains from derivatives	9.2	3.9	(5.2)
32	Net fees and commissions and related profit	140.5	142.8	2.2
33	o/w Investment management consulting	31.0	31.1	0.1
34	Asset management/administration	49.3	51.1	1.7
35	Real estate brokerage	25.5	17.2	(8.2)
36	Stock transfer agency services	19.9	20.7	0.8
37	Inheritance related services	3.0	3.3	0.2
38	Corporate credit related	23.8	35.2	11.4
39	Net gains on bonds	(27.7)	4.5	32.3
40	Domestic bonds	(6.9)	1.8	8.8
41	Foreign bonds	(20.8)	2.6	23.5

(\*) Including dividend from subsidiaries (1-3QFY22:¥15.0bn, 1-3QFY23:¥42.2bn, YoY change: +¥27.2bn)

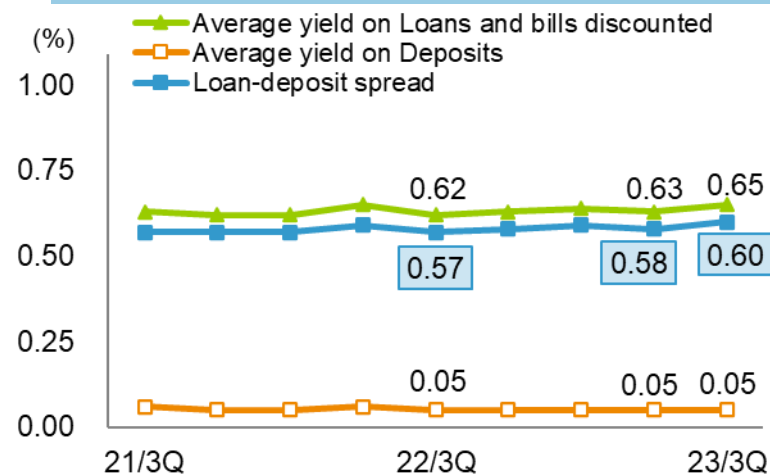


# Net interest income (SuMi TRUST Bank)

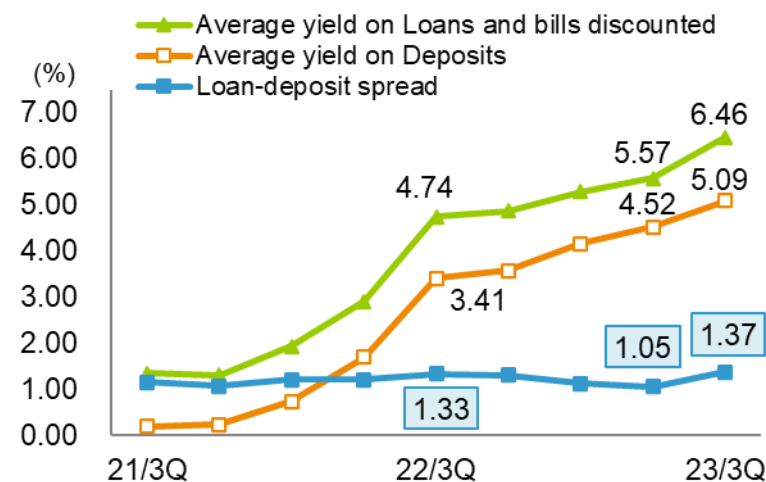
	FY23/1-3Q					
	Average Balance	Change from 1-3QFY22	Average Yield	Change from 1-3QFY22	Income/Expenses	Change from 1-3QFY22
(Average balance: Yen trn) (Income/Expenses: Yen bn)						
1 Net interest income					(71.5)	(171.3)
2 Domestic business			0.39%	0.05%	141.4	19.2
3 Interest-earning assets	48.74	2.34	0.51%	0.04%	187.0	19.6
4 o/w Loans and bills discounted	24.88	0.13	0.64%	0.01%	120.8	1.8
5 Securities	3.96	(0.54)	2.05%	0.78%	61.2	18.0
6 Interest-bearing liabilities	48.10	2.34	0.12%	(0.01%)	(45.5)	(0.4)
7 o/w Deposits	29.42	1.83	0.05%	(0.00%)	(12.0)	(0.2)
8 Borrowings from trust a/c	4.48	0.19	0.47%	0.01%	(15.9)	(0.8)
9 Swaps	---	---	---	---	(5.9)	1.2
10 International business			(1.64%)	(1.43%)	(213.0)	(190.5)
11 Interest-earning assets	18.37	1.93	4.05%	1.83%	560.4	284.9
12 o/w Loans and bills discounted	7.46	0.77	5.76%	2.61%	323.4	164.2
13 Due from banks	2.51	(0.17)	5.11%	2.98%	96.5	53.2
14 Securities	3.42	0.59	4.44%	1.76%	114.3	57.0
15 Interest-bearing liabilities	18.09	1.84	5.69%	3.26%	(773.5)	(475.4)
16 o/w Deposits	6.95	0.44	4.60%	2.70%	(240.5)	(147.0)
17 NCD / USCP	7.43	0.90	5.38%	2.98%	(300.9)	(182.8)
18 Repo	1.23	(0.08)	5.40%	3.33%	(50.1)	(29.4)
19 Expenses on swaps	---	---	---	---	(112.8)	(71.8)
20 (+) Trust fees from principal guaranteed trust a/c					15.9	0.8
21 (+) Profit attributable to deployment of surplus foreign currency funds					268.4	181.2
22 Effective interest related earnings					212.8	10.6
23 Loan-deposit spread / income in domestic business			0.59%	0.01%	108.8	1.6
24 Loan-deposit spread / income in international business			1.16%	(0.09%)	82.8	17.2

(\* ) Including dividend from subsidiaries (1-3QFY22:¥15.0bn, 1-3QFY23:¥42.2bn, YoY change: +¥27.2bn)

