

Review of Operations:

Fiduciary Services Business



We provide superior services as a leading asset management and administration group in Japan.

Hideki Hiraki

Officer in charge of Fiduciary Services Business
Sumitomo Mitsui Trust Bank, Limited

1. Business Outline

In our Fiduciary Services Business, we provide comprehensive, high-value-added services, ranging from pension plan design to asset management and administration, with an emphasis on growth potential, profitability and industry share, as a financial group that boasts the highest balances for both assets under management and assets under custody in Japan.

Our balance of assets under management stood at approximately ¥80 trillion (as of March 31, 2015), the highest among Japanese bank and securities company groups. The Fiduciary Services Business is working together with the SuMi TRUST Group as a whole to seamlessly deploy the high-level expertise and know-how that are highly regarded by clients in order to enhance our foundation as an asset management group.

The Fiduciary Services Business is made up of three businesses: the pension-related business, the asset management business, and the asset administration business.

In our pension-related business, as pension plan professionals, we propose optimal, tailor-made system designs for corporate clients wishing to introduce or alter corporate pension plans. In the area of defined contribution pension plans, we are working to improve the quality of service by responding to the diversifying needs of clients through initiatives such as enhanced convenience of online services and asset management seminars.

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. The business model of the Fiduciary Services Business represents the “provision of consulting & multiple plans/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 corporate clients, including domestic and overseas institutional investors, with a wide range of services, including securities custody and settlement services, and securities lending operations. Overseas, we are engaged in the administrative operations of foreign securities and foreign-domiciled funds, and we are developing a comprehensive asset administration business both in Japan and overseas.

2. Product and Service Outline

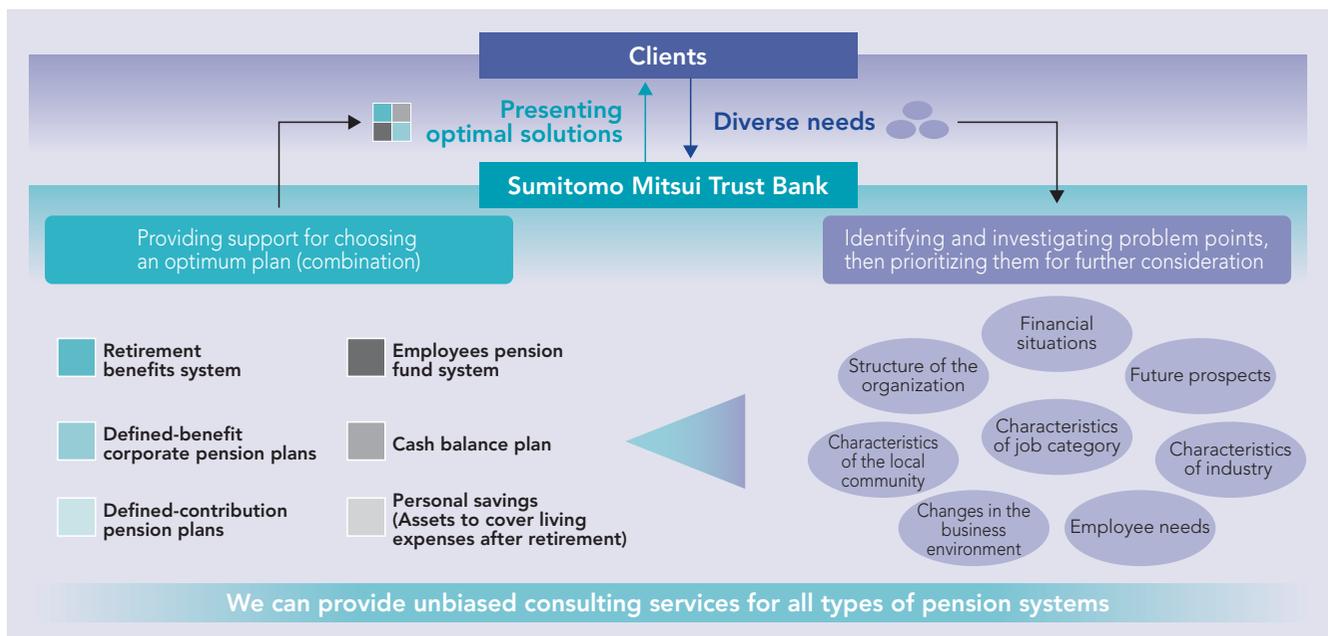
Pension-related Business

Consulting for Pension System Planning

As pension systems professionals, we provide system planning consulting in the form of optimized, tailor-made plans that reflect a comprehensive assessment that encompasses 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 concert with these trends, the types of operation and administration services required by our clients have become increasingly diversified over the years. In response, 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 post-retirement years. 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 business model of the Fiduciary Services Business for asset management represents the “provision of consulting & multiple plans/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 risk factors and changes in the business environment, such as rising interest rates and declining stock prices, after which we offer asset management products that match the individual client’s needs. In product selection, we propose optimized combinations of a rich product offering, drawing on both in-house developed products and those of other financial institutions. In our 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 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.

