

Ordinary General Meeting of Shareholders for the 13th Fiscal Period and General Meeting of Class Shareholders by Common Shareholders — Q&A Summary

The following is a summary of our responses to the questions received from shareholders in advance, and on the day of, the 13th ordinary general meeting of shareholders and general meeting of class shareholders by common shareholders.

- Date and time: Thursday June 20, 2024; 10:00–11:58 (Duration: 1 hour 58 minutes)
- Venue: Meeting room on fifth floor of SuMi TRUST Bank’s head office building
- Total shareholders in attendance: 132

Summary of questions received ahead of the meeting

(1)	On the Group’s initiatives in the asset management business
Question	<ul style="list-style-type: none"> • Of the Group’s initiatives you have implemented in the asset management business, which ones have progressed according to plan, which ones need a course correction, and which ones need to be further strengthened?
Answer	<ul style="list-style-type: none"> • In the asset management business, we believe the best course of action is to build a multi-affiliate model by having the Group’s asset management firms autonomously improve their asset management capabilities and by partnering with diverse and capable asset managers and incorporating them into the Group. To that end, we are aggressively spending capital to acquire global asset management capabilities and client bases and to invest in up-and-coming asset managers. And with our triad of services that also includes advisory and asset administration functions, we continue to pursue growth through AUF expansion. These efforts are progressing as expected. • We recognize that the challenge lies in strengthening the Group’s earnings in the face of an overall downturn in asset management fees by providing strongly performing products. Up ahead, we will look to further strengthen our efforts in private assets, an area expected to expand in Japan and overseas. • As part of our measures in Japan, not only will we expand investments among existing investors by making the most of the new NISA scheme, but we will also continue to appeal to new investors with an interest in building wealth over the long term in an effort to broaden our client base. • As a strategy to bolster our lineup of investment products, we will collaborate with international and emerging asset management firms to strengthen our capacity to offer competitive products, focusing not only on low-cost products, but also balanced funds for long-term asset formation and high-quality actively managed funds.
(2)	On the significance behind the Group’s efforts to address sustainability and carbon neutrality
Question	<ul style="list-style-type: none"> • As a trust group, what significance is there behind your efforts to address sustainability and

	carbon neutrality?
Answer	<ul style="list-style-type: none"> • As a trust group, we are entrusted with our client’s assets for long periods of time, so not only short-term profitability, but also medium- to long-term profitability and growth are important. From this point of view, sustainability initiatives are key to managing medium- to long-term risks and assessing future growth potential. • We consider climate change to be important from both a risk management and a business opportunity perspective. In terms of risk, climate change is seen as a significant risk issue in global financial markets and we understand that our role is to not only reduce the CO₂ emissions we directly produce but to also support the CO₂ reduction efforts of our borrowers and investees. • In terms of business opportunities, the decarbonization of Japan’s industries is a key policy of the Japanese government, with enormous sums of money to be invested in the future. We believe it is crucial that we gain an understanding of the medium- to long-term trends and create new business opportunities, which is why we are committed to achieving sustainability and carbon neutrality.

(3)	On the background to, and reasons for, the significant loss recorded in connection with the sale of bear funds, as well as the Group’s shareholder return policy
Question	<ul style="list-style-type: none"> • Could you explain the background to, and reasons for, the significant loss recorded in fiscal 2023 in connection with the sale of bear funds? Also, what is your shareholder return policy going forward, particularly regarding dividends and share buybacks?
Answer	<ul style="list-style-type: none"> • The recording of a loss on the sale of bear funds was due to a previously incurred unrealized loss being recognized as a realized loss. Rest assured that this has no impact on the financial soundness of the Group. • In response to recent changes in the economic environment, we proceeded to sell the bear funds, which were held to hedge against share price declines. As a result, we booked a realized loss. We believe this action greatly reduces the risk of future earnings volatility for the Group. • As to our shareholder return policy, we aim to successively raise the dividend per share through profit growth. We are targeting a consolidated dividend payout ratio of 40% or more. Through sustainable profit growth, we will continue to enhance returns to shareholders. • On the condition that our capital sufficiency is secure, we intend to carry out the repurchase of own shares in a flexible manner whilst taking into account the right balance of capital utilization for growth and the benefits of capital efficiency improvements.