## Domestic loan-deposit spread (quarterly)



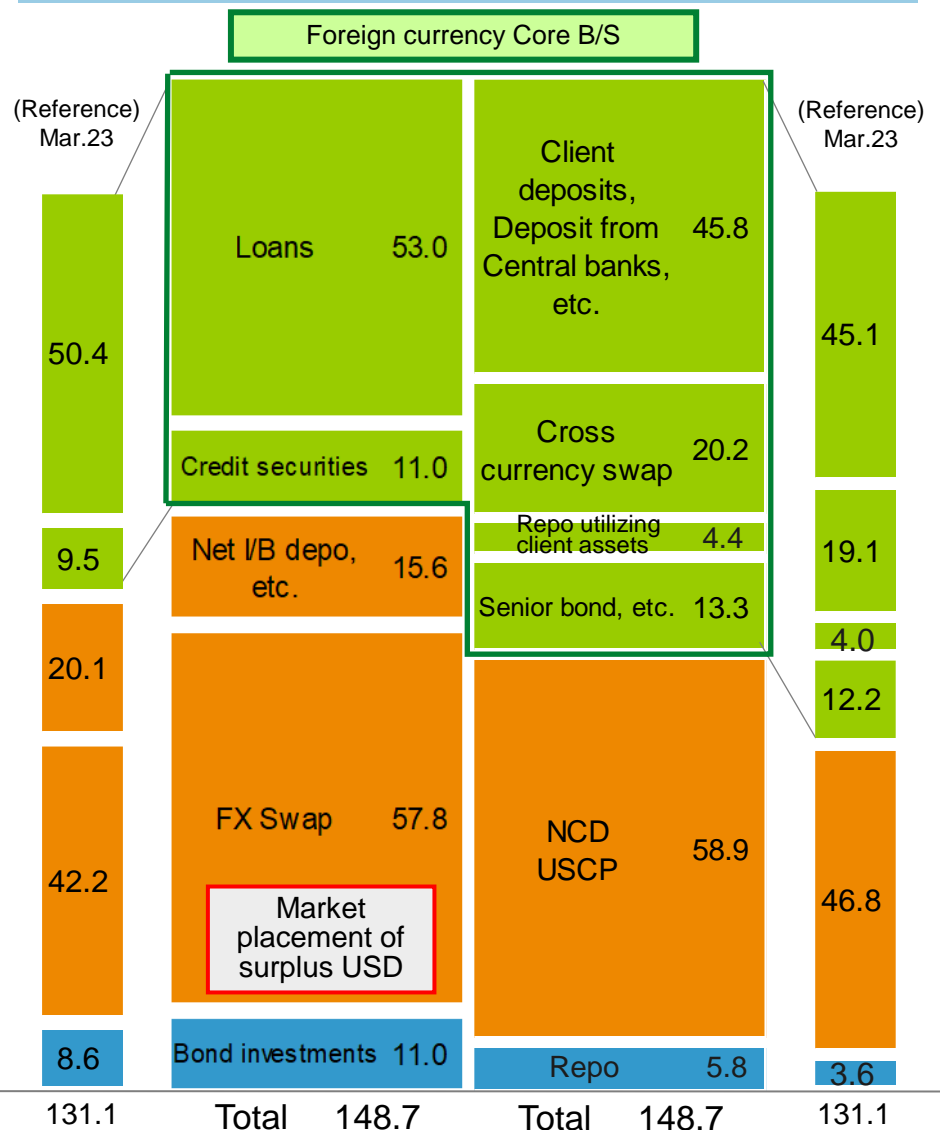
## International loan-deposit spread (quarterly)





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

## Foreign currency B/S (as of Dec. 23) (USD bn)



## 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.

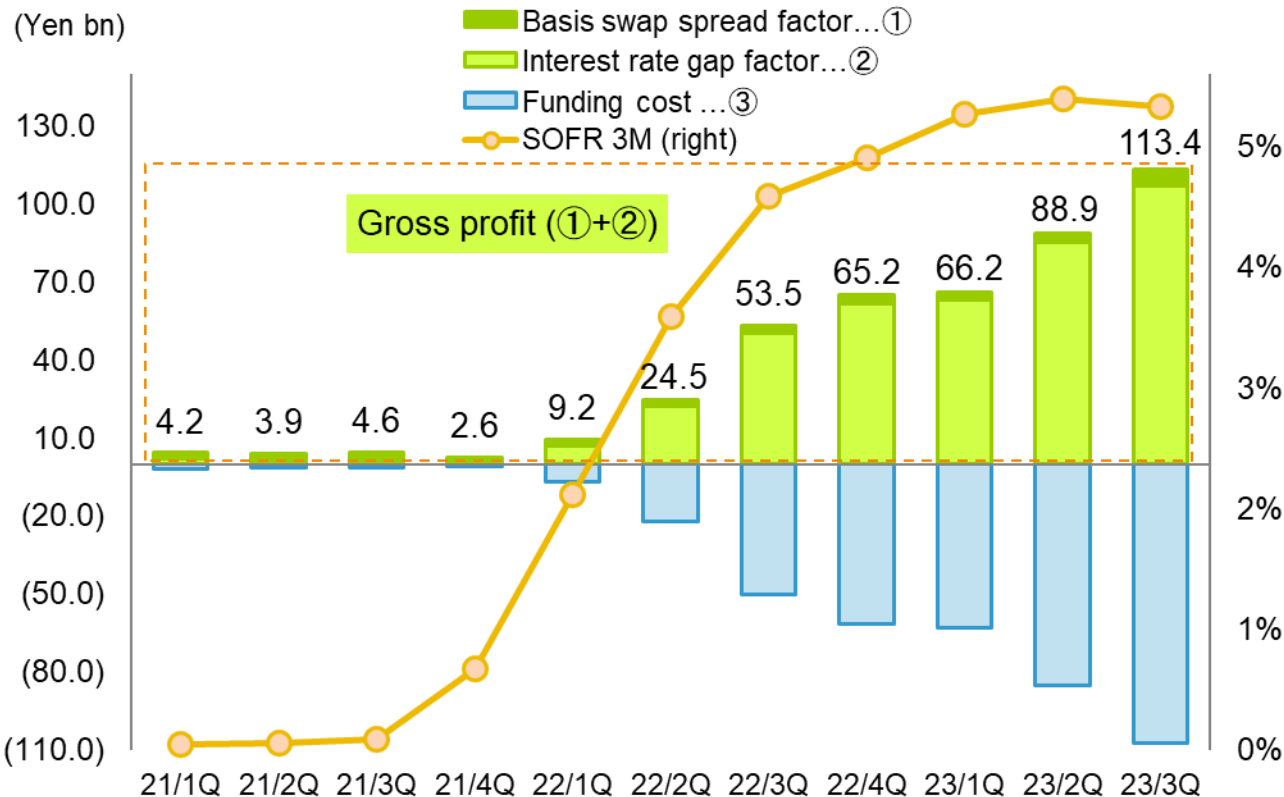
## Basis swap spread (\*) (USD/JPY)



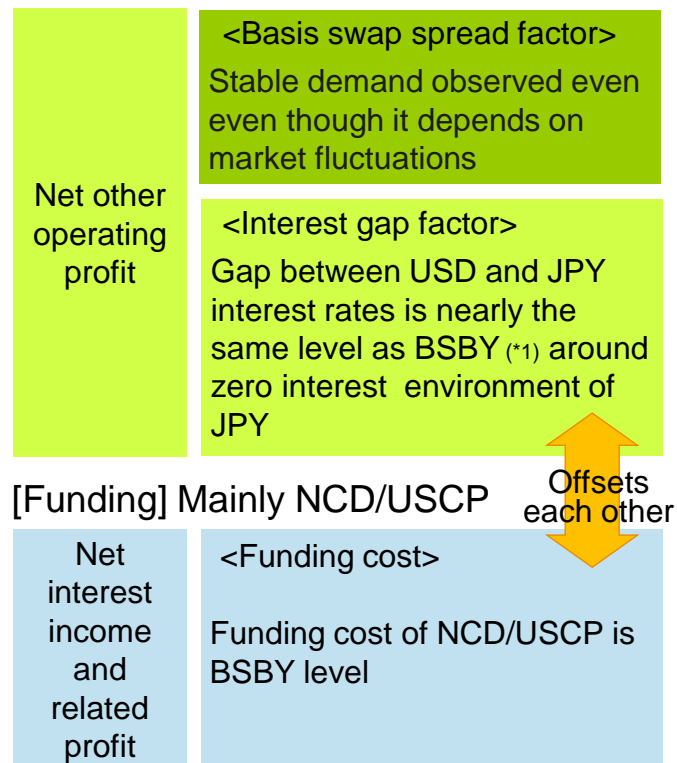
(\*) Basis swap spread with SOFR and TONA as the indexes

# Profit structure of market deployment of surplus foreign currency

- Profit from FX 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 increased YoY



## [Investment] FX Swap



(\*1) Bloomberg Short-term Bank Yield Index

(\*2) 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.

