


2018 ANNUAL REPORT

(April 1, 2017~March 31, 2018)



SMBC TRUST BANK



Please note that this material is an English translation of the Japanese original for reference purposes only without any warranty as to its accuracy or completeness. Please be advised that there may be some disparities due to such things as differences in nuance that are inherent to the difference in languages although the English translation is prepared to mirror the Japanese original as accurately as possible.

Contents

Corporate Management Philosophy	2
Core Values of SMBC Trust Bank	2
Management Vision	4
Top Message	4
Medium-term Management Plan	5
Bank Outline	6
Company Profile	6
History	6
Major Shareholders	6
Officers	7
Office information	8
Organization Chart	10
Matters concerning Bank Agent of SMBC Trust Bank	11
Matters concerning Agent of SMBC Trust Bank for Trust Agreements	17
Our attitude towards improving management of small and medium enterprises and vitalizing communities	17
Business Guidance	18
Our Business	18
Holding Seminars and Media Appearances	29
Business Overview	30
Corporate Infrastructure	32
Risk Management System	32
Corporate Governance System	35
Customer Protection Management System	36
Customer-Oriented Business Operation	37
Internal Audit System	38
Designated Dispute Resolution Institutions	38
Compliance System	38
Human Resource Strategy	40
CSR(Corporate Social Responsibility) Activities	42
Financial Information	45
Financial Data	46
Disclosure Items Based on Pillar Ⅲ of Basel Ⅲ	68
 Confirmation	 78

Core Values of SMBC Trust Bank

SMBC Trust Bank has established the following core values to promote the Company's "Customer First" approach in all our dealings. We will uphold these values across all departments of the Company alongside the "Five Values" of SMBC Group.

Corporate Management Philosophy

SMBC Trust performs our business with the following
"Corporate Management Philosophy".

- We aim to be a company trusted by our stakeholders including the society by placing importance on sound company management based on the spirit of legal compliance
- We provide value-added unique services to our customers and evolve with them
- With due respect to diversity, we create a workplace that encourages employees to thoroughly use individual abilities as professionals while fully participating in teamwork built on reliability and responsibility

Seven core values to follow

Passion

Respect

Excellence

Synergy

Trust

Iconic

Accountability

The Company's core values have been distilled into seven key elements, each beginning with one letter of our **"PRESTIA"** brand, that together represent our corporate management philosophy and guiding principles that form the way we think and act on.

We approach our work with passion and pride as employees of SMBC Trust Bank. We pursue high quality in our work through positive thinking and actions.

We appreciate every encounter and show respect and gratitude to everyone we work with. We learn from and help each other grow individually.

We offer a sophisticated customer experience. We provide products and services that exceed customer expectations and enhance the value of SMBC Trust Bank.

We develop supportive relationships across teams and pursue synergies. We share common commitment and achieve our goals.

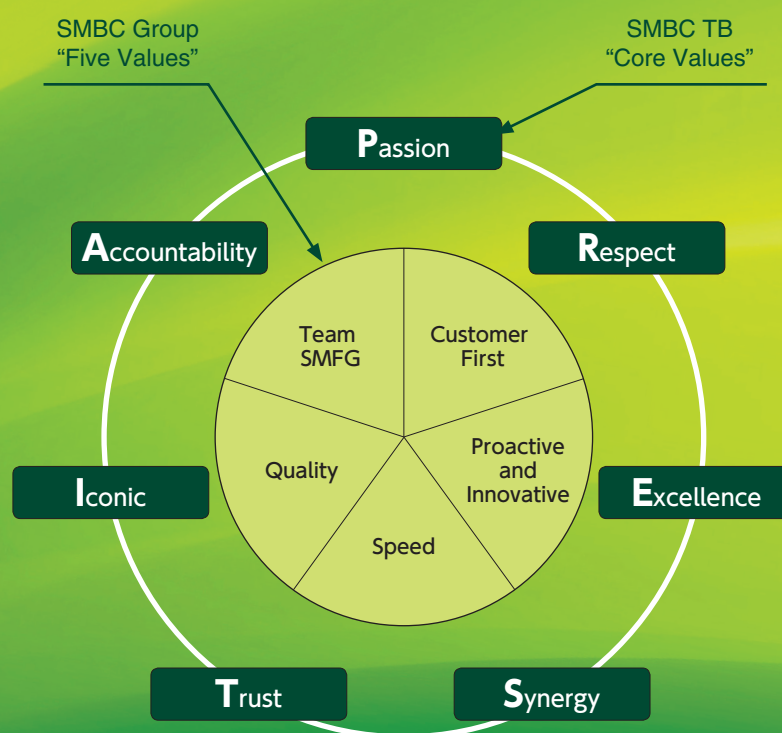
We maintain high standards of care and improve our expertise as trusted professionals. We demonstrate integrity in all dealings with customers, and think and act in the customer's best interests.

We refine and build on our strength to ensure that SMBC Trust Bank remains an iconic brand and customers' first choice.

We take responsibility for our actions as ambassadors of SMBC Trust Bank. We use empowerment to make good judgments in all situations.

SMBC Trust Bank's core values as an extension of SMBC Group's "Five Values"

With the "Five Values" of SMBC Group at their foundation, the core values of SMBC Trust Bank are aimed at fostering a unique, vibrant, and productive corporate culture.



Top Message



We sincerely thank for your continued support and patronage.

Since 19th June 2018, I have taken over the management of SMBC Trust bank as the President and CEO.

SMBC Trust Bank started in October 2013 with predecessor bank Societe General Private Banking (Japan) brought into the SMBC Group. In November 2015, we took a further step forward by integrating Citibank's retail banking business in Japan and launching a new brand "PRESTIA". Furthermore, in April 2018, we took over the foreign exchange outlet business for individual customers (foreign exchange counters) from Sumitomo Mitsui Banking Corporation and started the business as "PRESTIA EXCHANGE."

We offer our customers premium products and services with a global essence that originates from our international roots, a broad range of solutions using trust and real estate functions, and innovative products and services with quality derived from strong organizational power and an extensive information network of the SMBC Group.

We are now progressing as per the fiscal 2017 – 2019 Medium-Term Management Plan. In the plan, we are to deliver SMBC Trust Bank's unique value in order to respond to varied customer demand, utilizing our three edges: trusts, foreign currency, and real estate.

We look forward to your continued support and business for years to come.

A handwritten signature in black ink, appearing to read 'F. Kurahara'.

Fumiaki Kurahara
President and CEO
June 2018

Medium-term Management Plan

SMBC Trust Bank, a member of SMBC Group, has drawn out a three-year medium-term management plan for the fiscal 2017- 2019 period. In order to strengthen our business from a longer-range perspective, this plan has been developed based on our five-year vision set in consideration of the expected business conditions and changes in operating environment. The medium-term management plan describes what we work on during the first three years to achieve the vision.

1. Vision

Our five-year vision is as follows:

Become a trust bank that can contribute to customers both inside and outside of SMBC Group by using our three edges (strengths): trusts, foreign currency, and real estate.

2. Management Goals

The management goals that we aim to achieve at the end of the three-year period are as follows:

- (1) Establish a unique trust bank as the “edge of SMBC Group” by devoting the largest amount of resources to the three strengths
- (2) Complete the ongoing cost restructuring by fundamentally changing the staff structure and cutting non-personnel expenses without sanctuary

3. Key strategies

Our key strategies based on the vision and management goals are as follows:

- (1) Strengthening of business with our three edges as the pillars

Trusts	Increase assets under management (AUM) and create a unique identity through innovative business initiatives
Foreign currency	Become a major player in foreign-currency deposit offerings both at home and abroad
Real estate	Establish a solid revenue base by real estate business diversification

- (2) Strong promotion of the cost restructuring
- (3) Steady conversion to a new IT system

In alignment with these strategies, we will take various measures to improve profitability and strengthen our business foundation.

Company Profile (as of June 29, 2018)

Company Name : SMBC Trust Bank Ltd.
Date of Established : February 25, 1986
Capital : 87.5 billion yen



SMBC Trust is a member of SMBC Group.

SMBC Group provides high-value-added financial services to its customers through commercial banks, trust banks, securities companies, and other group companies.



Holding Company

SUMITOMO MITSUI FINANCIAL GROUP



Bank

**SUMITOMO MITSUI BANKING CORPORATION
SMBC TRUST BANK**



Lease

Sumitomo Mitsui Finance and Leasing



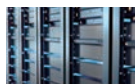
Securities

SMBC NIKKO



Credit Card, Consumer Finance

**SUMITOMO MITSUI CARD
CEDYNA FINACIAL CORPORATION
SMBC CONSUMER FINANCE**



System Development, Information Processing

Japan Research Institute



Asset Management

Sumitomo Mitsui Asset Management

History

- 1986/2 Chemical Trust Bank, the Company's earliest predecessor, is established as an indirect wholly-owned subsidiary of Chemical Bank.
- 1996/11 Chemical Trust Bank is renamed Chase Trust Bank following a merger and renaming of Chemical Bank.
- 2002/6 Societe Generale acquires Chase Trust Bank to form SG Private Banking (Japan) Ltd., an indirect, wholly-owned subsidiary of the French financial institution, starting private banking and asset management businesses in Japan in full-scale.
- 2010/1 SG Private Banking (Japan) Ltd. is renamed Societe Generale Private Banking (Japan) Ltd.
- 2013/10 Societe Generale Private Banking (Japan) becomes a wholly-owned subsidiary of Sumitomo Mitsui Banking Corporation and is renamed SMBC Trust Bank Ltd.
- 2015/3 The Company relocates its head office from Akasaka, Minato-ku, Tokyo to Nishi-Shimbashi, Minato-ku, Tokyo.
- 2015/11 The Company acquires the retail banking business of Citibank Japan.
- 2018/4 The Company takes over the operations of foreign exchange counters from Sumitomo Mitsui banking Corporation.

Major economic topics

- 1996 Japanese financial Big Bang starts.
- 1999 The Bank of Japan introduces a zero interest rate policy.
- 2000 The Financial Services Agency is established.
- 2005 The Japanese government's unlimited guarantee on bank deposits is removed.
- 2006 The Bank of Japan lifts the zero interest rate policy.
- 2007 A subprime mortgage crisis takes place in the United States.
- 2008 Lehman Brothers collapses.
- 2010 The European debt crisis erupts. The Dodd-Frank Act is signed into law.
- 2013 The Bank of Japan implements a quantitative and qualitative easing policy.
- 2016 The Bank of Japan adopts a negative interest rate policy.

Major Shareholders (as of June 29, 2018)

(1) Common Stock

Name of shareholders : Sumitomo Mitsui Banking Corporation
Number of shares : 3,418 thousand shares
Stock ownership ratio : 100.00%

(2) Non-voting Stock

Name of shareholders : Sumitomo Mitsui Banking Corporation
Number of shares : 900 thousand shares
Stock ownership ratio : 100.00%

Officers (as of June 29, 2018)

Director

Hidetoshi Furukawa	Chairperson
Fumiaki Kurahara	Representative Director, President and Chief Executive Officer
Koichi Noda	Representative Director, Deputy Chief Executive and Deputy Chief Executive Officer Executive Officer in charge for Products Unit
Koji Saito	Director, Deputy Chief Executive and Deputy Chief Executive Officer Executive Officer in charge for Compliance Unit and Risk Management Unit
Atsushi Oku	Senior Managing Director and Senior Managing Executive officer Executive Officer in charge for Consumer Business Unit
Naoya Ishida	Senior Managing Director and Senior Managing Executive officer Executive Officer in charge for Wholesale Business Unit
Noburu Kato	Managing Director and Managing Executive Officer Executive Officer in charge for Corporate Staff Unit and Markets Unit
Katsusuke Kuwahara	Managing Director and Managing Executive Officer Executive Officer in charge for Corporate Staff Unit (Human Resource Dept.) and Corporate Services Unit
Shiro Tani	Director and Executive officer Executive Officer in charge for Operation & System Unit
Hiroshi Nishiyama	Director and Executive officer Deputy Executive Officer in charge for Corporate Staff Unit (Human Resource Dept.)
Laurent Depus	Director (Outside)
Jun Ohta	Director (Outside)
Haruo Funabashi	Director (Outside Director)

Auditor

Takashi Nakamura	Statutory Auditor
Yoshikazu Morikawa	Statutory Auditor (Outside)
Yuji Kage	Outside Statutory Auditor

Managing Executive officer

Kazuhiro Tsuchiya	Deputy Executive Officer in charge for Consumer Business Unit
Hideo Goto	Deputy Executive Officer in charge for Products Unit and Wholesale Business Unit
Shinji Hoshino	Head of Real Estate Business Division II and Co-Head of PRESTIA Sales Division

Executive officer

Hiroshi Kuroda	Executive Officer in charge for Internal Audit Unit
Noriyuki Nishigami	Deputy Executive Officer in charge for Compliance Unit
Yoshiyuki Omi	Deputy Executive Officer in charge for Risk management Unit
Akiyoshi Ishii	Head of Business Dept. Tokyo III (Wholesale Business Unit)
Nobuhiko Sakuragi	
Akio Hasegawa	Head of Business Dept. Osaka I
Kazuma Ohashi	Head of Real Estate Solutions Division and Head of Real Estate Trust Administration Dept.
Masatomo Odagawa	Head of Product Planning Dept.
Dai Sugiyama	Head of PRESTIA Sales Division
Hiroshi Manabe	Head of Human Resource Dept.
Tsutomu Kamiya	Head of Real Estate Business Division I
Satoshi Joichi	Head of Wholesale Business Planning Dept. and Head of Real Estate Development Dept.
Rikako Sekine	Head of Real Estate Consulting Business Dept.
Nobuya Nagasaka	Head of Corporate Planning Dept.
Hiroyuki Hayashi	Head of Real Estate Screening Dept.
Takahiko Hirashima	Head of Compliance Management Dept.
Takako Sannohe	Assistant Head of PRESTIA Sales Division, Assistant Head of PRESTIA Exchange Division, and Head of Client Service Excellence Dept.
Tetsuya Shindo	Head of Private Banking Division and Head of Private Banking Dept.
Ryusuke Matsui	Head of Branch Business Promotion Dept.

Fellow (*)

Shigetoshi Hirata	(Products Unit)
-------------------	-----------------

* A position which engages in business operation as a subject matter expert

Senior Director 'RIJI'

Tadanobu Ono	Head of Business Development Dept.
Koichiro Kubo	Head of Operations Planning Dept.
Hong Zhou	Head of PRESTIA System Integration Dept. and General Manager of PRESTIA Strategy Dept.
Aya Tsumura	Head of Operations Division
Nobuyuki Deguchi	Head of Credit Dept.
Tomoyuki Hashimoto	Head of System Planning Dept.
Mitsuru Miyoshi	Head of Business Compliance Dept.

Office information (as of June 29, 2018)

Head office

Nishi-Shimbashi Square, 19F
1-3-1, Nishi-Shimbashi,
Minato-ku, Tokyo 105-0003
TEL : 03-4510-4300
Business Hours 9 : 00-17 : 00
FAX : 03-4510-4100

Branches

Osaka Office

5F, Keihanshin Midotsuji Bldg. 3-6-1 Dosho-machi, Chuo-ku, Osaka-shi, Osaka

Higashishinjuku Office

Shinjuku Eastside Square 6-27-30 Shinjuku, Shinjuku-ku, Tokyo

Okinawa Office

Tomari Port Terminal Bldg. 3-25-1 Maeshima, Naha-shi, Okinawa

Kansai Office

Midosuji Diamond Bldg. 2-1-2 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka

Aoyama

1F, 8F, 9F, Ao, 3-11-7 Kita-Aoyama, Minato-ku, Tokyo

Akasaka (Global Branch)

1F, 2F, Prudential Plaza, 2-13-10 Nagata-cho, Chiyoda-ku, Tokyo

Ikebukuro

1F, 2F, G-Bldg. Minami Ikebukuro 01, 1-19-5 Minami-Ikebukuro, Toshima-ku, Tokyo

Ohtemachi

1F, Ote Center Bldg., 1-1-3 Ohtemachi, Chiyoda-ku, Tokyo

Ginza

M2F, 2F, 3F, 4F, Kurosawa Bldg., 6-9-2 Ginza, Chuo-ku, Tokyo

Gotanda

1F, 3F, Gotanda Hata Bldg., 2-2-3 Higashi-Gotanda, Shinagawa-ku, Tokyo

Shibuya

1F, 2F, Dogenzaka Kabuto Bldg., 2-25-12 Dogenzaka, Shibuya-ku, Tokyo

Jiyugaoka (Mini Branch)

2F, Okuzumi Bldg., 1-26-14 Jiyugaoka, Meguro-ku, Tokyo

Shinjuku Higashiguchi

1F-4F, MLJ Shinjuku Bldg., 3-19-4 Shinjuku, Shinjuku-ku, Tokyo

Shinjuku Minamiguchi

1F, Kubo Bldg., 2-9-2 Yoyogi, Shibuya-ku, Tokyo

Shinjuku Minamiguchi Branch Consulting Center (For PRESTIA GOLD PREMIUM & PRESTIA GOLD Customers)

19F, Shinjuku Maynds Tower, 2-1-1 Yoyogi, Shibuya-ku, Tokyo

Kichijoji (Mini Branch)

1F, 8F, Iwasaki Kichijoji Bldg., 1-15-9 Kichijoji-Honcho, Musashino-shi, Tokyo

Tachikawa

1F, 2F, Suzuharu Bldg., 2-7-16 Akebono-cho, Tachikawa-shi, Tokyo

Nihonbashi

1F, 2F, Nihonbashi Kato Bldg., 2-1-14 Nihonbashi, Chuo-ku, Tokyo

Hiroo (Global Branch)

1F, 2F, HIROO REEPLX B's, 5-15-27 Minami-Azabu, Minato-ku, Tokyo

Yokohama

2F, 7F, 8F, Yokohama First Bldg., 1-6-1 Kita-Saiwai, Nishi-ku, Yokohama-shi, Kanagawa

Aobadai (Mini Branch)

7F, Aobadai Tokyu Square South-2, 1-7-1 Aobadai, Aoba-ku, Yokohama-shi, Kanagawa

Fujisawa (Mini Branch)

4F, 2002. K&S Bldg., 2-8 Minami-Fujisawa, Fujisawa-shi, Kanagawa

Chiba

1F, Sencity Tower, 1000 Shinmachi, Chuo-ku, Chiba-shi, Chiba

Urawa

1F, 3F, 4F, Urawa Nikko Bldg., 2-1-23 Takasago, Urawa-ku, Saitama-shi, Saitama

Umeda

1F, 7F, ABC-MART Umeda Bldg., 1-27 Chayamachi, Kita-ku, Osaka-shi, Osaka

Osaka Ekimae

2F, Osaka Dai-ichi Seimei Bldg., 1-8-17 Umeda, Kita-ku, Osaka-shi, Osaka

Shinsaibashi

1F, 2F, Midosuji Diamond Bldg., 2-1-2 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka

Ashiya

2F, Hotel Takezono Ashiya, 10-1 Ohara-cho, Ashiya-shi, Hyogo

Kobe

1F, S.Yoshimatsu Bldg., 8-1-17 Gokodori, Chuo-ku, Kobe-shi, Hyogo

Sannomiya Office

6F Ginsen Sannomiya Bldg 1-5-1 Sannomiyacho Chuo-ku Kobe-shi Hyogo

Kyoto

1F, 2F, K·I Shijo Bldg., 88 Kankoboko-cho, Shijodori-Muromachi-Higashiiru, Shimogyo-ku, Kyoto-shi, Kyoto

Nagoya

1F, Sakae Parkside Place, 3-16-27 Nishiki, Naka-ku, Nagoya-shi, Aichi

Nagoya Ekimae

4F, MIDLAND SQUARE 4-7-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi

Sapporo

1F, Hokkaido Bldg., 1-banchi, Kitanijonishi 4-chome, Chuo-ku, Sapporo-shi, Hokkaido

Fukuoka

1F, Tenjin-nishidori Business Center 2-8-30 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka

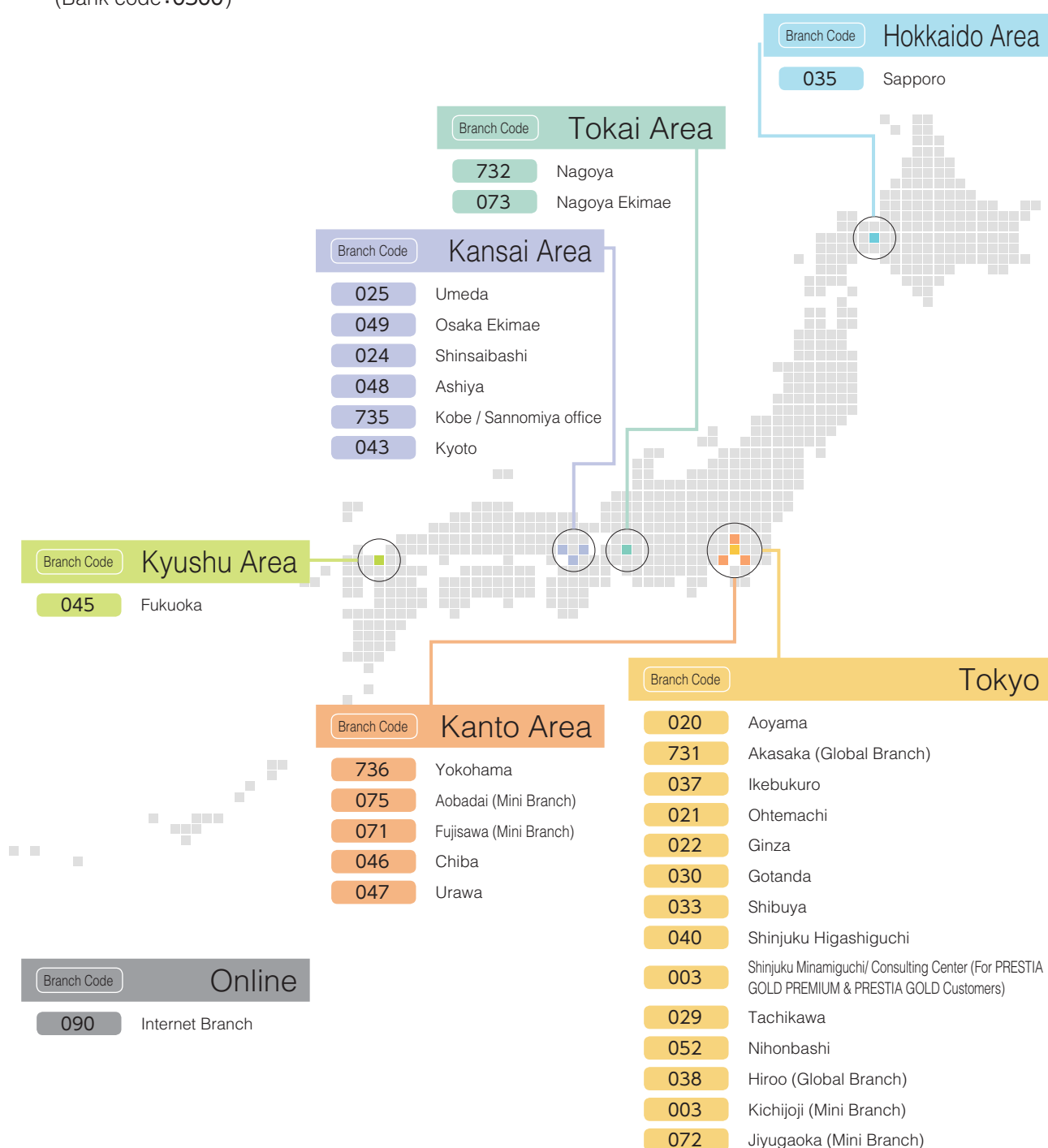
Internet Branch

Shinjuku Eastside Square, 6-27-30 Shinjuku, Shinjuku-ku, Tokyo



PRESTIA Branches, ATMs and PRESTIA Exchange

(Bank code:0300)



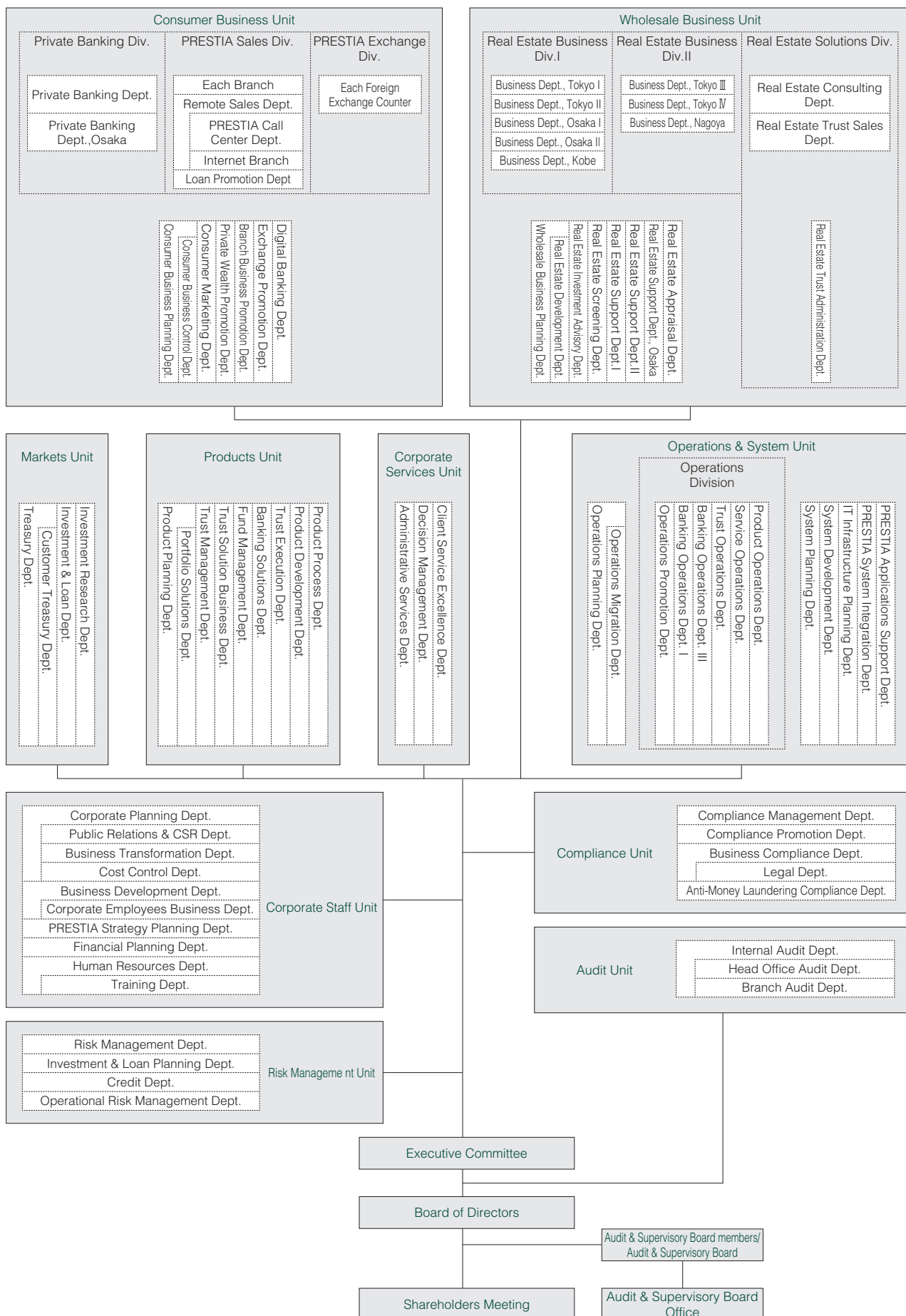
*See SMBC Trust's website for ATM and currency exchange locations.

- ATM (<http://www.smbctb.co.jp/en/branch>)
- currency exchange (https://www.smbctb.co.jp/gaika_ryougae)

Contact Us

- ▶ For account holders
Telephone (open 24 hours a day, 365 days a year)
0120-110-330 (toll-free)
From Overseas
81-46-401-2100 (toll-charge)
- ▶ For non-account holders
Telephone
0120-50-4189 (toll-free)

Organization Chart (as of June 29, 2018)



Corporate Overview

As the trust bank of SMBC Group, we operate under the group-wide business units and CxO systems of SMBC Group.

We are a company with Audit & Supervisory Board (ASB) and, as such, have elected three ASB members, all from outside the Company except two members. Our ASB members review the way our directors and executive officers carry out their duties by attending important meetings such as the Board of Directors, receiving business reports from our directors, inspecting approval-granting documents, and receiving debriefing from Internal Audit Department and the accounting auditor.

The Board of Directors operates under the authority of the Chairman for the proper role-sharing with the President and CEO, who is in charge of execution of business. The Board consists of 13 members and makes decisions on the Company's management policy and business execution, and supervises how our directors execute their duties. By electing outside directors, the Company strengthens the effectiveness of the supervision. The Board has established the Executive Committee (EXCO) comprised of our executive officers. The EXCO assists the President and CEO to make decisions on execution of business and on internal control. Of the matters an executive officer performs or decides on, the ones relevant to the Company's management policy determined by the Board are discussed, resolved, or reported at EXCO meetings. Those matters include policies, plans, budgets, and other important matters delegated by the Board.

For the reinforcement of corporate governance, the Company has also established other committees, such as the "Compliance Committee" and the "Risk Management Committee," and, by establishing the "Committee for the Promotion of Customer-Oriented Business Conduct," we have been reinforcing the framework for our customer-first approach.

