

Retail Total Solution Services Business



Message from Executive Officer

To meet the wide-ranging needs of individual clients across different age groups, the Retail Total Solution Services Business, driven by high-quality, comprehensive consulting, provides various services unique to a financial group specialized in trust banking, such as asset formation and management, asset administration, and inheritance and succession.

Seiji Iwakuma

Senior Managing Executive Officer,
Head of Retail Total Solution Services Business, SuMi TRUST Bank
Executive Officer*, SuMi TRUST Holdings

*Executive Officer as defined in our internal policy.

Medium- to long-term vision

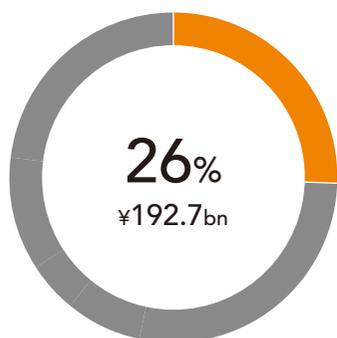
As we approach an era in which more people will live to be 100 years old, there is growing interest among our clients about leading long and fulfilling lives. At the same time, worries and concerns about building wealth for the future and the administration of assets during old age are emerging as issues for society across all age groups.

By leveraging the significant expertise and broad range of products and services that only a financial group specialized in trust banking can provide, we aim to solve the issues

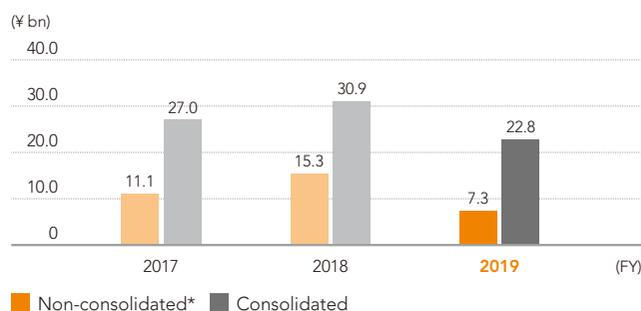
of each and every client by offering total consulting services that take into account the attributes of assets and liabilities that change in accordance with the age and life events of our individual clients.

In line with the Policies regarding the Fiduciary Duties of the Sumitomo Mitsui Trust Group, we will endeavor to be completely client-oriented and further enhance our professional capabilities that underpin our consulting services so that we may continue to grow together with our clients.

Weighting of substantial gross business profit



Net business profit before credit costs



Owing to an increase in administration fees and a decrease in investment trust and insurance sales fees in investment management consulting services, net business profit before credit costs fell ¥7.9 billion year on year to ¥7.3 billion on a non-consolidated basis and declined ¥8.0 billion to ¥22.8 billion on a consolidated basis.

Business environment awareness

Environment awareness and issues

- Spread of COVID-19 pandemic, prolonged negative interest rates, lower fees on financial instruments
- Reform of operational processes and branches to address medium- to long-term population decline and digitalization

Opportunities and Group strengths

- Strategic deployment centering on client-oriented total consulting unique to a financial group specialized in trust banking
- Broad client base, from people in the asset formation stage of life through to seniors
- Heightened need for asset formation and property management in a super-aged society and the Group's diverse lineup of products and services

Key measures in Medium-Term Management Plan

By earnestly tackling the issues in the lives of each and every client and providing accurate, total consulting according to age or life plan, we are intent on helping solve the issues of our clients and broader society in this impending age of centenarians.

■ Initiatives on asset formation for clients of the working generation

We will offer consulting services and deliver proposals that reflect the needs of each individual client, primarily taking into account changes in how people work and live, as well as the growing need to build wealth. We will aim to grow together with our numerous clients by benefiting from their transactions over many years and increasing their assets under management.

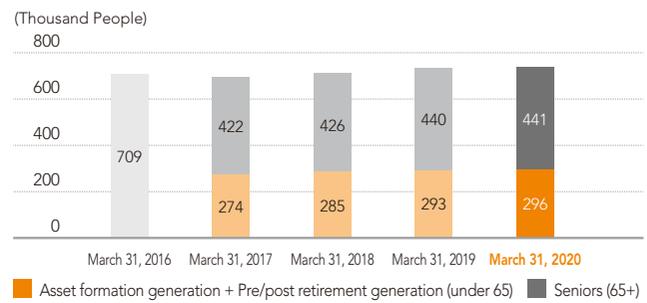
■ Initiatives on asset administration and succession for senior clients

We will offer consulting services and deliver proposals that reflect the needs of each individual client, primarily taking into account future concerns about dementia and health, as well as various issues pertaining to next-generation inheritance and succession. We will also make every effort to enhance our products and services so they contribute to the promotion of financial inclusion in Japan's aging society, thereby providing safety and security to clients.