(4)	On the appointment of directors
Question	<ul style="list-style-type: none"> • My questions are about the appointment of directors. How will you address the shortage of digital, IT, and technology skills? What are your thoughts on external directors holding concurrent positions? Is there any possibility of appointing a female director from within the Company? Are director appointments influenced by the banks to which they belonged before

	the merger?
Answer	<ul style="list-style-type: none"> • Our Board of Directors is structured in a way to enable the Board as a whole to fully exercise its supervisory functions by taking into account a balance between external and internal directors, executive and non-executive directors, and a diverse spread of expertise, experience, and skills. • As for digital, IT, and technology skills, we have established a meeting body on the executive side of the organization that includes external experts and reports directly to the Board of Directors. We will continue to consider digital, IT, and technology skills as a key competency when appointing Board members. • Regarding external directors holding concurrent positions, they are appointed to the Board on the condition that they have enough time to attend Board meetings and can fulfill their roles and responsibilities as external directors. • As for the appointment of women, the entire Group is making steady progress on this issue. We have already appointed two female external directors, and in addition to the importance of changing the workplace environment and our corporate culture, their wide-ranging opinions are being incorporated into the management of the Group. We fully recognize the importance of diversity and we will continue to actively promote the appointment of female directors and executive officers. • Finally, proposals for the appointment of directors are submitted after considering which candidates are the most suitable, regardless of their former banks they worked for prior to the merger.

(5)	On the reasons for, and background to, the continued sale of strategic shareholdings
Question	<ul style="list-style-type: none"> • Don't you think rushing the reduction of strategic shareholdings is unnecessary? What are the reasons and background behind this?
Answer	<ul style="list-style-type: none"> • We hold a sizeable amount of strategic shareholdings compared to our own equity capital, so by working to substantially reduce these shareholdings, we aim to improve capital efficiency and contribute to the improvement of capital market circulation. In May 2021, we became the first financial institution to announce a new policy of holding, in principle, no strategic shareholdings, and in line with this policy, we continue to reduce the size of our strategic shareholdings. • We seek to allocate the capital generated from the sale of strategic shareholdings to impact equity investments so as to contribute to new companies that are addressing climate change, green technology, and issues in society. By ushering in such investments, it can also benefit our asset management and asset administration services as we continue to promote the balanced creation of both social value and economic value. • When selling strategic shareholdings, maintaining longstanding relationships of trust with our clients is of utmost importance. As a result, in fiscal 2023, we were able to sell our shareholdings at a significantly faster pace than before without any notable negative impacts.

	<ul style="list-style-type: none"> • We will continue to make every effort to strengthen the building of new relationships of trust by providing optimal solutions that enhance client corporate value and solve issues for them. Going forward, we remain committed to selling strategic shareholdings and strengthening transactional relationships.
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(6)	On what President Takakura values the most in management
Question	• President Takakura, what do you value the most in management?
Answer	• Not only in management, but for work in general, I always attach much importance to being able to think, make decisions, and take action by myself. I hope to continue honing this decisiveness and give full play to my abilities in my day-to-day management of the Group.

Summary of questions received on the day of the meeting

(1)	On the Group's financing policy for woody biomass power generation projects
Question	• In my opinion, ending new financing of woody biomass power generation projects and reviewing existing projects that are currently being financed, is necessary. What is your policy on financing woody biomass power generation?
Answer	<ul style="list-style-type: none"> • We have thus far propelled initiatives through the financing of biomass power generation in order to contribute to the decarbonization of the Japanese economy. • On the other hand, when it comes to biomass power generation, we acknowledge there to be challenges related to the measuring of CO₂ emissions, as well as environmental and human rights issues across the entire value chain from the perspectives of forest conservation and the sustainable use of resources. • All biomass power generation projects financed by Sumitomo Mitsui Trust Bank are certified under the FIT (feed-in tariff) system established by the Ministry of Economy, Trade and Industry. This certification includes criteria for sustainability in fuel procurement, among other certification standards, so we believe it functions as a certain level of screening for environmental issues. • Also, while we are currently considering the formulation of a special financing policy for biomass, each project is assessed according to our environmental and human rights policies under the framework of the overarching Sustainability Policy. In financing biomass power generation, we do not rely solely on the certifications under the FIT system—we engage in dialogue with business operators as needed and work to reduce environmental and social risks.

