

May 14, 2020

To whom it may concern:

Sumitomo Mitsui Trust Holdings, Inc.
(Securities Code: 8309 TSE, NSE)

Announcement of Medium-Term Management Plan (FY2020 - FY2022)

Sumitomo Mitsui Trust Holdings, Inc. (hereinafter referred to as “Our Group”) has announced a Medium-Term Management Plan for the three-year period from FY2020 to FY2022 in order to achieve stable and sustainable growth.

The previous Medium-Term Management Plan, which declared our “second founding”, with the three-pronged transformations of business model reform, corporate governance reform and sophistication of fiduciary duties as its pillars, progressed mostly as planned including the achievement of quantitative targets, but the environment surrounding financial institutions has become more challenging during the plan-period.

In addition, the impact of Covid-19 is spreading globally and in an environment where the future is unpredictable, not only the daily lives of many people but also all commercial activities have been seriously hampered. In order to overcome this predicament and restore our normal daily lives, tenacious collaboration between public and private sectors is essential. As a specialized trust banking group, we aspire to fulfill the demand for capital through our banking function to support our corporate and retail clients and also contribute to society as a corporate citizen responsible for maintaining stable social infrastructure such as pension, stock transfer agency, real estate, asset management and asset administration functions.

Regardless of Covid-19, present society is everchanging. The direction of Japan's medium-term social structure transformation is clear, such as the progress of super old-age society, further emphasis of ESG corporate management and acceleration of digitalization. In addition, with the recent coronavirus shock as a trigger, prevailing values and work-styles will be fundamentally reconsidered and it is highly likely that digitalization of the work-place shall accelerate including extensive utilization of remote-working. Facing these social and environmental changes, we have devised a strategy for the coming three years by reassessing the role and function that Our Group should assume as a specialized trust banking group and also our corporate mission (purpose) from a long-term perspective.

Since its founding, Our Group, through the ages, has contributed to the development of Japanese society by solving various social issues in response to the demand of the times, based on the high level of trust

from our clients. This role is expected to grow further in the years ahead. On the road to recovery from the devastating impact of Covid-19, all actors such as individuals, corporations and investors must seriously confront issues such as how to prepare for the age of 100-year life, how to overcome shocks beyond our imagination and how to sustain the growth of the Japanese economy.

Our Group has a mission to solve these social issues, but also recognizes them as our growth opportunity, defining "balanced creation of both social value and economic value" as our core mission to contribute to the development of a sustainable society and also aim to sustain our growth. In today's world in which social values are diverse and the future is increasingly uncertain, we are ideally positioned as an entity responsible for the management of trusts as a framework that safeguards a safe and reliable society and to hand over to the next generation as the clients' most trusted "best partner", a society that can adapt to these changes.

Specifically, as explained in the attachment, we have defined three basic policies and goals and we shall implement the important business initiatives described below.

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1. Our Purpose

- In this Medium-Term Management Plan, we shall actively adapt to the changes in social structure, rapid digitalization and aim to solve new social issues related to clients' assets utilizing the functions and strengths of Our Group.
- As a specialized trust bank group possessing high level of expertise, wide-ranging strengths, and various functions, Our Group has created economic value by solving social issues in an innovative manner.
- Such economic value shall be returned to society, to enable further development, growth of our clients and Our Group, and reaffirming that our assistance in bestowing a more prosperous society to the next generation is our core mission in this challenging age. With this objective in mind, we have defined our purpose in the following message; "Creating new value with the power of trust and let prosperous future for clients and society bloom."

2. Three basic policies and important business initiatives

- We have defined the following three basic policies for the Medium-Term Management Plan to transform our business model, taking the evolving requirements from our clients and society due to changes in social structure and our competitive advantages into account.

(1) Strengthening our business portfolio (strengthening the foundation for sustainable and stable growth)

(i) Strengthen our business foundation

- ✓ We shall develop opportunities to provide new products/services and total solutions to existing clients based on our long-term and all-encompassing trusted relationships.
- ✓ At the same time, we shall increase the number of new clients and promote the accumulation of assets under custody, focusing on areas where the Group has strengths.
- ✓ Through these efforts, we shall endeavor to fulfill the needs of our clients and society and also create economic value for the sustainable growth of the Group.

(ii) Creation of new growth areas

- ✓ We shall aim to achieve renewed growth by establishing business segments and seek to solve problems based on anticipated social issues and client needs that are becoming apparent.
- ✓ In order to take advantage of Our Group's traditional strengths in crossing and integrating across business segments to create new business opportunities, we shall proceed with reorganization of SuMi TRUST Bank, which is our core entity and concentrate our resource allocation and risk taking.

(iii) Promotion of strategic resource mix

- ✓ In order to strengthen our management structure and improve efficiency of the Group, we shall promote optimal allocation of resources by combining diverse resources to the areas of strategic importance.
- ✓ We shall combine various management resources within the Group, including the evolution of digital technology and the utilization of capital, with the aim of building a strong organization that balances optimal allocation and maximum utilization of resources.

(2) Capital strategy (balance sheet, efficient use of capital)

- While maintaining prudent level of capital adequacy, we shall implement a capital policy that balances soundness and capital efficiency by promoting a more proactive capital strategy, such as active strategic investment, management of strategic shareholdings and risk assets.
- While addressing to demand of new loans related to Covid-19, regarding the control of risk assets, we shall continue to work to improve profitability of both retail and corporate credit portfolios by accelerating asset turnover and diversifying sources of foreign currency funding.

