

## Review of Operations:

# Fiduciary Services Business



## 1. Business Outline

In our Fiduciary Services Business, we provide corporate clients, including domestic and overseas institutional investors, with superior, comprehensive services, ranging from pension plan design to asset management and administration, as a financial group that boasts the highest balances for both assets under management and assets under custody in Japan. Our services make adept use of our high-level expertise and know-how, and are highly regarded by clients. Our balance of assets under management stood at approximately ¥63 trillion (as of March 31, 2012), the highest among Japanese bank and securities company groups.

The Fiduciary Services Business is divided into three businesses: the pension-related business, the asset management business, and the asset administration business.

In our pension-related business, we provide corporate clients with pension trust services in package form, ranging from pension system-related consultations to actual system design. We perform services such as corporate pension plan administration, subscriber and beneficiary record-keeping administration, and allowance payments. We are also making active efforts in the area of defined contribution pension plans, providing pension asset administration and investment education for pension plan subscribers in addition to management and administration services, such

as the selection and proposition of asset management products, and call center information services.

In our asset management business, we provide corporate clients, including domestic and overseas institutional investors, with advice about a wide variety of asset management services and investments, and also undertake product planning and the management of investment trusts that can be purchased by individuals as well as corporate clients. Our business model represents the “provision of consulting + multiple products.” Through in-depth consulting, we first develop a common understanding of the changing business environment and risk factors, before offering asset management products. We propose products to our clients as optimized combinations of our rich product offering, and include both in-house developed products and those being offered by other financial institutions, with the aim of maximizing our clients’ assets.

In our asset administration business, we provide clients, including domestic and overseas institutional investors, with a wide range of high-quality services, including securities custody and settlement services, and securities lending operations. In our global custody service, facilitated by our overseas subsidiaries, we offer 24-hour Japanese language support and other fine-tuned services.