■ Channel optimization and streamlining of operations

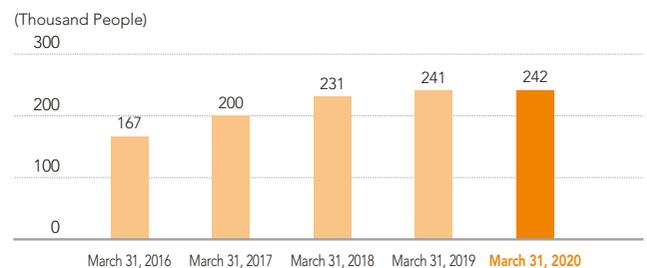
In aiming to expand consulting opportunities, we will aim to roll out highly convenient client channels by reexamining our branch network and beefing up non-face-to-face and online-based quasi-face-to-face channels. Also, by reducing the volume of work carried out at branch offices, we will endeavor to strengthen our consulting capabilities on the back of improved productivity and personnel reassignments.

Clients that hold a managed financial product



*Clients of SuMi TRUST Bank that hold a managed financial product
 *Managed financial products: investment trust, discretionary investment management product, life insurance, foreign currency deposits

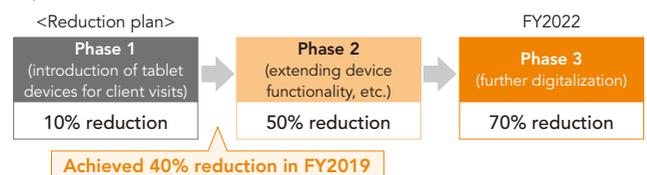
Clients that hold an asset administration-type trust product



*Clients of SuMi TRUST Bank that hold an asset administration-type trust product
 *Trust products: Will Trust, 100-Year Life Solution Trust (100-Year Passport), Tuition Fund Endowment Trust, etc.

Improving efficiency of branch operations

70% reduction in branch back office work over five years from FY2017
 Reassignment of an equivalent 1,600 employees to strengthen consulting capabilities



Sustainability initiatives

Addressing the problems of a super-aged society with trust bank functions

Owing to the advent of Japan's super-aged society, increased fragility in the pension, social security, and other socio-economic systems that underpin livelihoods, as well as delays in offering appropriate financial services to senior citizens suffering from dementia or other illnesses, are likely to pose greater problems for the stability of people's lives. By harnessing the functions and skills of a financial group specialized in trust banking, the Group will drive forward its high value-added solution services business to safeguard personal assets, secure sound living arrangements, and help ensure stability in the lives of seniors and their families.



Establishment of 100-Year Life Solution Department

Given the advent of the age of 100-year life, SuMi TRUST Bank established a 100-Year Life Solution Department with the goal of providing suitable solutions to address the various issues faced by our individual clients. The 100-Year Life Solution Department will aim to identify the increasingly diverse and complex needs of clients caused by changes in time horizons as a result of longer living and develop and successively roll out a whole host of solutions by harnessing the unique know-how cultivated over many years as a financial group specialized in trust banking in an effort to deliver security, safety, and enjoyment to our clients.

In addition, SuMi TRUST Bank established the Sumitomo Mitsui Trust Future Assets Institute for the purpose of examining and conducting research into the various needs and concerns pertaining to the building and utilization of assets required in an age when many people will likely live to be 100 years old. This new institute will aim to provide information about these activities to not only the Group's clients, but to broader society. We are also accelerating measures to bolster organizations and systems so that we can meticulously meet client needs; for example, Sumitomo Mitsui Trust Life Partners, the insurance sales arm of SuMi TRUST Bank, opened a new Consulting Plaza for peaceful 100-Year life Plaza office in Shinjuku, and the Anshin Support Corporation was founded in order to help alleviate the future concerns of our elderly clients regarding mainly housing, healthcare, and nursing care.