Matters concerning Bank Agent of SMBC Trust Bank (As of May 31, 2018)

Trade Name or Name of Agent

Sumitomo Mitsui Banking Corporation (SMBC)

Name of the Business Office or Offices that the Bank Agent Carries Out Bank Agency Services for SMBC Trust Bank

- 1 Planning Dept., Retail Banking Unit
- 2 Financial Consulting Dept., Banking Unit
- 3 Head Office
- 4 Jimbocho Branch
- 5 Kasukabe Branch
- 6 Niigata Branch
- 7 Nagano Branch
- 8 Ueda Branch
- 9 Ushiku Branch
- 10 Tokyo Chuo Branch
- 11 Suwa Branch
- 12 Yako Branch
- 13 Oyama Branch
- 14 Ginza Branch
- 15 Maebashi Branch
- 16 Kameari Branch
- 17 Kitami Branch
- 18 Hikawadai Branch
- 19 Ota Branch
- 20 Nihonbashi-Higashi Branch
- 21 Kumagaya Branch
- 22 Kawaguchi Branch
- 23 Urawa Branch
- 24 Okegawa Branch
- 25 Kamifukuoka Branch
- 26 Sakado Branch
- 27 Nerima Branch
- 28 Chiba Branch
- 29 Narashino Branch
- 30 Kisarazu Branch
- 31 Sakura Branch
- 32 Motoyawata Branch
- 33 Yotsukaido Branch
- 34 Chiba Newtown Branch
- 35 Nishiogikubo Branch
- 36 Koenji Branch
- 37 Gakugeidaigaku-Ekimae Branch
- 38 Kamata-Nishi Branch

39	Hatanodai Branch	89	Kadoma Branch
40	Osaka Head Office	90	Ibaraki Branch
41	Bingomachi Branch	91	Matsubara Branch
42	Imazato Branch	92	Kishiwada Branch
43	Uemachi Branch	93	Konandai Branch
44	Tsuruhashi Branch	94	Zushi Branch
45	Ikuno Branch	95	Sano Branch
46	Tamatsukuri Branch	96	Kaizuka Branch
47	Namba Branch	97	Izumitsu Branch
48	Tennojekimae Branch	98	Izumi Branch
49	Bishoen Branch	99	Sakai Branch
50	Kohama Branch	100	Hamadera Branch
51	Hirano Branch	101	Otori Branch
52	Nishinoda Branch	102	Sennan Branch
53	Minato Branch	103	Kuzuha Branch
54	Semba Branch	104	Korigaoka Branch
55	Itachibori Branch	105	Minoo Branch
56	Taishoku Branch	106	Senbokutoga Branch
57	Shikanjima Branch	107	Minamisenri Branch
58	Utajimabashi Branch	108	Tsukimino Branch
59	Umeda Branch	109	Esaka Branch
60	Minamimorimachi Branch	110	Kongo Branch
61	Tenroku Branch	111	Toride Branch
62	Temmabashi Branch	112	Mitsukyo Branch
63	Joto Branch	113	Gyotoku Branch
64	Juso Branch	114	Tokyo Main Office
65	Akagawacho Branch	115	Ningyocho Branch
66	Keihan-Kyobashi Branch	116	Shinbashi Branch
67	Senbayashi Branch	117	Kakio Branch
68	Komagawacho Branch	118	Kojimachi Branch
69	Senzoku Branch	119	Kanda Branch
70	Teradacho Branch	120	Kandaekimae Branch
71	Fukaebashi Branch	121	Shinjuku Branch
72	Sunamachi Branch	122	Seijo Branch
73	Higashiosaka Branch	123	Nakano Branch
74	Takatsuki Branch	124	Ikebukuro Branch
75	Ikedo Branch	125	Akabane Branch
76	Toyonaka Branch	126	Otsuka Branch
77	Moriguchi Branch	127	Hakusan Branch
78	Neyagawa Branch	128	Asakusa Branch
79	Hirakata Branch	129	Katsushika Branch
80	Shinshikiri Branch	130	Shinkoiwa Branch
81	Wakaeiwata Branch	131	Shibuya-Ekimae Branch
82	Yao Branch	132	Toritsudaigakuekimae Branch
83	Fujiidera Branch	133	Denenchofu Branch
84	Tondabayashi Branch	134	Ebara Branch
85	Kawachinagano Branch	135	Kamata Branch
86	Tokuan Branch	136	Izumino Branch
87	Kosaka Branch	137	Tsukuba Branch
88	Shonai Branch	138	Marunouchi Branch

139	Mitaka Branch
140	Senju Branch
141	Nakamurabashi Branch
142	Kameido Branch
143	Shimotakaido Branch
144	Aoyama Branch
145	Shinjukunishiguchi Branch
146	Takahatafudo Branch
147	Takashimadaira Branch
148	Kitano Branch
149	Azabu Branch
150	Takadanobaba Branch
151	Nishikasai Branch
152	Hino Branch
153	Hikarigaoka Branch
154	Hiroo Branch
155	Musashisakai Branch
156	Ryokuentoshi Branch
157	Sapporo Branch
158	Nada Branch
159	Konan Branch
160	Sumiyoshi Branch
161	Mikage Branch
162	Sendai Branch
163	Kobe-Ekimae Branch
164	Minatogawa Branch
165	Hyogo Branch
166	Yokohama-Chuo Branch
167	Shinyokohama Branch
168	Funabashi Branch
169	Tsunashima Branch
170	Kanazawabunko Branch
171	Shizuoka Branch
172	Tama Plaza Branch
173	Seisinchuo Branch
174	Kobegakuentoshi Branch
175	Rokko Island Branch
176	Soka Branch
177	Koshigaya Branch
178	Tokorozawa Branch
179	Fujisawa Branch
180	Yamato Branch
181	Suzurandai Branch
182	Niizashiki Branch
183	Musashinakahara Branch
184	Shiki Newtown Branch
185	Itami Branch
186	Kawanishi Branch
187	Shin-Yurigaoka Branch
188	Ogikubo Branch

189	Kanazawa Branch
190	Iitayado Branch
191	Suma Branch
192	Nishinomiya Branch
193	Tarumi Branch
194	Koshienguchi Branch
195	Shukugawa Branch
196	Nishinomiya-Kitaguchi Branch
197	Koto Branch
198	Takarazuka Branch
199	Sakasagawa Branch
200	Ashiya Branch
201	Ashiya-Ekimae Branch
202	Kouhoku New Town Branch
203	Kitasuzurandai Branch
204	Sanda Branch
205	Sasayama Branch
206	Fujiwaradai Branch
207	Nagata Branch
208	Nagoyaekimae Branch
209	Toyohashi Branch
210	Gifu Branch
211	Nagoya-Sakae Branch
212	Sannomiya Branch
213	Sumoto Branch
214	Amagasaki Branch
215	Tsukaguchi Branch
216	Rokko Branch
217	Sonoda Branch
218	Mukonosono Branch
219	Akashi Branch
220	Okubo Branch
221	Kakogawa Branch
222	Higashikakogawa Branch
223	Befu Branch
224	Takasago Branch
225	Miki Branch
226	Nishiwaki Branch
227	Midorigaoka Branch
228	Osaka-Nishi Branch
229	Hojo Branch
230	Tengachaya Branch
231	Abeno Branch
232	Nishitanabe Branch
233	Himeji Branch
234	Shikama Branch
235	Hirohata Branch
236	Aboshi Branch
237	Tatsuno Branch
238	Toyooka Branch

239	Kofu Branch
240	Hamamatsu Branch
241	Nagoya Branch
242	Kamimaezu Branch
243	Motoyama Branch
244	Kariya Branch
245	Toyota Branch
246	Enmachi Branch
247	Kyoto Branch
248	Matsudo Branch
249	Kashiwa Branch
250	Kobe Main Office
251	Toyama Branch
252	Fukui Branch
253	Yachiyo Branch
254	Shinosaka Branch
255	Kawagoe Branch
256	Kagoshima Branch
257	Shijo Branch
258	Fushimi Branch
259	Omiya Branch
260	Kotesashi Branch
261	Midousuji Branch
262	Doujima Branch
263	Okamoto Branch
264	Takatsuki-Ekimae Branch
265	Kuise Branch
266	Tachibana Branch
267	Nara Branch
268	Wakayama Branch
269	Heijo Branch
270	Yamatokooriyama Branch
271	Gakuenmae Branch
272	Yokohama-Ekimae Branch
273	Narita Branch
274	Urayasu Branch
275	Itabashi Branch
276	Senri-Chuo Branch
277	Nakamozu Branch
278	Ibarakinishi Branch
279	Yamamoto Branch
280	Hibarigaoka Branch
281	Hiratsuka Branch
282	Kamiohoka Branch
283	Kanazawahakkei Branch
284	Futamatagawa Branch
285	Tsurumi Branch
286	Azamino Branch
287	Higashikanagawa Branch

288	Aobadai Branch
289	Koshien Branch
290	Warabi Branch
291	Yokohama Branch
292	Atsugi Branch
293	Mizonokuchi Branch
294	Kyodo Branch
295	Onomichi Branch
296	Niihama Branch
297	Hiroshima Branch
298	Oizumi Branch
299	Asakusabashi Branch
300	Kinshicho Branch
301	Roppongi Branch
302	Mita-Dori Branch
303	Tsukiji Branch
304	Shimoigusa Branch
305	Hanakoganei Branch
306	Fuchu Branch
307	Hibiya Branch
308	Yukigaya Branch
309	Kyobashi Branch
310	Eifukucho Branch
311	Kasumigaseki Branch
312	Koiwa Branch
313	Nippori Branch
314	Machiya Branch
315	Nishiarai Branch
316	Okayama Branch
317	Gotanda Branch
318	Shibuya Branch
319	Jiyugaoka Branch
320	Ebisu Branch
321	Sakurashinmachi Branch
322	Shinjukudori Branch
323	Musashiseki Branch
324	Kunitachi Branch
325	Hatagaya Branch
326	Ikebukuro-Higashiguchi Branch
327	Tokiwadai Branch
328	Oji Branch
329	Takamatsu Branch
330	Narimasu Branch
331	Mejiro Branch
332	Akishima Branch
333	Hamamatsucho Branch
334	Kokuryo Branch
335	Nagayama Branch
336	Tama Branch

337	Kitasuma Branch
338	Ayase Branch
339	Sugamo Branch
340	Meguro Branch
341	Nihonbashi Branch
342	Mitsui-Bussan Building Branch
343	Fussa Branch
344	Ichikawa Branch
345	Fukuoka Branch
346	Okazaki Branch
347	Kitakyushu Branch
348	Fujigaoka Branch
349	Ikeshita Branch
350	Omuta Branch
351	Osaka-Chuo Branch
352	Shimonoseki Branch
353	Issya Branch
354	Tenjincho Branch
355	Kurume Branch
356	Saga Branch
357	Kumamoto Branch
358	Oita Branch
359	Sekime Branch
360	Yagoto Branch
361	Tempaku-Ueda Branch
362	Gokiso Branch
363	Nonami Branch
364	Akaike Branch
365	Tachikawa Branch
366	Higashitotsuka Branch
367	Irinaka Branch
368	Kanayama Branch
369	Suita Branch
370	Kawasaki Branch
371	Kori Branch
372	Shijonawate Branch
373	Hankyu-Sone Branch
374	Yamatooji Branch
375	Ikoma Branch
376	Ueno Branch
377	Chigasaki Branch
378	Omorì Branch
379	Setagaya Branch
380	Totsuka Branch
381	Asagaya Branch
382	Miyazakidai Branch
383	Shimura Branch
384	Fukagawa Branch
385	Rokugo Branch

386	Shimomaruko Branch
387	Koishikawa Branch
388	Nakanosakaue Branch
389	Edogawa Branch
390	Kasai Branch
391	Akasaka Branch
392	Shinagawa Branch
393	Futakotamagawa Branch
394	Tsutsujigaoka Branch
395	Shimokitazawa Branch
396	Kokubunji Branch
397	Gotanno Branch
398	Ikuta Branch
399	Hachioji Branch
400	Kichijoji Branch
401	Machida Branch
402	Koganei Branch
403	Kiyose Branch
404	Tanashi Branch
405	Higashiyamato Branch
406	Shintokorozawa Branch
407	Shinkemigawa Branch
408	Sagamiono Branch
409	Odawara Branch
410	Nakayama Branch
411	Isehara Branch
412	Ofuna Branch
413	Iidabashi Branch
414	Motsumiyoshi Branch
415	Tsudanumaekimae Branch
416	Funabashikitaguchi Branch
417	Sagamihara Branch
418	Senkawa Branch
419	Kamagaya Branch
420	Takao Branch
421	Tama-center Branch
422	Chofuekimae Branch
423	Sasazuka Branch
424	Musashikosugi Branch
425	Hiyoshi Branch
426	Shonandai Branch
427	Kamakura Branch
428	Moriya Branch
429	Wakabadai Branch
430	Izumi-Chuo Branch
431	Shoji Branch
432	Center-minami Branch
433	Musashi-Urawa Branch
434	Komyoike Branch

435	Yachiyo-Midorigaoka Branch
436	Azabu-Juban Branch
437	Ebina Branch
438	Keihan-Kyobashi Branch Osaka Business Park Sub-Branch
439	Minoo Branch Minooshiyakusho Sub-Branch
440	Fujiidera Branch Habikino Sub-Branch
441	Machida-Yamazaki Sub-Branch
442	Toyonaka Branch Higashitoyonaka Sub-Branch
443	Ikeda Branch Ishibashi Sub-Branch
444	Moriguchi Branch Moriguchishiekimae Sub-Branch
445	Minoo Branch Sakurai Sub-Branch
446	Head Office Toyota Building Sub-Branch
447	Sendai Branch Morioka Office Sub-Branch
448	Sendai Branch Kooriyama Office Sub-Branch
449	Fujisawa Branch Kataseyama Sub-Branch
450	Shin-Yurigaoka Branch Yurigaoka Sub-Branch
451	Nishinomiya Shiyakusho Sub-Branch
452	Flower-Town Sub-Branch
453	Woody-Town Sub-Branch
454	AmagasakiShiyakusho Sub-Branch
455	Sone Sub-Branch
456	HimejiShiyakusho Sub-Branch
457	Minato Branch Cosmo Tower Sub-Branch
458	Tokyo Disneyland Sub-Branch
459	Itabashi-Nakadai Sub-Branch
460	Takarazuka-Nakayama Sub-Branch
461	Osaki Sub-Branch
462	Matsudo Branch Shinmatsudo Sub-Branch
463	Yukigaya Branch Ontakesan Sub-Branch
464	Ginza Branch Toyosu Sub-Branch
465	Matsui-Yamate Sub-Branch
466	Fujimino Sub-Branch
467	Park-Sakae Sub-Branch
468	Mukonosoe-ekimae Sub-Branch
469	Koishikawa Area Main Office
470	Osaka-Chuo Area Main Office
471	Ibaraki-Takatsuki Area Main Office
472	Toyonaka Area Main Office
473	Hirakata Area Main Office
474	Sakai Area Main Office
475	Otemachi Area Main Office
476	Koiwa-Ichikawa Area Main Office
477	Denenchofu Area Main Office
478	Joban Area Main Office
479	Shin-Yurigaoka Area Main Office
480	Ashiya Area Main Office
481	Nishinomiya Area Main Office
482	Akashi Area Main Office
483	Chiba Area Main Office

484	Kobe Area Main Office
485	Saitama Area Main Office
486	Kawagoe-Shiki Area Main Office
487	Niizashiki Branch Kawagoeshiki Area Sub-Branch
488	Tsunashima Area Main Office
489	Setagaya Area Main Office
490	Nerima Area Main Office
491	Fukuoka Area Main Office
492	Nakano-Suginami Area Main Office
493	Shonan Area Main Office
494	Fujisawa Branch Shonan Area Hiratsuka Office Sub-Branch
495	Kanda Area Main Office
496	Ginza Area Main Office
497	Nagoya Area Main Office
498	Yokohama Area Main Office
499	Hibiya Area Main Office
500	Senju-Kasukabe Area Main Office
501	Senju Branch Kasukabe Area Kasukabe Office Sub-Branch
502	Gotanda Area Main Office
503	Shinjuku higashi Area Main Office
504	Keihin Area Main Office
505	Ueno Area Main Office
506	Gaien Area Main Office
507	Musashino Area Main Office
508	Machida Area Main Office
509	Kinshicho Area Main Office
510	Nishikobe Area Main Office
511	Himeji Area Main Office
512	Kyoto Area Main Office
513	Kyoto Branch Kyoto Area Fushimi Office Sub-Branch
514	Namba Area Main Office
515	Abeno Area Main Office
516	Umeda Area Main Office
517	Umeda Branch Umeda Area Nishi-Noda Office Sub-Branch
518	Higashiosaka Area Main Office
519	Kadoma-Moriguchi Area Main Office
520	Shinosaka Area Main Office
521	Keihan-Kyobashi Area Main Office
522	Ikebukuro Area Main Office
523	Shibuya Area Main Office
524	Tokyo Chuo Area Main Office
525	Shinjuku Nishi Area Main Office
526	Akabane-Kawaguchi Area Main Office
527	Ota Area Main Office
528	Kasai Area Main Office
529	Mizonokuchi Area Main Office
530	Yokohama Aoba Area Main Office
531	Atsugi Area Main Office
532	Funabashi Area Main Office

533	Tokiwadai Area Main Office
534	Kamiohoka Area Main Office
535	Sotetsu Area Main Office
536	Fuchu Area Main Office
537	Tachikawa Area Main Office
538	Hachioji Area Main Office
539	Seibu Area Main Office
540	Oizumi Branch Seibu Area Tokorozawa Office Sub-Branch
541	Nishitokyo Area Main Office
542	Semba Area Main Office
543	Nara Area Main Office
544	Senri-Mino Area Main Office
545	Itami Area Main Office
546	Kishiwada Area Main Office
547	Otori Area Main Office
548	Higashikobe Area Main Office
549	Sanda Area Main Office
550	Kakogawa Area Main Office
551	Fujiidera Area Main Office
552	Private Banking Dept.
553	Private Banking Dept. Osaka
554	Tamachi Souzoku-Office Sub-Branch
555	Umeda Souzoku-Office Sub-Branch
556	Remote Marketing Dept. I
557	Remote Marketing Dept. II
558	Remote Marketing Dept. III
559	Remote Marketing Dept. IV
560	Call Center Kobe
561	Call Center Fukuoka

Matters concerning Agent of SMBC Trust Bank for Trust Agreements (As of May 31, 2018)

Trade Name, or Name of Agent

Sumitomo Mitsui Banking Corporation (SMBC)

Our attitude towards improving management of small and medium enterprises and vitalizing communities

Our main focus of business is to satisfy individual customers' needs. We do not, therefore, provide business financing for small and medium enterprises in principle. We, however, deal with the customers asking for business loans sincerely. In other words, we listen to their requests seriously, and explain our decisions on the requests thoroughly to gain their understanding. For the community vitalization, we strive to fulfill our social responsibilities to local communities and contribute to regional vitalization.

Our Business

Business Activities

Taking advantage of its three edges which are “trust”, “foreign currency” and “real estate”, SMBC Trust is further strengthening its banking and trust services, real estate-related services (which is a service permitted under the Act on Engagement in Trust Business Activities by Financial Institutions) and other services.

In conducting such various business activities, SMBC Trust will further promote interdepartmental and intergroup collaboration to provide our functions, including our unique products and services that have been developed to date, to a wide range of customers of the SMBC Group.

SMBC Trust will strive to capture the true needs of individual customers and make more diversified and enhanced services available to its customers. For example, SMBC Trust will provide a variety of services to individual customers by strengthening its total consulting capabilities focusing on the foreign currency service, which is the strength of our brand “PRESTIA”, and by using solutions that leverage real estate and trust functions.

1. Banking

- (1) Deposits
Acceptance of deposits and installment savings
(Including acceptance of foreign-currency deposits and structured deposits)
- (2) Lending
Lending of funds (including lending of foreign-currency funds)
- (3) Domestic exchange
Remittance, account transfer, and other domestic-exchange transactions
- (4) Foreign exchange
Remittance, account transfer, buying and selling of foreign exchange, and other foreign-exchange transactions.

2. Trusts

- (1) Money Trusts
Non-discretionary (Tokkin) money trusts, Clearing trusts, Pension Tokkin, Discretionary commingled trusts, Discretionary money trusts
- (2) Money in Trust Other than Money Trusts (Kingaishin Trusts)
Non-discretionary Kingaishin trusts, Discretionary Kingaishin trusts
- (3) Securities Trusts
Securities administration trusts, Securities disposal trusts, Securities acquisition trusts
- (4) Composite Trusts
Composite trusts (discretionary & non-discretionary)
- (5) Other Trusts
Security trusts, real estate administration and disposal trusts, mutual funds, pension trusts, living trusts / consecutive successive beneficiary trusts, monetary claim trusts, asset management for defined contribution pension funds, art trusts

3. Concurrent Business

- (1) Real Estate Brokerage
Advisory and support services for customers in need of a sale or an acquisition of real estate.
- (2) Real Estate Consulting
Consulting services on corporate real estate (CRE) strategy planning and others for companies with real estate assets.
- (3) Real Estate Appraisal
Real estate appraisal services for customers with assessment needs.
- (4) Real Estate Asset Management
Investment advisory services at all stages of real estate asset management.

4. Registered Financial Institution Business

- (1) Financial instrument intermediary services
Provision of structured bonds and other securities
- (2) Sale and Purchase, etc. of Beneficial Interests in Real Estate Trusts
Brokerage services for sales or purchases of beneficial interests in real estate trusts, and dealing in private placement funds, etc.
- (3) Handling of public offering or private placement of beneficiary certificates of mutual funds
Over-the-counter sales of mutual funds to individual investors and direct sales of mutual funds to qualified institutional investors as Trustee.
- (4) Administration of Securities, etc.
Administration of beneficiary certificates of mutual funds and other securities within our office or through an external depository.

5. Bank Agency Service

- (1) Bank Agency Service
Following services provided by SMBC on behalf of SMBC Trust Bank:
Acting as an intermediary for conclusion of contracts on acceptance of deposits or installment savings with us; acting as an intermediary for conclusion of contracts on loans of our funds, and; acting as an intermediary for contracts on exchange transactions by us.

6. Trust Agency

- (1) Trust Agency Business
SMBC provides intermediary services to us for conclusion of trust agreements on our discretionary money trusts and business/asset succession trusts.

Introduction to Our Banking Business

We offer tailor-made total solutions using trust functions, etc. for high net-worth customers and conduct the retail banking business acquired from Citibank Japan on November 1, 2015 under the new brand, "PRESTIA."



Introduction to PRESTIA

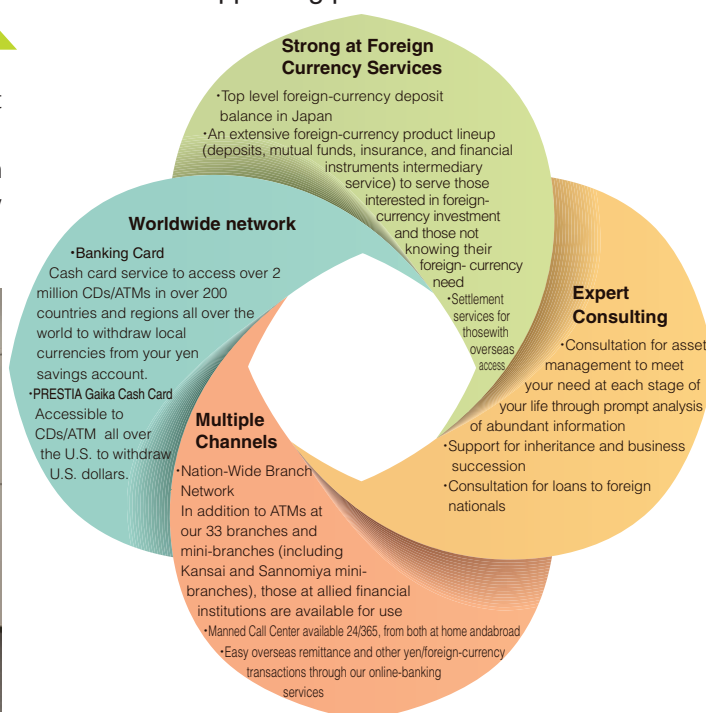
PRESTIA offers a wide range of products and services to meet customers' diversified needs. For example, our cash card services provide you with access to over 2 million CDs/ATMs in over 200 countries and regions all over the world, and foreign exchange transaction services, which we are a market leader. We also provide high quality financial market information and advice over the counter, telephone, and online, etc., and we have received good words from many customers for the services. For your transactions online, our One Time Password and Transaction Signing Code security services are available, and you can make transactions without security concerns. Depending on your transaction volume and account balance, preferential treatment in account maintenance fee, ATM usage charge, and asset management consultation by designated bankers is also available.

Global Branch: Offering all types of banking services in a stress-free manner to foreign customers.

In order to enhance our services to foreign customers living in Japan, SMBC Trust operates the Akasaka and Hiroo Branches as "global branches". SMBC Trust has made various brochures and product descriptions available in English and also provides consulting services for our products and services in English, to ensure that customers who wish to transact in English can use our banking services comfortably.

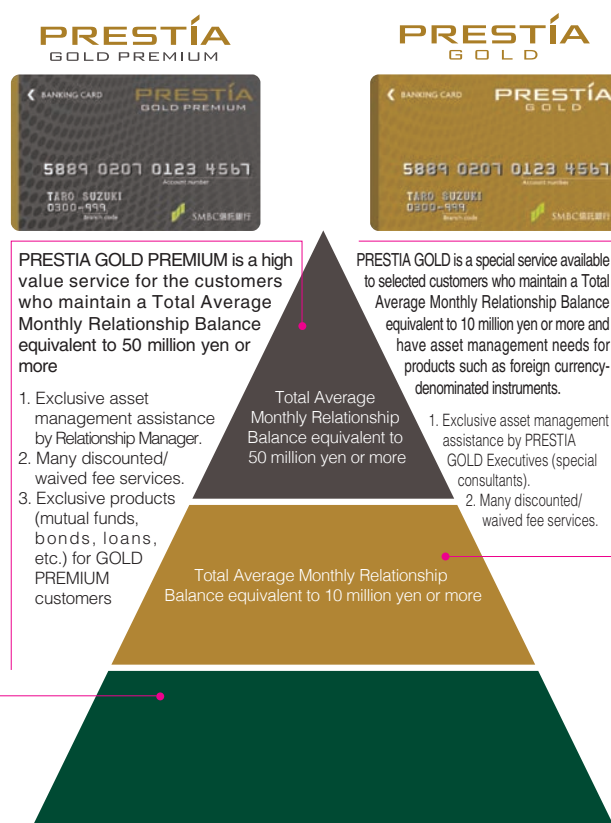


PRESTIA's appealing point

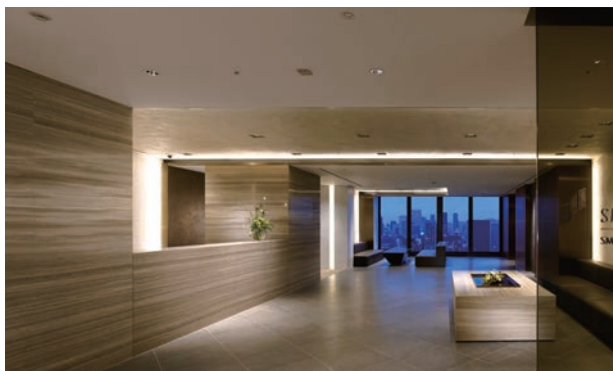


Exclusive Services for Special Customers

We have PRESTIA GOLD and PRESTIA GOLD PREMIUM programs to offer the members preferential fees based on their Total Average Monthly Relationship Balance and other preferential services including asset management consultation by our special consultants.



Introduction to Private Banking



Head office 19F reception

We offer private banking services to provide tailor-made solutions to diversified needs of high net worth and other individual customers, using our trust and other functions.

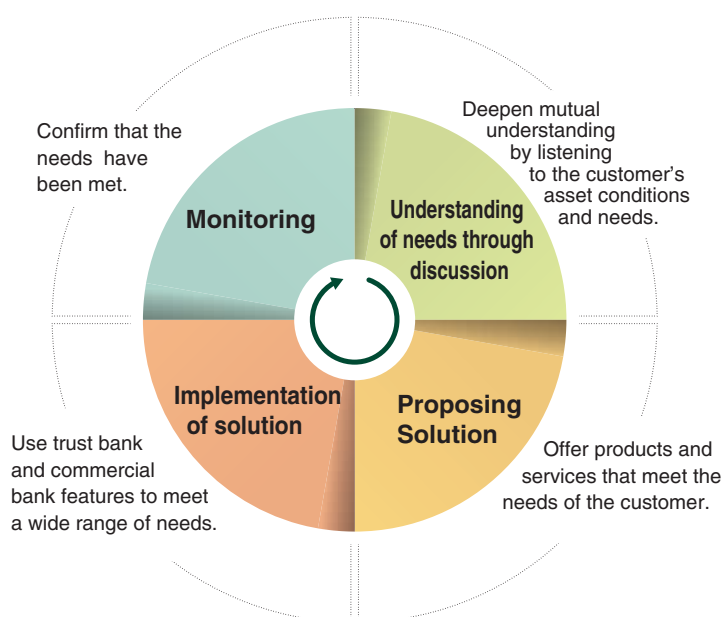
Since its establishment, Private Banking has been offering trust-based total solutions for asset and business succession and real estate services covering multiple generations including customers' family members, as well as tailor-made investment products.

Our private bankers are committed to putting customers first and providing the best financial products for them by customizing financial services in cooperation with our dedicated fund-management team to meet the needs of customers.

