




2019 ANNUAL REPORT

(April 1, 2018~March 31, 2019)



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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.

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 launched a new brand "PRESTIA", under which we now offer a broad range of solutions as a trust bank, utilizing our three advantages: "trusts", "foreign currency", and "real estate."

Having one of the highest life expectancy rates in the world, Japan is entering into the age of "a 100 year-life". Customers' needs for investment, asset management, and inheritance are to further grow, going forward.

Our experienced professionals continue to strive to meet our customers' varied demands with attentive support and tailor-made products and solutions.

As part of our services, we opened currency exchange counters under the name of "PRESTIA EXCHANGE" in April 2018, and, with the launch of a new computer system in July 2018, our customers are now able to use the ATMs of Mitsui Sumitomo Banking Corporation as if they are the ATMs of SMBC Trust Bank. Furthermore, our efforts to provide one-stop shopping of comprehensive financial services of the SMBC Group is now in full swing by housing a branch of Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities, and SMBC Trust Bank in the same building. we continue to conduct co-location of the branches with Sumitomo Mitsui Banking Corporation and SMBC Nikko Securities in order to enhance our capability of delivering the comprehensive financial services of the SMBC Group at one -stop.

We are now progressing as per our fiscal 2017-2019 Medium-Term Management Plan. Based on the plan, we are to make our utmost to become a trust bank fully dependable by our customers.

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

Fumiaki Kurahara
President and CEO
June 2019

Medium-Term Management Plan

SMBC Trust Bank, a member of SMBC Group, has a three-year medium-term management plan for the fiscal 2017- 2019 period in place. 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 28, 2019)

Company Name : SMBC Trust Bank Ltd.
Date of Establishment : 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 SECURITIES
	Credit Card, Consumer Finance SUMITOMO MITSUI CARD CEDYNA FINANCIAL CORPORATION SMBC CONSUMER FINANCE
	System Development, Information Processing Japan Research Institute
	Asset Management Sumitomo Mitsui DS Asset Management

Major Shareholders (as of June 28, 2019)

(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%



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.

Officers (as of June 28, 2019)

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
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 (Corporate Planning Dept., Financial Planning Dept., Business Development Dept., Treasury Dept., Investment & Loan Dept., Investment Research Dept.)
Katsusuke Kuwahara	Managing Director and Managing Executive Officer Executive Officer in charge for Corporate Staff Unit (Human Resource Dept., Decision Management Dept., Customer Experience Promotion Dept., Administrative Services Dept.)
Shiro Tani	Managing Director and Managing Executive Officer Executive Officer in charge for Operation & System Unit
Hiroshi Nishiyama	Managing Director and Managing Executive Officer Executive Officer in charge for Consumer Business Unit (Exchange Promotion Dept. · Foreign Exchange Counters) and Deputy Executive Officer in charge for Corporate Staff Unit (Human Resource Dept.)
Yoshiyuki Omi	Managing Director and Managing Executive Officer Executive Officer in charge for Compliance Unit and Risk Management Unit
Laurent Depus	Director (Outside)
Toru Nakajima	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 Div. II and Consumer Business Unit, Special Assignment
Rikako Sekine	Head of Real Estate Solutions Div. and Real Estate Consulting Dept.

Executive Officer

Hiroshi Kuroda	Executive Officer in charge for Internal Audit Unit
Noriyuki Nishigami	Deputy Executive Officer in charge for Compliance Unit, and Head of AML & Financial Crime Prevention Dept.
Nobuhiko Sakuragi	Executive Officer in charge for Wholesale Business Unit, West Japan
Kazuma Ohashi	Executive Officer in charge for Wholesale Planning Dept., Real Estate Development Dept., Real Estate Investment Advisory Dept., Strategic Real Estate Business Dept.
Masatomo Odagawa	Head of Product Planning Dept.
Dai Sugiyama	Executive Officer in charge for Area, Remote Sales Dept., Loan Promotion Dept.
Hiroshi Manabe	Executive Officer in charge for Corporate Staff Unit, Special Assignment
Tsutomu Kamiya	Head of Real Estate Business Div. I
Satoshi Joichi	Head of Wholesale Business Planning 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	Executive Officer in charge of Consumer Business Unit, Special Assignment
Tetsuya Shindo	Head of Private Banking Dept. and Executive Officer in charge for Private Banking Dept., Osaka
Ryusuke Matsui	Sumitomo Mitsui Banking Corporation (Secondment)
Shuji Ikeda	Executive Officer in charge of Wholesale Business Unit (West Japan), and assigned to Osaka Office
Hong Zhou	Head of Operations Planning Dept.
Yasuhiro Tajima	Head of Business Dept. Tokyo I
Aya Tsumura	Head of Customer Experience Promotion Dept.
Toru Fukunaga	Head of Human Resource Dept.

Fellow (*)

Shigetoshi Hirata	Products Unit
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* 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 Exchange Promotion Dept.
Nobuyuki Deguchi	Head of Credit Dept.
Katsuyuki Itaya	Deputy Senior Director 'RIJI' ; in charge for Exchange Promotion Dept. and Foreign Exchange Counters
Kimiaki Ito	General Manager of Private Banking Dept.
Masayuki Yamazaki	Head of System Planning Dept.
Tomoko Yuka	Head of Banking Operations Dept. III, Head of PRESTIA Call Center Dept., Remote Sales Dept. and General Manager of Consumer Business Planning Dept.
Kenichi Fukumoto	Head of Investment & Loan Dept.
Makoto Hirose	Head of Risk Management Dept.
Yoshifumi Tsuchiya	Head of Branch Business Promotion Dept.
Tadashi Hayakawa	Head of Consumer Business Planning Dept.
Michiko Hirota	Head of Real Estate Trust Sales Dept.
Toyonori Abe	Head of Product Development Dept.
Akiko Kawamura	Akasaka Branch Manager