Gerontology exam

Gerontology examines the various issues that occur as people age and is a field of study characterized by interdisciplinary viewpoints aimed at investigating ways to help people lead better lives. At SuMi TRUST Bank, since 2014 it has been mandatory for all branch managers to sit and pass a gerontology exam run by the Society for Applied Gerontology-Japan. From 2019, however, this requirement was extended to deputy general managers, section managers, and financial consultants. As a result, the number of employees that have passed the test has increased sharply to 912 people as of the end of February 2020.

Proposing housing options

Housing holds the key to whether or not the elderly can maintain quality of life and enjoy peace of mind. The SuMi TRUST Group provides information about housing options that cater to the needs of senior-generation clients and offers its assistance to ensure housing stability by making full use of the Group's wide array of functions. We go into more detail about housing options in one of our reports on supporting the senior generation (Considering Senior-Generation Housing—V2.0).



Silver College seminars

SuMi TRUST Bank invites leading experts in various fields to speak at its Silver College seminars so that the senior generation and the clients that support them may acquire information about leading a reassuring and fulfilling "second life." Since 2012, 201 seminars have been held throughout Japan, attended by approximately 6,100 participants (as of March 31, 2020). Topics covered have included money, health, dementia, and housing, while the lectures given by our group of first-rate instructors have been favorably received on every occasion.



Silver College seminar in progress (Okayama, November 2019)

Addressing dementia issues

The number of people with dementia in Japan is rising sharply as the population continues to age—roughly one in seven people aged 65 or older, or around one in four if including those that show signs of the early stages of dementia known as mild cognitive impairment. From the viewpoint of normalization, SuMi TRUST Bank implements various initiatives with the aim of creating a society in which clients with dementia can still lead a life that is not dissimilar to normal individuals. For example, we collaborate with academia to develop new products and encourage employees to take part in dementia support training courses.

In one of our reports on supporting the senior generation (Considering the Problems of Dementia—V2.0), we provide some easy-to-understand explanations about estate management in preparation for the onset of dementia. This report sheds light on not only our own products, but also the lineup and various functions of estate management schemes, including public services. It has been favorably received by both clients and experts on the adult guardianship system thanks to its easy-to-understand explanations particularly regarding the timing of when contracts come into effect based on how far a person's dementia has progressed.



Collaboration with COLTEM

SuMi TRUST Bank is actively incorporating medical, legal, and caregiving knowledge into its measures for addressing dementia by participating in the industry-government-academia project known as COLTEM (collaboration center of law, technology, and medicine for autonomy of older adults) and also collaborating with the Kyoto Prefectural University of Medicine, the leading entity of the project. The publication of our Guide for Dementia Friendly Financial Services in September 2017 is one accomplishment of this initiative. We have also contributed to improving the entire financial industry's response to dementia issues by taking the lead in hosting symposiums with a focus on finance and dementia. The knowledge gained from these alliances have greatly helped SuMi TRUST Bank develop its own products and services.

Development of 100-Year Life Solution Trust (100-Year Passport)

With society approaching an age of more centenarians, SuMi TRUST Bank developed this trust product by incorporating a number of useful features into one package in preparation for decreased decision-making capacity among many clients in the future. It offers a host of useful features to combat the problems elderly clients may face, such as withdrawing from their bank account, when the ability to make decisions has declined because of dementia or other similar illnesses. We also engage in broad-ranging client-focused consulting, including the provision of tie-up solutions under the adult guardianship system.

Development of Trust for Single Old Age (Solitary Trust)

SuMi TRUST Bank launched a one-stop service, based on a final letter of instruction, for clients worried about those around them if by some chance they die and certain matters need to be taken care of after their death, such as a funeral service, burial, the deletion of so-called "digital remains," sorting of household belongings, obituary, and delivery of pets to new owners. The number of elderly people living alone is on the rise owing to longer life expectancies and a greater percentage of people never marrying. SuMi TRUST Bank's service aims to help eliminate concerns about what-if scenarios and support improvement in QOL for clients.

Support that extends beyond the framework of finance

Utilize the power of trusts and flexibly develop services that extend beyond the framework of finance to cater to the varied needs of seniors

Trust for Single Old Age (Solitary Trust) (launched December 2019)

Trust



Anshin Support Corporation
(established November 2018)

Provides non-financial-related services
(post-mortem procedures)



*Refer to pages 46–56 in our 2019/2020 ESG Report for more information about how we are addressing the problems of a super-aged society.