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

[Total credit costs]		FY22	1H	FY23 1-3Q	Major factors (1-3QFY23)
(Yen bn)					
1	SuMi TRUST Bank	(12.4)	(0.6)	(2.3)	Downgraded: Approx. ¥(15.0)bn Upgraded: Approx. +¥2.5bn Changes in loan balance, etc. (including recoveries of written-offs): Approx. +¥10.0bn
2	General allowance for loan losses	0.9	(2.1)	1.3	
3	Specific allowance for loan losses	(5.4)	5.3	0.1	
4	Recoveries of written-off claims	0.6	0.2	0.4	
5	Losses on sales of claims, written-off	(8.5)	(4.1)	(4.3)	
6	Other group companies, etc.	1.9	(1.0)	(1.4)	SuMi TRUST Panasonic Finance ¥(1.2)bn
7	Total	(10.4)	(1.7)	(3.8)	

As of December 2023, special loan loss provision of approx.¥18.0bn

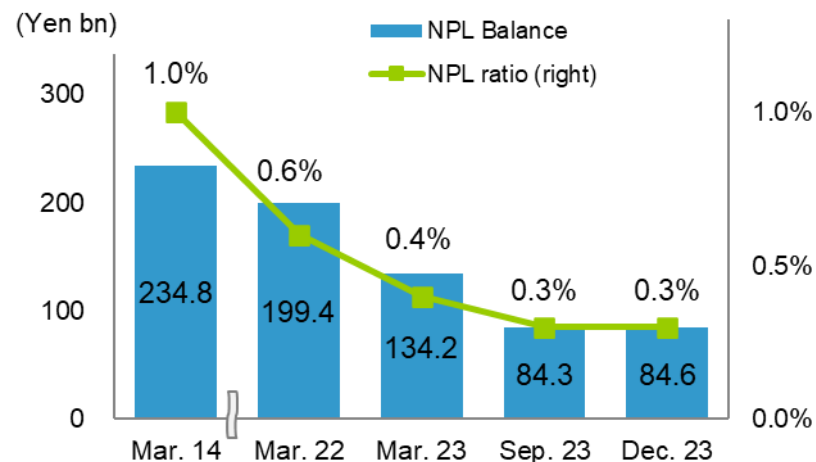
### [Non-performing loans (NPLs) based on Banking Act and Reconstruction Act]

		Dec. 23	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 23
(Yen bn)					
8	Total	84.6	66.5%	44.2%	(49.6)
9	NPL ratio	0.3%	---	---	(0.1%)
10	Bankrupt and practically bankrupt	8.6	100.0%	100.0%	0.1
11	Doubtful	39.2	84.8%	74.0%	(47.0)
12	Substandard	36.8	39.2%	9.3%	(2.7)
13	Loans past due 3 months or more	-	---	---	-
14	Restructured loans	36.8	---	---	(2.7)
15	Assets to borrowers requiring caution(excluding Substandard)	394.4	---	---	98.0
16	Assets to normal borrowers	33,179.5	---	---	1,087.4
17	Grand total	33,658.5	---	---	1,135.8

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

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

### Total Balance and ratio of NPL



# Securities portfolio

[Consolidated] (\*1)

	(Yen bn)	Costs		Unrealized gains/losses	
		Dec. 23	Change from Mar. 23	Dec. 23	Change from Mar. 23
1 Available-for-sale securities	7,206.1	1,530.8	584.3	211.6	
2 Japanese stocks	468.1	(27.2)	663.3	86.1	
3 Japanese bonds	3,490.4	1,311.8	(4.7)	(4.3)	
4 Others	3,247.5	246.2	(74.2)	129.8	
5 Held-to-maturity securities	281.4	(17.7)	9.1	(0.8)	

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

6 Available-for-sale securities	7,042.1	1,519.5	593.8	207.6
7 Japanese stocks	444.7	(26.9)	683.3	84.9
8 Japanese bonds	3,490.4	1,311.8	(4.7)	(4.3)
9 o/w Government bonds	2,714.0	1,280.5	(4.1)	(2.6)
10 Others	3,107.0	234.7	(84.7)	127.0
11 Domestic investment	107.8	(0.0)	1.1	(0.6)
12 International investment	2,270.0	503.7	(28.8)	1.1
13 o/w US Treasury (*2)	825.3	174.8	(26.0)	(8.7)
14 Others (Investment trust, etc.)	729.1	(268.9)	(56.9)	126.5
15 o/w for hedging of strategic shareholdings (*3)	441.9	(184.4)	(77.0)	114.6

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

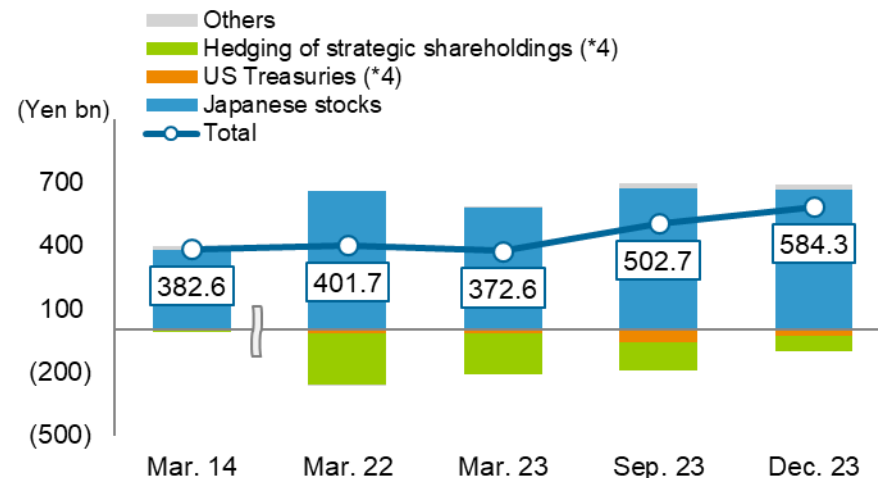
16 Held-to-maturity securities	281.3	(17.7)	9.1	(0.8)
17 o/w Government bonds	116.9	(0.2)	8.8	(1.8)
18 International investment	114.3	(13.2)	(0.0)	1.1

(\*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 ¥(21.7)bn

(\*3) Of which hedging effect under capital regulation is recognized: Costs ¥417.5bn, Unrealized gains/losses ¥(66.8)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)	
		Dec. 23	Change from Mar. 23	Dec. 23	Change from Mar. 23
19 JPY	8.5	3.2	2.7	(0.2)	
20 Others (*7)	2.7	1.7	2.9	1.5	

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

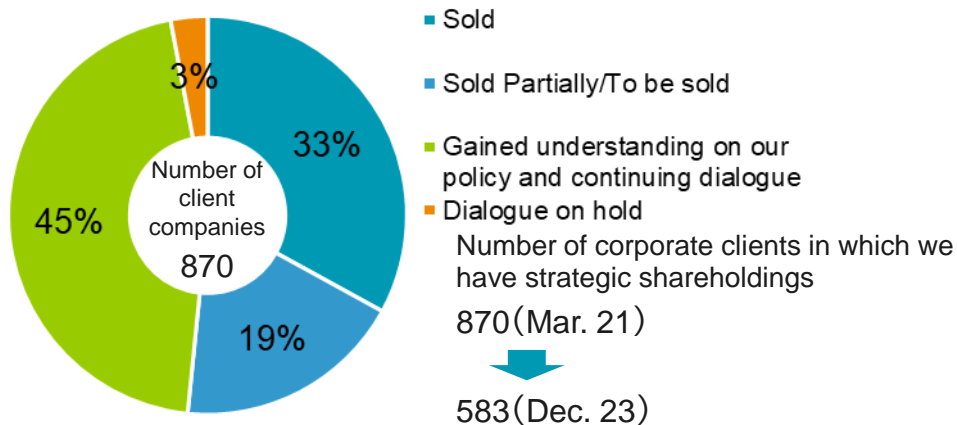
(\*6) In the calculation of 10BPV and duration, investment balance hedging transactions were excluded