(2)	On the Group's policy for repurchase of own shares
Question	• What is your policy for repurchase of own shares up ahead?
Answer	<ul style="list-style-type: none"> • On the condition of capital soundness, we intend to carry out repurchase of own shares in a flexible manner whilst taking into account the right balance of capital utilization for growth and the benefits of capital efficiency improvements. • At this juncture, we have no definite plans to conduct a repurchase of own shares, but we are

	<p>aware that shareholders have such expectations, so we intend to thoroughly discuss methods of capital utilization.</p> <ul style="list-style-type: none"> • While we do need to make solid investments in sustainable growth, we also recognize that repurchase of own shares is an effective way to utilize capital when the stock price is undervalued. We intend to carefully consider this balance between future investments and repurchase of own shares.
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(3)	On the Group's roadmap for improving the P/B ratio
Question	<ul style="list-style-type: none"> • The Tokyo Stock Exchange is requesting companies to disclose their policies aimed at improving capital efficiency and market valuations, with a target P/B ratio of 1.0x. What is your specific policy and roadmap for this initiative?
Answer	<ul style="list-style-type: none"> • Even before the TSE called on companies to disclose their policies, we had set our sights on achieving a P/B (price-to-book) ratio of 1.0x or higher, a target that we communicated to investors. • The P/B ratio can be calculated by multiplying ROE (return on equity), an indicator of capital efficiency, with the P/E (price-to-earnings) ratio, which reflects future growth expectations. Increasing these metrics leads to an improvement in the P/B ratio. In our Medium-Term Management Plan, we are targeting an ROE of at least 10% by fiscal 2030, and as part of this process, we believe that the P/B ratio will go above 1.0x. Also, in light of the current share price and rising interest rates, we think we will need to achieve the 10% ROE ahead of schedule. • For ROE, we are taking steps to improve capital efficiency by expanding our trust-related businesses, which are very capital efficient, without expanding the balance sheet. We are also aiming to replace assets on our balance sheet with assets that deliver higher risk-adjusted returns. • As for the P/E ratio, we are working to promote our business model through dialogue with the market to ensure that growth expectations are accurately reflected in the share price.

(4)	On the expansion of the Group's global business in Asia
Question	<ul style="list-style-type: none"> • Looking ahead to the next 100 years, I think capturing growth in the Asian region will be crucial. What are your thoughts on business expansion in Asia?
Answer	<ul style="list-style-type: none"> • The main pillars of the Group's global business are banking services centered on lending in Europe, the US, and Asia, and the asset management/administration business, predominantly in the European and US markets. • In the areas of asset management and asset administration, our expansion is focused on Europe and the US, particularly because of the strong demand from investors for US assets. • As for business in Asia, banking is not as profitable there compared to Europe and the US, and investor demand for Asian assets in the asset management and asset administration businesses is still not very significant. For these reasons, we will continue to focus on the business of

	<p>investments and lending in Asia and do everything we can to capture growth in the region.</p> <ul style="list-style-type: none"> • We are also thinking about acquiring asset management companies in Asia as part of our strategy to expand the asset management business in this region in the future.
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(5)	On the Group's policy of utilizing AI
Question	<ul style="list-style-type: none"> • What is your policy on utilizing AI within the Group?
Answer	<ul style="list-style-type: none"> • Regarding the use of AI, we are conducting research from multiple angles to not only improve productivity, but also from the perspectives of efficiency and cost cutting. • We are cognizant of the fact that the most recent forms of AI, which can inductively process large tracts of data to provide conclusions and options based on inference, are being sought after for research and effective utilization in various fields. • In the trust banking business, accuracy and proper management are imperative. Our employees provide services to clients on a daily basis, based on their wide-ranging expertise, business experience, and know-how. We think there is a possibility that in the future, these tasks could be incorporated into AI. However, at present, numerous issues have emerged in various aspects of our operations, such as accuracy and ethical considerations. • We hope to effectively utilize AI by smartly leveraging its capabilities for efficiency and productivity improvements, thereby raising the overall level of our business.

(6)	On the Group's policy for measuring and disclosing GHG emissions associated with biomass power generation
Question	<ul style="list-style-type: none"> • What progress have you made towards disclosing CO₂ emissions produced by the burning of biomass fuels, as required by the GHG Protocol?
Answer	<ul style="list-style-type: none"> • We understand that a method for measuring greenhouse gas emissions across the entire lifecycle, from raw materials to combustion, has not yet been established within the international framework. • We are monitoring the discussions around international frameworks and plan to disclose our data in accordance with established measurement methods once they have been finalized.