## 2. Product and Service Outline

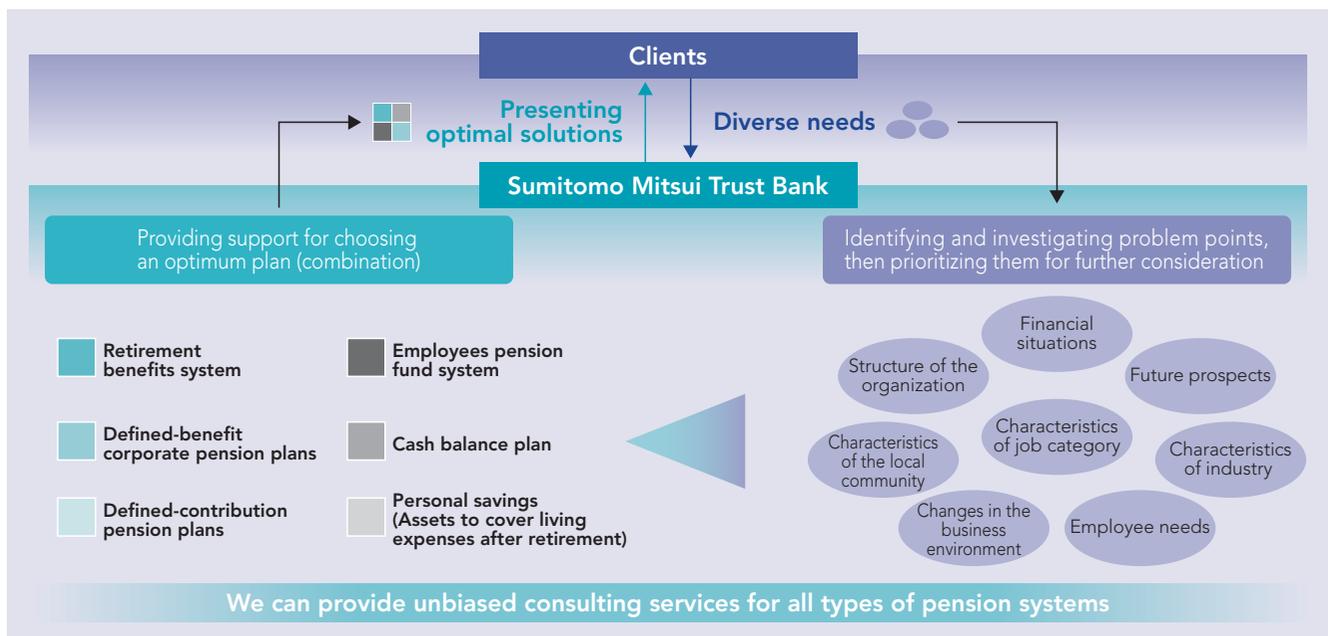
### (1) Pension-related Business

#### Consulting for Pension System Planning

As pension systems professionals, we provide system planning consulting in the form of optimized plans that reflect management strategy, as well as the personnel and financial situations of individual corporate clients, to help them introduce corporate pension systems or to modify existing systems. We handle both defined-benefit and defined-contribution pension plans. Moreover, in order to realize our clients' goals, we offer practical support concerning system introduction and management, including labor-management consultations and negotiations with government and regulatory authorities. If necessary, we also extend total support for overall personnel administration and employee welfare, by providing support for personnel and salary systems, for example.

Furthermore, the number of companies adopting defined-contribution pension plans and the number of pension beneficiaries have been steadily increasing. In addition, over the years, the types of operation and administration services required by our clients are becoming increasingly diversified. In response to such trends, we have upgraded the quality of our services by providing simulations through an Internet-based service for enhanced convenience, and by offering seminars on asset investment, which focus on financial planning for the years after retirement. By enhancing the quality of such services in this way, we are able to meet the needs of both business owners and pension beneficiaries.

#### • Flow of Consulting Services



### **Pension Investment Consulting**

The Group's business model for asset management represents the "provision of consulting + multiple products," beginning with consulting, in which we discuss with clients their objectives and the most appropriate course for asset management. In these consultations, we first come to a common understanding of anticipated changes in the business environment and risk factors, such as rising interest rates and declining stock prices, after which we offer asset management products that match the individual client's needs. In addition, we propose products to our clients as optimized combinations of our rich product offering, drawing on both in-house developed products and those being offered by other financial institutions. In the reorganization, we established a function-specific structure, giving top priority to the provision of comprehensive solutions that combine "high-quality investment consulting" and "a rich selection of high-quality multi-products." Research, especially, serves as the foundation for asset management, and with this in mind we will further enhance our investigation, analysis and due diligence monitoring systems.

### **Administration of Subscribers and Beneficiaries**

In our administration of subscribers and beneficiaries and our benefit payment services, we use a state-of-the-art system complemented by a rigorous risk management system. We use the Internet for confirming subscriber and beneficiary registration data and for making electronic data available for the preparation and registration of various reports and notices, as well as the production of report materials and ledger sheets.

We have also developed a comprehensive security setup, giving full consideration to security through the adoption of an electronic authentication system and the preparation of a "business continuity plan" for responding to emergencies.