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

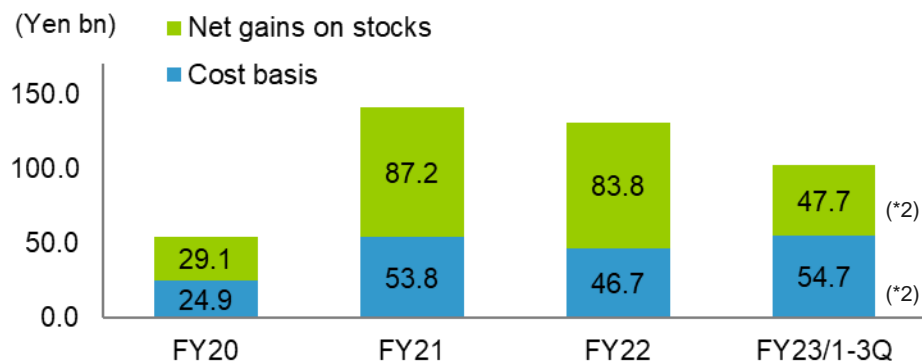
# Reduction of strategic shareholdings

- Continue careful dialogue with clients based on long-term relationship of trust. The number of companies with strategic holdings decreased by 33% since March 2021
- Expect to exceed ¥70bn of reduction through FY2023

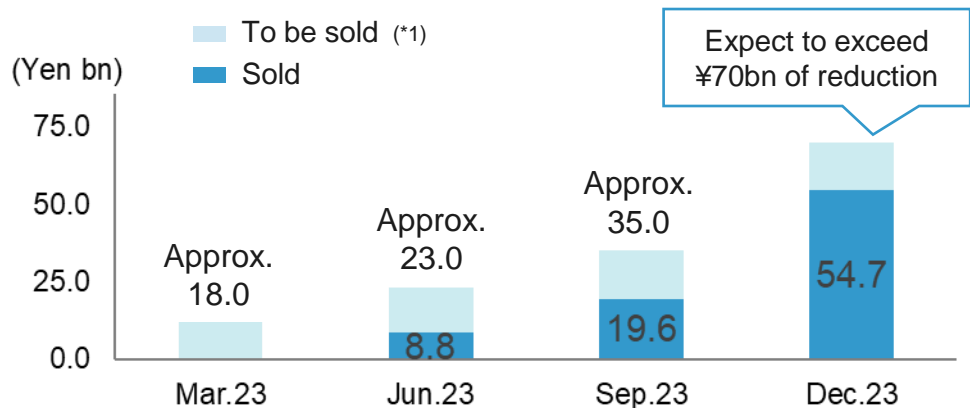
Dialogue with clients



Reduction (consolidated basis)

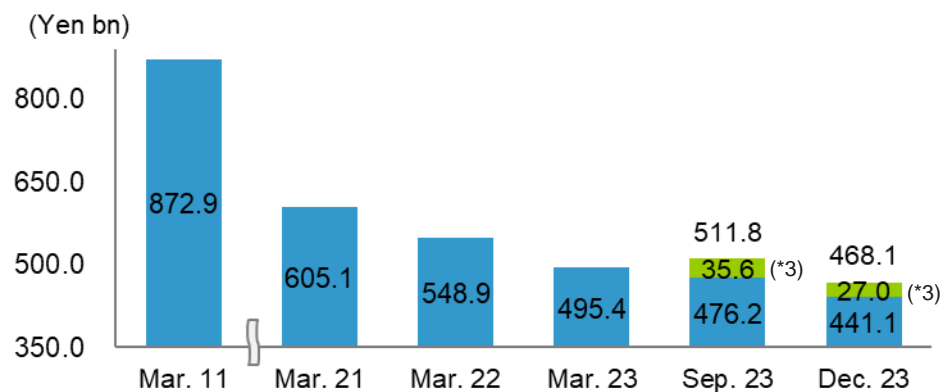


Amount sold/ to be sold (cost basis) (consolidated basis)



(\*1) Amount to be sold in the relevant fiscal year

Cost basis balance of strategic shareholdings(consolidated basis)



(\*3) Sold and repurchased shares in FY23/2Q

# 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 forecast to ¥85.0bn, a decrease 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)	105	110	+5	-

(\*) 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 ¥31.1bn, same level as 3QFY2022. Decreased sales fees of investment trust. Increased administration fees due to increase of balance
- Total balance increased by ¥786.5bn to ¥8,165.6bn from Mar. 2023. Growth of market value was approx.¥600.0bn

## Income from marketing of investment products

	(Yen bn)	FY22	FY23	Change	FY23 Initial Plan
		1-3Q	1-3Q		
1 Income total		31.0	31.1	0.1	41.0
2 Sales fees of investment trust		1.7	0.9	(0.8)	2.5
3 Sales fees of insurance		7.4	7.2	(0.1)	9.5
4 Administration fees		21.7	22.9	1.1	29.0

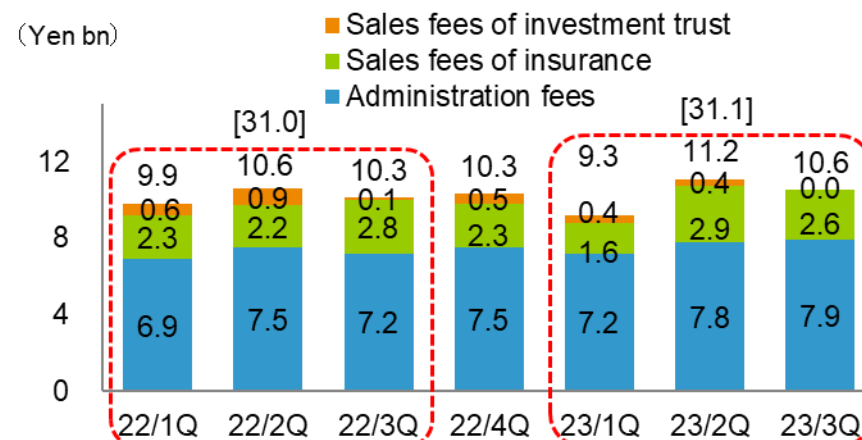
## Sales volume / balance

	(Yen bn)	FY22	FY23	Change	FY23 Initial Plan
		1-3Q	1-3Q		
5 Sales volume total		923.6	957.3	33.6	1,300.0
6 Investment trust		509.1	554.2	45.0	750.0
7 Fund wrap, SMA		167.3	166.3	(1.0)	200.0
8 Insurance		247.2	236.8	(10.3)	350.0