(7)	On the Group's holding of US Treasuries and unrealized losses
Question	<ul style="list-style-type: none"> • Do you currently hold US Treasuries? If so, have you recorded any unrealized losses on them?
Answer	<ul style="list-style-type: none"> • We do not maintain a permanent bond portfolio, but we do use bonds and swaps to appropriately control interest rate risk arising from deposits and loans. • As of the end of March this year, the valuation gains on other securities stood at 688.3 billion yen, partly due to higher share prices. However, there was a valuation loss of 52.3 billion yen on foreign bonds. Of these foreign bonds, we booked a valuation loss of 48.8 billion yen on US Treasuries. Our positions in US Treasuries are smaller than other financial institutions, so shareholders need not be concerned. • In terms of our market risk management framework, we have established risk limits, or alarm

	<p>points, if you will, and we have systems in place to strictly monitor compliance with these rules and to prevent any further losses caused by sudden changes in the market.</p> <ul style="list-style-type: none"> • We will continue to employ appropriate risk management practices in preparation for risks and abrupt market changes.
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(8)	On the name plates of directors and officers attending the general meeting of shareholders
Question	<ul style="list-style-type: none"> • Despite this being the general meeting of shareholders for Sumitomo Mitsui Trust Holdings, why does it not say “Director” on President Oyama’s name plate?
Answer	<ul style="list-style-type: none"> • Basically, “Director” of Sumitomo Mitsui Trust Holdings would have been displayed here, but we decided to go with this name plate instead because at this meeting, President Oyama would be mainly answering questions from his position as president of Sumitomo Mitsui Trust Bank. • Your question makes a point of what is easy to understand for shareholders, so we will certainly take this valuable feedback onboard for future reference.

(9)	On the Group’s initiatives on digital assets
Question	<ul style="list-style-type: none"> • How is the Group addressing digital currencies and digital assets?
Answer	<ul style="list-style-type: none"> • The origins of the Group are in trust banking, and we recognize that harnessing the power of digital tools and technology is extremely crucial to our strategy of differentiating ourselves from other financial institutions. • For some time now, we have been focused on blockchain (distributed ledger technology), along with AI. We are implementing a number of different initiatives, including the dispatching of personnel to developed economies and collaborating with non-bank players. • In real estate transactions, we are engaged in various initiatives, such as asset administration using so-called coins and tokens and demonstration testing for the handling of blockchain. However, in practical business, the handling of security tokens has only just begun. • Also, we are participating in study sessions with central government agencies and conducting various examinations on the specific procedures for the central bank to handle digital currencies. • As the take-up of digital assets expands in the future, the Group’s overall weakness of having a small number of branches may conversely become a strength, so we intend to focus on digital assets going forward.

(10)	On the reasons for the ordinary profit decline in fiscal 2023
Question	<ul style="list-style-type: none"> • Could you explain in detail the reasons behind the decline in ordinary profit in fiscal 2023?
Answer	<ul style="list-style-type: none"> • The decrease in ordinary profit owes directly to the booking of a loss on the sale of a Japanese equity bear fund held to hedge against the risk of share price fluctuations in our strategic shareholdings. As a result, net business profit increased, but ordinary profit decreased. • The ratio of strategic shareholdings to net assets and equity capital was comparatively large,

	<p>so we have been hedging against part of that risk with the use of a bear fund since then. This fund is held not for investment purposes, but to hedge against the risk of share price behavior, so it is inherently subject to both gains and losses depending on share price movements.</p> <ul style="list-style-type: none">• Owing to higher share prices in recent times, valuation gains on our strategic shareholdings have risen sharply, by roughly 200 billion yen, including the sold positions, but on the other hand, we recorded a valuation loss on hedged positions in the bear fund.• The decline in ordinary profit in fiscal 2023 reflects the recognition of a realized loss after we made changes to our hedging policy in light of recent bullish stock prices and economic conditions, particularly Japan's exit from deflation. That said, shareholders can rest assured knowing that we were able to raise the dividend because the valuation gains on our strategic shareholdings outweighed the valuation losses and contributed to a sharp year-on-year increase in equity capital overall.
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