Private Banking Philosophy

Our philosophy of private-banking services stresses tailor-made solutions to provide customers with from a long-term point of view by accurately understanding their needs.

▼ Wealth Management Process and features



Key Features of Our Private Banking

1. Building a sustaining relationship of trust
Your dedicated private banker acts as the concierge of your precious assets.
2. Support for the investments, administration, and protection of your precious assets through trust functions
We offer trust solutions in accordance with the stages of your life cycle.
3. Providing speedy and comprehensive solutions through collaboration between other SMBC Group companies

SMBC Trust conducts its business activities by capitalizing on the network and creditworthiness of the SMBC Group, which is one of the leading financial groups in Japan.



Major financial products line up

Lineup of Foreign Currency Deposit Products

Savings Deposits

- Prestia Multi Money Foreign Currency Savings Deposits
- Prestia US dollar Savings Deposit for US dollar cash card

Time Deposit

- Foreign Currency Time Deposit
- Step Up Time Deposit

Structured Deposit

- Premium Deposit
<Structured Deposit with FX Option>

Foreign Exchange transaction

- Order Watch <Foreign exchange order service>
- Cross Currency <Foreign Currency exchange between foreign currencies>

Investment Trust

SMBC Trust has carefully selected investment trusts from around the world that can be managed in U.S. dollars, Euros, and Australian dollars.

Financial Instruments Intermediary Service

SMBC Trust partners with SMBC Nikko Securities and act as an intermediary for the trading of foreign currency bonds and other products. In addition, SMBC Trust sets up intermediary accounts (both private and corporate) for SMBC Nikko Securities' financial instruments.

Lineup of Yen Deposit Products

Savings Deposits

- Yen Savings
- PRESTIA MultiMoney Yen Savings

Time Deposits

- Super Teiki (Deregulated Interest Rate Time Deposit - M Type)
- Oguchi Teiki (Deregulated Interest Rate Time Deposit)

Insurance

SMBC Trust offers product lines that meet a variety of needs, such as funds for supplementing pension, death benefit protection, inheritance, and lifetime gifting.

Loans & Mortgages

- Housing Loan / Investment Property Loan
- PRESTIA MultiMoney Credit (Overdraft secured by deposit)

Credit Cards

- PRESTIA Visa GOLD CARD
- PRESTIA Visa PLATINUM CARD



In the Future

In response to the external environment characterized by prolonged low interest rates and growing needs for foreign-currency assets, diversified international investments, and asset and business succession, SMBC Trust Bank has been working on the reinforcement of a wide-ranging product and service offering.

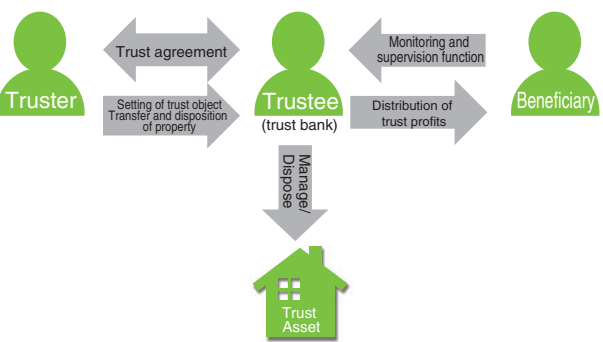
We aim at becoming a trust bank that can provide solutions beyond the customers' expectations by taking seriously their needs deriving from their family structure, assets, and business environments, etc., and by deepening the collaboration and cooperation with the companies of the SMBC Group.

Introduction to Our Trust Business

What is a Trust?

A "trust" is an agreement that a person who has assets/property, such as financial instruments and real estate, concludes as the Truster with a credible trustee to have the trustee manage the assets (trust assets/property). In the agreement, the Truster and the trustee agree on how to manage the assets, and to whom the assets pass. Based on the agreement, the trustee manages the assets in the trustee's name and the income arising from the assets is distributed in accordance with the agreement.

When a Truster transfers assets into a trust, a beneficial interest (right) is created and those with the interest, called the beneficiary receives the income from the assets. The beneficiary is, thus, practically the asset holder. Beneficial interests can be divided or assigned, and because trust assets would be protected even if the trustee went bankrupt, they would not be affected by seizure, etc.



Difference between a Trust Bank and a Bank

In addition to the "banking operations" that banks are allowed to undertake, trust banks can conduct the "trust operations" such as money or securities trusts, and "concurrent operations" related to administration and disposal of property, such as real estate brokerage.

Banking operations	Trust operations	
	Trust operations	Concurrent operations
Taking deposits	Money trusts	Real estate brokerage
Making loans	Securities trusts	Real estate consulting
Processing foreign exchange transactions	Living trusts	Real estate appraisal
...etc.	...etc.	...etc.

Our Products and Services

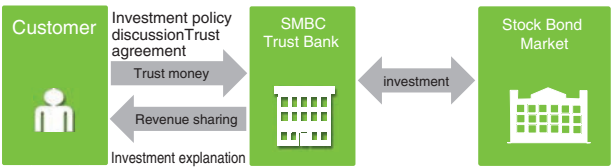
For Retail Customers

Asset Management

Discretionary/Non-Discretionary Trusts

We offer comprehensive asset management solutions to meet customers' investment needs. Asset management utilizing trust functions is an optimal way of asset management for those who have a broad range of assets but little time to care for them.

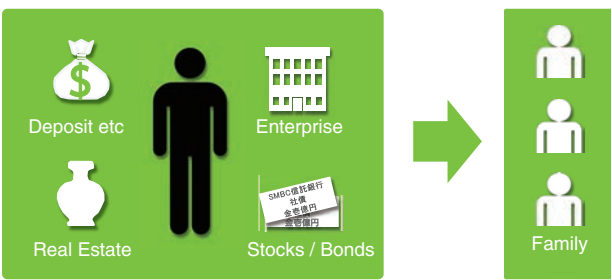
Structure of Discretionary Trusts



Asset Succession, Business Succession

Living trusts / Successive beneficiary trusts

We will support smooth succession of assets or businesses by offering solutions that best suit customers' needs that a will cannot meet.



Asset Administration & Protection

Securities Administration Trusts

We are committed to the secure administration and long-term protection of customers' valuable assets in accordance with their goals and requirements. The use of trusts for these purposes could be the optimal option for those who have a broad range of assets but little time to care for them. Assets in our trust are administered in our name and, thus, their privacy is protected. In addition, trust assets are kept separate from the corporate assets of SMBC Trust Bank, and a statement describing the state of their assets and account activities is sent to them regularly.

Asset Purchases

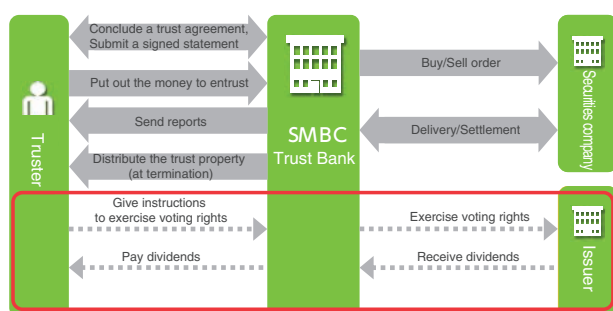
●Securities Administration Trust

We have a wide range of asset purchase solutions that can assist our customers with asset administration and succession planning at various stages of their lifecycle. For example, if you or a member of your family owns a publicly-traded company, the shares of the company are an important component of your assets. When purchasing such shares, however, you should be aware that your transaction may be scrutinized for or arouse suspicion about a possible violation of insider trading or market manipulation regulations. To mitigate these risks, we would advise you to use a securities purchase trust and let us buy such shares at our own discretion for you.

Asset Sales

●Securities Disposal Trusts

We have a wide range of asset disposal solutions that can assist our customers with asset administration or succession planning at various stages of their lifecycle. For example, if you or a member of your family owns a publicly-traded company, the shares of the company are an important component of your assets. When selling such shares, however, you should be aware that your transaction may be scrutinized for or arouse suspicion about a possible violation of insider trading or market manipulation regulations. To reduce these risks, we would advise you to use a securities disposal trust and let us sell such shares at our own discretion for you.



For Corporate Customers

Asset Administration and Protection

●Securities Administration Trusts

We administer in our name securities such as stocks and bonds that corporate customers own. We receive dividends and principals/interests on their behalf and distribute them to the corresponding customers. We also exercise their voting rights in accordance with their instructions.

●Securities Investment Trusts

A securities investment trust is a financial product where investors' moneys are pooled together and invested primarily in marketable securities by the professional fund manager of an investment trust management company. Earnings and other payouts from the investments are distributed to the investors.

●Clearing Trusts

We administer the margin money for foreign-exchange margin trading, etc. deposited with the settlor by its customers, as the trust assets for the protection of the money and the customers as well as for the legal compliance.

Asset Purchases

●Securities Acquisition Trusts

We offer various asset purchase solutions to meet customers' needs. For example, when a publicly-traded company buys back its own stock in the marketplace, they should pay close attention to the risk of infringing insider trading and market manipulation regulations or of causing such doubts. As a way to reduce such risks, we would propose to use a securities acquisition trust and let us buy the shares at our own discretion.

Asset Sales

●Securities Disposal Trusts

We offer various asset disposal solutions to meet customers' needs. For example, when selling a publicly-traded stock in the market place, extra attention should be paid to the risk of infringing insider trading and market manipulation regulations or of causing such doubts. As a method to mitigate such risks, we would propose to use a securities disposal trust and let us sell the shares at our own discretion.

Monetary Claims Trusts, etc.

We provide solutions for corporate financing and collateral management.

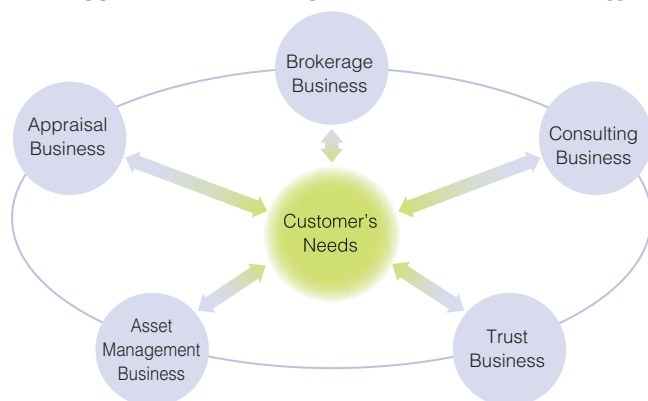
Trust & Debt Assumption

We provide solutions for corporate financial improvement.

Introduction to our Real Estate

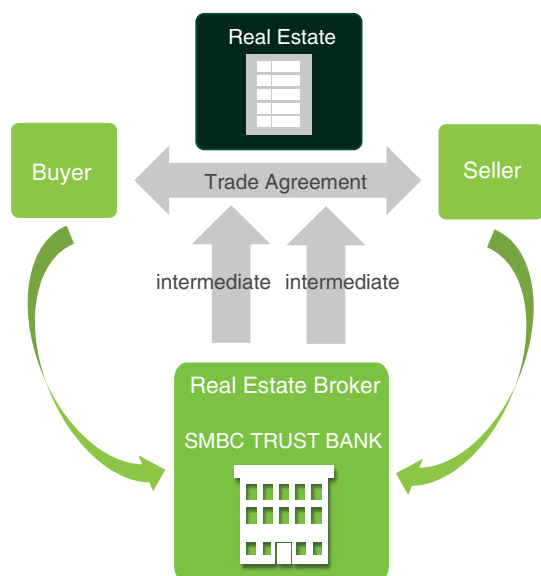
We provide a wide variety of services to meet customers' real estate related needs, such as brokerage services, consulting services and appraisal services.

▼ Support Customer's Optimal Real Estate Strategy



Brokerage Business

We provide comprehensive support to meet the needs of corporate customers and high net worth individual customers for large real estate deals.

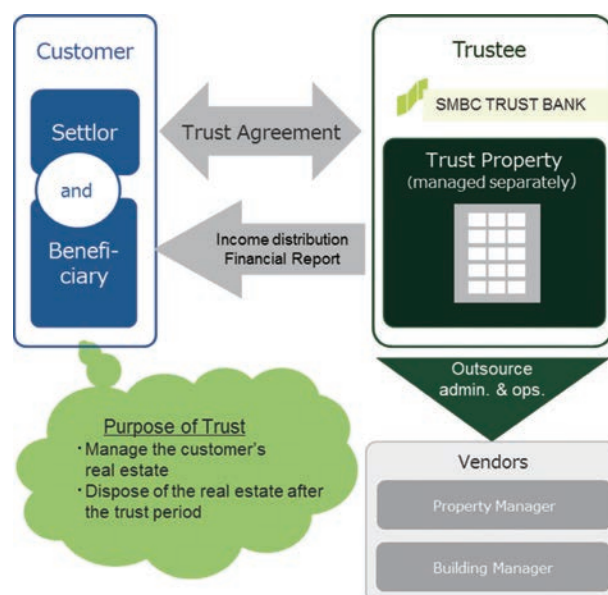


Consulting

To customers owning property, SMBC Trust provides not only research and analysis services from the perspective of enhancing corporate value but also responds to a wide range of other consulting needs in consideration of customers' financial strategies.

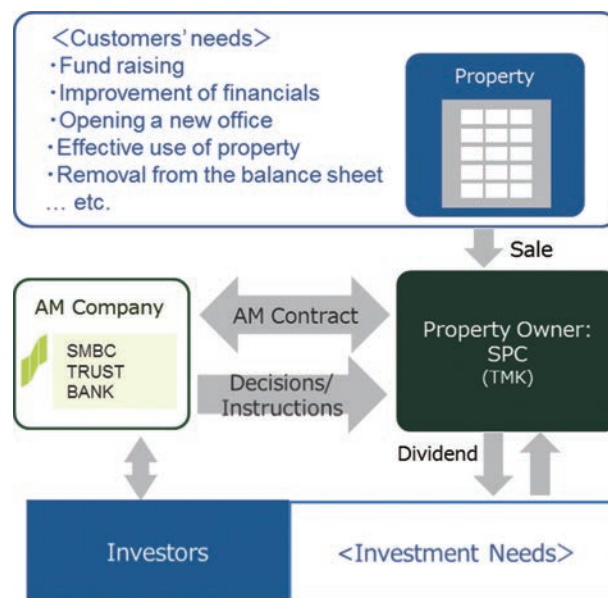
Trust Business

We provide trust services to customers who own real estate assets.



Real Estate Asset Management (AM)

We provide services to the customers wishing to invest in real estate. Our services cover investment decisions and advisory services at all steps, including acquisition, management during the holding period, and exit.



Real Estate Appraisal

Our specialized real estate appraisers give high-quality appraisals.

Major Initiatives of Fiscal 2017

Publication of “basic policy for Customer-Oriented Business Conduct”

On June 30, 2017, the Retail Business Unit of the SMBC Group (“SMBC Retail”) formulated its basic policy for customer-orientated business conduct.

▼ Policy

- 1 Make customer-oriented investment proposals based on medium to long-term diversification
- 2 Provide a customer-oriented product lineup
- 3 Enhance customer-oriented after-sale services
- 4 Establish a customer-oriented performance evaluation system
- 5 Improve consulting skills

SMBC Retail supports a wide range of needs of customers by making the best use of distinctive features of Group companies.



Mutual Funds

We started distribution of Global Core Equity Fund in USD/JPY in June 2017. This fund is designed to be used as a core asset of our clients, given a growing risk-on attitude among investors that has been continuing since the 2015 U.S. presidential election.

Due to popular demand under the circumstances of geopolitical risks that still remain, we have added the Australian dollar to a foreign currency-denominated Target Setting at Maturity Fund, and started offering, along with a re-offering with the U.S. dollar-denominated fund in September 2017 and February 2018.

We intend to further expand our product lineup to meet the varying needs of clients.

Furthermore, from May 2018, SMBC Trust has initiated a foreign currency denominated investment trust service, which enables customers to manage their own assets and transfer these assets as investment trusts to the predesignated family members in the event of inheritance.

Advertisements with Mr. PRESTIA appointed at the airport and major stations

“Mr. PRESTIA,” our marketing character, was born in March 2017 to promote brand awareness of PRESTIA as an expert in foreign currency. Since last October, Mr. PRESTIA has been featured in our transit and out-of-home (OOH) advertising placed in major airports and train stations to disseminate the advantages of our International Cash Card. He also appears in in-flight/train video advertising, and increasingly so in advertising at our branches. We will continue to run effective advertising campaigns to make frequent overseas travelers feel close to the brand.



Upper Picture : Narita Airport
Lower Picture : Shinagawa Station

Foreign Currency Deposit

In order to serve more customers interested in foreign currencies and reduce the market-timing risk by spreading out the investments over time, we launched “Foreign Currency Installment Deposit Service” in July 2017. This is a service where SMBC Trust bank debits the amount of your choice from your Yen savings account, converts it to a foreign currency once a month. We offer 10 currencies to convert to and the minimum amount is 10 thousand yen per conversion. With the launch of the service, we ran a campaign until the end of December 2017, offering a refund of foreign exchange commissions, a waiver of account maintenance fees, and credit card points from Sumitomo Mitsui Card Co., Ltd. if applying for an affiliated credit card with the deposit service. This service has given many customers an opportunity to hold a foreign currency for the first time in line with the emphasis we have been placing on: the importance of having deposits or other assets in foreign currency.

Advertising character "Pakkun" appointed for Free Foreign Exchange Commission from Yen to Foreign Currency campaign

American-born personality Patrick Harlan (also known as “Pakkun”) was featured in our advertising for the “Free Foreign Exchange Commission from Yen to Foreign Currency” campaign. “Pakkun,” who has both global competence and intelligence of value to give, and also has investment experience, is more than qualified to send out educational messages on holding assets in foreign currency from a “third-party” perspective. Last October, he joined in one of our seminars as a panelist and won favorable recognition from participants.

Since last November, we have been sponsoring YEN Tame!, a TV program broadcast on Nikkei CNBC. The program is designed to give an easy-to-understand introduction to foreign exchange markets. PRESTIA is committed to advocating the benefits and the importance of holding assets in foreign currency.



Smart phone Account Opening System

We launched a smartphone-based account opening system on July 24, 2017. Now you can use a tablet and a smartphone to open an account with us in addition to a personal computer, the only online device previously possible.

Going forward, we aim to provide our customers with easier and speedier online account-opening experience by improving the screen forms and the entire process based on customers' opinions.



Customer Events

We regularly plan and hold a wide variety of events for customers. In addition to inviting them to classical music concerts, the theater and other occasions they may be interested in, we also offer highly original events unique to us.

Since 2014, we have held a concert and reception series titled “Music and Wine Night,” to which we invite up-and-coming young musicians to perform. The event, held annually, not only provides a level of entertainment appropriate for our high net worth customers who have a strong interest in art, but also supports the activities of young musicians.

Since 2017, we have also put together joint events with companies of the SMBC Group, take advantage of the unique strengths of the Group.

We consider the arts, culture, sports and other areas of endeavor to represent an important point of contact with our high net worth customers, and we will continue working to offer a variety of events that fully satisfy the interests of those customers who attend.



PRESTIA Phone Banking Granted 3 Stars for Two Consecutive Years

SMBC Trust Bank's call center, "PRESTIA Phone Banking," has been granted the highest rating of 3 Stars in HDI Benchmarking hosted by HDI-Japan, the Japan chapter of the world's largest membership organization in IT support service industry, HDI.

In addition to winning "3 Stars Quality Service" rating for two consecutive years, PRESTIA Phone Banking was also granted "3 Stars Customer Service" rating this year.

PRESTIA Call Center received the highest-level evaluation comments in the industry such as: "They have a positive attitude of trying to provide services tailored to every customer, and their servicing team has earned full marks by all evaluators" and "Their explanations are clear-cut and meet customer needs in appropriate and prompt manner."



SMBC Starts Trust Agency Services for SMBC Trust Bank

As part of the collaboration with SMBC to expand our customer base, SMBC launched a trust agency business in June 2017. With an agency license, SMBC staff members can act as agent for SMBC Trust Bank, and explain our unique trust products without the presence of our staff. In the future, we will continue to offer highly value-added trust products to a large number of customers as a member of SMBC Group.

Art Trusts

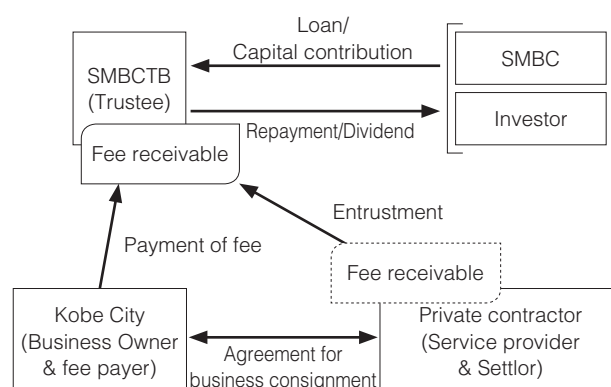
With the Agency for Cultural Affairs developing an action plan to implement by 2020, Japan is moving toward using its cultural assets as resources for regional revitalization and tourism promotion. SMBC and SMBC Trust Bank, aiming at supporting the art industry, has started working on artwork-related business development. The Art Trust, our first art-related product launched, is to offer settlors optimum trust services concerning succession, inheritance, administration, safekeeping, leasing, and sale of artworks.

Provide Trust Functions for Kobe City's Social Impact Bond (SIB) Program

With the intent of Sumitomo Mitsui Financial Group to provide support with the development of social impact bonds (SIBs), which support social programs through a kind of public-private partnership, we provide bankruptcy remote and property management functions as a trust bank. In the Kobe City's SIB program, we took on essential roles of administering fee receivables entrusted by the private service provider, and paying dividends to investors, etc.

As the first SIB in Japan, this program receives much attention from other government agencies trying to solve social problems.

We will continue to contribute to society by providing trust functions as a member of the financial group.



Topics

Regional Revitalization Initiatives

Utilizing our Trust and Asset Management function, SMBC Trust Bank is engaged in regional vitalization, such as supporting the development and management of aquariums.

We will continue to strive to meet our customers' various needs with "speed and challenge (fighting spirit)".

Collaboration with Foreign Banks

We collaborate with foreign banks to enhance our services and respond to diversified demands of customers by offering unique products and services that differentiate us from other financial institutions.

Bank of Hawaii

We concluded a collaboration agreement with Bank of Hawaii (BOH), one of the largest banks based in Hawaii, and started a preferential fee treatment for overseas remittances to BOH and mutual introduction of bankers from June 1, 2018. For high net worth customers, we will consider joint development of products and services that use each other's strengths, such as support for asset succession in Hawaii.

Bank of Singapore

Under the Memorandum of Understanding we concluded with Bank of Singapore, a private bank operating mainly in Asia and the Middle East, we will work on joint development of products and services for high net worth customers.

Foreign Exchange Counters: PRESTIA EXCHANGE

We took over the operations of SMBC's currency exchange counters for individuals, and reopened them under the brand name "PRESTIA EXCHANGE" on Sunday, April 1, 2018.

PRESTIA EXCHANGE has 23 stores nationwide mainly at airports and terminal train stations, and are open after 3 p.m. on weekdays and also open on Saturdays, Sundays, and national holidays. Many currencies are available for exchange in cash at PRESTIA EXCHANGE, which has met with a favorable reception from customers.



Shinjuku Foreign Exchange Center

PRESTIA
EXCHANGE

Currency exchange locations

- 1 Yurakucho Mullion Foreign Exchange Counter
2-5-1 Yurakucho, Chiyoda-ku, Tokyo
- 2 Akihabara Foreign Exchange Counter
1-6-5 Kanda-Sakumacho, Chiyoda-ku, Tokyo
- 3 Ginza Foreign Exchange Counter
6-10-1 Ginza, Chuo-ku, Tokyo
- 4 Roppongi Foreign Exchange Counter
6-1-21 Roppongi, Minato-ku, Tokyo
- 5 Asakusa Foreign Exchange Counter
2-17-12 Kaminarimon, Taito-ku, Tokyo
- 6 Haneda Airport Foreign Exchange Counter
2-6-5 Haneda Airport, Ota-ku, Tokyo
- 7 Shibuya Foreign Exchange Counter
28-4 Udagawacho, Shibuya-ku, Tokyo
- 8 Futako-Tamagawa Foreign Exchange Counter
2-24-9 Futako-Tamagawa, Setagaya-ku, Tokyo
- 9 Shinjuku Foreign Exchange Counter
3-24-1 Shinjuku, Shinjuku-ku, Tokyo
- 10 Shinjuku Nishiguchi Foreign Exchange Counter
1-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
- 11 Ikebukuro Foreign Exchange Counter
2-27-9 Minami-Ikebukuro, Toshima-ku, Tokyo
- 12 Machida Foreign Exchange Counter
6-12-1 Haramachida, Machida-shi, Tokyo
- 13 Yokohama Foreign Exchange Counter
1-12-7 Minami-saiwai, Nishi-ku, Yokohama-shi, Kanagawa
- 14 Narita International Airport Foreign Exchange Counter
1-1 Aza-Goryobokujo, Sanrizuka, Narita-shi, Chiba
- 15 Narita International Airport No.2 Foreign Exchange Counter
1-1 Aza-Furugome, Furugome, Narita-shi, Chiba
- 16 Nagoya Midland Square Foreign Exchange Counter
4-7-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi
- 17 Umeda Foreign Exchange Counter
1-1-3 Shibata, Kita-ku, Osaka-shi, Osaka
- 18 Namba Foreign Exchange Counter
5-1-60 Namba, Chuo-ku, Osaka-shi, Osaka
- 19 Kansai International Airport No.1 Foreign Exchange Counter
1 Sensyu-Kuko-Naka, Tajiri-cho, Sennan-gun, Osaka
- 20 Kansai International Airport No.2 Foreign Exchange Counter
14 Sensyu-Kuko-Naka, Tajiri-cho, Sennan-gun, Osaka
- 21 Kansai International Airport No.3 Foreign Exchange Counter
14 Sensyu-Kuko-Naka, Tajiri-cho, Sennan-gun, Osaka
- 22 Shijo Foreign Exchange Counter
68 Kawaramachi-Higashiru-Shincho, Shijo-dori, Shimogyo-ku, Kyoto-shi, Kyoto
- 23 Sannomiya Foreign Exchange Counter
1-5-1 Sannomiyacho, Chuo-ku, Kobe-shi, Hyogo

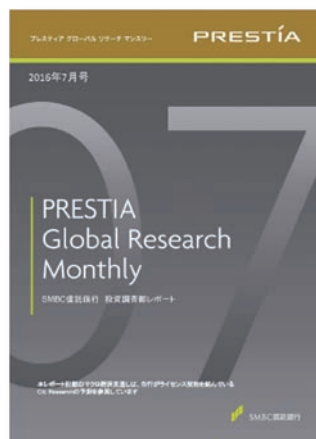
Holding Seminars and Media Appearances

The Investment Research Department analyzes the global economy and financial markets, and provides unbiased views on them to our retail customers.

Market Reports

We offer the latest market information through a number of reports including PRESTIA Global Research Monthly, Weekly Market Report, and Daily Market Report.

And every business day, we send PRESTIA Insight, a concise analyst comment for a hot topic on financial markets, to the registered email addresses of our customers.



Seminars

We hold a variety of seminars and our analysts share their views on economic and financial markets, investment environments, and market outlook in an easy-to-understand manner so that we can satisfy many customers from beginners to experienced investors.

The seminars are held at our branch offices in a home-like atmosphere or a hotel that can accommodate many more customers. We sometimes hold seminars for customers of SMBC. In addition, our analysts visit some customers and explain investment environments and market prospects face to face.



Media Appearances

Our analysts, mainly senior analysts, often appear in the media, and provide currency and other market information.



Masahiro Yamaguchi
Head of Investment Research Department
Senior market analyst

【Fiscal Year 2017 Appearances】

● TV Programs

“Morning Satellite News” (TV Tokyo), “Keizai Frontline” (NHK BS1), “Morning Express”, “Afternoon Express”, “Wrap Today”, and “YEN Tame” (Nikkei CNBC), “Biz Street” (Tokyo Broadcasting System Television (TBS)), “Hodokyoku” (Fuji Television Network), “STOCKVOICE” (Tokyo MX2), etc.



● Newspapers and Wire Services

JIJI PRESS, Nihon Keizai Shimbun (the Nikkei newspaper), Nikkei QUICK, Bloomberg, Reuters, Yomiuri Shimbun, etc.

Business Overview

The following are an overview of SMBC Trust's business activities in the fiscal year ended March 31, 2018.

Economic and Financial Environment

Having reviewed the Japanese economy in the current year, the annualized quarter-on-quarter growth rate of the real Gross Domestic Product ("GDP") for both the period from April to June 2017 and the period from July to September demonstrated a high growth of 2.4% due to strong exports supported by global economic recovery. While the growth rate was down to 1.6% for the period from October to December 2017, this was the eighth consecutive quarter of positive growth since 1986 to 1989, contributed by steady private consumption as corporate performance improved.

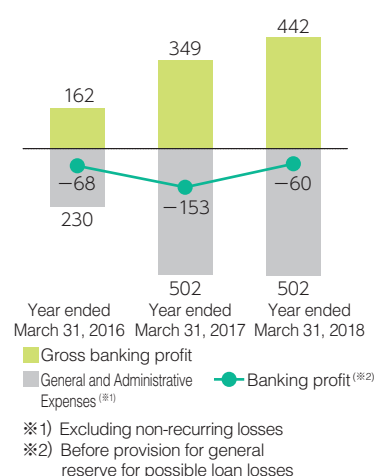
With regard to prices, the Consumer Price Index (core CPI) in February 2018, excluding fresh food, rose to 1% year-on-year for the first time since 2015 when the consumption tax hike affected the prices. In the period from July to September 2017, all four indicators used by the government as an indicator for overcoming deflation (i.e. core CPI, GDP deflator, unit labor costs, and supply-demand gap) recorded a year-on-year increase for the first time in 25 years.