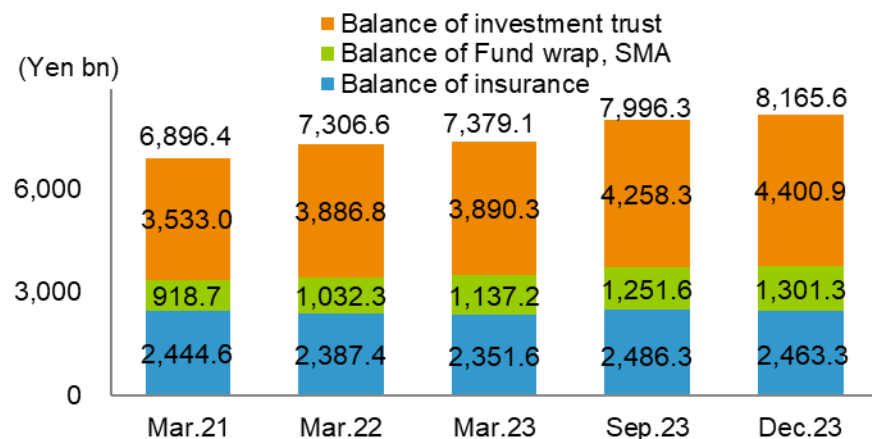
## Balance

	(Yen bn)	Mar. 23	Dec. 23	Change	Mar. 24 Initial Plan
9 Balance total		7,379.1	8,165.6	786.5	7,830.0
10 Investment trust		3,890.3	4,400.9	510.6	4,170.0
11 Fund wrap, SMA		1,137.2	1,301.3	164.1	1,280.0
12 Insurance		2,351.6	2,463.3	111.7	2,380.0

## Income from marketing (quarterly)



## Balance





# Fee business: Real estate

- Corporate real estate brokerage (SuMiTRUST Bank): Decreased by ¥8.2bn YoY to ¥17.2bn mainly due to decrease in large transactions
- Retail real estate brokerage (SuMiTRUST Realty): Maintained strength and increased by ¥1.3bn YoY to ¥18.6bn

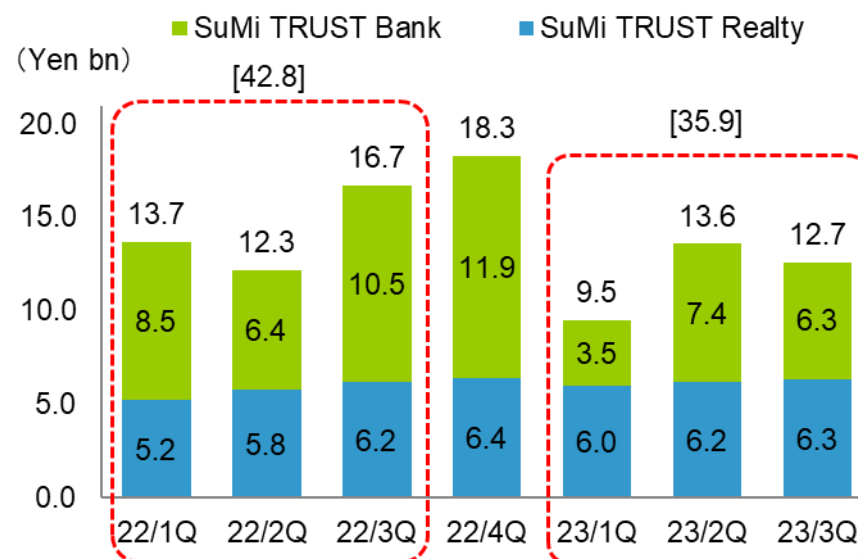
## Income (group base)

	(Yen bn)	FY22 1-3Q	FY23 1-3Q	Change
1 Real estate brokerage fees		42.8	35.9	(6.8)
2    SuMi TRUST Bank		25.5	17.2	(8.2)
3    SuMi TRUST Realty		17.3	18.6	1.3
4 Real estate trust fees, etc.		4.8	5.1	0.2
5 Net other real estate profit		1.1	1.3	0.1
6    SuMi TRUST Bank		(0.0)	0.0	0.0
7    Group companies		1.1	1.2	0.1
8 Total		48.9	42.4	(6.4)
9    o/w SuMi TRUST Bank		30.4	22.5	(7.8)

## Assets under management / administration

	(Yen bn)	Mar. 23	Dec. 23	Change
10 Securitized real estate		24,182.3	26,479.6	2,297.2
11 Assets under custody from J-REITs		17,023.4	17,875.0	851.6
12 Assets under management		658.4	669.4	11.0
13    Private placement funds		367.9	378.9	11.0
14    J-REITs		290.5	290.5	-

## Real estate brokerage fees (quarterly)



# Fee business: Asset management/administration

- AUM increased by ¥6.2trn to approx. ¥128trn from Mar.23 mainly due to growth of market value
- AUC increased in each asset category of both domestic and overseas mainly due to growth of market value

## Assets under management (AUM)

(Yen trn)		Mar. 23	Dec. 23	Change
1	Assets under management	121.4	127.7	6.2
2	SuMi TRUST Bank (*1)	7.6	8.6	1.0
3	Private asset	5.4	6.2	0.7
4	SuMi TRUST AM	85.9	86.8	0.8
5	Nikko AM	27.8	32.2	4.3

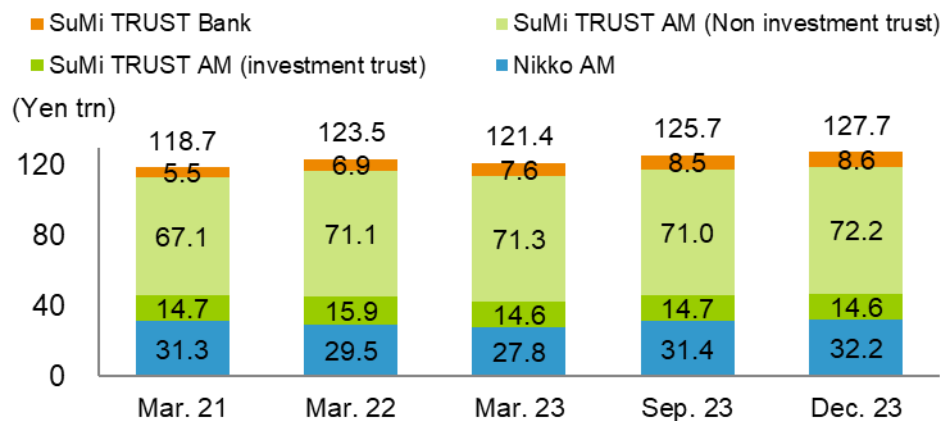
(\*1) Not include duplicate amount from re-entrustment to SuMi TRUST AM and Nikko AM