## **(2) Assent Management Business**

### **Asset Management Products and Services**

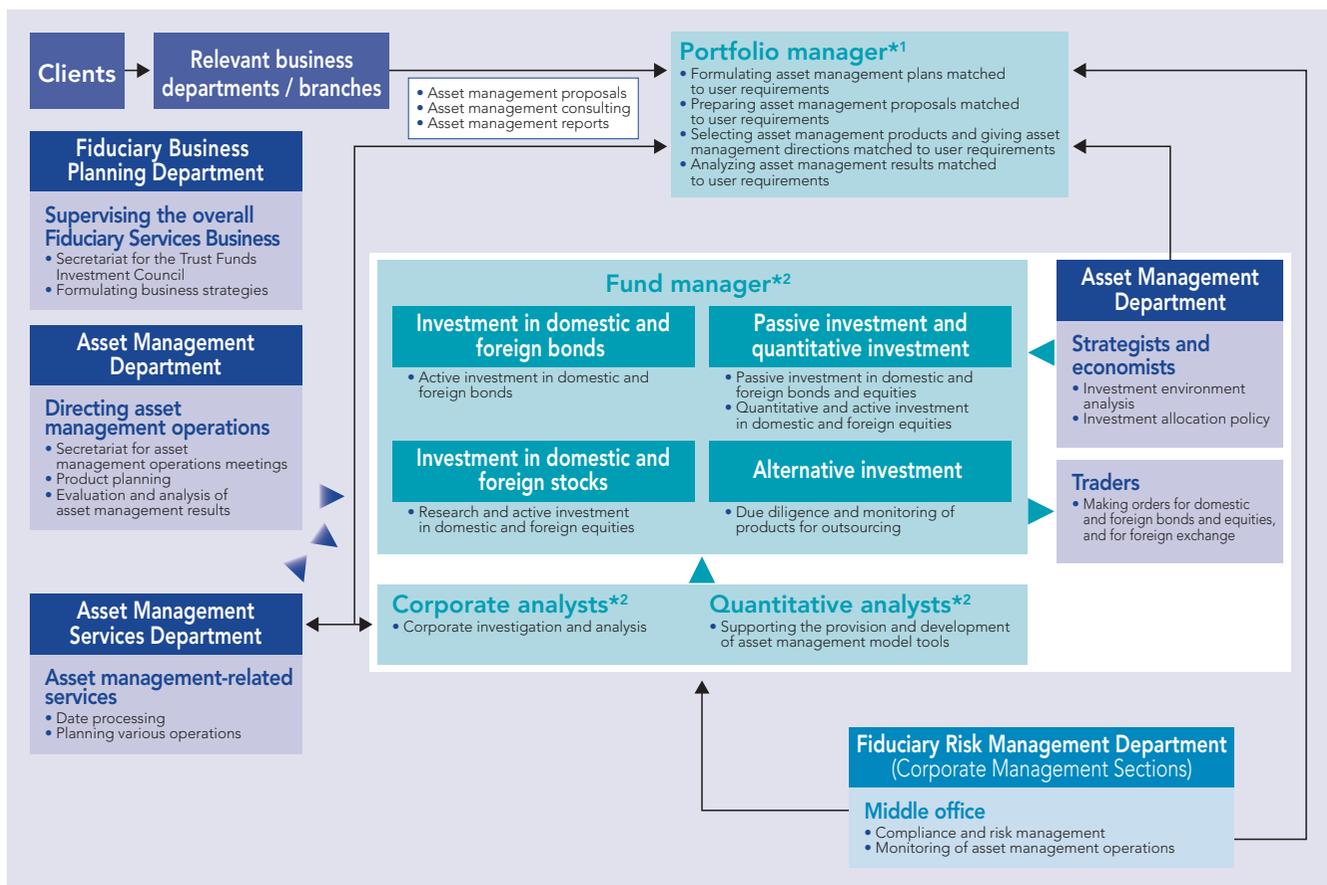
The Group has a large number of experienced analysts and fund managers. These professionals, who possess significant expertise, together with a rich product lineup and consulting capabilities provide a solid foundation for our asset management expertise.

The merger of the Group's trust banks in April 2012 has allowed for the integration of human and other resources accumulated over many years, significant expertise, and a wide variety of know-how. The result is enhanced capabilities for creating added value. In the future, the Group will expand the systems for investigation, analysis and due diligence to further improve its research capabilities, which serve as the foundation for asset management, with the aim of becoming an asset management organization that can survive global competition.

### Asset Management Structure

In order to provide comprehensive solutions, we have formed a function-specific structure to specify how to delineate the responsibilities of analysts, fund managers and other specialists. An increasing number of financial products have complicated mechanisms and characteristics. Accordingly, it has become important to provide services that meet client needs and help clients fully understand the risks that accompany individual financial products. For this reason, the Group has positioned compliance as one of the most important management issues, and has increased compliance managers and enhanced the checking function by a division that is under the direct control of the officer in charge of compliance.