As to the domestic stock market, the Nikkei Stock Average recovered from the range of ¥18,000-18,500 to reach the ¥20,000 level during the period from the second half of April to early May 2017, due to diminishing concerns over the situation in North Korea and the political instability in Europe. Subsequently, from the end of September to the end of the year, stock prices rose sharply to around ¥23,000, recording a record high of 16 consecutive rises against the backdrop of, among other things, high stock prices globally and growth of Japanese corporate earnings. Stock prices continued to rise this year to exceed ¥24,000 in late January, which was the highest price in 26 years. Then, stock prices sharply fell to around ¥21,000 due to plunging U.S. stock prices in early February and other factors. Recovery of stock prices was sluggish because of uncertainty in the political administration and protectionist trade policies of the U.S., combined with the appreciation of yen to ¥105 level to U.S. dollar and other factors. As a result, the direction of stock prices was uncertain, ranging from ¥21,000 to ¥22,000.

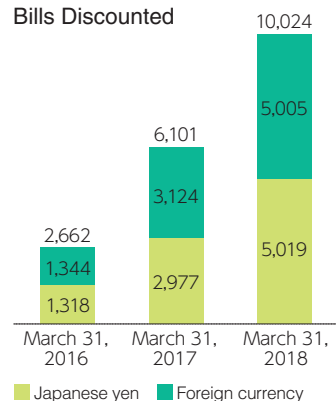
In the domestic bond market, ultra-low interest rates continued to prevail, primarily ranging from 0.0% to 0.1%. In July 2017 and February 2018 when interest rates exceeded 0.1%, the Bank of Japan ("BOJ") executed an operation to purchase an unlimited amount of JGBs at fixed rates, thereby restraining the rise in long-term interest rates. On the other hand, as JGB purchases were gradually reduced in line with a decline in the amount of outstanding JGBs in the market, downward pressure on long-term interest rates was alleviated, and hence there was hardly any market situation where interest rates changes to negative rates.

In the foreign exchange market, U.S. dollar appreciated from the ¥108.0-108.4 level to the ¥114.0-114.4 level as political concerns diminished since the French presidential election in April 2017. Publication of weak U.S. economic indicators and other factors drove down U.S. dollar to the ¥108.5-108.9 yen level in mid-June. However, from summer to early autumn, U.S. dollar increased to around the middle of the ¥114 yen level against the backdrop of rising stock prices in major countries and strong U.S. economy. Subsequently, U.S. dollar was pushed back to the ¥107.0-107.4 level, affected by an increasingly

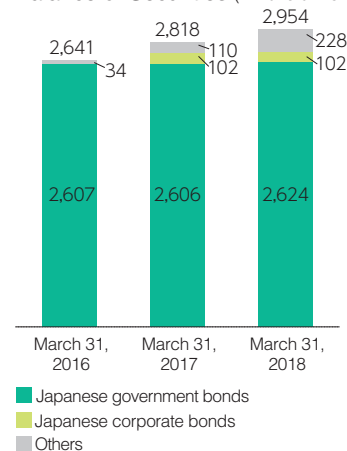
Income Analysis (Billions of Yen)

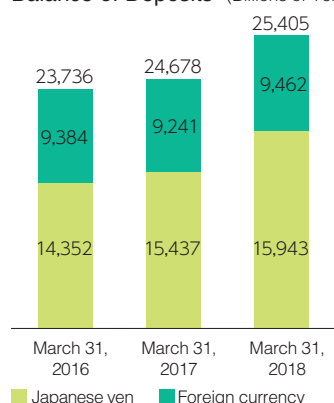
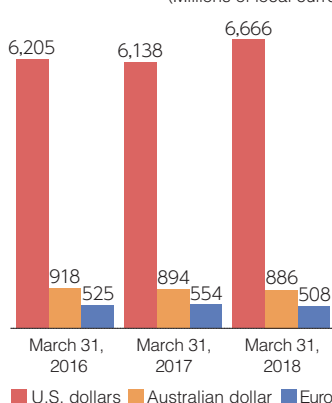
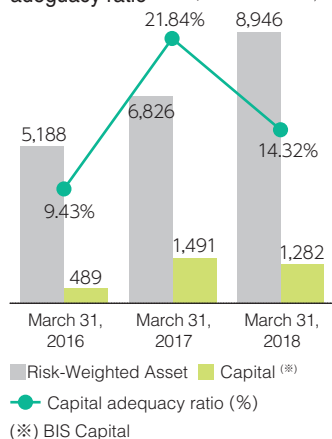


Balance of Loans and Bills Discounted (Billions of Yen)



Balance of Securities (Billions of Yen)



Balance of Deposits (Billions of Yen)**Balance of Deposits by currency**
(Millions of local currency)**Capital/Risk-weighted Asset/Capital adequacy ratio**
(Billions of Yen, %)

tensed situation in North Korea and other factors. In early November, however, U.S. dollar increased to the ¥114.5-114.9 level due to growing expectations toward interest rate hikes and realization of tax reforms in the U.S. However, U.S. dollar temporarily depreciated to the ¥104.5-104.9 level and was in the first half of the ¥106 level at the end of the current fiscal year due to, among other things, expectations that the BOJ would downscale its monetary easing policy, concerns over the fiscal deficit in the U.S., and concerns over a sharp drop in stock prices and intensifying trade friction caused by U.S. employment statistics.

Operating Results and Financial Position

Profits and losses

Gross banking profit increased by ¥9.3 billion year-on-year to ¥44.2 billion primarily due to an increase in interest on loans and discounts arising from increased overseas lending transactions mainly in the Americas as well as strong sales of investment trusts. On the other hand, general and administrative expenses (excluding non-recurring losses) maintained the same level at ¥50.2 billion as expenditure aiming for top-line growth was offset by promotion of cost reduction measures. As a result, banking profit for the fiscal year ended March 31, 2018 improved by ¥9.3 billion from the previous fiscal year to -¥6.0 billion.

Loans and bills discounted

The balance of loans and bills discounted increased by ¥392.3 billion from the previous fiscal year end to ¥1,002.4 billion due to an increase in overseas lending transactions denominated in foreign currencies mainly in the Americas and other factors.

Securities

Securities increased by ¥13.6 billion from the previous fiscal year end to ¥295.4 billion, consisting of ¥262.4 billion of government bonds, ¥10.2 billion of bonds and ¥22.8 billion of other securities.

Deposits

Deposits increased by ¥72.7 billion from the previous fiscal year end to ¥2,540.5 billion as both foreign currency deposits and Japanese yen deposits increased.

Capital adequacy ratio

Stockholders' equity decreased by ¥20.9 billion from the previous fiscal year end to ¥128.2 billion, while risk-weighted assets increased by ¥212.0 billion from the previous fiscal year end to ¥894.6 billion primarily due to the accumulation of overseas loans.

As a result of the decrease in stockholders' equity and an increase in risk-weighted assets, the capital adequacy ratio decreased by 7.52% from the previous fiscal year end to 14.32%.

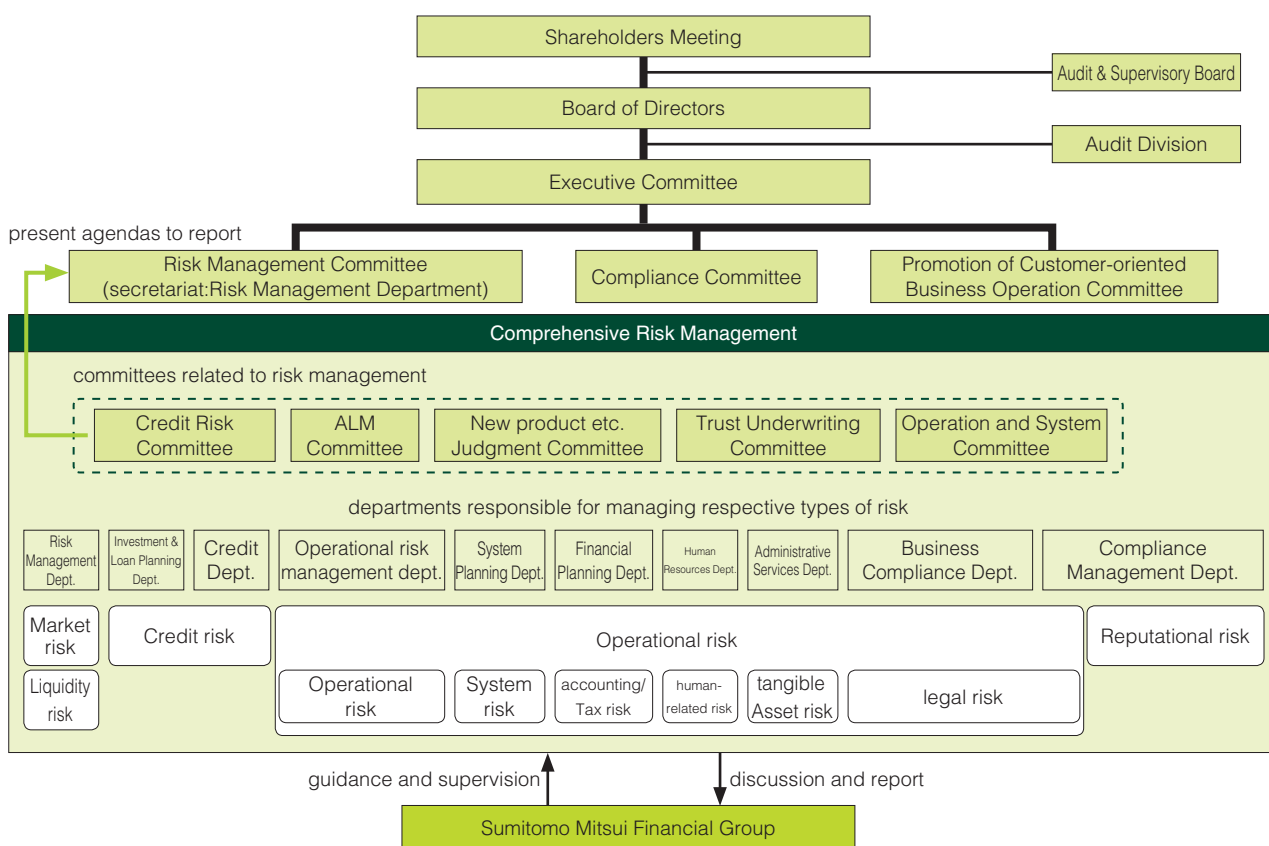
Risk Management System

Overview of the Risk Management System

As a trust bank of SMBC Group providing deposit and loan services and a variety of financial instruments and services, SMBC Trust recognizes that risk management is one of the most important managerial challenges. As risks associated with business activities are becoming increasingly diverse and complex, SMBC Trust has developed the Comprehensive Risk Management Basic Policy which sets forth basic matters pertaining to risk management and established the Risk Management Committee, chaired by the officer responsible for the Risk Management Unit, as a sub-committee of the Executive Committee, in order to capture and manage different risks in an integrated manner. The Risk Management Department serves as a secretariat of the Risk Management Committee.

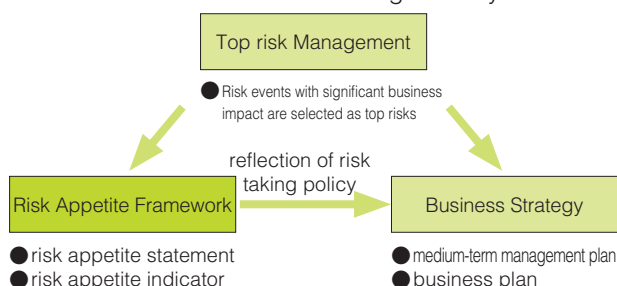
The Risk Management Committee is tasked with identifying the status of comprehensive risk management, discussing necessary measures, and regularly reporting to the Executive Committee. The Board of Directors oversees the operation of the Risk Management Committee while the Audit Unit independently verifies the effectiveness and appropriateness of the overall risk management system on an ongoing basis.

With respect to major risks such as credit risk, market risk, liquidity risk, and operational risk, each risk management department has developed written policies and procedures for the risks over which the department has responsibility. The Executive Committee has established sub-committees related to risk management such as the Credit Risk Committee and the ALM Committee which are tasked with discussing important matters pertaining to management of respective risks and presenting agendas and reporting to the Risk Management Committee and the Executive Committee.



Risk Appetite Framework

The Risk Appetite Framework (“RAF”) is a business and risk management framework which clarifies the types and levels of risks that SMBC Trust is willing to take on or are prepared to tolerate in order to grow profits based on an appropriate understanding of its environment and the inherent risks (risk appetite), and reflects them to its business strategy. From 2018, SMBC Trust has started to use the RAF in conducting its business operations to enhance its business and risk management systems.



Risk Capital Management

SMBC Trust has implemented a risk capital management system as part of its comprehensive risk management activities. The purpose of risk capital management is to maintain capital adequacy by quantifying risk exposure to be managed based on capital, setting upper limits for the risk exposure for each risk area, and managing risks within that upper limit. SMBC Trust's basic framework is to: (a) determine the upper limits for risk capital by taking into account sufficient buffers that stably exceed the regulatory minimum capital adequacy ratio; (b) quantify, as risk capital, risk exposures associated with credit risk, equity risk, market risk, and operational risk based on the characteristics of each risk, and to manage maximum risk capital for necessary risk areas; and (c) allocate risk capital to necessary units and departments in an appropriate and effective manner within the upper limits of risk capital in accordance with guidelines established.

Systems for Managing Major Risks

SMBC Trust defines credit risk, market risk, liquidity risk, and operational risk as described below and appropriately manage these risks.

● Risks to be managed

Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.

Market Risk

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates or stock

prices will change the market value of financial products, leading to a loss.

Liquidity Risk

Liquidity risk is the risk that there may be difficulties in raising funds needed for settlements, as a result of the mismatching of uses of funds and sources of funds or unexpected outflows of funds, which may make it necessary to raise funds at higher rates than normal.

Operational Risk

Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events. It primarily includes processing risk, system risk, legal risk, accounting/tax risk, human-related risk and tangible asset risk.

Credit Risk Management

SMBC Trust has formulated the “Credit Policy” and the “Credit Risk Management Rules” which set forth basic principles pertaining to comprehensive management of credit risk as well as quantitative and ongoing identification and management of credit risk of individual credits and credit portfolios, and established and implements a credit risk management system according to these policies. From the perspective of preventing concentration risk, the “Rules on Management of the Large Exposures Framework” are established to enable risk-taking to the extent permissible relative to the level of capital.

Furthermore, the Credit Risk Committee has been established to discuss and consider various issues relating to credit risk and oversees credit risk activities, including self-assessment of assets, to increase the involvement by management.

Credit Risk Management System

The Investment & Loan Planning Department manages credit portfolios, plans and drafts operational policies, and seeks to realize a highly effective credit risk management system, and regularly reports to the Executive Committee, the Credit Risk Committee, and other bodies on the status of credit risk management. The Credit Department is responsible for reviewing individual loans and analyzing loans newly originated at an application stage and assessing the actual status of individual assets based on self-assessment standards on a periodic basis. The soundness of assets is ensured through verification of their appropriateness by the Credit Department and auditing by the Internal Audit Department.

Credit Risk Management Methods

To appropriately manage risks associated with individual loans as well as the credit portfolio as a whole, credit risk by each borrower and loan is appropriately assessed based on an internal rating system and quantified to quantitatively identify and manage credit risk. In addition to managing individual loans through analyzing loans at the application stage and obligor monitoring, SMBC Trust conducts following credit risk management activities in order to maintain and improve the soundness and profitability of its credit portfolios in the medium term.

● Risk-taking within the scope of capital

To keep the credit risk exposure to a permissible level relative to capital, SMBC Trust sets a credit risk capital limit for internal control purposes and sets a risk capital limit for units and departments where necessary, and monitors the status of compliance with such limits on a regular basis.

● Controlling concentration risk

As SMBC Trust' capital may be materially impaired in the event that the credit concentration risk becomes apparent, SMBC Trust applies a certain loan limit to individual obligors when issuing a loan so as to prevent excessive credit risk concentration on specific obligors and conducts periodic monitoring after loans are issued.

● Preventing and reducing non-performing loans

For non-performing loans, SMBC Trust develops a policy on addressing such loan and action plans through, among other things, regular loan reviews by the Credit Risk Committee and other bodies and seek to promptly implement measures to support for preventing deterioration of loans and improving loans to be the normal status, as well as to enhance loan recovery activities and loan security.

Management of Market and Liquidity Risks

With respect to management of market and liquidity risks, SMBC Trust has formulated the "Basic Policy on Management of Market and Liquidity Risks" and "Rules on Management of Market and Liquidity Risks" that set forth an operating system, management framework and methods and other matters pertaining to market and liquidity risks, and establishes and implements a market and liquidity risk management system. SMBC Trust's basic policy is to: (a) allow credit and market risk-taking to the extent necessary for implementing its business plan but prohibit from risk-taking that aims to earn profits from market fluctuations; and (b) set and manage limits in tolerating market and liquidity risks.

System for Managing Market and Liquidity Risks

The Executive Committee determines strategies, risk tolerance,

appetite, risk management policies, and other important matters relating to market and liquidity risks and the Board of Directors gives an approval to such matters. The ALM Committee determines ALM operation policies based on the above-mentioned important matters, and within the limits relating to market and liquidity risks, decided by the Executive Committee. The Risk Management Department, which is independent of the business departments that conduct market transactions, monitors the status of market and liquidity risks and periodically reports to the Executive Committee and other bodies.

Methods for Managing Market and Liquidity Risks

To appropriately manage market and liquidity risks, SMBC Trust sets limits relating to market and liquidity risks to ensure, among other things, that funds are appropriately managed and funded. Specifically, such limits are position limits and loss guidelines for market risk and funding gap limits for liquidity risks. In addition, based on the aforementioned risk capital management system, SMBC Trust sets a market risk capital limit for internal control purposes and a risk capital limit for units and departments where necessary in order to keep the market risk exposure to a permissible level relative to capital, and monitor the status of compliance with such limits on a regular basis.

Operational Risk Management

To identify the source and the degree of effects of operational risk to be managed and to conduct appropriate risk management by taking into account risk characteristics, SMBC Trust has formulated the "Operational Risk Management Policy" and "Operational Risk Management Rules". In addition, separate management policies and rules are established for processing and system risks which are managed in accordance with such policies and rules.

Operational Risk Management System

The Operational Risk Management Department has been established within the Risk Management Unit as an organization responsible for overall operational risk management. Furthermore, the status of operational risk management is reported to the Risk Management Committee from the departments responsible for managing respective types of risk while the status of processing and system risk management is reported to the Operations & System Committee, respectively, to increase the involvement by management.

SMBC Trust has established an effective framework for identifying, assessing, controlling and monitoring significant operational risks. SMBC Trust also identifies the source and the degree of effects of operational risks to be managed and seeks to manage them appropriately

by taking into account characteristics of operational risk.

Operational Risk Management Methods

SMBC Trust works on the establishment and enhancement of approaches and frameworks for appropriately identifying, assessing, monitoring, and controlling various operational risks arising from increasingly diversified and complex financial services. The departments responsible for respective business activities periodically assess inherent and actual risks existing in their own department to make improvements on an ongoing basis and has established an escalation process to management.

Processing Risk Management

Processing risk is the possibility of losses arising from negligent processing by executives and employees due to failure to comply with the processing risk management basic policy, rules and procedures, and from incidents or misconducts.

SMBC Trust has established the department responsible for appropriately managing processing risk, and are working to raise the level of sophistication of its management of processing risk by establishing systems for managing processing risk faced by SMBC Trust, ensuring in-office inspection, and minimizing losses in the event of processing risk materialization by drafting contingency plans.

Important matters set out in the Basic Policy on Processing Risk Management are drafted by the Operational Risk Management Department and are determined by the Board of Directors. Furthermore, SMBC Trust is also working on the establishment of a system that ensures the provision of high-quality processing services to our customers by, for example, establishing a process to periodically report the status of processing risk management to the Operations & System Committee.

System Risk Management

System risk is the risk to disrupt the provision of services to customers, and the risk to incur loss in some cases, due to the breakdown, malfunction, or unauthorized use of computer systems.

SMBC Trust seeks to establish and implement a system risk management system by formulating various policies and rules and specific management standards, including a security policy, to minimize system risk and developing contingency plans to minimize damages and losses if a system risk materializes. In addition, with regard to cyber security which has become increasingly important in recent years, SMBC Trust has been working in cooperation with SMFG to establish its framework and strengthen technological measures.

Corporate Governance System

Basic Approach

In line with management philosophy of SMBC Trust Bank Ltd. ("SMBC Trust") and Sumitomo Mitsui Financial Group ("SMFG"), SMBC Trust has considered the strengthening and enhancement of its corporate governance as one of its top management priorities, and are undertaking measures to improve the effectiveness of its corporate governance.

SMBC Trust, as a company with the Audit & Supervisory Board, has established the following system.

Board of Directors

The Board of Directors of SMBC Trust consists of 13 directors (one of them is an outside director). SMBC Trust appoints experts who are well versed in corporate governance as outside directors, and receives necessary and independent advice and recommendations from them to ensure the appropriateness of SMBC Trust's business. As a member of the SMBC Group, SMBC Trust welcomes part-time directors from the SMBC Group from the perspective of ensuring cooperation within the group for Group management purposes. The term of directors is one year so that they can flexibly respond to changes in the business environment and performance of execution of their duties can be evaluated on an annual basis.

Audit & Supervisory Board members and Audit & Supervisory Board

The Audit & Supervisory Board of SMBC Trust consists of three Audit & Supervisory Board members, and two of them are outside auditors.

Outside auditors are experts who have been engaged in taxes and asset management business for many years. SMBC Trust welcomes members of the SMBC Group as internal Audit & Supervisory Board members. The Audit & Supervisory Board holds meetings regularly with representative directors to exchange opinions on, for example, challenges to be addressed by SMBC Trust, the status of establishing environment for Audit & Supervisory Board members to perform audits, and important audit issues. The Audit & Supervisory Board also requests to take measures if it deemed necessary. Audit & Supervisory Board members perform audits on execution of duties by directors properly, fairly, and efficiently, and hence are sufficiently fulfilling its roles to supervise business operation of SMBC Trust.

Executive Committee

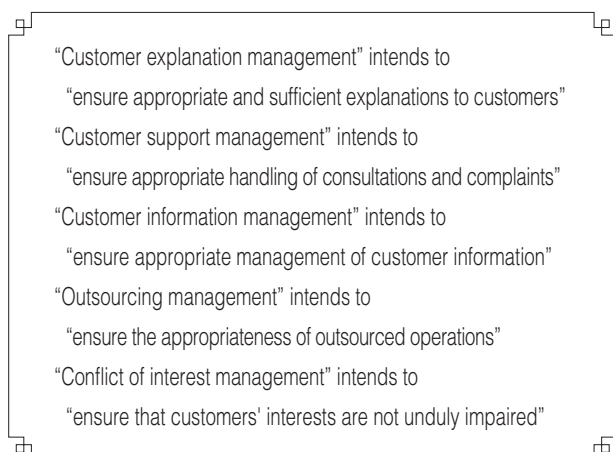
SMBC Trust has introduced an executive officer system and established an executive committee comprising of executive officers and those with other similar position for the purpose of making decisions and reporting on business execution, internal controls, and other matters. The Executive Committee is convened by a chief executive officer and held once a week in principle. It determines a business operation policy, as well as plans, budgets and other matters based on the basic management policy. Resolutions are determined by the chief executive officer after deliberation by a majority of the members presented at the meeting. In addition, the Executive Committee has sub-committees for compliance, risk management, and the promotion of customer-oriented business operation. These sub-committees conduct researches, reporting, and proposals for respective areas.

Customer Protection Management System

Basic Approach

SMBC Trust has established the Customer Protection Management Policy in order to improve the protection and convenience of its customers.

SMBC Trust strongly recognizes that it has social responsibility as a company engaging in banking and trust services (including services other than banking and trust services) and registered financial institution service. Based on such recognition, SMBC Trust's basic policy is to proactively and constantly undertake initiatives to ensure that customer management activities, including customer protection, which consist of customer explanation management, customer support management, customer information management, outsourcing management, and conflict of interest management.



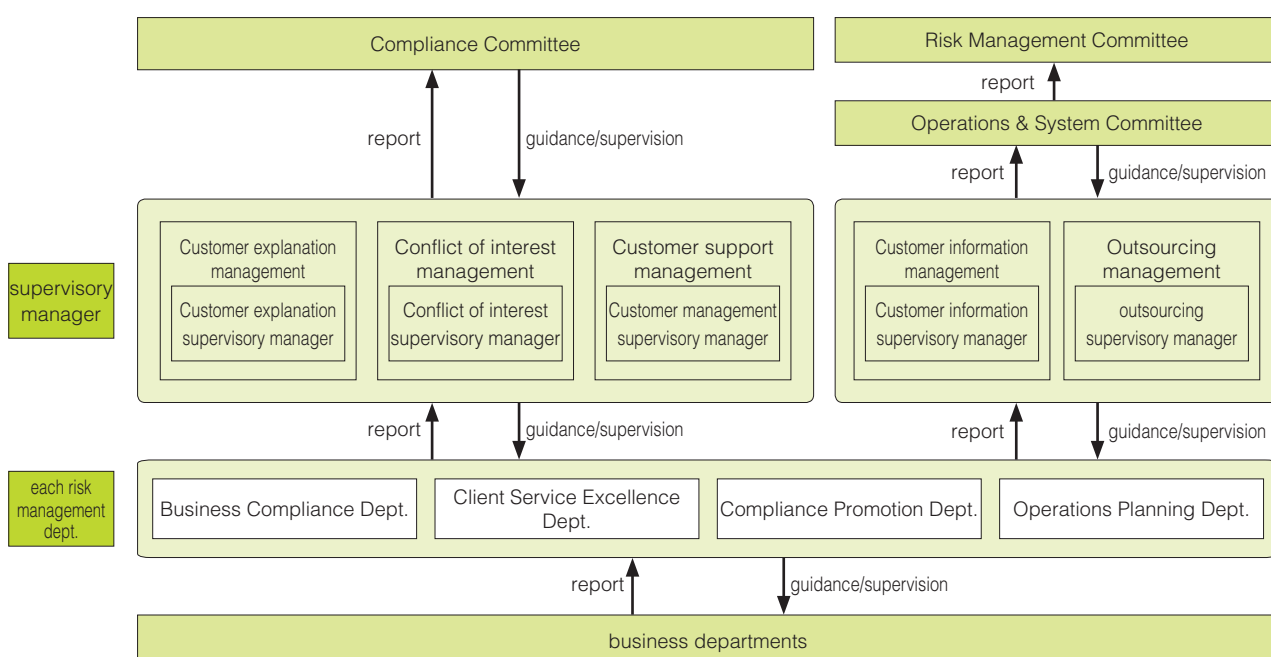
System in Place at SMBC Trust

In order to appropriately establish a system for customer protection management, the Company has developed internal written policies and procedures concerning customer explanations, customer support, customer information management, outsourcing management, and conflict of interest management, and has assigned a supervisory manager as follows.

Efforts for Information Management

Recognizing the importance of information management, SMBC Trust has established a framework for appropriate information management in order to be a trustworthy trust bank that customers can have a business relationship safely. In particular, SMBC Trust has developed and announced a policy for the appropriate protection and use of personal information (Personal Information Protection Declaration by SMBC Trust Bank Ltd.) in accordance with the Act on the Protection of Personal Information and has complied with the provisions set forth in this declaration. In addition, SMBC Trust has been reviewing and improving our information management system and its operation on an ongoing basis to protect personal information of its customers, while appropriately responding to the significant progress of information technology in recent years.

Specifically, SMBC Trust holds a monthly Operations and System Committee meeting, which are attended by participants across departments, including executives, to examine the status of managing information including customer information by SMBC Trust in detail from the perspectives of monitoring systems, operations and outsourcing contractors. Issues and inherent risks related to information management are discussed at the Operations & System Unit, the Consumer Business Unit, the Risk Management Unit and the Compliance Unit with a view to developing highly comprehensive measures and solutions.