Asset Management Business

Asset Management Products and Services

The SuMi TRUST 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.

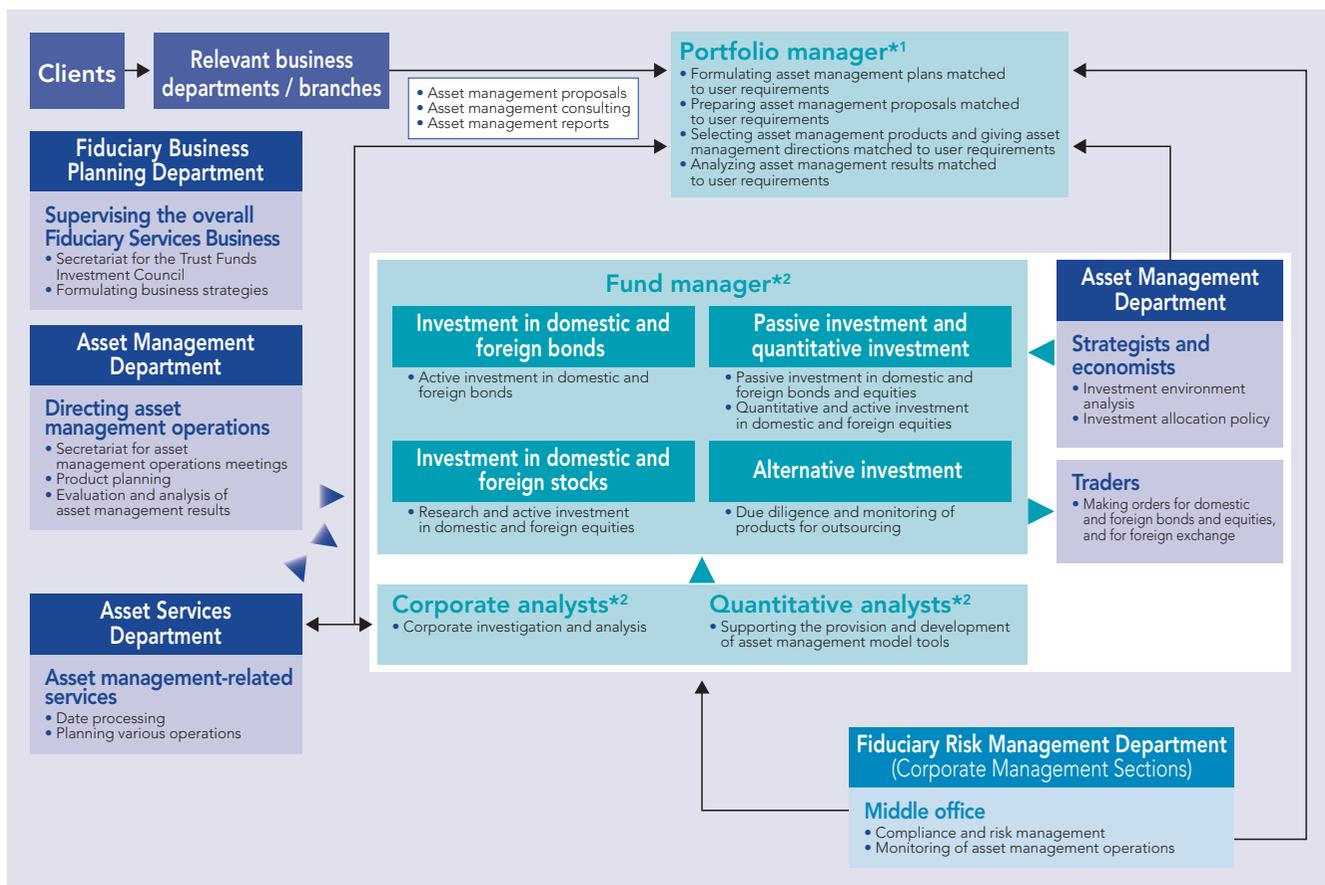
In addition to people with such significant expertise and other resources, the SuMi TRUST Group has enhanced its capability to create added value by drawing on a wide variety of know-how.