#### • Asset Management Structure

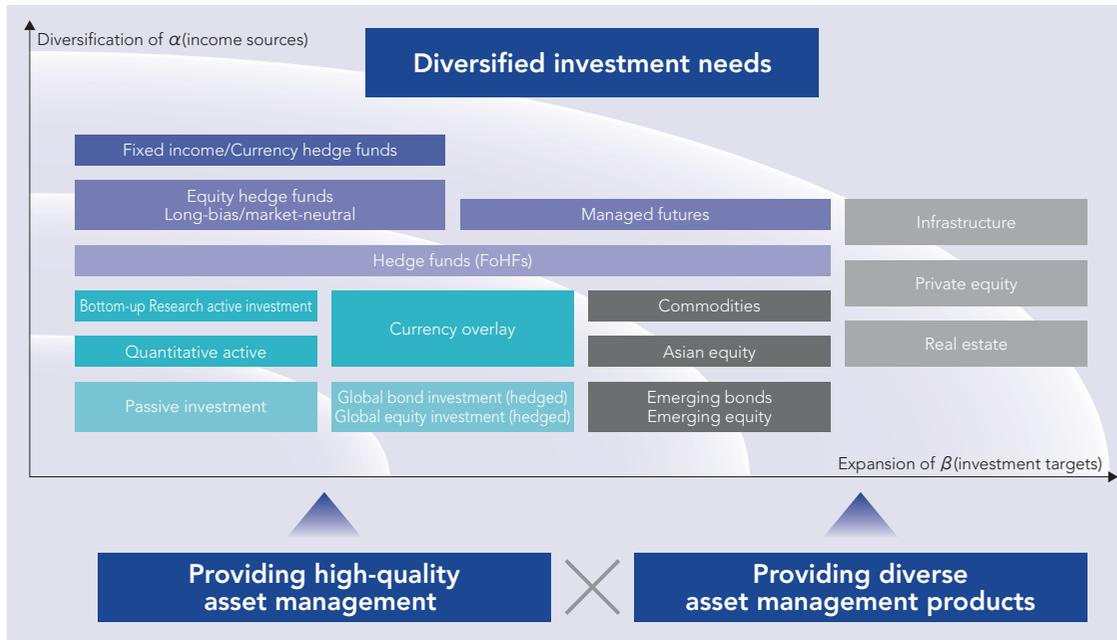


\*1 Portfolio managers: Pension Investment Department I, Pension Investment Department II, Trust Funds Investment Department, Global Fiduciary Business Department  
 \*2 Fund managers and analysts: Fixed Income Investment Department, Equity Investment Department, Equity Research Department, Passive and Quantitative Investment Department, Alternative Assets Investment Department

### Providing High-quality Products

We provide a high-quality multi-product lineup for comprehensive solutions to meet clients' requirements.

#### • Multi-product Lineup



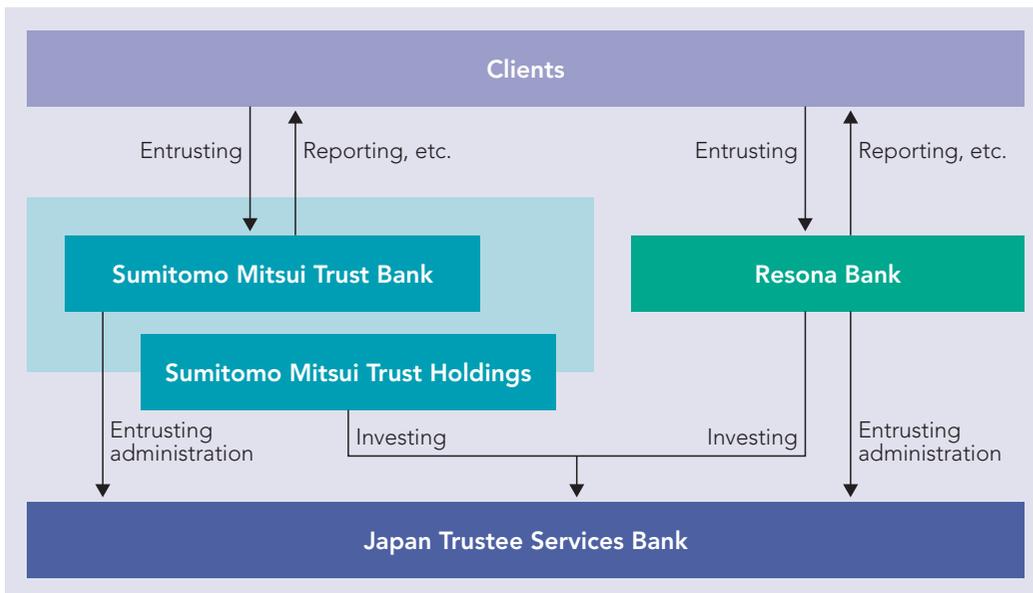
### (3) Asset Administration Business

Both in Japan and overseas, we provide a wide range of securities processing services, including the administration and settlement of securities in which clients have invested, the preparation of reports for clients regarding the status of asset management and custody and securities lending operations. Our asset administration business in Japan is provided through Japan Trustee Services Bank, Ltd. Also, through our overseas subsidiaries in the United States and Luxembourg, we have developed global custody services to administer securities custody services in foreign markets.