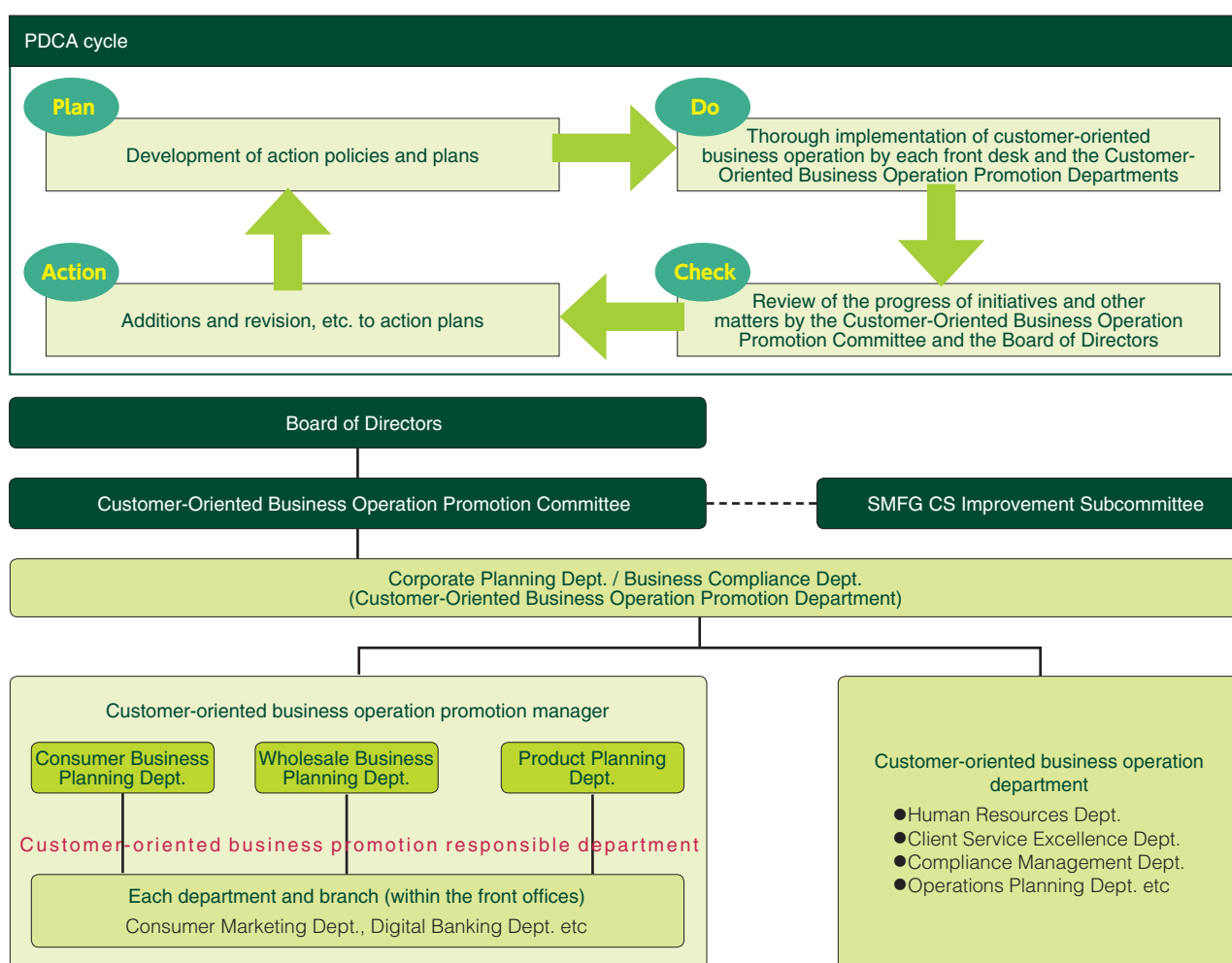
Customer-Oriented Business Operation

In addition to fulfilling its fiduciary duty in good faith as a trust bank, as a trust bank of the SMBC Group, each group company has adopted the "Principles for Customer-Oriented Business Operations" announced by the Financial Services Agency on March 30, 2017 and implemented the customer-oriented business operation in accordance with the "Basic Policy for Customer-Oriented Business Operation" established by the SMBC Group and the "Policy for Customer-Oriented Business Operation" established by the SMBC Group's Retail Business Unit.

These policies are published on the website of SMFG Group, which is the holding company of the SMBC Group. In addition, the Group regularly reviews and assesses the progress of its efforts to realize the customer-oriented business operation, and discloses the results.

In order to be a bank that is trusted and chosen by customers, SMBC Trust seeks to provide highly value added products and services by leveraging its expertise and consulting capabilities in a wide range of services, including commercial banking, asset management and administration and real estate.

Customer-Oriented Business Operation System

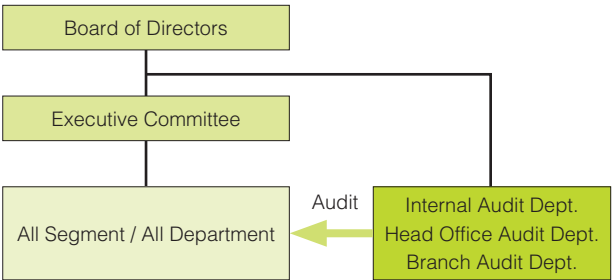


Internal Audit System

The Internal Audit Department, as an independent department from other business departments, verifies the appropriateness and effectiveness of the internal control system, including the effectiveness and efficiency of business activities, compliance and risk management, and the soundness of assets.

The Internal Audit Department develops an audit plan by taking into account the frequency and depth, depending on the type and extent of risks, on an annual basis, and performs effective internal audits. Specifically, the Head Office Audit Department and the Branch Audit Department are established within the Internal Audit Department. The Head Office Audit Department performs theme audits to conduct cross-divisional verification focusing on specific activities and themes. In addition, the Head Office Audit Department conducts department-level audits to verify the appropriateness of the overall internal control system in place at each department, self-assessments, and asset audits to verify the result of write-off and provisioning. The Branch Audit Department verifies compliance with the rules and challenges related to the overall internal control system in place at the branches.

Results of internal audits are reported to audited departments, and recommendations and guidance are provided as necessary. In addition, the results of internal audits and the progress of follow-up of remedial actions by the audited departments that have received recommendations are reported directly to the Board of Directors and other bodies.



Designated Dispute Resolution Institutions

The following are the designated dispute resolution institutions with which the SMBC Trust has entered into a contract.

<p>The Japanese Bankers Association</p> <p>JBA Customer Relations Center Telephone number 0570-017109 or 03-5252-3772</p>
<p>Trust Companies Association of Japan</p> <p>Trust Consultation Center Telephone number 0120-817335 or 03-6206-3988</p>

Compliance System

Basic Policy

SMBC Trust aims to be a company trusted by its stakeholders including the society by placing importance on sound company management based on the spirit of legal compliance set forth in its management philosophy.

The Board of Directors is the supreme decision-making body for important compliance-related matters. A director responsible for the Compliance Unit is appointed by the Board of Directors. Under the leadership of the director responsible for the Compliance Unit the five departments, including the Compliance Management Department, Compliance Promotion Department, Business Compliance Department, Compliance Promotion Department, Anti-Money Laundering Compliance Department, and Legal Department, plan and promote the establishment of the system of the Compliance Unit, and coordinate and support compliance matters of each department. In order to ensure the effective functioning of this system, SMBC Trust has developed a code of conduct, basic compliance policy, compliance manual and compliance plan to ensure that all officers and employees are fully aware of the spirit of legal compliance. In order to promptly identify and resolve compliance issues, SMBC Trust has established an internal whistleblowing system and liaisons not only within SMBC Trust but those for the SMFG Group and outside SMBC Trust.

Compliance System

(1) Risk Management by Three Lines of Defense

The risk management system established at the SMBC Trust is comprised of three lines of defense: 1) the business departments, 2) the internal management departments, and 3) the internal audit.

1. First line of defense (business departments)

Branches, sales representatives, and personnel responsible for product development are responsible for managing and controlling risks inherent in, or arising from, each operation such as sales and product development.

2. Second line of defense (internal management departments)

Each internal management department is responsible for developing a basic risk management policy and establishing an overall risk management system. In addition, the second line of defense provides guidance and supervision as necessary for monitoring the activities of the first line of defense. (See the table for the responsibilities of each department.)

3. Third line of defense (audit department)

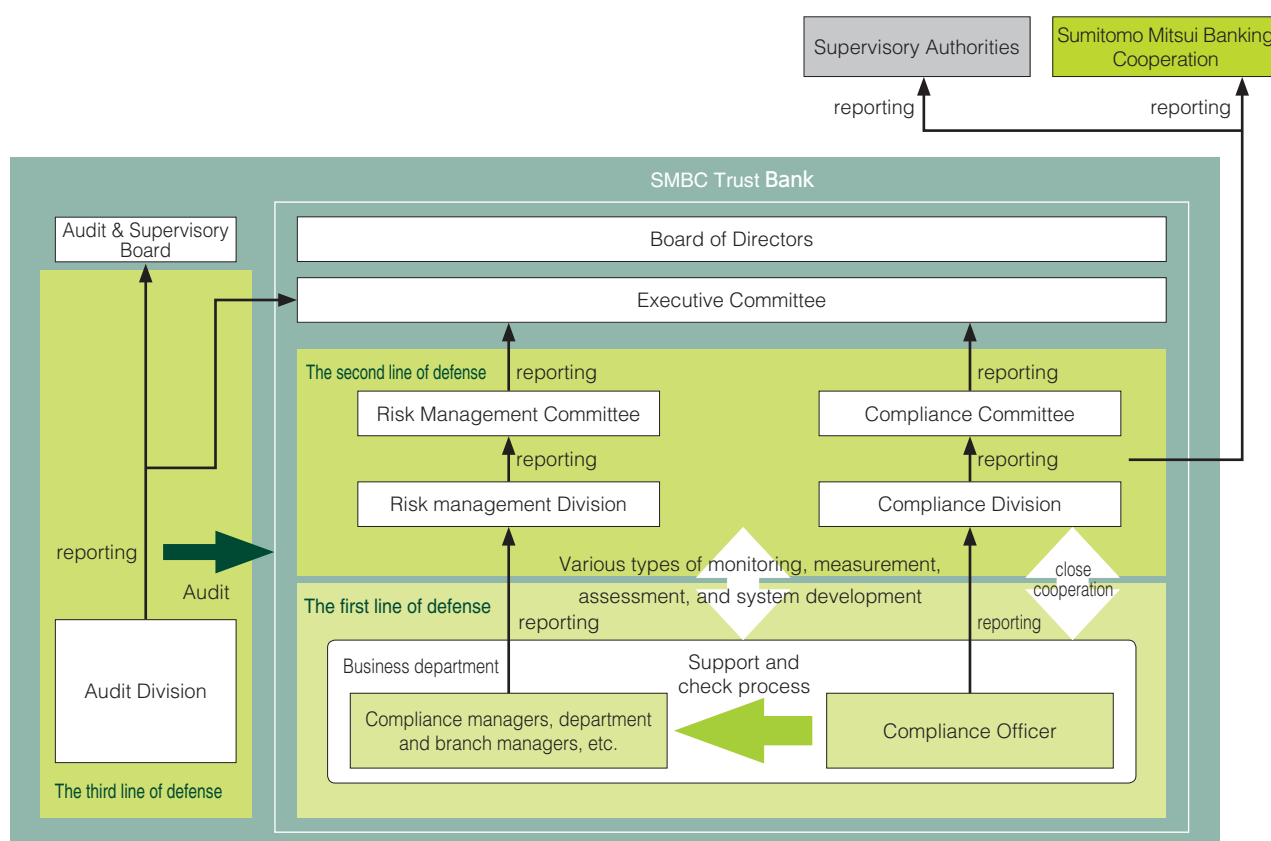
The audit department which is independent of other departments independently assesses the activities of the two lines of defense in accordance with an audit plan.

(2) Role of the Compliance Unit

Compliance Management Department	<ul style="list-style-type: none"> ● Overall supervision of the Compliance Unit ● Operation of the Board of Directors, Shareholders Meeting, and Compliance Committee
Compliance Promotion Department	<ul style="list-style-type: none"> ● Information security and personnel information protection ● Investigation and management of financial crimes
Business Compliance Department	<ul style="list-style-type: none"> ● General compliance areas related to products and services ● Customer explanation management, conflicts of interest management, and advertising screening
Legal Department	<ul style="list-style-type: none"> ● General legal consultation ● Contract, litigations, and document information management
Anti-Money Laundering Compliance Department	<ul style="list-style-type: none"> ● Anti-money laundering measures ● Account transaction monitoring

(3) Appointment of Compliance Officers

In principle, at least one compliance officer is assigned to each department. A supervisory compliance officer is also assigned by taking into account the nature of activities of a department or where deemed necessary. The compliance officer closely cooperates with the Compliance Unit of SMBC Trust to prevent any acts which may lead to violations of laws and regulations, and commits to enhance the compliance system by deepening compliance awareness across officers and employees through training and other activities. Recognizing that compliance is a critical element for each of the three lines of defense, the compliance officers are responsible for identifying, managing, and mitigating compliance risks inherent in, or attributable to, the activities of each department. The Compliance Unit regularly provides training sessions to the compliance officers with an aim to establish a high-quality compliance system.



Human Resource Strategy

Basic Policy on Human Resource Strategy

In 2017, SMBC Trust has introduced a new human resource program that integrates multiple existing programs and has been undertaking efforts to disseminate this new program across employees. In 2017, SMBC Trust has implemented various measures based on the following three basic policies to become an organization which is trusted by society and self-respected by officers and employees with various backgrounds.

- Establish a new dialogue-oriented human resource program
- Promote streamlining and diversifying functions and roles through the company-wide implementation of the "work style reform"
- Implement recruitment, human resources development, and personnel assignment according to the medium-term management plan

As a first step, SMBC Trust has worked on implementing personnel treatment based on a more fair personnel evaluation and assignment of right person for the right job, which are the goals of implementing the new human resource program. In terms of personnel allocation, SMBC Trust has been proactively engaged in personnel rotation efforts including the transfer of personnel from the head office to the front offices and the transfer between departments within the SMBC Trust to promote the diversification of functions and roles of personnel. The SMBC Group has also been promoting personnel exchanges across the group, including increasing the number of employees transferred from SMBC to SMBC Trust and vice versa. Going forward, SMBC Trust will continue to proactively promote hiring, human resources development, the active participation of diverse human resources, including female employees, and the company-wide implementation of work style reforms.



Human resource development aiming to support the business

Under the new human resource program, SMBC Trust has been enhancing its measures in line with its human resource development policy.

- Develop human resources with wide-ranging knowledge and experiences for sound business management
- Develop senior management candidates for leadership positions
- Develop trusted personnel who can provide the best products, services and solutions

56 and 54 new graduates were recruited in April 2017 and April 2018, respectively, with the aim of developing human resources that will drive SMBC Trust's growth. In addition to new-hire training, SMBC Trust has also introduced a new training program for employees in their third and fifth year and other similar programs focusing in particular on the development of younger employees.

At the same time, SMBC Trust provides training programs for management with the primary purpose of enhancing their management skills, and is continuously working on developing human resources at each level of management. In addition to the training programs, SMBC Trust has implemented various personnel exchange programs, in-house job forums and job entry program (in-house job open entry program) as opportunities for employees to know activities and colleagues of other departments, and has introduced a system to support autonomous career development. The SMBC Group has also initiated a program to transfer employees of SMBC Trust to overseas offices of SMBC as trainees for human resource development purposes.

In order to achieve sustainable growth, SMBC Trust will further vitalize its organization through human resources development and personnel exchanges, and will strive to foster next-generation leaders.



Employment of Persons with Disabilities

SMBC Trust satisfies the 2% statutory employment rate of persons with disabilities. (As of March 1, 2018)

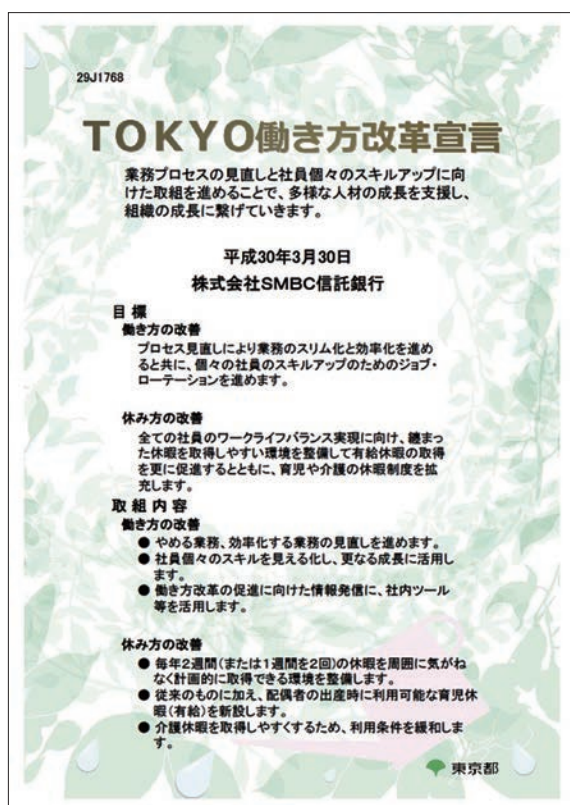
SMBC Trust also supports the Japan Goalball Association which works on promoting and strengthening Goalball, one of the Paralympic Games. In addition, SMBC Trust undertakes efforts to foster an environment such as providing training sessions to all employees on considerations they need to know when working with persons with disabilities.

Work-style Reforms

Since 2017, SMBC Trust has regarded work-style reforms as one of the key measures under its medium-term management plan and is working on improvement of operational efficiency and promotion of robotics process automation.

In April 2018, SMBC Trust has established the Business Transformation Department within the Corporate Planning Department. By reviewing business processes and improving employees' skills, SMBC Trust will promote the growth of diverse human resources and contribute to the growth of the organization. SMBC Trust will also take on challenges of streamlining business processes and improving efficiency, promoting personnel exchanges (job rotation) to improve skills, and raising awareness of employees to encourage their willingness to participate in work-style reforms.

We are certified by the Tokyo Metropolitan Government as a company committed to work-style reform.



Diversity & Inclusion

SMBC Trust has been certified by the Minister of Health, Labour and Welfare as a “company with excellent initiatives” under the “Act on Promotion of Women’s Participation and Advancement in the Workplace” (the “Act”), and has been awarded the “Eruboshi” status which is the highest ranking in the three levels of certified companies under the Act. As part of work-style reform efforts, SMBC Trust strives to improve productivity and enhance the work-life balance of its employees, aiming to create an organization in which a diverse range of human resources, including working mothers, can play an active role. The ratio of women in managerial positions was 29.3%, significantly higher than the industry average. In October 2017, SMBC Trust has established the Diversity & Inclusion Promotion Committee in order to further enhance its corporate competitiveness as a company traditionally having a strength in the area of diversity. Achievements of the promotion activities by this committee include the introduction of the nursing care leave on a paid basis and the newly establishment of a short-term childcare leave which is designed primarily for male employees and a family care leave designed to care for physical condition of family members.

In addition to the appointment of women to managerial positions and changes to the systems for the purposes of promoting diversity, SMBC Trust sends management candidates to training programs, as well as to research on diversity or work-style reforms organized in collaboration with industry and academia. SMBC Trust aims to realize a more rewarding workplace environment, such as providing support for balancing work and family responsibilities and establishing a remote work system, and will continue its efforts to create an organization that will enable each and every diverse human resources to play an active role.



CSR(Corporate Social Responsibility) Activities



As a company of the SMBC Group, we recognize the public-facing nature of our business and consider it important to contribute to sustainable social development through business activities. Many of our employees and their family members also participate in social contribution activities of their own accord.

In response to the demands of its stakeholders and in order to contribute to settling social issues, the SMBC Group has reviewed its priorities and

developed three new themes: Environment, Next Generation, and Community. These are its medium- to long-term priorities forming the core of the SMBC Group's CSR activities. We are engaged in CSR activities in collaboration with other companies of the Group to pursue the themes. We will also continue the activities to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations.


Priority Issues that SMBC Group should address (Materiality)

[Priority issues (Materiality) that SMBC Group address]
As a Financial Group, be a Bridge to the Future


Environment	Next Generation	Community
		
<The Vision We Aspire for 2030>		
A financial group that contributes to the preservation of the global environment: the foundation for the lives of all, in order to help realize a sustainable society	A financial group that contributes to the development of all people's skills, particularly by spreading and entrenching financial literacy to create a more empowering future	A financial group that provides safety and security to all, in order to contribute to the creation of communities in which everyone can participate
Focused SDGs	Focused SDGs	Focused SDGs
 	  	 
Issues we should address	Issues we should address	Issues we should address
<ul style="list-style-type: none"> Promote environmental business Manage environmental risks Reduce environmental impacts 	<ul style="list-style-type: none"> Support for growth industries Contribute to emerging countries Promote financial literacy education 	<ul style="list-style-type: none"> Achieve safe/secure communities Promote social inclusion Reconstruct natural disasters

Key issues to be addressed on a solid management base


Focused SDGs



5 GENDER
EQUALITY



10 REDUCED
INEQUALITIES



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Interaction with stakeholders	Customer satisfaction	
Human resources development that embodies our five values	Creating a pleasant workplace for all employees (Work-Life balance)	Creating a corporate culture derives strength from diversity (Promoting diversity)
Corporate governance		
Risk management	Rigorous information management	
Fair business practices and competitions	Response to anti-social forces	

The Sustainable Development Goals (SDGs) effort

The Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly in 2015, with the aim of achieving 17 goals and 169

targets by all countries and regions, not just emerging nations, to end poverty, reduce inequalities, ensure quality education, and combat climate change, etc. Going forward, we will choose from the goals the ones to focus on by demonstrating our strength.

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Activities in Fiscal 2017

Environment



Together with other SMBC group companies, we take part in various volunteer activities. In the past, we have undertaken clean-up initiatives at the Odaiba Marine Park (Tokyo), the Suma Beach (Kobe) and along the riverbed of the Yodo River (Osaka).

We also work on global environmental conservation

through volunteer activities. For example, our new graduates participated in a volunteer event at the Tama Zoological Park in May 2017 to cut down the bamboo grass grown in the mountains and make fences to protect plants, etc.



Next Generation



SMBC Trust co-sponsors an economic education program designed for fifth-grade elementary school students called "Shinagawa Student City". The program is jointly managed by Junior Achievement Japan, an economic education organization, and Shinagawa Ward. The Student City is a replica town located in a vacant classroom of a junior high school in Shinagawa Ward of Tokyo, where co-sponsors from various industries, including banks, convenience stores, and newspapers, set up a booth replicating a real store. Through work experience in the Student City, children can learn about interactions with the society, the value of money, and working life. SMBC Trust sends its employees to the Student City on a voluntary basis to support these children and help shape them into the leaders of the next generation.



SMBC Trust Bank exhibits art works of students from Joshibi University of Art and Design at our Tokyo Headquarter, and, likewise from Osaka University of Arts at our Osaka Office. Last year, SMBC Trust sponsored, as an official partner, programs hosted by the Tokyo University of the Arts to commemorate the university's 130th anniversary and received a letter of gratitude. SMBC Trust will continue to support students who are pursuing careers to be an artist.



Community



With the aim of solving social challenges, we have been working on new public-private partnership called Social Impact Bond (SIB) in collaboration with Sumitomo Mitsui Banking Corporation. In July 2017, we arranged the first full-fledged SIB financing package in Japan for Kobe City's "Program for the Prevention of Aggravation of Diabetic Nephropathy." In this way, we provide financial support for the social challenges faced by modern societies and local communities.



As part of our commitment to encourage sports for disabled people, we have been supporting the "Japan GoalBall Association" since August 2016. We have also held goalball experience events for our employees to familiarize themselves with the disabled sports. We will further contribute to the dissemination and development of disabled sports through volunteer activities.



Financial Information

Financial Data

Financial Statements	46
Indicator of Major Business	55
Indicator related to Profit and Losses	56
Indicator related to Deposits	59
Indicator related to Loans	60
Indicator related to Securities	63
Information for Derivatives transactions	64
Indicator related to Trust Business	65
Matters to be Disclosed Concerning Compensation	67

Disclosure Items Based on Pillar III of Basel III

Composition of Capital Disclosure	68
Qualitative Disclosures	69
Quantitative Disclosure	72

SMBC Trust acquired Citibank Japan's retail banking business on November 1, 2015 and includes relevant increases arising from this acquisition in the year-end balances and increases from the fiscal year ended March 31, 2016.

Financial Statements

SMBC Trust's financial statements, comprising of the balance sheets, statements of income, statements of changes in net assets, and notes to non-consolidated financial statements, are audited by KPMG AZSA LLC pursuant to Article 436(2)(i) of the Companies Act.

Balance Sheet

(Millions of Yen)

	March 31, 2017	March 31, 2018		March 31, 2017	March 31, 2018
Assets			Liabilities		
Cash and due from banks	1,435,076	1,396,877	Deposits	2,467,806	2,540,534
Cash	7,830	7,922	Current deposits	76,849	137,724
Due from banks	1,427,246	1,388,954	Ordinary deposits	1,279,706	1,262,976
Call loans	281,879	241,891	Time deposits	119,634	122,940
Securities	281,762	295,418	Other deposits	991,615	1,016,893
Japanese government bonds	260,570	262,407	Payables under securities lending transactions	–	251,469
Japanese corporate bonds	10,243	10,221	Due to trust account	20,961	51,364
Other	10,948	22,789	Other liabilities	27,947	30,797
Loans and bills discounted	610,097	1,002,388	Domestic exchange settlement accounts, credit	190	358
Loans on bills	8,489	10,324	Income taxes payable	6,842	269
Loans on deeds	540,604	891,957	Accrued expenses	4,552	5,161
Overdrafts	61,003	100,106	Unearned revenue	3	3
Other assets	20,012	36,660	Derivatives liabilities	10,297	15,962
Prepaid expenses	653	834	Lease obligations	10	7
Accrued income	4,026	5,537	Asset retirement obligations	1,261	1,714
Derivatives assets	7,262	8,112	Other	4,789	7,318
Cash collateral paid for financial instruments	3,471	7,750	Reserve for employee bonuses	1,180	1,282
Other	4,598	14,426	Reserve for executive bonuses	48	59
Tangible fixed assets	4,722	6,170	Reserve for retirement benefits	391	57
Buildings	2,492	2,610	Reserve for executive retirement benefits	9	11
Lease assets	9	6	Reserve for reimbursement of deposits	484	458
Construction in progress	1,311	2,819	Acceptances and guarantees	–	4,005
Other tangible fixed assets	908	734	Total liabilities	2,518,829	2,880,041
Intangible fixed assets	66,530	73,231	Net assets		
Software	2,689	2,602	Capital stock	87,550	87,550
Software in progress	16,190	25,542	Capital surplus	128,350	128,350
Goodwill	13,450	12,727	Legal capital surplus	83,350	83,350
Other intangible fixed assets	34,199	32,359	Other capital surplus	45,000	45,000
Prepaid pension cost	–	850	Retained earnings	(21,808)	(27,602)
Deferred tax assets	12,097	8,489	Legal retained earnings	80	80
Customers' liabilities for acceptances and guarantees	–	4,005	Other retained earnings	(21,888)	(27,682)
Reserve for possible loan losses	(1,337)	(1,570)	Retained earnings brought forward	(21,888)	(27,682)
			Total shareholders' equity	194,091	188,297
			Net unrealized gains (losses) on other securities	231	255
			Net deferred gains (losses) on hedges	(2,310)	(4,179)
			Total valuation and translation adjustments	(2,079)	(3,924)
			Total net assets	192,012	184,373
Total assets	2,710,842	3,064,414	Total liabilities and total net assets	2,710,842	3,064,414

Statement of Income

(Millions of Yen)

	from April 1, 2016 to March 31, 2017	from April 1, 2017 to March 31, 2018
Ordinary income	39,954	50,688
Trust Fees	1,586	1,730
Interest Income	17,634	24,934
Interest on loans and discounts	6,422	13,626
Interest and dividends on securities	361	762
Interest on call loans	3,196	2,128
Interest on deposits with banks	6,939	8,418
Interest on interest rate swaps	556	–
Other interest income	156	(1)
Fees and commissions	15,249	19,305
Fees and commissions for remittance	412	386
Other fees and commissions	14,837	18,918
Other operating income	5,158	4,369
Gains on foreign exchange transactions	5,155	4,313
Other	2	55
Other income	325	348
Other	325	348
Ordinary expenses	55,823	57,878
Interest expenses	2,266	3,470
Interest on deposits	2,187	3,153
Interest on call money	24	(20)
Interest on payables under securities lending transactions	–	13
Interest on borrowed money	0	0
Interest on swaps	–	270
Other interest expenses	55	53
Fees and commissions payments	2,329	2,630
Fees and commissions for remittance	150	159
Other fees and commissions	2,179	2,471
Other operating expenses	159	57
Other	159	57
General and administrative expenses	50,499	50,764
Other expenses	569	955
Provision for reserve for possible loan losses	191	232
Other	377	722
Ordinary loss	15,869	7,189
Extraordinary gains	–	–
Extraordinary losses	420	448
Losses on disposal of fixed assets	20	139
Losses on impairment of fixed assets	400	309
Loss before income taxes	16,289	7,638
Income taxes-current	5,408	(6,086)
Income taxes-deferred	(17,557)	4,241
Income taxes	(12,148)	(1,844)
Net loss	4,141	5,793

Statements of Changes in Net Assets

from April 1, 2016 to March 31, 2017

(Millions of Yen)

	Shareholders' equity								Valuation and translation adjustments			Total net assets
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings					
						Retained earnings brought forward						
Balance at the beginning of the fiscal year	27,550	23,350	45,000	68,350	80	(17,747)	(17,667)	78,232	16	514	530	78,763
Changes in the fiscal year												
Issuance of new shares	60,000	60,000	–	60,000				120,000				120,000
Net income (Loss)						(4,141)	(4,141)	(4,141)				(4,141)
Net changes in items other than shareholders' equity in the fiscal year									214	(2,824)	(2,609)	(2,609)
Net changes in the fiscal year	60,000	60,000	–	60,000	–	(4,141)	(4,141)	115,858	214	(2,824)	(2,609)	113,249
Balance at the end of the fiscal year	87,550	83,350	45,000	128,350	80	(21,888)	(21,808)	194,091	231	(2,310)	(2,079)	192,012

from April 1, 2017 to March 31, 2018

(Millions of Yen)

	Shareholders' equity								Valuation and translation adjustments			Total net assets
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings					
						Retained earnings brought forward						
Balance at the beginning of the fiscal year	87,550	83,350	45,000	128,350	80	(21,888)	(21,808)	194,091	231	(2,310)	(2,079)	192,012
Changes in the fiscal year												
Issuance of new shares	—	—	—	—								
Net income (Loss)						(5,793)	(5,793)	(5,793)				(5,793)
Net changes in items other than shareholders' equity in the fiscal year									24	(1,869)	(1,845)	(1,845)
Net changes in the fiscal year	—	—	—	—	—	(5,793)	(5,793)	(5,793)	24	(1,869)	(1,845)	(7,638)
Balance at the end of the fiscal year	87,550	83,350	45,000	128,350	80	(27,682)	(27,602)	188,297	255	(4,179)	(3,924)	184,373

Notes to the financial statements

The 33rd (From April 1, 2017 through March 31, 2018)

The amounts described herein are rounded down to the nearest million yen.