## Assets under custody/administration (AUC)

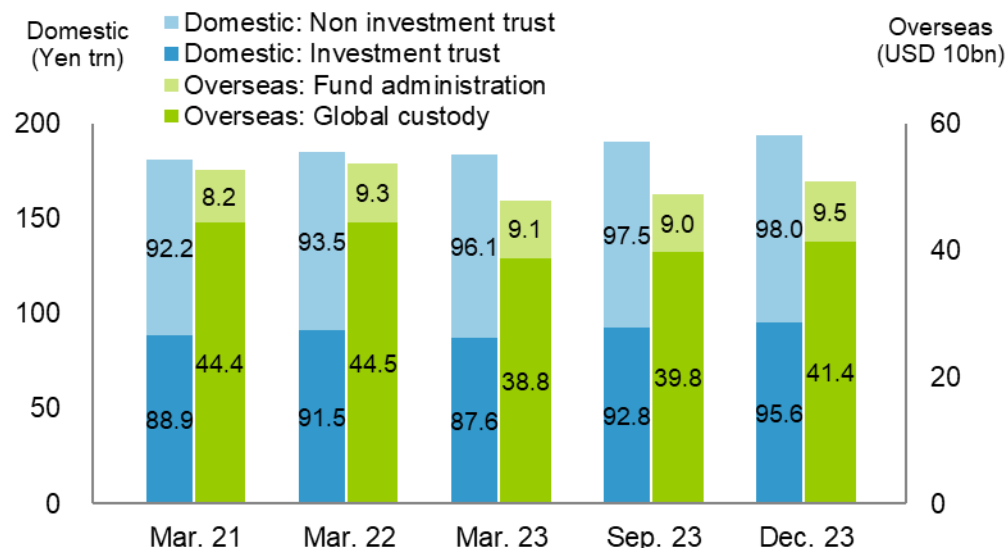
(Yen trn)		Mar. 23	Dec. 23	Change
[Domestic]				
6	Investment trust (*2)	87.6	95.6	8.0
7	Non investment trust (*2)	96.1	98.0	1.9
[Overseas] (USD 10bn)				
8	Global custody (*3)	38.8	41.4	2.5
9	Fund administration	9.1	9.5	0.4

(\*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.)



USD/JPY	110.65	122.38	133.54	149.53	141.83
TOPIX	1,954.00	1,946.40	2,003.50	2,323.39	2,366.39



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

- Individual: New mortgage loans continued to decline, due to policy of focusing on loan profitability. Outstanding of loans 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)		FY22	FY23	Change	FY23 Initial Plan
		1-3Q	1-3Q		
1	Annual amount of new loans to individuals	657.4	562.9	(94.4)	900.0
2	Mortgage loans	578.1	507.3	(70.8)	800.0

(Yen bn)		Mar. 23	Dec. 23	Change	Mar. 24 Initial Plan
3	Outstanding of individual loans	11,094.4	11,069.3	(25.1)	11,100.0
4	Mortgage loans	10,461.5	10,428.9	(32.5)	10,300.0

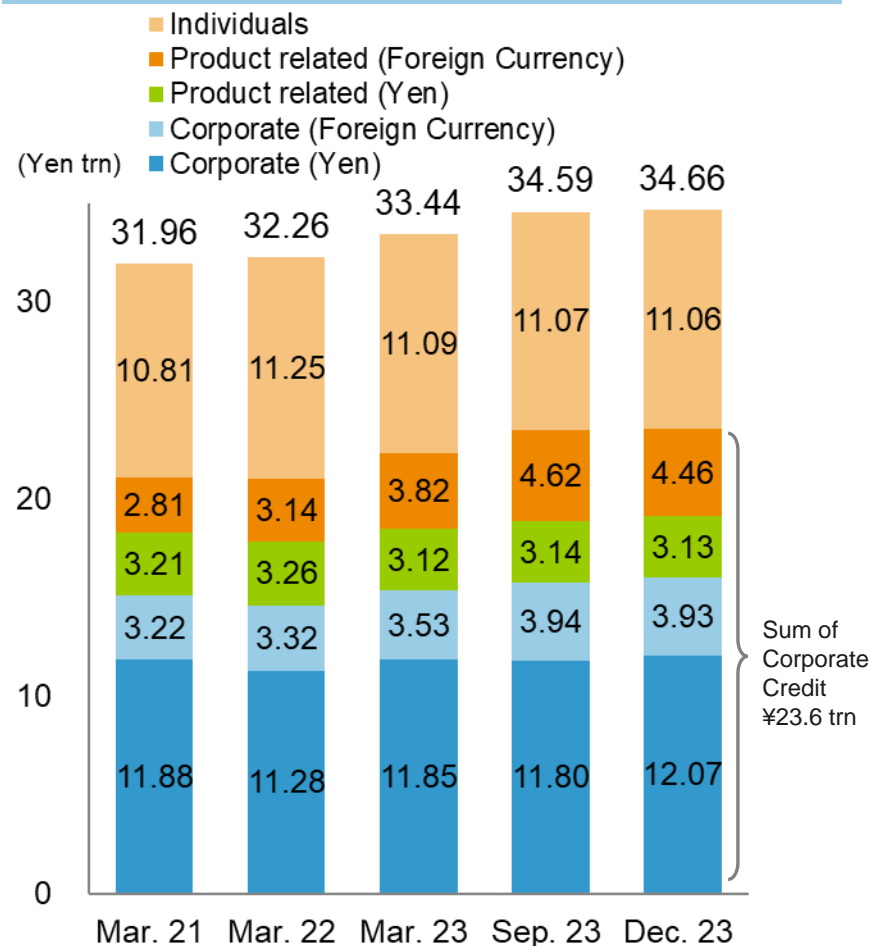
## Corporate clients

(Yen bn)		Mar. 23	Dec. 23	Change(*2)	Mar. 24 Initial Plan
5	Corporate lending(Yen)	11,859.6	12,070.0	210.3	11,900.0
6	Corporate lending(Foreign Currency)	3,533.6	3,933.3	399.7	3,500.0
7	Product related (Yen)	3,128.7	3,133.0	4.2	3,300.0
8	Product related (Foreign Currency)	3,824.9	4,463.7	638.7	4,200.0
9	Total balance of credit for corporates(*1)	22,347.0	23,600.2	1,253.1	22,900.0
10	Product related	6,953.7	7,596.7	643.0	7,500.0

(\*1) Balance of equity investment(excluding strategic shareholdings) is ¥529.7bn on Dec.23