In the future, the SuMi TRUST 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 SuMi TRUST Group has positioned compliance as one of the most important management issues, and has increased the number of 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 of SuMi TRUST Bank



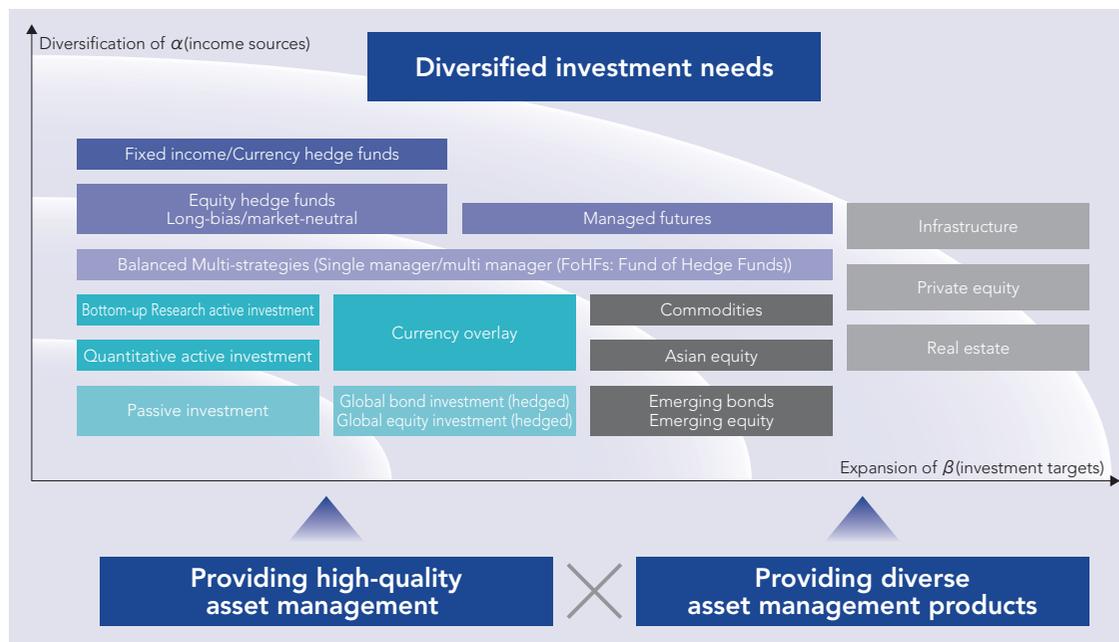
*1 Portfolio managers etc. : Pension Investment Department, Pension Funds Administration Department, Trust Funds Investment Department, Global Fiduciary Business Department

*2 Fund managers and analysts: Fixed Income Investment Department, Equity Investment Department, Investment 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



* Balanced Multi-strategies is a registered trademark of Sumitomo Mitsui Trust Bank, Limited.