Significant accounting policies

1 Measurement standard and method of securities

Debt securities classified as held-to-maturity are carried at amortized cost (based on the straight-line method) using the moving-average method. Other securities with readily determinable fair value are carried at prevailing market price at the balance sheet date (cost of securities sold is calculated using the moving-average method). However, securities which are extremely difficult to determine fair value are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets".

2 Measurement standard and method of derivatives transactions

Derivatives transactions are carried at fair value.

3 Depreciation of fixed assets

(1) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are depreciated using the straight-line method. The estimated useful lives of major items are as follows:

Buildings:	5 to 20 years
Others:	3 to 20 years

(2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use is depreciated over its estimated useful life (5 years).

(3) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in "Tangible fixed assets," are depreciated using the straight-line method, assuming that the lease terms are their useful lives and residual values are zero.

4 Treatment of deferred assets

Stock issuance cost is recognized as expense in full when payments are made.

5 Conversion rule for foreign currency assets and liabilities into Japanese Yen

Foreign currency assets and liabilities are converted into Japanese yen by the prevailing Foreign Exchange rate as of balance sheet date

6 Basis for recording reserves

(1) Reserve for possible loan losses

The reserve for possible loan losses is provided as detailed below in accordance with the internal standards for write-offs and provisions. For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings or borrowers that are regarded as substantially in the same situation, a reserve is provided based on the amount of claims, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to be highly likely to fall into bankruptcy, a reserve is provided at the amount deemed necessary based on an overall solvency assessment of the borrowers, net of the expected amount of recoveries from collateral and guarantees.

For other claims, a reserve is provided based on the historical loan-loss ratio calculated using the historical loss experience over a certain period of time in the past and other factors.

The primary credit assessment departments, such as sales departments, assess all claims in accordance with the Standards for Self-Assessment of Asset Quality. The Credit Department, independent from these departments, reviews the assessment results, and the Asset Audit Department audits the assessment results.

(2) Reserve for employee bonuses

The reserve for employee bonuses is provided for payments of bonuses to employees, and recorded at the estimated amount of bonuses which are attributable to the current period.

(3) Reserve for executive bonuses

The reserve for executive bonuses is provided for payments of bonuses to directors, and recorded at the estimated amount of executive bonuses which are attributable to the current period.

(4) Reserve for retirement benefits

The reserve for retirement benefits is provided for payments of retirement benefits to employees, and recorded at the necessary amount estimated based on the projected benefit obligation and plan assets of pension funds at the end of the current period. In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

Unrecognized net actuarial gain (loss) :

Amortized on a straight-line basis over a certain period (mainly 15 years) within the employees' average remaining service period commencing from the following fiscal year in which unrecognized net actuarial gain (loss) occurred.

(5) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payments of retirement benefits to directors, and recorded at the amount deemed accrued at the end of the current period based on the amount of estimated retirement benefits.

(6) Reserve for reimbursement of deposits

The reserve for reimbursement of dormant deposits which were derecognized from liabilities is provided for the possible losses on the future claims of refunds, and recorded at the amount deemed necessary based on possible losses estimated according to the future claims of refunds.

7 Hedge accounting method

Interest rate risk hedge

As for the hedge accounting method applied to interest rate risk arising from financial assets and liabilities, SMBC Trust Bank Ltd. (SMBC Trust) applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Statement No. 24). In this hedging, hedged items are identified through grouping on a basis of interest rate indices and certain repricing periods, and interest rate swaps are designated as a hedging instrument. With respect to the assessment of hedge effectiveness, hedge is deemed to be highly effective since it is designated in a way that the critical terms applied to the hedged items and the hedging instruments are mostly identical. The hedge effectiveness testing, therefore, relies on this result. With respect to the hedge for specific item, it has also been evaluated as effective. SMBC trust applies special accounting treatment to interest rate swaps for a part of assets.

8 Method and period of Amortization of goodwill, etc.

Goodwill and intangible fixed assets identified as a result of business acquisition are amortized on a straight-line basis over 20 years.

9 Consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method.

10 Application of consolidated tax payment system

SMBC Trust applies consolidated tax payment system with Sumitomo Mitsui Financial Group, Inc. for the parent company for tax consolidation from this fiscal year.

Notes

(Notes to the balance sheet)

- 1 Bankrupt loans and non-accrual loans at March 31, 2018 were nil and 1,016 million yen, respectively.

"Bankrupt loans" are loans, after write-off, to legally bankrupt borrowers to which the events defined in Article 96-1-3 (a) to (d) or 96-1-4 of "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965) have occurred and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

- 2 Past due loans (3 months or more) at March 31, 2018 were nil.

"Past due loans (3 months or more)" are loans on which the principal or interest payment is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."

- 3 Restructured loans at March 31, 2018 were 5 million yen.

"Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."

- 4 The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2018 were 1,022 million yen.

The amounts of loans presented in Notes 1 to 4 above are the amounts before deduction of reserve for possible loan losses.

- 5 The amount of principal in loan participation accounted for as loans to the original borrowers based on "Accounting Treatment and Presentation of Loan Participation (JICPA Accounting Practice Committee Statement No. 3)" recorded on the balance sheet were 398,319 million yen at March 31, 2018.

- 6 Assets offered for collateral are as follows;

Assets offered for collateral

Securities 250,391 million

Liabilities secured by the collateral

Payables under securities lending transactions

251,469 million

Securities and Cash and due from banks pledged as collateral for the settlement of foreign exchange transactions were 5,007 million yen and 10 million yen respectively at March 31, 2018. Other in Other assets includes security deposits of 3,530 million yen.

7. Commitment line contracts on overdrafts and loans are agreements to lend to customers when requested to extend a loan, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments related to these agreements was 112,750 million yen at March 31, 2018. The outstanding of 104,614 million yen is for remaining contract term of such commitments within one year.

Since many of these commitments are expected to expire without being drawn down, the total amount of unused commitments does not necessarily affect future cash flow requirements. Many of these commitments include clauses under which SMBC Trust can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC Trust needs to secure claims, or other probable events occur. In addition, SMBC Trust may request its customers to pledge collateral such as premises and securities at the time of the contracts as necessary, and take necessary measures such as monitoring customers' financial positions, revising contracts when such need arises and securing claims after the contracts are entered into.

8. Accumulated depreciation on tangible fixed assets
1,582 million yen.

9. Total amount of monetary claim against directors through deals
132 million yen
10. Total amount of monetary claim against affiliates
443,743 million yen
11. Total amount of monetary liabilities from affiliates
119,580 million yen
12. SMBC Trust is restricted to pay dividend from retained earnings due to article 18 of the Banking Act.

(Notes to Income Statement)

1. Earnings from the transaction with affiliates
Total earnings from investment transactions 7,939 million yen
Total earnings from fee and commission 479 million yen
Total earnings from other transactions 0 million yen
Expenses from the transaction with affiliates
Total expenses from funding transactions 324 million yen
Total expenses from fee and commission 1,209 million yen
Total expense from other transactions 611 million yen
2. In this fiscal year, losses on impairment of fixed assets are realized as extraordinary losses for following assets with the difference between recoverable value and book value.

place	usage	Items	Realized loss amount
Metropolitan area	branch	Building and other fixed assets	191 million yen
Kinki area	branch	Building and other fixed assets	96 million yen
Others	branch	Building and other fixed assets	21 million yen

SMBC Trust applies to each branch (basement who shares common assets physically) as minimum unit for grouping which is controlled and monitored profitability continuously. Buildings where corporate sector, operation and system segments are located, are treated, in general, as shared asset of the company. Unemployed capitals are grouped by objects.

This fiscal year, the values of buildings for branches have been reduced until recoverable value and realized an extraordinary loss with respect to the reduction amount when SMBC Trust is not able to recover the investment amount (including the decision of branch relocation).

The recoverable value is derived from the utility value.

(Notes to the statement of changes in shareholders' equity)

Type and the number of shares issued

(Shares in thousands)

Type of shares	Number of shares				Note
	At the beginning of the period	Increase	Decrease	At the end of the period	
Common stock	3,418	—	—	3,418	
Non-voting stock	900	—	—	900	
Total	4,318	—	—	4,318	

(Notes to financial product)

1. Status of financial instruments

(1) Policies on financial instruments

SMBC Trust engages in the financial services such as deposit taking and lending services, general trust services, and real estate brokerage. Its banking services primarily include deposit taking, lending, domestic exchange services and foreign exchange service, and its trust services include money trust, pension trust, investment trust, trust of money other than money trust, trust of securities, and other trust services including comprehensive trust. SMBC Trust also undertakes real estate brokerage, real estate consulting, real estate appraisal, real estate asset management, as registered financial institution business, financial instruments brokerage, offering of trust funds beneficiary rights and handling of private placement, management of securities.

SMBC Trust holds financial assets such as deposits with banks, loans, and bonds, and raises funds through deposits, etc. Furthermore, it carries out derivatives transactions for purposes of responding to customers' hedging needs, and also for purpose of controlling market risk related to deposit and lending operations.

(2) Nature of financial instruments and associated risk

① Financial assets

The main financial assets held by SMBC Trust include deposits with foreign and domestic financial institutions, call loans, loans and securities. These assets expose SMBC Trust to credit risk, market risk and liquidity risk. Credit risk is the possibility of a reduction or loss in the value of assets due to factors such as deterioration in the financial conditions of deposit-taking institutions, issuers or borrowers. Market risk is the possibility of incurring losses arising from fluctuations in interest rates and exchange rates, etc. Liquidity risk is the possibilities of arising from difficulty in executing transactions in necessary quantities at appropriate prices due to liquidity reduce than normal. As stated in "(3) Risk Management System for Financial Instruments" below, we control and manage these risks appropriately.

② Financial liabilities

Financial liabilities of SMBC Trust are primarily deposits. Deposits mainly comprise of deposits of domestic individuals and domestic companies. Alike financial assets, financial liabilities also expose SMBC Trust to not only market risk but also funding liquidity risk which is the risk of SMBC Trust not being able to raise funds due to market turmoil, deterioration in its creditworthiness or other factors. As stated in "(3) Risk Management System for Financial Instruments" below, we control and manage these risks appropriately.

③ Derivative transactions

Derivatives transactions carried out by SMBC Trust include interest rate swaps, foreign currency swaps, foreign currency options and structured deposits, structured bonds embedded with derivatives. Structured deposits are designed to hedge for avoiding direct effects of fluctuations in interest rates and exchange rates in the market by (cover) transactions such as deposits and bonds with other financial institutions embedded with derivatives. Furthermore, SMBC Trust applies hedge accounting in which interest rate risk associated with deposits with banks and loans are designated as a hedged item and interest rate swap transactions as a hedging instrument. The hedge effectiveness of these transactions is assessed on a periodic basis.

Major risks related to derivative transactions are credit risks, market liquidity risks, etc. As stated in "(3) Risk Management System for Financial Instruments" below, SMBC Trust controls and manages these risks appropriately.

(3) Risk management for financial products

SMBC Trust established "comprehensive risk management basic guideline" to cover risk management basic matters, and, have organized operational system for risk monitoring based on it. The board of directors manages to run and monitor comprehensive risk control organization by executive committee, and the executive committee organizes the Risk management committee as committee to manage the comprehensive risk control. Furthermore, there is the Risk management committee for the purpose of discussion and decision of material issues related to credit risk, and also there is ALM committee to decide the direction with respect to assets and liabilities control.

① Credit risk management

SMBC Trust defines credit risk as "bank's risk to decrease or lose the value of Asset (including off balance sheet asset) due to the credit event (matter of credit) of borrower's worse financial situation etc.", and in accordance with the credit policy and related various control guidelines, organizes to control credit portfolios of loans to make effort to control appropriate level of credit risks.

(a) Organization of credit risk control

In SMBC Trust, Investment and Loan planning dept. is the organization to control credit portfolios, planning of policy for operation and making efforts to establish highly effective credit risk control, and organized to report the credit risk control status to executive committee and credit risk committee periodically. Credit dept. takes role of assessment of specific credit items and the Internal audit department audits the accuracy of borrows' credit ratings and assessment results of borrowers, the appropriateness of credit risk controls etc.

(b) Method of credit risk control

SMBC Trust, for the purpose of controlling specific credit items or overall credit portfolio adequately, comprehends and controls credit risks quantitatively to execute the quantification of credit risks as well as evaluating credit risk of borrowers or credit related transactions appropriately by internal credit ratings. And, in addition to credit assessment and the control of specific credit items by monitoring of borrowers, following adequate credit risk controls are performed for the purpose of soundness and profitability of credit portfolios for maintenance and improvement of midterm.

● Adequate control within the capital

SMBC Trust sets maximum limit of credit exposure against capital for maximum frame of internal control of credit risk, and set maximum number of risk capital by sections, and organize to monitor the status periodically for the purpose to maintain credit risks within the allowable range against capital.

● Control not to concentrate credit risk

As the concentration of credit risk is possible to damage significantly of banking capital when it becomes revealed, for the purpose of avoiding concentration of credit risk to specific counterparty, SMBC Trust maintains certain credit outstanding limitation to each borrower, and organize to monitor them after the loan execution periodically.

● Reduction and restriction of problematic loans occurrence

With regard of problematic loans, SMBC Trust clarifies the guideline and the action plan through periodic review by credit risk committee, then, makes effort to take speedy action to protect from the degradation and to support normalization of them and execution of loan collection and enrichment of collaterals etc.

② Control of market risk and liquidity risk

SMBC Trust defines market risk as "the risk of loss by financial product market value fluctuation due to interest rate, foreign exchange rate and stock price movement", and control by loss amount limitation from the position due to such fluctuation, and defines liquidity risk as "the risk of difficulties of funding money for transaction cash settlement or being enforced SMBC Trust to make funding with unreasonably higher rate than usual due to the situation of investment and funding tenor mismatch or unexpected large fund withdrawal", and SMBC Trust controls it by defining gap of funding and investment. SMBC Trust allows market risk and liquidity risk within the range of necessity for the execution of company business plan, however, does not aim to make profit from market fluctuations, and has a basic guideline to set and maintain limitation of market risk and liquidity risk allowance.

(a) Organization of market risk and liquidity risk

SMBC Trust, risk management dept., independent from market transaction execution, monitors market risk and liquidity risk, and also report to the board of directors and executive committee etc. periodically.

(b) Control method of market risk and liquidity risk

● Control of market risk

SMBC Trust controls quantitatively to set up with position limit and loss limit guideline for market risk monitoring and also with funding gap limit for liquidity risk. It is organized, for the purpose of controlling market risk within the allowable range against capital, to set up maximum usage of market risk capital for internal control and allocate it with the maximum usage to each section or department who needs to utilize it to be monitored periodically.

● Quantitative information with respect to market risk

In SMBC Trust, main financial products affected by interest rate fluctuation as a material risk parameter, are placements, loans, securities, deposits and interest rate swaps among financial derivatives. In SMBC Trust, as a quantitative indicator for interest rate risk control, interest rate revenue or loss impact is utilized assuming from 1 basis point (1bp) interest rate fluctuation. For the purpose of estimation of such impact against PL, the scope of assets and liabilities separated by each interest rate tenors, are analyzed to apply certain interest rate fluctuation by tenors under the assumption that all risk parameter is constant other than interest rate. The affected amount of current whole portfolio under the above mentioned assumption is 6 million yen as of March 31, 2018. This affected amount is based on the case where risk parameters are constant except for interest rate, and not considered the correlation between interest rate and other risk parameters. And, there is possibility of having impact beyond estimation when interest rate is fluctuated more than 1 basis point (1bp).

● Control of liquidity risk

In SMBC Trust, liquidity risk is controlled in the framework of "control of funding gap range", "establishment of contingency plan" etc.

Funding gap is required amount of funding occurred from the mismatch between investment period and funding period, hence, the purpose is to avoid overreliance of short term funding. Risk Management Department monitors it as the control function for liquidity risk, and report the status to executive committee and ALM committee periodically. Also, the action plan for emergency, assuming huge deposit amount is withdrawn, is also arranged as a contingency plan, due to deterioration of market condition, lower credibility of financial institutions, system trouble, reputation risk and other internal and external reasons. Other than the above mentioned control by monitoring, for complimentary method, SMBC Trust Bank has funding limit from Sumitomo Mitsui Banking Corporation, Ltd as a parent company.

(4) Supplementary explanation with respect to financial product evaluation by market price

The evaluation of financial product contains the revaluation amount based on the market price, and also reasonably calculated amount when the market price is not available. Because the certain condition is applied for the calculation of the revaluation amount, the value might be different when it is calculated based on the different preconditions.

2. Fair value of financial instruments

The balance sheet amount, fair value and net unrealized gains (losses) of financial instruments as of March 31, 2018 are as follows. This sheet does not contain preferred subscription certificates as it is considered extremely difficult to determine their fair value. (cf. note 2)

(Millions of yen)

	balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and due from banks	1,396,847	1,397,439	592
(2) Call loans	241,891	241,891	–
(3) Securities			
Bonds classified as held-to-maturity	262,407	263,404	996
Other securities	32,510	32,510	–
(4) Loans and bills discounted	1,002,388	–	–
Reserve for possible loan losses (*1)	(1,492)	–	–
	1,000,896	1,000,222	– 674
Total assets	2,934,553	2,935,468	915
(1) Deposits	2,540,534	2,540,062	– 471
(2) Payables under securities lending transactions	251,469	251,469	–
(3) Due to trust accounts	51,364	51,364	–
Total liabilities	2,843,367	2,842,895	– 471
Derivatives transactions (*2)			
Hedge accounting not applied	(2,246)	(2,246)	–
Hedge accounting applied	(5,602)	(5,602)	–
Total	(7,849)	(7,849)	–

(*1) The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserve against cash and due from banks are deducted directly from the balance sheet amount due to insignificance.

(*2) The amounts collectively represent the derivative transactions which are recorded in "Other assets" and "Other liabilities." Receivables and payables arising from derivatives transactions are presented on a net basis, and net payable is shown as ().

(Note 1) Fair value calculation methodology for financial instruments Assets

(1) Cash and due from banks

For cash and due from banks with no maturity, the carrying amount is used as fair value as it is considered to approximate their fair value. For due from banks with maturity, the present value discounted by market rates based on maturity is calculated to determine fair value. With respect to some due from banks embedded with derivatives, when it shall designate the entire hybrid contract as fair value, the fair value is calculated based on the amount of fair value measured and provided by financial institutions to which such deposits are made.

(2) Call loans

For call loans, the carrying amount is used as fair value as their transaction period is short and their carrying amount is considered to approximate their fair value.

(3) Securities

For securities, the value calculated based on prevailing market prices as at the balance sheet date is used as their fair value. With respect to the securities unavailable market price, the fair value is calculated based on the present value of estimated future cash flow to discount by the non-risk rate associated with credit risk etc .

(4) Loans and bills discounted

For loans and bills discounted based on the floating rate, the carrying amount is used as fair value as it is considered to approximate their fair value. For loans and bills discounted based on the fixed rate, the present value is used as the fair value, discounted by the rate applied for such new loans and bills discounted. For claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees. Since the balance sheet amounts of these claims minus the reserve for possible loan losses approximate are their fair value, such amounts are considered to be their fair value. As to the loan hedged by interest rate swap for special accounting, it is treated as a unit with the interest rate swap and the fair value is calculated according to the fair value calculation method of loans.

Liabilities

(1) Deposits

For demand deposits, given characteristics of this type of transaction, the amount of payment (i.e. the carrying amount) demanded on the balance sheet date is deemed as the fair value. With respect to time deposits, the present value discounted by market rates, etc. based on the maturity is calculated to determine fair value. For some deposits which are structured deposits embedded with derivatives, when it shall designate the entire hybrid contract as fair value, their fair value is calculated based on the amount of fair value measured and provided by financial institutions which are the counterparty to the covered transaction of the structured deposit.

(2) Payables under securities lending transactions

The carrying amount is used as fair value as the contract tenor is short and fair value is considered to approximate carrying amount.

(3) Due from trust accounts

For due from trust accounts, the amount of payment (i.e. the carrying amount) demanded on the balance sheet date is deemed as their fair value.

Derivatives transactions

Derivatives transactions are comprised of interest rate derivatives (interest rate swaps) and currency derivatives (forward foreign exchange, foreign exchange swaps, and currency options) and their fair value is based on the value calculated using the discounted present value and option valuation models, etc.

(Note 2) The balance sheet amount of financial products where it is extremely difficult to determine the fair value is as follows, and those amounts are not included in the fair value of financial instruments "(3) other securities".

(unit : Millions of yen)

Classification	Balance sheet amount
Securities	
Preferred subscription certificate	500
Total	500

(Note 3) Expected redemption amount from monetary assets and securities with maturity date after balance sheet date

(Millions of yen)

	Within 1 yr	More than 1 yr Less than 3yr	More than 3yr Less than 5yr	More than 5yr Less than 10yr	More than 10yr
Due from banks	1,364,537	853	7,222	15,210	1,130
Call loans	241,891	—	—	—	—
Securities	2,498	260,588	8,834	16,919	5,301
Bonds classified as held-to-maturity	2,000	260,000	—	—	—
Other securities	498	588	8,834	16,919	5,301
Loans and bills discounted (*)	107,190	169,162	405,277	72,390	147,700
Total	1,716,117	430,604	421,334	104,520	154,132

(*) Among loans and bills discounts, 1,016 million yen for financial claims to the bankrupt borrower or effectively bankrupt borrower and 99,955 million yen with no maturity date specified are not included.

(Note 4) Deposits scheduled payment amount after balance sheet date

(Millions of yen)

	Within 1 yr	More than 1 yr Less than 3yr	More than 3yr Less than 5yr	More than 5yr Less than 10yr	More than 10yr
Deposits (*)	2,487,282	8,319	12,130	26,630	6,172
Payables under securities lending transactions	251,469	—	—	—	—
Due from Trust account	51,364	—	—	—	—
Total	2,790,115	8,319	12,130	26,630	6,172

(*) Among deposits, demand deposits are included in "within 1yr".

(Notes to securities)

1. Bonds classified as held-to-maturity (as of March 31, 2018)

(Millions of yen)

	Type	balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains	Japanese government bonds	260,407	261,404	996
	Subtotal	260,407	261,404	996
Bonds with unrealized losses	Japanese government bonds	2,000	2,000	(0)
	Subtotal	2,000	2,000	(0)
Total		262,407	263,404	996

2. Other securities (as of March 31, 2018)

(Millions of yen)

	Type	balance sheet amount	acquisition cost or depreciable cost	Net unrealized gains (losses)
The carrying amount is beyond the acquisition cost or depreciable cost	Bonds	10,221	10,000	221
	Government bond	—	—	—
	Corporate bond	10,221	10,000	221
	Others	11,085	10,792	293
	Foreign bonds	11,085	10,792	293
	Subtotal	21,306	20,792	514
The carrying amount is below the acquisition cost or depreciable cost	Bonds	—	—	—
	Government bond	—	—	—
	Corporate bond	—	—	—
	Others	11,204	11,350	(145)
	Foreign bonds	11,204	11,350	(145)
	Subtotal	11,204	11,350	(145)
Total		32,510	32,142	368

(Note) other securities recognized that it is extremely difficult to determine the fair value

(unit : Millions of yen)

Classification	Balance sheet amount
Other Securities	500
Total	500

These are preferred subscription certificates which are considered extremely difficult to determine the fair value, hence they are not included in the other bonds in the above list.

(Notes to deferred tax assets and liabilities)

Significant components of deferred tax assets and liabilities are as follows:

Deferred tax assets

Fair value earnings from consolidated tax payment	14,096	million yen
Asset adjustment account	4,982	
Fair value hedge profit loss	1,715	
Loss brought forward from the previous term	1,574	
Other	3,263	

Subtotal 25,632

Valuation allowance (6,588)

Total deferred tax assets 19,043

Deferred tax liabilities

Intangible fixed assets	(9,908)	
Other	(645)	

Total deferred tax liabilities (10,554)

Net deferred tax asset 8,489

(Per share data)

Net assets per share 42,698.82 yen

Net loss per share 1,341.75 yen

(Transactions with affiliates)

Parent company and major shareholder companies

type	Name of the company	Possession ratio voting right (%)	Relationship of affiliates	transaction	Transaction amount (million yen)	account	Balance (million yen)
Parent company	Sumitomo Mitsui Banking Corporation	(possessed) Direct 100%	Loans	Due from banks	267,759	Due from banks	183,756
				Interest receivable from due	5,815	Interest earned not collected	928
			Directors	Call loans	257,247	Call loans	241,891
				Interest receivable from call loan	2,125	Interest earned not collected	49
			Secondment	Deposits	79,169	Deposits	110,430
				Interest payable for deposit	39	Reserve for interest	8
				Purchase of financial claims	382,811	-	-
Subsidiaries of Parent company	SMBC Aviation Capital Limited	Not applicable	Loans	Loans	69,327	Loans	101,330
				Interest receivable from Loan	2,875	Interest earned not collected	342

Note 1. Transaction amount shows the average balance during the period for Due from Banks, Call Loans, Deposits and Loans.
Conditions of transactions are reasonably decided by market interest rate, etc.

(The subsequent events)

Business combination between entities under common control

SMBC Trust combined foreign currency exchange business for individual customer operated at the foreign currency exchange corner by Sumitomo Mitsui Banking Cooperation and foreign currency exchange business for individual customer operated at the foreign currency exchange corner by SMBC International Business Cooperation to receive consignment from Sumitomo Mitsui Banking Cooperation, with the effective date of April 1, 2018 by absorption-type split with our company as succeeding company

1. Outline of transaction

(1) Name of the company related to business combination and contents of the business concerned

① Name of the company related to business combination : Sumitomo Mitsui Banking Cooperation

The contents of the business concerned :

Foreign currency exchange business for individual customer operated at the foreign currency exchange corner

② Name of the company related to business combination : SMBC International Business Cooperation

The contents of the business concerned :

Foreign currency exchange business for individual customer operated at the foreign currency exchange corner to receive consignment from Sumitomo Mitsui Banking Cooperation

(2) Date of business combination :

April 1, 2018

(3) Legal structure of business combination :

absorption-type split with our company as succeeding company

(4) The name of the combined company :

SMBC Trust Bank Ltd.

2. Outline of applied accounting principal

Accounting Standard for Business Combinations (Accounting Standards Board of Japan ("ASBJ") Statement No.21, September 13, 2013) and the revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan ("ASBJ") Guidance No.10, September 13, 2013)

Indicator of Major Business

(Millions of Yen)

	"Year ended March 31, 2014"	"Year ended March 31, 2015"	"Year ended March 31, 2016"	"Year ended March 31, 2017"	"Year ended March 31, 2018"
Ordinary income	5,678	7,379	20,590	39,954	50,688
Ordinary loss	911	1,187	9,547	15,869	7,189
Net loss	993	1,343	10,892	4,141	5,793
Capital stock	7,550	27,550	27,550	87,550	87,550
Total number of shares issued					
Common stock(in thousands)	218	1,018	1,018	3,418	3,418
Non-voting stock(in thousands)	–	–	900	900	900
Total net assets	5,471	44,125	78,763	192,012	184,373
Total assets	187,484	224,288	2,517,267	2,710,842	3,064,414
Deposits	123,903	114,762	2,373,585	2,467,806	2,540,534
Loans and bills discounted	52,185	55,372	266,214	610,097	1,002,388
Securities	356	–	264,128	281,762	295,418
Capital adequacy ratio (Domestic standard)(%)	14.78	69.40	9.43	21.84	14.32
Dividend payout ratio	–	–	–	–	–
Number of employees	150	248	1,733	2,064	1,988
Trust fees	789	922	998	1,586	1,730
Loans and bills discounted in the trust assets and liabilities	7,159 (7,159)	– (–)	– (–)	– (–)	– (–)
Securities in the trust assets and liabilities	73,405 (73,405)	77,758 (77,758)	118,353 (118,353)	122,285 (122,285)	457,949 (457,949)
Trust assets and liabilities	138,644 (138,644)	190,518 (190,518)	412,836 (412,836)	6,013,203 (6,018,485)	9,047,485 (9,065,002)

Notes: 1. "Number of employees" has been reported on the basis of full-time workers and includes accepted transfer employees.

2. Figures in brackets () indicate the amount of "Loans and bills discounted in the trust assets and liabilities", "Securities in the trust assets and liabilities" and "Trust assets and liabilities" including "Trust Assets under the Service-Shared Co-Trustee".