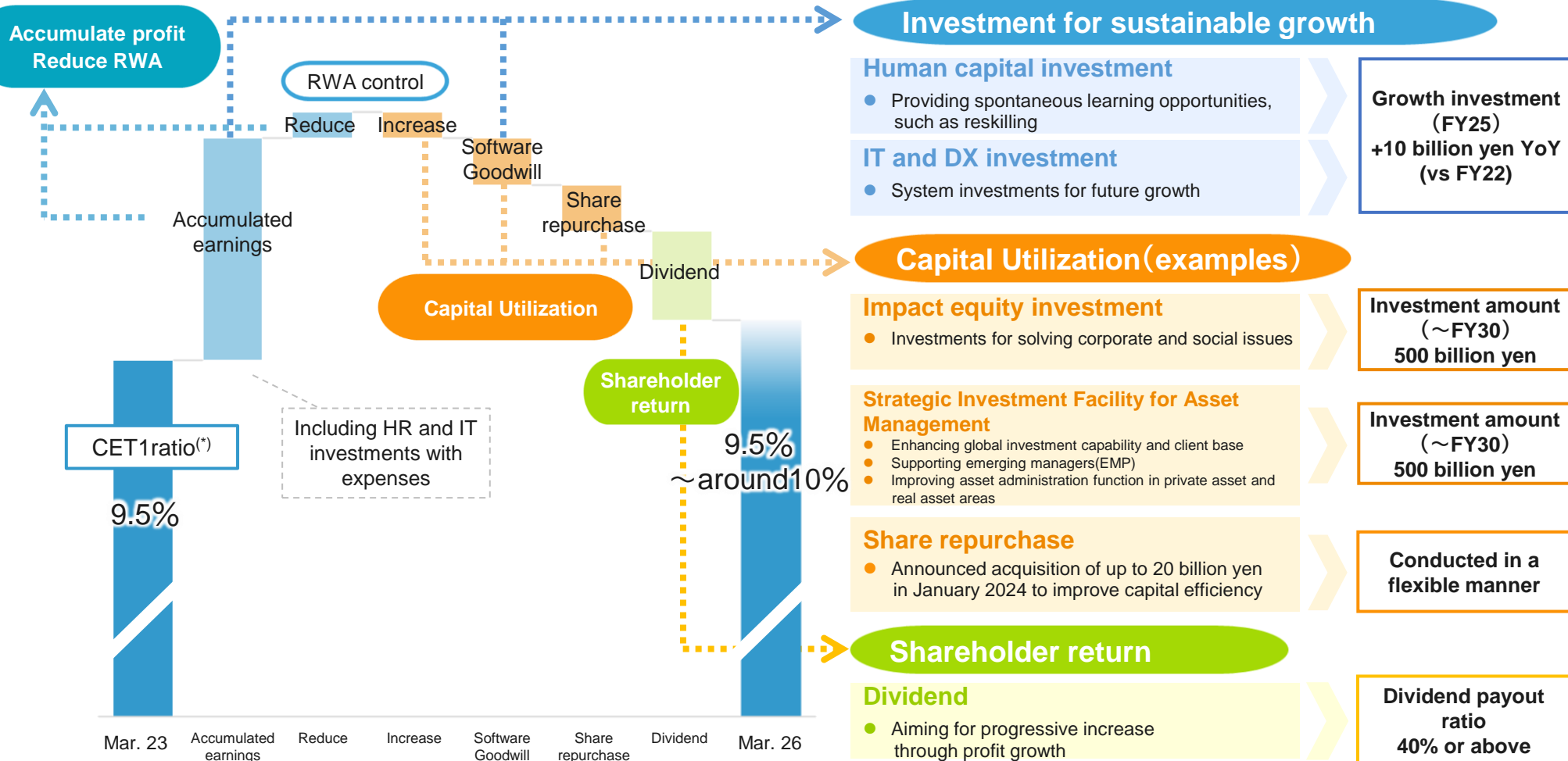
(\*2) Impact of foreign exchange: Corporate lending(Foreign Currency) approx. ¥230.0bn,  
Product related (Foreign Currency) approx. ¥280.0bn

## Credit portfolio balance



# Capital allocation image(CET1 ratio)

- Use of capital for growth investment and share repurchase, in addition to shareholder return through dividend and risk asset control
- CET1 ratio(Finalized Basel 3) is expected to be 9.5%~ around 10.0% at the end of FY2025



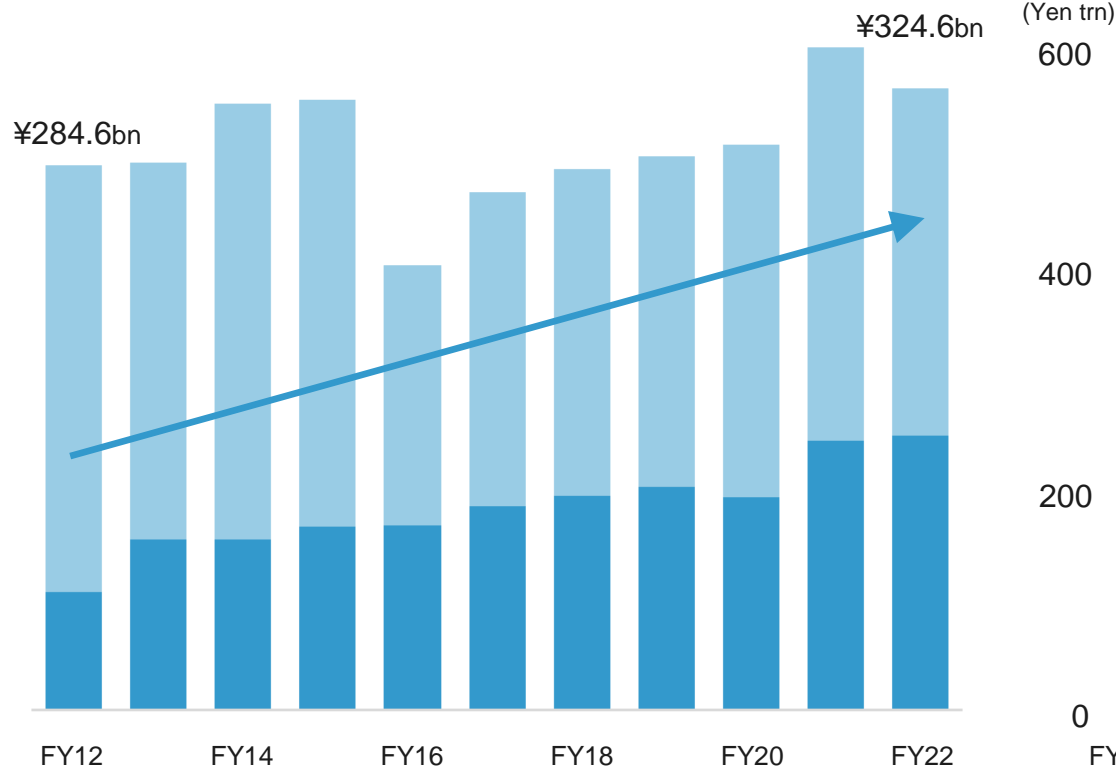
(\*) Finalized Basel 3

# Changes in Earnings Structure

## Net business profit before credit costs

### Steady growth in revenues related to capital market and real asset markets

- Revenues related to capital and real asset markets<sup>(\*)</sup>  
Total revenues of Investor Services Business, Real Estate Business, Asset Management Business and Stock transfer agency Business
- Other revenues<sup>(\*)</sup>  
Total revenues of Retail Business, Corporate Business, Global Markets Business and Others