## Pursuing Economies of Scale

Seeking to capitalize on economies of scale in asset administration operations, we have entrusted the administration of trust assets to Japan Trustee Services Bank, Ltd. The Group and Resona Bank, Limited have jointly invested in Japan Trustee Services Bank, which is Japan's largest asset administrator, with entrusted assets of ¥181 trillion (as of March 31, 2012). We have concentrated the know-how and management resources accumulated by relevant companies over a long time to deliver high-level asset administration services to clients, and to utilize the returns granted by economies of scale to make the execution of these services all the more efficient.

### • Flow of Operations



## Global Custody Services

Through its overseas subsidiaries in the United States and Luxembourg, the Group provides institutional investors and other clients with "global custody services," which are securities custody services in a wide range of foreign markets. These overseas subsidiaries offer fine-tuned and high-quality services, including 24-hour Japanese-language support, giving full consideration to the needs of Japanese institutional investors.

### 3. Group Companies

#### **Sumitomo Mitsui Trust Asset Management Co., Ltd.**

Sumitomo Mitsui Trust Asset Management was established through a merger between STB Asset Management Co., Ltd. and Chuo Mitsui Asset Management Company, Limited in April 2012. As an asset management company of Sumitomo Mitsui Trust Group, its assets under management total ¥3,852.4 billion (as of March 31, 2012). Utilizing the Group's comprehensive capabilities, the company conducts investment management and investment advisory services, meeting the asset management needs of a wide range of clients, from individuals to corporations.

#### **Nikko Asset Management Co., Ltd.**

As an independent asset management company in Sumitomo Mitsui Trust Group, Nikko Asset Management engages in asset management operations featuring strengths in product development capabilities, asset management expertise and marketing support capabilities. With ¥12,991.1 billion in assets under management (as of March 31, 2012), the company has earned high marks in the industry, and attesting to its global expertise accumulated over a long time, it won the "Asian Investor's 2012 Investment Performance Awards" in April 2012. It offers high-value-added products and services to a wide range of clients, including individuals as well as corporations, through its diverse domestic and overseas sales networks.

#### **Japan Trustee Services Bank, Ltd.**

Japan Trustee Services Bank is a trust bank specializing in asset administration business on one of the largest scales in Japan. Utilizing the trust assets that have been entrusted by Sumitomo Mitsui Trust Bank, Limited ("SMTB") and Resona Bank, Limited, it provides securities administration services for corporate pension trusts and securities investment trusts and other trusts, and performs trust operations and banking operations related to asset administration. As a leading and highly specialized trust bank that focuses on the custody business, the bank takes advantage of one of the largest scale of assets in Japan to efficiently administer clients' assets and data and provide high-quality services.

**Japan Pension Operation Service, Ltd.**

Japan Pension Operation Service is a joint venture between SMTB and Mizuho Trust & Banking Co., Ltd. It performs data processing, and undertakes computer system development and systems operation for the administration of corporate pension funds.

**Sumitomo Mitsui Trust Bank (U.S.A.) Limited**

Sumitomo Mitsui Trust Bank (U.S.A.) is a wholly owned subsidiary of SMTB. It acts as the central base of the Group's global custody services, coordinating a network of more than 90 markets around the world. Making full use of its strengths as a Japanese custodian bank, Sumitomo Mitsui Trust Bank (U.S.A.) offers Japanese-language support and other fine-tuned and high-quality custody services, giving full consideration to the needs of Japanese institutional investors.

**Sumitomo Mitsui Trust Bank (Luxembourg) S.A.**

Sumitomo Mitsui Trust Bank (Luxembourg) is a wholly owned subsidiary of SMTB. It conducts foreign securities administration operations, mainly in the European market as a sub-custodian bank and as a European contact for Sumitomo Mitsui Trust Bank (U.S.A.).

**Sumitomo Mitsui Trust International Limited**

Sumitomo Mitsui Trust International is a wholly owned subsidiary of SMTB. It offers investment products for overseas investors, as well as securities lending services, mainly for Japanese and European stocks.