(3) Enhancement of business quality (capability to support creation and strengthening of business)

- As a specialized trust bank group, in order to strengthen "client focus" and "client satisfaction" as sources of differentiation, we shall integrate fiduciary duty and CS (client satisfaction) organizations, to improve operational quality management capabilities and enhance the level of our marketing channels including better education of our risk culture.
- In addition, in light of changes in business environment, adherence to new regulations and the rising importance of group company strategies, we shall advance the sophistication of business management on a group basis in areas such as HR, financial management and risk management.

3. Financial target

- Our Group has defined this Medium-Term Management Plan as a three-year period to secure the foundation for the development of a sustainable society and the sustainable and stable growth of Our Group. We have decided to set the following financial targets for the final year of the Plan.

	FY2020 (Forecast)	FY2022 (Target)	(For reference) Medium/Long-Term Target
Net business profit	250bn yen	290 bn yen	
Net income	140 bn yen	190 bn yen	
OHR (Overhead ratio)	Mid-60% range	Lower 60% range	Upper 50% range
Common Equity Tier 1 capital ratio (*)	Upper 9% range	Mid-10% range	Maintain stable 10% range
Return on equity (**)	Mid-5% range	Around 7%	Around 9%
Fee Income Ratio	Mid-50% Range	Upper 50% range	Maintain above 60%

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

(**) Changed from "Shareholder ROE". The Impact of the change: approx. (1%)

<Assumptions of the market>

10 year JGB	0.00%	0.00%
Nikkei 225 (yen)	19,000 yen	23,500 yen
USD/JPY	109	109

For further details please refer to the attached presentation.

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Medium-Term Management Plan (FY2020 - FY2022)

May 14, 2020

Medium-Term Management Plan

『Balanced creation of both social value and economic value』

~Acknowledge that our purpose as a specialized trust bank group is to contribute to the development of a sustainable society, and also aim to sustain our growth. ~

<Purpose>

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

Social
issues

Low birthrate and aging
population

Continuation of ultra-low
interest rates

ESG management of
companies

Change of the global
economy

Progress of digitalization

Change of social norms after
Covid-19 pandemic

To contribute to the sustainable development of society

Positioning of Medium-Term Management Plan (Expand foundations to realize sustainable and steady growth)

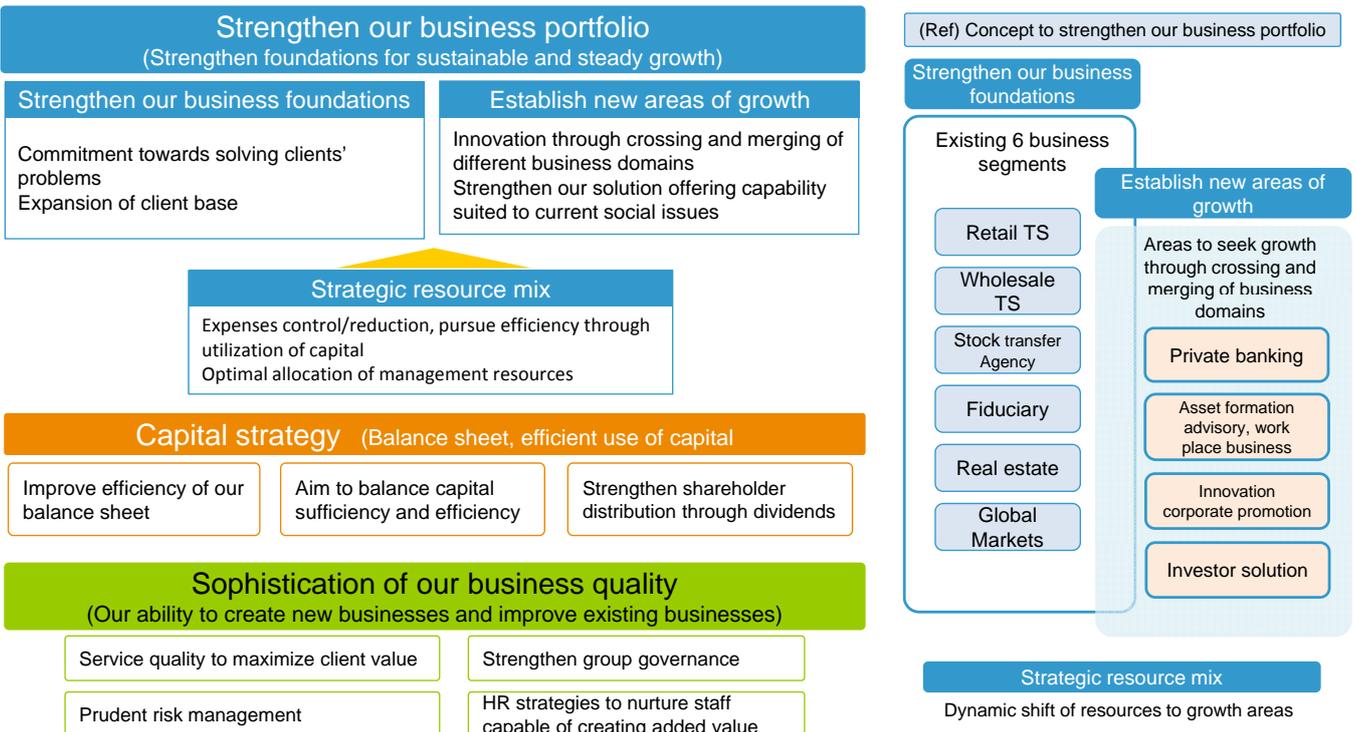


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SUMITOMO MITSUI TRUST HOLDINGS

Medium-Term Management Plan Agenda

✓ **Our endeavor towards achieving "balanced creation of both social value and economic value"**



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