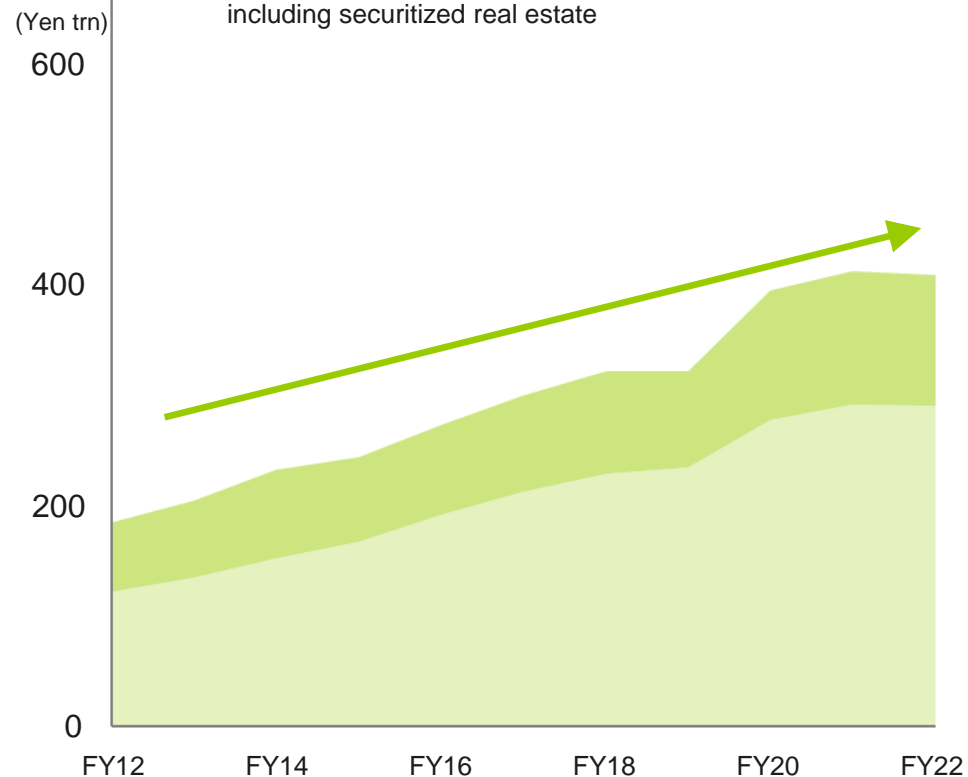


(\*) Business segment changes are partially adjusted

## AUM and AUC

### AUM and AUC increased 2-fold

- Assets Under Management  
Total balances of SuMiTB, TAM and Nikko AM
- Assets Under Custody  
Total balances of asset administration and real estate related including securitized real estate



# Hedge Policy of Strategic shareholdings

- 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 TOPIX of 2,920pt by the end of FY2023

## Reduction of bear funds with low B/E

Impairment level raised to above TOPIX of 2,920pt<sup>(\*1)</sup> as of the end of March, 2024

**Realized gains/losses** : Planning additional reductions in 4Q

(Yen bn)	1Q	1H	1Q-3Q	FY23 (Forecast)
Strategic shareholdings	12.6	62.0	76.0	Approx. 95.0
Bear funds	(31.5)	(157.0)	(217.3)	Approx. (255.0)
Net gains on stocks	(18.6)	(95.4)	(142.0)	(160.0)

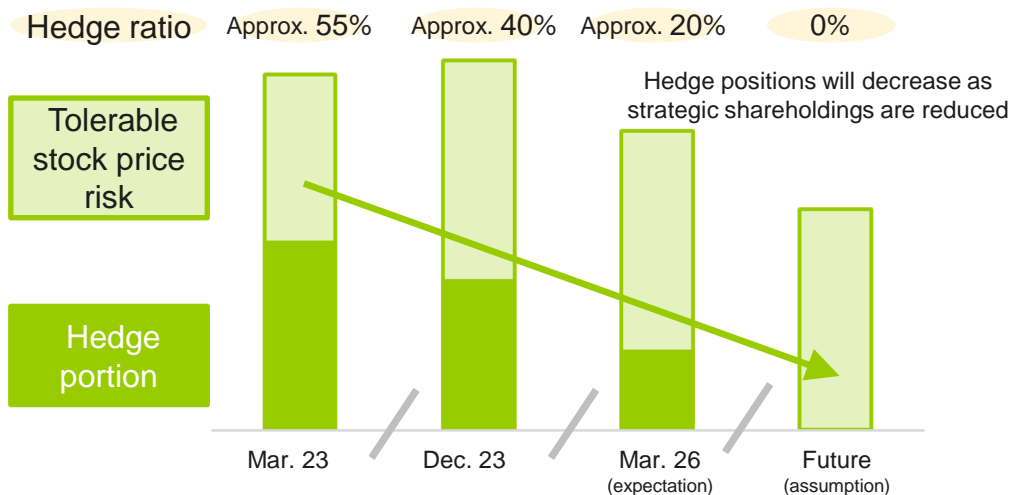
**Unrealized gains** : Unrealized losses of bear funds improved significantly

(Yen bn)	Mar. 23	Jun. 23	Sep. 23	Dec. 23
Strategic shareholdings	Approx. 580.0	Approx. 700.0	Approx. 670.0	Approx. 660.0
Bear funds	Approx. (190.0)	Approx. (240.0)	Approx. (130.0)	Approx. (80.0)
Net	Approx. 390.0	Approx. 460.0	Approx. 540.0	Approx. 580.0

Significant increase

## Hedge Policy of Strategic shareholdings

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



**The hedging instruments** : Introduced TRS<sup>(\*2)</sup> in addition to bear funds<sup>(\*3)</sup>

### 【Features of TRS】

- Hedge for individual stocks
- Low tracking error
- No impairment risk

Considering the use of TRS in the future based on market liquidity and transaction costs

(\*1) Nikkei 225 of 40,000 yen or above (calculate based on 13.7x of NT ratio as of Sep.23)  
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(\*2) Total Return Swap (\*3) Holding only TOPIX typed bear funds as of Dec. 23

# Capital

- Common Equity Tier 1 ratio:11.02%. Up 0.23 ppt from Mar. 23 mainly due to increase in retained earnings and increase in capital associated with stock price rise.  
Pro-forma CET1 capital ratio on finalized Basel III: 9.9% also up 0.4 ppt from Mar. 23.
- Both Leverage ratio and Liquidity coverage ratio maintained levels well in excess of regulatory requirements

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

		Mar. 23	Dec. 23	Change
		(Yen bn)		
1	Total capital ratio	13.24%	13.32%	0.08%
2	Tier 1 capital ratio	12.01%	12.20%	0.19%
3	Common Equity Tier 1 capital ratio	10.79%	11.02%	0.23%
4	Total capital	3,081.2	3,209.5	128.2
5	Tier 1 capital	2,793.5	2,940.9	147.3
6	Common Equity Tier 1 capital	2,509.7	2,656.5	146.8
7	Instruments and reserves	2,752.9	2,980.3	227.3
8	Accumulated other comprehensive income (*1)	204.2	422.9	218.6
9	Regulatory adjustments	(243.2)	(323.7)	(80.5)
10	Additional Tier 1 capital	283.7	284.3	0.5
11	Tier 2 capital	287.7	268.6	(19.1)
12	Total risk-weighted assets	23,256.8	24,089.9	833.0
13	Credit risk	20,411.9	21,253.0	841.1
14	Market risk	1,838.2	1,760.0	(78.1)
15	Operational risk	1,006.7	1,076.8	70.1

(\*1) Valuation differences on Available-for-Sale Securities (Dec. 2023): ¥412.0bn  
(Change from Mar. 2023: +¥153.8bn)

(\*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 3QFY2023. "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: +¥146.8bn

- Net income: +¥49.2bn
- Valuation differences on AFS (considering valuation differences on hedging items): +¥152.9bn
- Dividend: ¥(40.0)bn

### [Risk-weighted assets]

#### (2) Credit risk: +¥833.0bn

- Increase in foreign currency-denominated assets due to JPY depreciation: approx. +¥500.0bn
- Increase in investment which contributes to our group's growth and solutions to social issues: approx. +¥400.0bn
- Decrease in reduction of strategic shareholdings: approx. ¥(70.0)bn

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

		Dec. 23	Change from Mar. 23
		(Yen bn)	
16	Leverage ratio (*2)	5.24%	(0.12%)
17	Including current account with the Bank of Japan	3.89%	(0.06%)
18	Tier 1 capital	2,940.9	147.3
19	Total exposure (*2)	56,019.5	3,902.2
20	Including current account with the Bank of Japan	75,581.3	4,919.4
21	Liquidity coverage ratio (*3)	165.3%	27.0%
22	Total high-quality liquid assets	20,722.0	1,270.5
23	Net cash outflows	12,535.0	(1,523.9)