Indicator related to Profit and Losses

Gross Banking Profit, Classified by Domestic and International Operations

(Millions of Yen)

Classification	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net interest income	1,744	13,623	15,368	1,278	20,185	21,463
Interest income	2,787	(163)	17,634	3,040	(177)	24,934
Interest expenses	(163)			(177)		
	1,043	1,386	2,266	1,761	1,886	3,470
Trust fees	1,307	278	1,586	1,480	250	1,730
Net fees and commissions	10,380	2,539	12,919	13,950	2,724	16,674
Fees and commissions	12,343	2,905	15,249	15,364	3,941	19,305
Fees and commissions payments	1,963	365	2,329	1,413	1,216	2,630
Net other operating income	– 156	5,155	4,999	0	4,310	4,311
Other operating income	2	5,155	5,158	53	4,315	4,369
Other operating expenses	159	–	159	52	5	57
Gross banking profit	13,275	21,598	34,873	16,709	27,470	44,180
Gross banking profit ratio (%)	0.85	2.22	1.39	0.91	2.77	1.58
Banking profit	– 36,834	21,204	– 15,629	– 33,396	27,166	– 6,230
Banking profit (before provision for general reserve for possible loan losses)	– 36,842	21,465	– 15,376	– 33,320	27,346	– 5,973

Notes: 1. Domestic operations include yen-denominated transactions, while international operations include foreign-currency-denominated transactions. Yen-denominated nonresident transactions are included in international operations.

2. Figures in brackets () indicate interest payments between domestic and international operations.

3. There are no corresponding transactions for Net trading income.

4. Gross banking profit ratio = Gross banking profit / Average balance of interest-earning assets × 100.

Income Ratio

(%)

Classification	Year ended March 31, 2017	Year ended March 31, 2018
Ordinary profit to total assets	– 0.61	– 0.24
Ordinary profit to stockholders' equity	– 11.72	– 3.82
Net income to total assets	– 0.15	– 0.19
Net income to stockholders' equity	– 3.05	– 3.07

Notes: 1. Ordinary profit to total assets = Ordinary profit / Average balance of total assets excluding customers' liabilities for acceptances and guarantees × 100

2. Ordinary profit to stockholders' equity = Ordinary profit / (Net assets at the beginning of the fiscal year + Net assets at the end of the fiscal year) divided by 2 × 100

3. Net income to total assets = Net income / Average balance of total assets excluding customers' liabilities for acceptances and guarantees × 100

4. Net income to stockholders' equity = Net income / (Net assets at the beginning of the fiscal year + Net assets at the end of the fiscal year) divided by 2 × 100

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

(Millions of Yen)

		Year ended March 31, 2017			Year ended March 31, 2018		
		Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest-earning assets	Average balance		(25,075)			(33,565)	
		1,551,603	970,013	2,496,540	1,827,449	988,579	2,782,463
			(163)			(177)	
	Interest	2,787	15,010	17,634	3,040	22,071	24,934
	Average rate (%)	0.17	1.54	0.70	0.16	2.23	0.89
	Loans and bills discounted						
		198,698	225,273	423,972	379,956	386,552	766,508
		1,464	4,958	6,422	1,670	11,956	13,626
	Average rate (%)	0.73	2.20	1.51	0.43	3.09	1.77
	Securities						
		262,413	8,406	270,820	271,327	16,451	287,778
		101	260	361	300	461	762
	Average rate (%)	0.03	3.09	0.13	0.11	2.80	0.26
	Call loans						
		7	380,952	380,960	–	257,459	257,459
		0	3,196	3,196	–	2,128	2,128
	Average rate (%)	0.09	0.83	0.83	–	0.82	0.82
	Deposits with banks (Exclude noninterest-earning deposits)						
		1,089,138	330,304	1,419,443	1,173,269	294,286	1,467,556
		1,064	5,874	6,939	1,070	7,348	8,418
	Average rate (%)	0.09	1.77	0.48	0.09	2.49	0.57
Interest-bearing liabilities	Average balance	(25,075)			(33,565)		
		1,458,835	978,555	2,412,315	1,738,121	994,361	2,698,918
		(163)			(177)		
	Interest	1,043	1,386	2,266	1,761	1,886	3,470
	Average rate (%)	0.07	0.14	0.09	0.10	0.18	0.12
	Deposits						
		1,385,620	974,430	2,360,051	1,525,126	994,314	2,519,440
		853	1,333	2,187	1,539	1,614	3,153
	Average rate (%)	0.06	0.13	0.09	0.10	0.16	0.12
	Call money						
		14,699	4,125	18,824	26,079	23	26,103
		– 11	36	24	– 20	0	– 20
	Average rate (%)	– 0.07	0.87	0.12	– 0.07	1.93	– 0.07
	Payables under securities lending transactions						
		–	–	–	131,745	–	131,745
		–	–	–	13	–	13
	Average rate (%)	–	–	–	0.00	–	0.00
	Borrowed money						
		6,767	–	6,767	4	24	29
		0	–	0	–	0	0
	Average rate (%)	0.00	–	0.00	–	0.40	0.34

Note: Figures in brackets () indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Net yield/Interest Rate

(%)

	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Yield on interest-earning assets	0.17	1.54	0.70	0.16	2.23	0.89
Yield on interest-bearing liabilities including general expenses	3.50	0.15	2.17	2.97	0.20	1.98
Net yield / Interest rate	– 3.33	1.39	– 1.47	– 2.81	2.03	– 1.09

Note: 1. Yield on interest-earning assets = Interest income / Average balance of Interest-earning assets × 100

2. Yield on interest-bearing liabilities including general expenses = Interest expenses + General and Administrative Expenses (Excludes non-recurring expenses) / Average balance of Interest-bearing liabilities × 100

3. Net yield / Interest rate = Yield on interest-earning assets - Yield on interest-bearing liabilities including general expenses

Breakdown of Interest Income and Interest Expenses

(Millions of Yen)

		Year ended March 31, 2017			Year ended March 31, 2018		
		Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	Volume-related increase (decrease)	1,539	7,854	9,545	458	292	2,181
	Rate-related increase (decrease)	– 320	1,224	607	– 206	6,769	5,118
	Net increase (decrease)	1,219	9,079	10,153	252	7,061	7,299
Loans and bills discounted	Volume-related increase (decrease)	868	4,372	4,760	796	4,468	5,930
	Rate-related increase (decrease)	– 288	137	330	– 591	2,530	1,273
	Net increase (decrease)	580	4,510	5,090	205	6,998	7,203
Securities	Volume-related increase (decrease)	62	48	119	3	225	23
	Rate-related increase (decrease)	5	210	206	195	– 24	376
	Net increase (decrease)	67	259	326	198	201	400
Call loans	Volume-related increase (decrease)	– 4	718	661	– 0	– 1,021	– 1,021
	Rate-related increase (decrease)	0	949	1,001	– 0	– 47	– 47
	Net increase (decrease)	– 4	1,667	1,663	– 0	– 1,068	– 1,068
Deposits with banks (Exclude noninterest-earning deposits)	Volume-related increase (decrease)	576	3,196	3,760	76	– 640	241
	Rate-related increase (decrease)	– 94	– 780	– 863	– 70	2,114	1,237
	Net increase (decrease)	481	2,415	2,897	5	1,473	1,479
Interest expenses	Volume-related increase (decrease)	568	734	1,217	226	22	293
	Rate-related increase (decrease)	– 1,017	– 540	– 1,617	492	478	910
	Net increase (decrease)	– 448	193	– 400	718	500	1,203
Deposits	Volume-related increase (decrease)	471	717	1,194	93	27	155
	Rate-related increase (decrease)	– 1,054	– 547	– 1,608	592	252	810
	Net increase (decrease)	– 583	170	– 413	685	280	966
Call money	Volume-related increase (decrease)	– 17	3	– 25	– 9	– 35	– 5
	Rate-related increase (decrease)	– 46	22	– 11	– 0	0	– 39
	Net increase (decrease)	– 63	26	– 37	– 9	– 35	– 44
Payables under securities lending transactions	Volume-related increase (decrease)	–	–	–	13	–	13
	Rate-related increase (decrease)	–	–	–	–	–	–
	Net increase (decrease)	–	–	–	13	–	13
Borrowed money	Volume-related increase (decrease)	– 0	– 0	– 0	– 0	0	– 0
	Rate-related increase (decrease)	–	–	–	– 0	–	0
	Net increase (decrease)	– 0	– 0	– 0	– 0	0	0

Note: Volume/rate variance is prorated according to changes in volume and rate.

General and Administrative Expenses

(Millions of Yen)

Classification	Year ended March 31, 2017	Year ended March 31, 2018
Salaries and related expenses	20,043	20,102
Retirement benefit cost	1,370	2,172
Welfare expenses	2,823	2,903
Depreciation	1,254	1,525
Rent and lease expenses	4,626	4,910
Building and maintenance expenses	3	44
Supplies expenses	183	262
Water, lighting, and heating expenses	147	162
Traveling expenses	221	211
Communication expenses	728	921
Publicity and advertising expenses	2,216	1,629
Membership fees, Contribution and Entertainment expenses	170	173
Taxes, other than income taxes	3,204	1,487
Business consignment expenses	8,531	9,227
Deposit insurance	264	517
Others	4,707	4,510
Total	50,499	50,764

Note: Includes non-recurring expenses.

Indicator related to Deposits

Balance of Deposits by Type

(Millions of Yen)

	March 31, 2017			March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Liquid deposits	1,356,556	–	1,356,556	1,400,700	–	1,400,700
Fixed-term deposits	119,634	–	119,634	122,940	–	122,940
Negotiable certificates of deposit	–	–	–	–	–	–
Others	12,982	978,632	991,615	8,149	1,008,744	1,016,893
Total	1,489,173	978,632	2,467,806	1,531,790	1,008,744	2,540,534

Notes: 1.Liquid deposits = Current deposits + Ordinary deposits

2.Fixed-term deposits = Time deposits

Average Balance of Deposits by Type

(Millions of Yen)

	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Liquid deposits	1,266,440	–	1,266,440	1,389,975	–	1,389,975
Fixed-term deposits	113,219	–	113,219	129,272	–	129,272
Negotiable certificates of deposit	–	–	–	–	–	–
Others	5,961	974,430	980,391	5,877	994,314	1,000,191
Total	1,385,620	974,430	2,360,051	1,525,126	994,314	2,519,440

Notes: 1.Liquid deposits = Current deposits + Ordinary deposits

2.Fixed-term deposits = Time deposits

Balance of Time deposits, Classified by Maturity

(Millions of Yen)

	March 31, 2017						
	Three months or less	More than three months through six months	More than six months through one year	More than one year through three years	More than three years through five years	More than five years	Total
Fixed interest rate time deposits	67,000	11,553	10,321	2,742	1,598	26,417	119,634
Floating interest rate time deposits	–	–	–	–	–	–	–
Other time deposits	–	–	–	–	–	–	–
Total	67,000	11,553	10,321	2,742	1,598	26,417	119,634

(Millions of Yen)

	March 31, 2018						
	Three months or less	More than three months through six months	More than six months through one year	More than one year through three years	More than three years through five years	More than five years	Total
Fixed interest rate time deposits	62,823	11,826	14,525	2,511	6,508	24,744	122,940
Floating interest rate time deposits	–	–	–	–	–	–	–
Other time deposits	–	–	–	–	–	–	–
Total	62,823	11,826	14,525	2,511	6,508	24,744	122,940

Indicator related to Loans

Balance of Loans and Bills Discounted by Type

(Millions of Yen)

	March 31, 2017			March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Loans on bills	8,489	–	8,489	10,324	–	10,324
Loans on deeds	236,436	304,167	540,604	397,138	494,818	891,957
Overdrafts	52,295	8,707	61,003	93,244	6,861	100,106
Bills discounted	–	–	–	–	–	–
Total	297,221	312,875	610,097	500,708	501,680	1,002,388

Average Balance of Loans and Bills Discounted by Type

(Millions of Yen)

	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Loans on bills	7,715	–	7,715	9,119	–	9,119
Loans on deeds	142,031	217,717	359,749	299,861	378,343	678,205
Overdrafts	48,951	7,556	56,507	70,975	8,208	79,183
Bills discounted	–	–	–	–	–	–
Total	198,698	225,273	423,972	379,956	386,552	766,508

Balance of Loans and Bills Discounted, Classified by Maturity

(Millions of Yen)

	March 31, 2017						
	Three months or less	More than three months through six months	More than six months through one year	More than one year through three years	More than three years through five years	More than five years	Total
Loans and bills discounted	27,971	23,611	33,224	104,246	266,905	154,138	610,097
Fixed interest rates				30	163,443	3,282	166,757
Floating interest rates				104,215	103,461	150,855	358,532

(Millions of Yen)

	March 31, 2018						
	Three months or less	More than three months through six months	More than six months through one year	More than one year through three years	More than three years through five years	More than five years	Total
Loans and bills discounted	119,841	28,241	54,662	159,750	396,347	243,546	1,002,388
Fixed interest rates				6,074	240,238	6,738	253,051
Floating interest rates				153,675	156,109	236,807	546,592

Notes: 1.Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

2.Loans with no fixed maturity are classified in Three months or less.

Balance of Loans and Bills Discounted, Classified by Collateral

(Millions of Yen)

	March 31, 2017	March 31, 2018
Deposits	80,858	150,411
Securities	29,010	51,483
Commercial claims	22,380	50,583
Commercial goods	–	112
Real estate	104,111	134,467
Others	53,813	92,928
Subtotal	290,173	479,985
Guaranteed	7,311	76,684
Unsecured	312,611	445,718
Total	610,097	1,002,388

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

(Millions of Yen)

	March 31, 2017	March 31, 2018
Deposits	-	-
Securities	-	-
Commercial claims	-	-
Commercial goods	-	-
Real estate	-	4,000
Others	-	-
Subtotal	-	4,000
Guaranteed	-	5
Unsecured	-	-
Total	-	4,005

Balance of Loans and Bills Discounted, Classified by Purpose

(Millions of Yen)

	March 31, 2017	March 31, 2018
Funds for capital investment	198,694	305,583
Funds for working capital	411,402	696,805
Total	610,097	1,002,388

Notes: 1.Funds for capital investment include Housing Loan and Second house Loan.
2.Funds for working capital include investment capital.

Balance of Loan Portfolio, Classified by Industry

(Millions of Yen)

	March 31, 2017		March 31, 2018	
	Amount	Component Ratio	Amount	Component Ratio
Domestic		%		%
Manufacturing	-	-	-	-
Agriculture, forestry, fisheries and mining	-	-	-	-
Construction	-	-	-	-
Transportation, communications and public enterprises	17,150	2.81	25,119	2.50
Wholesale and retail	325	0.05	312	0.03
Finance and insurance	-	-	4,300	0.42
Real estate, goods rental and leasing	600	0.09	5,600	0.55
Services	33,835	5.54	43,535	4.34
Municipalities	-	-	-	-
Others	141,906	23.26	262,114	26.14
Individuals	111,448	18.26	166,585	16.61
Subtotal	305,266	50.03	507,566	50.63
Overseas	304,830	49.96	494,822	49.36
Total	610,097	100.00	1,002,388	100.00

Notes: 1.Others are loans to Public sector.
2.Overseas include loan extended overseas.

Loans to Small and Medium-Sized Enterprises

(Millions of Yen)

	March 31, 2017	March 31, 2018
Total domestic loans(A)	305,266	507,566
Loans to small and medium-sized enterprises(B)	146,209	232,837
Ratio (B)/(A)	47.89%	45.87%

Notes: 1.The figures above exclude the loans extended overseas.
2.Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees.(Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Specific Overseas Loans

Not applicable

Loan-Deposit Ratio

(%)

	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Year-End Balance	19.95	31.97	24.72	32.68	49.73	39.45
Average Balance	14.34	23.11	17.96	24.91	38.87	30.42

Breakdown of Reserve for Possible Loan Losses

(Millions of Yen)

	Year ended March 31, 2017				Year ended March 31, 2018			
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at end of the fiscal year	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at end of the fiscal year
General reserve for possible loan losses	494	747	494	747	747	1,005	747	1,005
Specific reserve for possible loan losses	651	589	651	589	589	564	589	564
Loan loss reserve for specific overseas countries	—	—	—	—	—	—	—	—
Total	1,145	1,337	1,145	1,337	1,337	1,570	1,337	1,570

Write-Off of Loans

Not applicable

Risk-Monitored Loans(Bankrupt loans, Non-accrual loans, Past due loans (3 months or more), Restructured loans)

(Millions of Yen)

	March 31, 2017	March 31, 2018
Bankrupt loans	—	—
Non-accrual loans	949	1,016
Past due loans (3 months or more)	—	—
Restructured loans	7	5
Total	957	1,022

Notes: 1.Bankrupt loans : loans, after write-off, to legally bankrupt borrowers to which the events defined in "Order for Enforcement of the Corporation Tax Act" have occurred and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.
2.Non-accrual loans : loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3.Past due loans (3 months or more) : loans on which the principal or interest payment is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."
4.Restrictured loans : loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."

Problem Assets Based on the Financial Reconstruction Act

(Millions of Yen)

	March 31, 2017	March 31, 2018
Bankrupt and quasi-bankrupt assets	690	783
Doubtful assets	259	234
Substandard loans	7	5
Subtotal(A)	957	1,023
Normal assets	609,620	1,006,472
Total(B)	610,578	1,007,496
Disclosure loan ratio (A)/(B)	0.15%	0.10%

Notes: 1.Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature.
2.Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower.
3.Substandard loans: Past due loans (3 months or more) and restructured loans.
4.Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above.

Indicator related to Securities

Year-End Balance and Average Balance of Trading account securities

Not applicable.

Balance of Securities by Type

(Millions of Yen)

	March 31, 2017			March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Japanese government bonds	260,570	—	260,570	262,407	—	262,407
Japanese local government bonds	—	—	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	10,243	—	10,243	10,221	—	10,221
Japanese stocks	—	—	—	—	—	—
Others	—	10,948	10,948	500	22,289	22,789
Foreign bonds	—	10,948	10,948	—	22,289	22,289
Foreign stocks	—	—	—	—	—	—
Total	270,814	10,948	281,762	273,128	22,289	295,418

Average Balance of Securities by Type

(Millions of Yen)

	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Japanese government bonds	260,659	—	260,659	260,999	—	260,999
Japanese local government bonds	—	—	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	1,754	—	1,754	10,242	—	10,242
Japanese stocks	—	—	—	—	—	—
Others	—	8,406	8,406	84	16,451	16,536
Foreign bonds	—	8,406	8,406	—	16,451	16,451
Foreign stocks	—	—	—	—	—	—
Total	262,413	8,406	270,820	271,327	16,451	287,778

Securities-Deposit Ratio

(%)

	Year ended March 31, 2017			Year ended March 31, 2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Year-End Balance	18.18	1.11	11.41	17.83	2.20	11.62
Average Balance	18.93	0.86	11.47	17.79	1.65	11.42

Balance of Securities Held, Classified by Maturity

(Millions of Yen)

	March 31, 2017					
	One year or less	More than one year through five years	More than five years through ten years	More than ten years	No designated term	Total
Japanese government bonds	—	260,570	—	—	—	260,570
Japanese local government bonds	—	—	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	—	5,021	5,222	—	—	10,243
Japanese stocks	—	—	—	—	—	—
Others	—	—	5,611	5,336	—	10,948
Foreign bonds	—	—	5,611	5,336	—	10,948
Foreign stocks	—	—	—	—	—	—
Total	—	265,592	10,834	5,336	—	281,762

(Millions of Yen)

	March 31, 2018					
	One year or less	More than one year through five years	More than five years through ten years	More than ten years	No designated term	Total
Japanese government bonds	2,000	260,407	–	–	–	262,407
Japanese local government bonds	–	–	–	–	–	–
Japanese short-term corporate bonds	–	–	–	–	–	–
Japanese corporate bonds	–	5,018	5,202	–	–	10,221
Japanese stocks	–	–	–	–	–	–
Others	998	4,395	11,998	5,397	–	22,789
Foreign bonds	498	4,395	11,998	5,397	–	22,289
Foreign stocks	–	–	–	–	–	–
Total	2,998	269,820	17,201	5,397	–	295,418

Information for Derivatives transactions

Derivative transactions to which the hedge accounting method is not applied

Currency derivatives

(Millions of Yen)

Classification	Type of derivative		March 31, 2017				March 31, 2018			
			Contract amount		Fair value	Valuation gains (losses)	Contract amount		Fair value	Valuation gains (losses)
				Over one year				Over one year		
Over-the-counter	Forward rate agreements	Sold	8,739	–	60	60	118,277	–	122	122
		Bought	8,766	–	– 33	– 33	116,058	–	– 2,365	– 2,365
	Currency options	Sold	38,938	–	– 60	63	45,352	–	– 288	– 74
		Bought	38,938	–	86	– 37	45,352	–	284	142
Total					53	53			– 2,246	– 2,174

Derivative transactions to which the hedge accounting method is applied

Interest rate derivatives

(Millions of Yen)

Hedge accounting Method	Type of derivative		March 31, 2017				March 31, 2018			
			Principal items hedged	Contract amount		Fair value	Principal items hedged	Contract amount		Fair value
					Over one year				Over one year	
Deferral hedge method	Interest rate swaps	Receive Fixed/Pay Floating	Interest-earning/ bearing financial assets such as time deposits from banks and loans	264,341	213,874	– 3,078	Interest-earning/ bearing financial assets such as time deposits from banks and loans	263,056	206,372	– 5,575
		Receive Float/Pay Fixed	Other securities	5,000	5,000	– 10	Other securities	5,000	5,000	– 26
Special treatment for interest rate swaps	Interest rate swaps	Receive Float/Pay Fixed	–	–	–	–	Loan	4,220	4,220	Note.2
Total						– 3,088				– 5,602

Note: 1.SMBC Trust Bank mainly applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24 February 13,2002).

2.Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the loan that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as loans disclosed in "Notes to financial statements, Financial instruments, 2.Fair value of financial instruments."

Indicator related to Trust Business

Statement of Trust Assets and Liabilities

(Millions of Yen)

Assets	March 31, 2017	March 31, 2018
Securities	122,285	457,949
Japanese government bonds	32,058	36,545
Japanese corporate bonds	1,917	1,917
Japanese stocks	17,360	300,820
Foreign securities	67,651	114,978
Other	3,297	3,687
Trust beneficiary right	407,092	799,883
Entrusted securities	70,017	248,019
Monetary claims	5,239,995	7,139,596
Monetary claims for housing loans	5,238,595	7,138,165
Other monetary claims	1,400	1,431
Tangible fixed assets	112,024	317,830
Intangible fixed assets	0	100
Other claims	5	403
Due from banking account	20,961	51,364
Cash and due from banks	40,821	32,338
Deposits with banks	40,821	32,338
Total	6,013,203	9,047,485

(Millions of Yen)

Liabilities	March 31, 2017	March 31, 2018
Money trusts	63,073	57,141
Investment trusts	407,092	799,883
Money in trusts other than money trusts	89,177	138,963
Securities in trusts	70,188	248,764
Monetary claims trusts	5,238,595	7,138,196
Composite trusts	145,029	664,467
Other trusts	46	70
Total	6,013,203	9,047,485

Notes:

- Trust assets under the co-operative trusts under other trust bank's administration are as described below:
as of March 31, 2017 5,281million yen
as of March 31, 2018 17,516million yen
- There are no corresponding transactions in the principal guaranteed trust account.

(Reference)

The amount of "the co-operative trusts under other trust bank's administration" referred to in the above Note 1 include those trust assets entrusted to SMBC Trust Bank and Sumitomo Mitsui Trust Bank, Limited under the service-shared co-trustee ("Trust Assets under the Service-Shared Co-Trustee") at the amount of 5,281 million yen for March 31, 2017 and 17,516 million yen for March 31, 2018, respectively. An aggregate of the balance of trust assets and liabilities under the Service-Shared Co-Trustee is as shown in the table below.

Statement of Trust Assets and Liabilities (Trust Assets and Liabilities including the balance of Service-Shared Co-Trustee)

(Millions of Yen)

Assets	March 31, 2017	March 31, 2018
Securities	122,285	457,949
Japanese government bonds	32,058	36,545
Japanese corporate bonds	1,917	1,917
Japanese stocks	17,360	300,820
Foreign securities	67,651	114,978
Other	3,297	3,687
Trust beneficiary right	412,371	817,406
Entrusted securities	70,017	248,019
Monetary claims	5,239,995	7,139,596
Monetary claims for housing loans	5,238,595	7,138,165
Other monetary claims	1,400	1,431
Tangible fixed assets	112,024	317,830
Intangible fixed assets	0	100
Other claims	5	403
Due from banking account	20,961	51,364
Cash and due from banks	40,821	32,338
Deposits with banks	40,821	32,338
Other	2	- 6
Total	6,018,485	9,065,002

(Millions of Yen)

Liabilities	March 31, 2017	March 31, 2018
Money trusts	68,355	74,657
Investment trusts	407,092	799,883
Money in trusts other than money trusts	89,177	138,963
Securities in trusts	70,188	248,764
Monetary claims trusts	5,238,595	7,138,196
Composite trusts	145,029	664,467
Other trusts	46	70
Total	6,018,485	9,065,002

Principal guaranteed trust account

Not applicable.

Balance of Money Trusts

(Millions of Yen)

	March 31, 2017	March 31, 2018
Money trusts	63,073	57,141
Designated money trusts	860	644
Specified money trusts	62,213	56,496
Total	63,073	57,141

Notes: 1. There are no corresponding transactions for Pension trusts, Property formation benefit trusts and Loan trusts.
2. An aggregate of the balance of trust assets under the Service-Shared Co-Trustee is as shown in the table below.

(Millions of Yen)

	March 31, 2017	March 31, 2018
Money trusts	68,355	74,657
Designated money trusts	860	644
Specified money trusts	67,494	74,013
Total	68,355	74,657

Balance of Principal of Money Trusts by Trust Period

(Millions of Yen)

	Designated money trusts				Specified money trusts	
	Jointly Operated		Individually operated		March 31, 2017	March 31, 2018
	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018		
less than one year	—	—	—	—	—	—
One year or more less than two years	—	—	—	—	—	52
Two years or more less than five years	—	—	416	393	38,322	36,283
Five years or more	—	—	—	—	23,783	20,072
Others	—	—	—	—	—	—
Total	—	—	416	393	62,106	56,409

Note: There are no corresponding transactions for Loan trusts.

Balance of Money Trusts by Type

(Millions of Yen)

	Designated money trusts		Specified money trusts	
	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
Securities	619	572	31,091	35,728

Notes: 1. There are no corresponding transactions for Pension trusts, Property formation benefit trusts and Loan trusts.
2. There are no corresponding transactions for Loans and bills discounted.
3. An aggregate of the balance of trust assets under the Service-Shared Co-Trustee is the same as above.

Balance of Securities held in Money Trusts by Type

(Millions of Yen)

	Designated money trusts		Specified money trusts	
	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
Japanese government bonds	—	—	31,022	35,642
Japanese local government bonds	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—
Japanese corporate bonds	—	—	—	—
Japanese stocks	619	572	—	—
Other	—	—	68	86
Total	619	572	31,091	35,728

Notes: 1. There are no corresponding transactions for Pension trusts, Property formation benefit trusts and Loan trusts.
2. An aggregate of the balance of trust assets under the Service-Shared Co-Trustee is the same as above.

Matters to be Disclosed Concerning Compensation

1. Compensation Framework of SMBC Trust

(1) Scope of Officers and Employees

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office on Disclosure of Corporate Affairs, etc. and other ordinances are as described below.

① Scope of Officers

Officers subject to compensation disclosure are directors and Audit & Supervisory Board members of SMBC Trust (excluding outside directors and auditors).

② Scope of Employees and Others

Of employees of SMBC Trust other than officers, those employees and others who are highly compensated and have a material influence on the business management or the assets of SMBC Trust are subject to compensation disclosure.

(a) Scope of major consolidated subsidiaries

Not applicable.

(b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation is higher than the average amount of compensation paid to the officers (excluding officers appointed or retired during the fiscal year in question) which is derived by dividing the total amount of compensation paid to the officers during the fiscal year by the number of officers during the same period.

(c) Material influence on the business management or assets of SMBC Trust

A person has a material influence on the business management or assets of SMBC Trust if his/her regular transactions or regular matters managed by him/her have a substantial impact on the business management of SMBC Trust, or losses incurred through such actions have a significant impact on the financial situation of SMBC Trust.

(2) Determination of Compensation

① For Officers

The (maximum) total amount of compensation for directors and Audit & Supervisory Board members is respectively determined at a general meeting of shareholders as executive compensation. The Board of Directors has the sole discretion to determine the allocation of compensation to individual directors while the Audit & Supervisory Board determines the allocation of compensation to individual Audit & Supervisory Board members.

② For Employees and Others

The Human Resources Department designs the system and pays compensation to employees in accordance with the basic policy.

2. Assessment of Design and Operation of Compensation Structure

(1) Compensation Policy for Officers

The compensation of officers consists of base salary and is determined by taking into account their job responsibilities, character evaluation, business performance, and other factors.

(2) Impact of Overall Level of Compensation for Officers on Shareholders' Equity

The Board of Directors has compared the total amount of executive compensation paid during the current fiscal year with the level of income and internal reserves for

the current fiscal year and has confirmed that it does not have a material impact on the capital adequacy ratio.

(3) Compensation Policy for Employees and Others

Core principles are documented in policies and procedures, determined by the Board of Directors of SMBC Trust, and reported to the Human Resources Department of Sumitomo Mitsui Financial Group, Inc.

3. Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance

In determining the compensation for officers, the total amount of compensation for all officers is resolved and determined at a general meeting of shareholders. On the other hand, in determining the compensation for employees and others, related in consideration of SMBC Trust's financial conditions and other factors.

4. Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of SMBC Trust

(1) Compensation Allocated to the Current Fiscal Year

(From April 1, 2017 to March 31, 2018)

In number of people, millions of yen

		Subject officers	Subject employees
Fixed Compensation	Number of subject officers and employees	10	7
	Fixed compensation total	218	169
	Cash compensation	218	169
	Deferment	—	—
Variable Compensation	Number of subject officers and employees	8	7
	Variable compensation total	42	50
	Cash compensation	42	50
	Deferment	—	—
Retirement allowance	Number of subject officers and employees	—	—
	Retirement allowance total	—	—
	Deferment	—	—
Other compensation	Number of subject officers and employees	9	7
	Other compensation total	2	1
	Deferment	—	—
Compensation total		263	221

(note) Other compensation is commutation allowance.