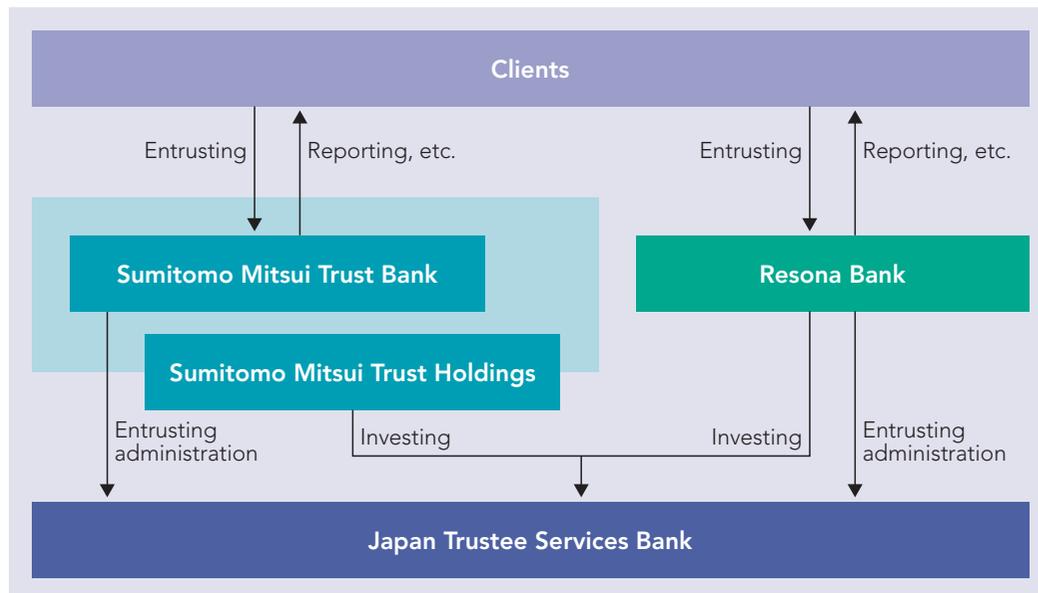
Asset Administration Business

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 administration of securities lending operations. Our asset administration business in Japan is provided through Japan Trustee Services Bank, Ltd. Overseas, our subsidiaries in the United States, the United Kingdom and Luxembourg provide global custody services to administer securities custody services in foreign markets, while our subsidiary in Ireland conducts foreign-domiciled fund administration operations. In this way, we are developing a comprehensive asset administration business both in Japan and overseas.

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 SuMi TRUST Group and Resona Bank, Limited have jointly invested in Japan Trustee Services Bank, which is Japan's largest asset administrator, with entrusted assets of ¥226 trillion (as of March 31, 2015). 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



Overseas Asset Administration Business

Through its subsidiaries in the United States, the United Kingdom and Luxembourg, the SuMi TRUST Group provides global custody services, which are custody services for securities in foreign markets held by domestic and overseas investors. In addition, a subsidiary in Ireland provides foreign-domiciled fund administration operations (fund administration etc.).

3. Group Companies

Sumitomo Mitsui Trust Asset Management Co., Ltd.

As an asset management company directly under the SuMi TRUST Group, Sumitomo Mitsui Trust Asset Management's assets under management total ¥6,668.8 billion (as of March 31, 2015). Utilizing SuMi TRUST Group's comprehensive capabilities, the company conducts investment management and high-quality marketing support operations, meeting the asset management needs of a wide range of clients, from individuals to corporations. Sumitomo Mitsui Trust Asset Management is highly evaluated among peers for its excellent products and services. Its portfolio contains several award-winning funds including the winner of the Morningstar Award "Fund of the Year 2014." It has been selected as the best asset manager in the bond group of Japan DC Funds by "Lipper Fund Awards Japan 2015."

Nikko Asset Management Co., Ltd.

As an independent asset management company in the SuMi TRUST Group, Nikko Asset Management engages in asset management operations featuring strengths in product development capabilities, asset management expertise and marketing support capabilities. With ¥19,426.8 billion in assets under management (as of March 31, 2015), the company has earned high marks in the industry. Attesting to its global expertise accumulated over a long time, it won the "Fund House of the Year 2015 (Japan)" presented to the best asset manager in Japan, as part of the "Asian Investor Asset Management Awards 2015" in April 2015. 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.

Sky Ocean Asset Management Co., Ltd.

Sky Ocean Asset Management is an asset management company established in November 2014, as a joint venture between SuMi TRUST Bank and the Bank of Yokohama, Ltd., which started operating in April 2015. The company provides customers with products that facilitate stable asset management on a medium- to long-term basis.

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 SuMi TRUST Bank 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 SuMi TRUST Bank and Mizuho Trust & Banking Co., Ltd. In the administration of corporate pension funds, it performs processing, undertakes computer system development, and operates systems.
Sumitomo Mitsui Trust Bank (U.S.A.) Limited	Sumitomo Mitsui Trust Bank (U.S.A.) is a wholly owned subsidiary of SuMi TRUST Bank. It acts as the central base of SuMi TRUST 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 institutional investors.
Sumitomo Mitsui Trust Bank (Luxembourg) S.A.	Sumitomo Mitsui Trust Bank (Luxembourg) is a wholly owned subsidiary of SuMi TRUST Bank. 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 SuMi TRUST Bank. It offers fiduciary and sales services of investment products for overseas investors, as well as securities lending services, mainly for Japanese and European stocks.
Sumitomo Mitsui Trust (UK) Limited	Sumitomo Mitsui Trust (UK) is a wholly owned subsidiary of SuMi TRUST Bank. It conducts administration operations for securities and other investments held by domestic and overseas investors.
Sumitomo Mitsui Trust (Ireland) Limited	Sumitomo Mitsui Trust (Ireland) is a wholly owned subsidiary of SuMi TRUST Bank. It conducts foreign-domiciled fund administration operations.