(2) Special compensation etc.

Not applicable

(3) Deferred compensation etc.

Not applicable

5. Other Information Regarding Compensation Structure of SMBC Trust

Not applicable

Disclosure Items Based on Pillar III of Basel III

Disclosure items based on the “items separately stipulated by the Commissioner of the Japanese Financial Services Agency concerning capital adequacy pursuant to Article 19-2, Paragraph 1, item 5, Subsection 2, of the Ordinance for Enforcement of the Banking Act” (Notification No.7 issued by the Japanese Financial Services Agency in 2014).

Composition of Capital Disclosure

(Millions of Yen)

Items	As of March 31, 2017		As of March 31, 2018	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Core Capital Basic Components (1)				
Directly issued qualifying common share or mandatory convertible preference share plus related capital surplus and retained earnings	194,091		188,297	
of which : capital and capital surplus	215,900		215,900	
of which : retained earnings	△ 21,808		△ 27,602	
of which : treasury stock (-)	-		-	
of which : cash dividends to be paid (-)	-		-	
of which : other than the above	-		-	
Stock acquisition rights to common shares or mandatory convertible preference shares	-		-	
Total of general reserve for possible loan losses and eligible provisions included in Core Capital Basic Components	747		1,005	
of which : general reserve for possible loan losses	747		1,005	
of which : eligible provisions	-		-	
Qualifying non-cumulative perpetual preferred stock subject to phase-out arrangements included in Core Capital Basic Components	-		-	
Eligible capital instruments subject to phase-out arrangements included in Core Capital Basic Components	-		-	
Capital instruments issued by public agency under capital enhancement action included in Core Capital Basic Components	-		-	
45% equivalent of the difference between the revaluated amount of the land and the book value immediately prior to revaluation included in Core Capital Basic Components	-		-	
Amount of Core Capital Basic Components (A)	194,839		189,303	
Core Capital Adjustments (2)				
Total intangible assets (excluding those relating to mortgage servicing rights)	39,101	17,100	49,462	9,183
of which : goodwill (including those equivalent)	13,450	-	12,727	-
of which : other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	25,650	17,100	36,735	9,183
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Shortfall of eligible provisions to expected losses	-	-	-	-
Gain on sale on securitization transactions	-	-	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
Prepaid pension cost	-	-	471	117
Investments in own shares (excluding those reported in the Net assets section)	-	-	-	-
Reciprocal cross-holdings in common equity	-	-	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-	-	-
Amount exceeding the 10% threshold on specified items	6,652	4,435	11,193	2,798
of which : significant investments in the common stock of financials	-	-	-	-
of which : mortgage servicing rights	-	-	-	-
of which : deferred tax assets arising from temporary differences (net of related tax liability)	6,652	4,435	11,193	2,798
Amount exceeding the 15% threshold on specified items	-	-	-	-
of which : significant investments in the common stock of financials	-	-	-	-
of which : mortgage servicing rights	-	-	-	-
of which : deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-

(to be continued on Page 69)

Items		As of March 31, 2017		As of March 31, 2018	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Amount of Core Capital Adjustments	(B)	45,754		61,127	
Capital					
Capital amount ((A) - (B))	(C)	149,084		128,175	
Risk weighted assets (3)					
Credit risk weighted assets		615,471		823,806	
of which : total of items in risk weighted assets subject to transitional arrangements		21,535		12,100	
of which : intangible assets (excluding those relating to mortgage servicing rights)		17,100		9,183	
of which : deferred tax assets		—		—	
of which : prepaid pension cost		—		117	
of which : investments in the capital of banking, financial and insurance entities		—		—	
of which : other than the above		4,435		2,798	
Total amount of Market Risk equivalent divided by 8%		—		—	
Total amount of Operational Risk equivalent divided by 8%		67,150		70,813	
Credit risk weighted assets adjustments		—		—	
Operational risk weighted assets adjustments		—		—	
Total amount of Risk weighted assets	(D)	682,622		894,620	
Capital Adequacy Ratio					
Total Capital Adequacy Ratio ((C) / (D))		21.84%		14.32%	

Qualitative Disclosures

1. Overview of Capital Instruments

SMBC Trust's capital consists of capital, capital surplus, and retained earnings. The following table summarizes its capital instruments.

(Millions of yen)

Types	Amount included in basic items of core capital	
	As of March 31, 2017	As of March 31, 2018
Common stock	170,900	170,900
Non-voting stock	45,000	45,000

2. Outline of the SMBC Trust's Capital Adequacy Assessment Method

With respect to capital adequacy, SMBC Trust periodically reports to management the capital adequacy ratio calculated based on risk-weighted assets and capital as prescribed by the FSA's "Notification on Criteria for Determining Whether the Level of Capital Adequacy is Appropriate in Light of Assets, etc. Held by Banks Based on Article 14-2 of the Banking Act (FSA Notification No. 19 of 2006; the "FSA Notification"). In addition, in order to assess its capital adequacy reflecting those risks that are not covered by the regulations, SMBC Trust periodically ensure that its capital exceeds risk exposures constantly and sufficiently regardless of the regulatory minimum capital adequacy ratio by conducting risk capital management. Going forward, SMBC Trust intends to maintain an appropriate level of capital adequacy ratio based on the capital plan formulated based on the management plan.

3. Matters Relating to Credit Risk

(1) Outline of Risk Management Policy and Procedures

SMBC Trust manages credit risk based on the written "Credit Policy".

With respect to its retail loan services, SMBC Trust collects a sufficient level of collateral from customers, in principle, and conducts credit operations focusing primarily on mortgage loans and short-term loans with maturity of less than one year. On the other hand, SMBC Trust's corporate loan operations focus primarily on loans denominated in foreign currencies and also include loans in Japanese yen and private placement bonds. The Investment & Loan Planning Department manages credit portfolios and plans and drafts operational policies, and seeks to realize a highly effective credit risk management system, and regularly reports to the Executive Committee, the Credit Risk Committee and other bodies on the status of credit risk management. The Credit Department is responsible for reviewing individual loans and analyzing loans newly originated at an application stage and assessing the actual status of individual assets based on self-assessment standards on a periodic basis. The soundness of assets is ensured through verification of their appropriateness by the Credit Department and auditing by the Internal Audit Department.

SMBC Trust applies the standardized approach to calculate the amount of risk-weighted assets for credit risk under Basel III.

(2) Matters Relating to Portfolios to Which the Standardized Approach is Applied

① Qualifying external rating agencies, etc. used for purposes of risk weight determination

SMBC Trust references ratings assigned by Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings ("Fitch"), Organization for Economic Co-operation and Development, Rating and Investment Information, Inc. ("R&I"), and Japan Credit Rating Agency, Ltd. ("JCR").

Since some obligors were assigned a rating only by Fitch from the fiscal year ended December 31, 2017, SMBC Trust references the rating assigned by Fitch for those foreign obligors who are not assigned ratings by S&P and Moody's.

② Qualifying external rating agencies used for purposes of risk weight determination by exposure type

SMBC Trust uses the same credit rating agencies as those described in ① above.

4. Outline of Risk Management Policies and Procedures for Credit Risk

(1) Policy on Credit Risk Mitigation

As a bank applying the standardized approach, SMBC Trust uses a simplified method for credit risk mitigation purposes. Under this method, SMBC Trust calculates exposures in accordance with the FSA Notification and applies risk weights prescribed therein when calculating the amount of credit risk-weighted assets to determine the capital adequacy ratio.

(2) Management of Overall Credit Risk Mitigation

SMBC Trust reviews the line of credit at least on an annual basis and re-evaluates collateral value and other items on a periodic basis for credit protection purposes.

(3) Types of Credit Risk Mitigation

① Eligible financial collateral (simplified method)

Assets that satisfy conditions set forth in Article 89 of the FSA Notification

② Netting loans and own bank deposits

SMBC Trust offsets loans and own bank deposits which meet conditions set forth in Article 117 of the FSA Notification and uses the resulting amount as the amount of exposures to calculate the capital adequacy ratio.

③ Guarantees and credit derivatives

Guarantees satisfying conditions set forth in Articles 118, 119, and 122 of the FSA Notification. SMBC Trust currently does not use credit derivatives as a credit risk mitigation in calculating the capital adequacy ratio.

5. Outline of Risk Management Policies and Procedures for Derivatives Transactions and Long Settlement Transactions

(1) Counterparty Risk

The amount of counterparty credit risk associated with derivatives transactions is determined by the current exposure method in accordance with the FSA Notification.

(2) Management of Lines of Credit

The line of credit offered to counterparties in connection with derivatives transactions, etc. is managed based on the total amount of lines of credit, aggregating it with the lines of credit for all on-balance transactions and other items.

SMBC Trust does not engage in any transaction that falls under the category of a long settlement transaction.

6. Matters Relating to Securitization Exposures

(1) Outline of Risk Management Policy and Risk Characteristics

① Risk management policy

The definition of securitization exposures is clarified in order to ensure that risks associated with securitization products are identified, measured, evaluated, and reported, and the risk management department independent of sales departments centrally manages risks, from recognizing securitization exposures to measuring, evaluating, and reporting risks.

② Outline of risk characteristics

SMBC Trust is exposed to credit risk and interest rate risk associated with securitization exposures held as an investor. These risks are basically the same as those arising from transactions such as loans and securities.

Liquidity risk associated with underlying assets of securitization exposures held (i.e. liquidity risk assumed until normal operations can be resumed in the event of the originator's default) and other risks are inherent.

(2) Outline of Establishment and Implementation of a System Stipulated in Articles 249(4)(iii) to (vi) of the FSA's Notification Concerning the Capital Adequacy Ratio

In order to assess the status of risk and performance of securitization products that are deemed as securitization exposures, SMBC Trust has established a system whereby information on the conditions of underlying assets and other relevant matters are continuously monitored and monitoring results are compiled by, and reported to, the risk management department on a periodic basis.

(3) Policy Applied When Using Securitization Transactions as a Credit Risk Mitigation

There is no applicable information to be disclosed.

(4) Approach Used to Calculate the Amount of Credit Risk-Weighted Assets Relating to Securitization Exposures

SMBC Trust uses the standardized approach to calculate the amount of credit risk-weighted assets relating to securitization exposures.

(5) Approach Used to Calculate Capital Requirements for Market Risk Related to Securitization Exposures

There is no applicable information to be disclosed.

- (6) Type of Securitization Conduit Used in Securitization Transactions Associated with Third Party Assets, if a Bank Engages in Such Transactions, and Status of the Bank's Holdings of Securitization Exposures Related to Such Transactions

There is no applicable information to be disclosed.

- (7) Names of a Bank's Subsidiaries and Affiliated Companies Holding Securitization Exposures Related to Securitization Transactions Conducted by the Bank

There is no applicable information to be disclosed.

- (8) Accounting Policy on Securitization Transactions

SMBC Trust is engaged in securitization transactions as an investor and accounts for such transactions in accordance with the "Accounting Standard for Financial Instruments".

- (9) Qualifying External Rating Agencies Used for Purposes of Risk Weight Determination by Exposure Type

SMBC Trust references ratings assigned by Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings ("Fitch"), Organization for Economic Co-operation and Development, Rating and Investment Information, Inc. ("R&I"), and Japan Credit Rating Agency, Ltd. ("JCR").

Since some obligors were assigned a rating only by Fitch from the fiscal year ended December 31, 2017, SMBC Trust references the rating assigned by Fitch for those foreign obligors who are not assigned ratings by S&P and Moody's.

- (10) Outline of the Internal Assessment Approach, if Used

There is no applicable information to be disclosed.

- (11) Significant Changes to Quantitative Information, if Any

There is no applicable information to be disclosed.

7. Matters Relating to Market Risk

There is no applicable information to be disclosed because SMBC Trust applies the special treatment to exclude market risk from the calculation of capital requirements.

8. Matters Relating to Operational Risk

- (1) Outline of Risk Management Policies and Procedures

SMBC Trust has formulated the "Operational Risk Management Policy" as a comprehensive management policy for operational risk, and works on the establishment and enhancement of approaches and frameworks for appropriately identifying, assessing, monitoring, and controlling various operational risks arising from increasingly diversified and complex financial services, seeking to enhance the effectiveness of risk management. Furthermore, SMBC Trust periodically assesses and continuously improves risks inherent in each department responsible for business activities as well as existing controls, and regularly reports and provides recommendations to the Risk Management Committee and the Operations & System Committee.

- (2) Method Used to Calculate Capital Requirements for Operational Risk

SMBC Trust uses the basic indicator approach.

9. Policies and Procedures for Managing Investments and Other Similar Exposures in Banking Book Prescribed in Article 4(6)(iii) of the Order for Enforcement of the Banking Act (Cabinet Order No. 40 of 1982) (Collectively, "Investments, etc.") and Equity Exposures

There is no applicable information to be described

10. Matters Relating to Interest Rate Risk in Banking Book

- (1) Outline of Risk Management Policies and Procedures

Based on the "Basic Policy on Managing Market and Liquidity Risks", the Risk Management Department, independent of market departments, manages interest rate risk in the banking book. It also reports its activities, and provides recommendations based on risk analysis, to the ALM Committee on a periodic and ad-hoc basis.

- (2) Outline of the Approach to Measure Interest Rate Risk in Banking Book Used by a Bank for Internal Management Purposes

SMBC Trust uses the repricing ladder approach and allocates assets and liabilities held to the ladders according to the period up to the repricing date and measures interest rate risk in the banking book on a daily basis. Furthermore, SMBC Trust classifies its assets and liabilities into Japanese yen and foreign currencies and calculates on a daily basis the amount of changes in the present value when interest rate changes one basis point. The results are used as a management indicator for internal management purposes.

Quantitative Disclosure

1. Capital Adequacy

(1) Required Capital for Credit Risk

(Millions of Yen)

	As of March 31, 2017		As of March 31, 2018	
	Credit Risk Assets	Required Capital	Credit Risk Assets	Required Capital
On balance sheet assets				
Cash	-	-	-	-
Japanese government and central bank	-	-	-	-
Foreign government and central bank	-	-	-	-
Bank for International Settlements	-	-	-	-
Japanese local public entities	-	-	-	-
Overseas public sectors other than central government	-	-	-	-
Multilateral Development Banks (MDBs)	-	-	-	-
Japan Finance Organization for Municipalities (JFM)	-	-	-	-
Japan Government-affiliated organizations	2,100	84	2,950	118
Land Development Public Corporations, Local Housing Public Corporations, Local Road Public Corporations	-	-	-	-
Financial institutions and Regulated securities companies	129,092	5,163	99,254	3,970
Corporates	342,839	13,713	461,202	18,448
SMEs and individuals	-	-	-	-
Residential mortgage loans	21,892	875	29,983	1,199
Projects including acquisition of real estate properties	-	-	53,009	2,120
Past due exposures for three months or more	67	2	202	8
Bills before collection	-	-	-	-
Exposures secured by the Japan Federation of Credit Guarantee Corporation	-	-	-	-
Exposures secured by the Regional Economy Vitalization Corporation of Japan	-	-	-	-
Investments in Equity Instruments	-	-	-	-
Securitization (as an originator)	-	-	-	-
Securitization (not as an originator)	23,596	943	57,792	2,311
Exposures comprised of more than two underlying assets (so-called "funds"), each component of which is difficult to be known	-	-	-	-
Others	92,083	3,683	88,343	3,533
On balance sheet assets total	611,671	24,466	792,739	31,709
Off balance sheet assets				
Derivative transactions	1,504	60	1,883	75
Others	38	1	26,357	1,054
Off balance sheet assets total	1,543	61	28,241	1,129
CVA risk	2,256	90	2,825	113
Total	615,471	24,618	823,806	32,952

(2) Required Capital for Operational Risk

(Millions of Yen)

	As of March 31, 2017		As of March 31, 2018	
	Operational Risk equivalent divided by 8%	Required Capital	Operational Risk equivalent divided by 8%	Required Capital
Basic Indicator Approach	67,150	2,686	70,813	2,832

(3)Non-consolidated Total Required Capital

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Risk Weighted Assets		
Credit risk weighted assets	615,471	823,806
Total amount of Market risk equivalent divided by 8%	–	–
Total amount of Operational risk equivalent divided by 8%	67,150	70,813
Total (A)	682,622	894,620
Non-consolidated Total Required Capital (Total (A) × 4%)	27,304	35,784

2. Credit Risk

(1) Exposure Balance

(by Geographic Region, Industry and Counterparty)

(Millions of yen)

	As of March 31, 2017				
	Loans etc.	Bonds	Derivatives	Others	Total
Domestic					
Manufacturing	–	–	–	–	–
Agriculture, Forestry, Fishery and Mining	–	–	–	–	–
Construction	–	–	–	–	–
Transportation, Information, and Public utilities	17,150	–	–	2	17,153
Wholesale and Retail	325	–	–	0	325
Finance and Insurance	1,427,246	9,958	4,738	291,867	1,733,810
Real estate, Goods rental and leasing	600	10,000	–	5	10,605
Services	33,835	–	–	6	33,842
National and local governments	141,906	260,570	–	8	402,484
Other industries	–	900	–	56,711	57,611
Individuals	111,448	–	556	624	112,630
Subtotal	1,732,513	281,429	5,294	349,226	2,368,464
Overseas	304,830	–	–	503	305,333
Total	2,037,343	281,429	5,294	349,729	2,673,797

(Millions of yen)

	As of March 31, 2018				
	Loans etc.	Bonds	Derivatives	Others	Total
Domestic					
Manufacturing	–	–	–	–	–
Agriculture, Forestry, Fishery and Mining	–	–	–	–	–
Construction	–	–	–	–	–
Transportation, Information, and Public utilities	25,119	–	–	4	25,123
Wholesale and Retail	312	–	–	0	312
Finance and Insurance	1,393,254	17,493	5,797	515,015	1,931,560
Real estate, Goods rental and leasing	5,600	10,000	–	4,052	19,652
Services	43,535	–	–	10	43,546
National and local governments	262,114	262,407	–	8	524,530
Other industries	–	4,649	–	52,432	57,081
Individuals	166,585	–	724	767	168,076
Subtotal	1,896,521	294,550	6,521	572,290	2,769,883
Overseas	494,822	–	–	11,292	506,114
Total	2,391,343	294,550	6,521	583,583	3,275,998

(by Residual Term)

(Millions of yen)

	As of March 31, 2017				
	Loans etc.	Bonds	Derivatives	Others	Total
Up to 1 year	1,237,281	–	1,104	293,149	1,531,535
Over 1 to 3 years	292,536	–	706	706	293,949
Over 3 to 5 years	269,669	265,570	758	758	536,757
Over 5 to 10 years	67,572	10,520	2,239	2,239	82,573
Over 10 years	109,280	5,338	485	485	115,589
No fixed maturity	61,003	–	–	52,390	113,393
Total	2,037,343	281,429	5,294	349,729	2,673,797

(Millions of yen)

	As of March 31, 2018				
	Loans etc.	Bonds	Derivatives	Others	Total
Up to 1 year	1,472,313	2,498	2,062	512,347	1,989,222
Over 1 to 3 years	169,890	260,995	644	4,712	436,243
Over 3 to 5 years	412,092	8,834	1,134	1,134	423,195
Over 5 to 10 years	86,546	16,919	2,134	6,134	111,735
Over 10 years	150,394	5,301	545	545	156,786
No fixed maturity	100,106	–	–	58,708	158,814
Total	2,391,343	294,550	6,521	583,583	3,275,998

(2) Term-End Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Domestic		
Corporate	–	–
Individual	232	341
Subtotal	232	341
Overseas	–	–
Total	232	341

(3) Reserve for Loan Losses and their Changes during the Fiscal Year

(Millions of Yen)

	As of March 31, 2017		As of March 31, 2018	
	Balance	Change	Balance	Change
Specific reserve for possible loan losses	589	△ 61	564	△ 24
Corporate	222	△ 1	208	△ 14
Individual	366	△ 60	356	△ 10
Others	–	–	–	–
General reserve for possible loan losses	747	253	1,005	257
Loan loss reserve for specific overseas countries	–	–	–	–

(4) Amount of write-off of loans
Not applicable.

(5) Balances of Exposures by Risk Weight Segment, to which Standardized Approach is applied, after taking into account the effect of Credit Risk Mitigation Techniques

(Millions of yen)

Risk Weight	As of March 31, 2017		As of March 31, 2018	
	With external rating	Without external rating	With external rating	Without external rating
0%	1,481,357	22,996	1,692,571	282,594
10%	—	3,000	—	11,512
20%	701,523	11,780	617,156	27,115
30%	—	6,002	—	5,996
35%	—	62,549	—	85,667
40%	—	—	8,177	—
50%	8,150	10,078	15,005	72
70%	3,169	—	—	—
75%	—	—	—	—
100%	—	89,091	—	112,007
120%	133,903	96,098	154,030	194,588
150%	—	34	—	58
170%	1,073	—	9,180	201
250%	—	15,208	—	14,279
350%	600	—	4,646	—
1250%	—	—	—	500
Others	—	23,276	—	37,095
Total	2,329,777	340,118	2,500,768	771,689

(Notes) 1. "Others" include balances of securitization exposures without external ratings, using the weighted average risk weights of individual underlying assets.

2. The weighted average risk weight of assets included in "Others" is 123.1%.

3. Credit Risk Mitigation Techniques

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Eligible financial collateral		
Cash and deposits	26,884	41,482
Bonds	—	—
Stocks	—	—
Others	—	—
Subtotal	26,884	41,482
Offset loans with deposits	3,901	3,540
Guarantees and Credit Derivatives		
Guarantees	53,077	110,626
Credit Derivatives	—	—
Subtotal	53,077	110,626
Total	83,862	155,649

4. Counterparty Risk in Derivative Transactions and Long Settlement Transactions

(1) Derivative Transactions

① Method used to calculate Credit Equivalent Amount

Credit equivalent amounts are calculated by applying the Current Exposure Method.

② Gross Replacement Cost and Credit Equivalent Amount

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Gross replacement cost	745	598
Gross add-on amount	4,549	5,923
Credit equivalent amount (before taking into account the credit risk mitigation effect of collateral)	5,294	6,521
Foreign exchange related transactions	4,148	5,351
Interest rate related transactions	1,146	1,170
Collateral amount	–	–
Credit equivalent amount (after taking into account the credit risk mitigation effect of collateral)	5,294	6,521

③ Amount of Collateral by Type

Not applicable.

④ Credit Equivalent Amount after the Application of Credit Risk Mitigation Technique by Collateral

Since the application of credit risk mitigation technique by collateral is not applicable, the credit equivalent amount is the same before and after considering collateral.

⑤ Amount of Notional Principal of Credit Derivatives used for the Credit Equivalent Calculation, classified by Type of Credit Derivatives and by Protection Purchased or Provided

Not applicable.

⑥ Notional Principal of Credit Derivatives applied for Credit Risk Mitigation Technique

Not applicable.

(2) Long Settlement Transactions

Not applicable.

5. Securitization Exposures

(1) Securitization Exposures subject to the Calculation of Credit Risk Weighted Assets as an Originator

Not applicable.

(2) Securitization Exposures subject to the Calculation of Credit Risk Weighted Assets as an Investor

① Securitization Exposures by Type of Underlying Assets

(Millions of Yen)

Type of Underlying Assets	As of March 31, 2017			As of March 31, 2018		
	Total	On-balance sheet assets	Off-balance sheet assets	Total	On-balance sheet assets	Off-balance sheet assets
Real estate, Real estate trust beneficiary rights	600	600	–	5,146	1,146	4,000
Claims for corporates	16,813	16,813	–	45,474	45,474	–
Others	–	–	–	–	–	–
Total	17,413	17,413	–	50,620	46,620	4,000

Notes: No re-securitization exposures as of March 31, 2017 and 2018.

② Securitization Exposures by Risk Weight and Required Capital

(Millions of Yen)

Risk Weight	As of March 31, 2017				As of March 31, 2018			
	Total	On-balance sheet assets	Off-balance sheet assets	Required Capital	Total	On-balance sheet assets	Off-balance sheet assets	Required Capital
To 20%	—	—	—	—	—	—	—	—
Over 20% to 50%	—	—	—	—	8,177	8,177	—	130
Over 50% to 100%	—	—	—	—	—	—	—	—
Over 100% to 250%	16,813	16,813	—	859	37,296	37,296	—	1,840
Over 250% to 350%	600	600	—	84	4,646	646	4,000	650
Over 350% to 1250%	—	—	—	—	500	500	—	250
Total	17,413	17,413	—	943	50,620	46,620	4,000	2,871

Notes: No re-securitization exposures as of March 31, 2017 and 2018.

③ Securitization Exposures by Type of Underlying Assets to which 1250% Risk Weight should be applied in accordance with Paragraph 1, Article 247 of FSA Notice No.19

(Millions of Yen)

Type of Underlying Assets	As of March 31, 2017			As of March 31, 2018		
	Total	On-balance sheet assets	Off-balance sheet assets	Total	On-balance sheet assets	Off-balance sheet assets
Real estate, Real estate trust beneficiary rights	—	—	—	500	500	—
Claims for corporates	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	—	—	—	500	500	—

Notes: No re-securitization exposures as of March 31, 2017 and 2018.

④ Application of Credit Risk Mitigation Techniques to Re-securitization Exposures and their Breakdown by Guarantor or Risk Weight applied to Guarantor

Not applicable.

(3) Securitization Exposures as an Originator subject to the Calculation of Market Risk Equivalent Amount

Not applicable.

(4) Securitization Exposures as an Investor subject to the Calculation of Market Risk Equivalent Amount

Not applicable.

6. Market Risk

Not applicable.

7. Exposures relating to Investments in Equity Instruments or Equity Exposures in Banking Book

Not applicable.

8. Exposures to calculate the Amount of Credit Risk Weighted Assets as stipulated in Article 167 of FSA Notice No.19

Not applicable.

9. Gains and Losses or Changes in Economic Values due to Interest Rate Shocks used under the Internal Management regarding Interest Rate Risk in Banking Book

Gains and Losses on Shocks of 1 Basis Point Interest Rate Fluctuations

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Yen Currency	(9)	(4)
Foreign Currency	(9)	(1)
Total	(18)	(6)

Confirmation

June 29, 2018

SMBC Trust Bank Ltd.
Fumiaki Kurahara President & CEO

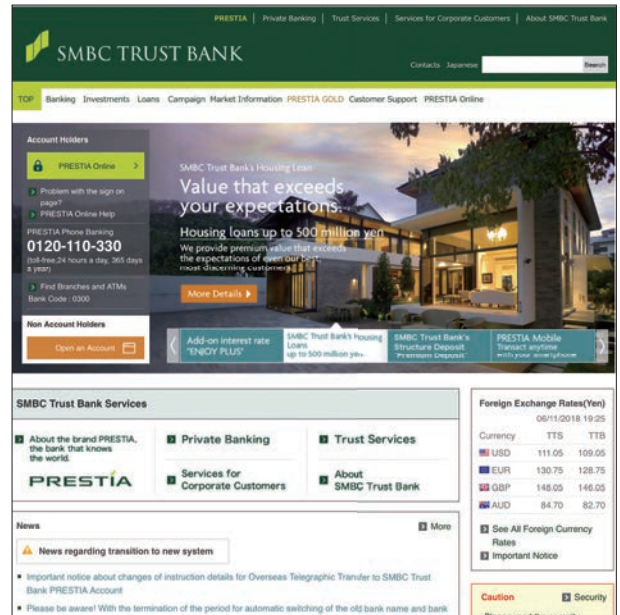
As the representative of SMBC Trust Bank Ltd., I have confirmed the appropriateness of the financial statements for the 33rd fiscal year from April 1, 2017 to March 31, 2018 and the effectiveness of internal audit performed for the preparation of the financial statements, based on “Clarification of Management's Responsibility over The Accuracy of Financial Statements and The Effectiveness of Internal Audit (Request)” (Financial Supervisory Agency No. 2835, October 7, 2005).

Website

SMBC Trust Bank top page



<http://www.smbctb.co.jp>

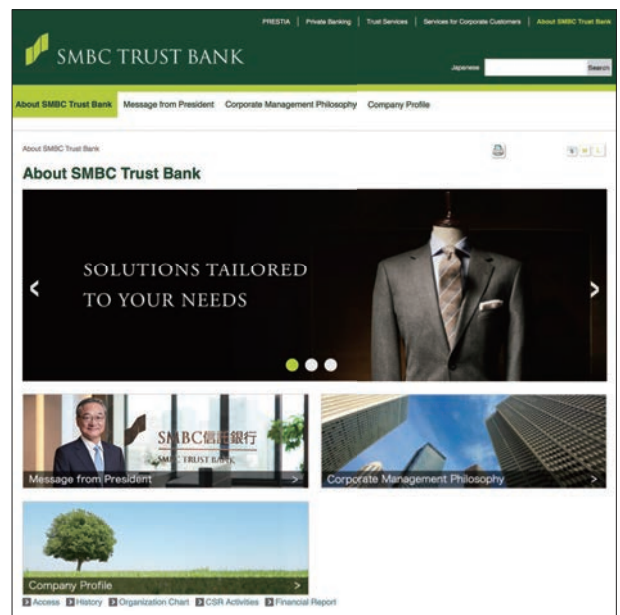


<http://www.smbctb.co.jp/en>

About SMBC Trust Bank



<http://www.smbctb.co.jp/contents/aboutus>



<http://www.smbctb.co.jp/en/contents/aboutus>