Office Information (as of June 28, 2019)

Head office

Nishi-Shimbashi Square,
1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-0003
TEL : 03-4510-4300

Higashishinjuku Office

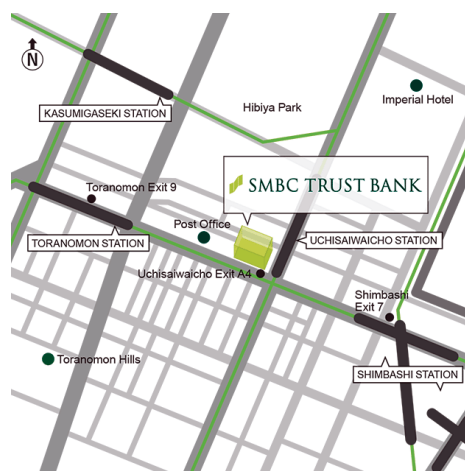
Shinjuku Eastside Square, 6-27-30 Shinjuku, Shinjuku-ku, Tokyo

Osaka Office

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

Okinawa Office

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



PRESTIA Branches and PRESTIA EXCHANGE

●Branches

Sapporo

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

Aoyama

Ao, 3-11-7 Kita-Aoyama, Minato-ku, Tokyo

Akasaka (Global Branch)

S-GATE Akasaka Sanno, 2-5-1 Akasaka, Minato-ku, Tokyo

Ikebukuro

Ikebukuro Muromachi Bldg., 2-27-9 Minami-Ikebukuro, Toshima-ku, Tokyo

Ohtemachi

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

Ginza

Kurosawa Bldg., 6-9-2 Ginza, Chuo-ku, Tokyo

Gotanda

SMBC Gotanda Bldg., 1-14-10 Higashi-Gotanda, Shinagawa-ku, Tokyo

Shibuya

SMBC Shibuya-Nishi Bldg., 28-4 Udagawa-cho, Shibuya-ku, Tokyo

Jiyugaoka Consulting Office (Mini Branch)

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

Shinjuku Higashiguchi

Shinjuku M - SQUARE, 3-24-1 Shinjuku, Shinjuku-ku, Tokyo

Shinjuku Minamiguchi

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

Kichijoji Consulting Office (Mini Branch)

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

Tachikawa

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

Nihonbashi

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

Hiroo (Global Branch)

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

Yokohama

Yokohama First Bldg., 1-6-1 Kita-Saiwai, Nishi-ku, Yokohama-shi, Kanagawa

Aobadai Consulting Office (Mini Branch)

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

Fujisawa Consulting Office (Mini Branch)

Lumine Fujisawa, 438-1 Fujisawa, Fujisawa-shi, Kanagawa

Chiba

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

Urawa

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

Nagoya

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

Nagoya Ekimae

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

Umeda

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

Osaka Ekimae

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

Namba

NAMBA SkyO, 5-1-60 Namba, Chuo-ku, Osaka-shi, Osaka

Ashiya

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

Kobe

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

Sannomiya Office

Ginsen Sannomiya Bldg., 1-5-1 Sannomiya-cho Chuo-ku Kobe-shi Hyogo

Kyoto

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

Fukuoka

Fukuoka PARCO Main Bldg., 2-11-1 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka

Internet Branch

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

●Currency Exchange Counter

Akihabara Currency Exchange Counter

1-6-5 Kandasakuma-cho, Chiyoda-ku, Tokyo

Asakusa Currency Exchange Counter

2-17-12 Kaminarimon, Taito-ku, Tokyo

Ikebukuro Currency Exchange Counter

2-27-9 Minami-Ikebukuro, Toshima-ku, Tokyo

Ginza Currency Exchange Counter

6-10-1 Ginza, Chuo-ku, Tokyo

Shibuya Currency Exchange Counter

28-4 Udagawa-cho, Shibuya-ku, Tokyo

Shinjuku Currency Exchange Counter

3-24-1 Shinjuku, Shinjuku-ku, Tokyo

Shinjuku Nishiguchi Currency Exchange Counter

1-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Futako-Tamagawa Currency Exchange Counter

2-24-9 Futako-Tamagawa, Setagaya-ku, Tokyo

Machida Currency Exchange Counter

6-3-8, Haramachida, Machida-shi, Tokyo

Yurakucho Mullion Currency Exchange Counter

2-5-1 Yurakucho, Chiyoda-ku, Tokyo

Haneda Airport Currency Exchange Counter

2-6-5 Haneda-Kuko, Ota-ku, Tokyo

Narita International Airport North Wing Currency Exchange Counter

1-1 Goryo Bokujo, Sanrizuka, Narita-shi, Chiba

Narita International Airport South Wing Currency Exchange Counter

1-1 Goryo Bokujo, Sanrizuka, Narita-shi, Chiba

Narita International Airport Terminal 2 A-zone Currency Exchange Counter

1-1, Aza-Furugome, Furugome, Narita-shi, Chiba

Narita International Airport Terminal 2 B-zone Currency Exchange Counter

1-1, Aza-Furugome, Furugome, Narita-shi, Chiba

Nagoya Midland Square Currency Exchange Counter

4-7-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi

Umeda Currency Exchange Counter

1-1-3 Shibata, Kita-ku, Osaka-shi, Osaka

Namba Currency Exchange Counter

5-1-60 Namba, Chuo-ku, Osaka-shi, Osaka

Kansai International Airport No.2 Currency Exchange Counter

14 Senshu-kuko-naka, Tajiri-cho, Sennan-gun, Osaka

Kansai International Airport No.3 Currency Exchange Counter

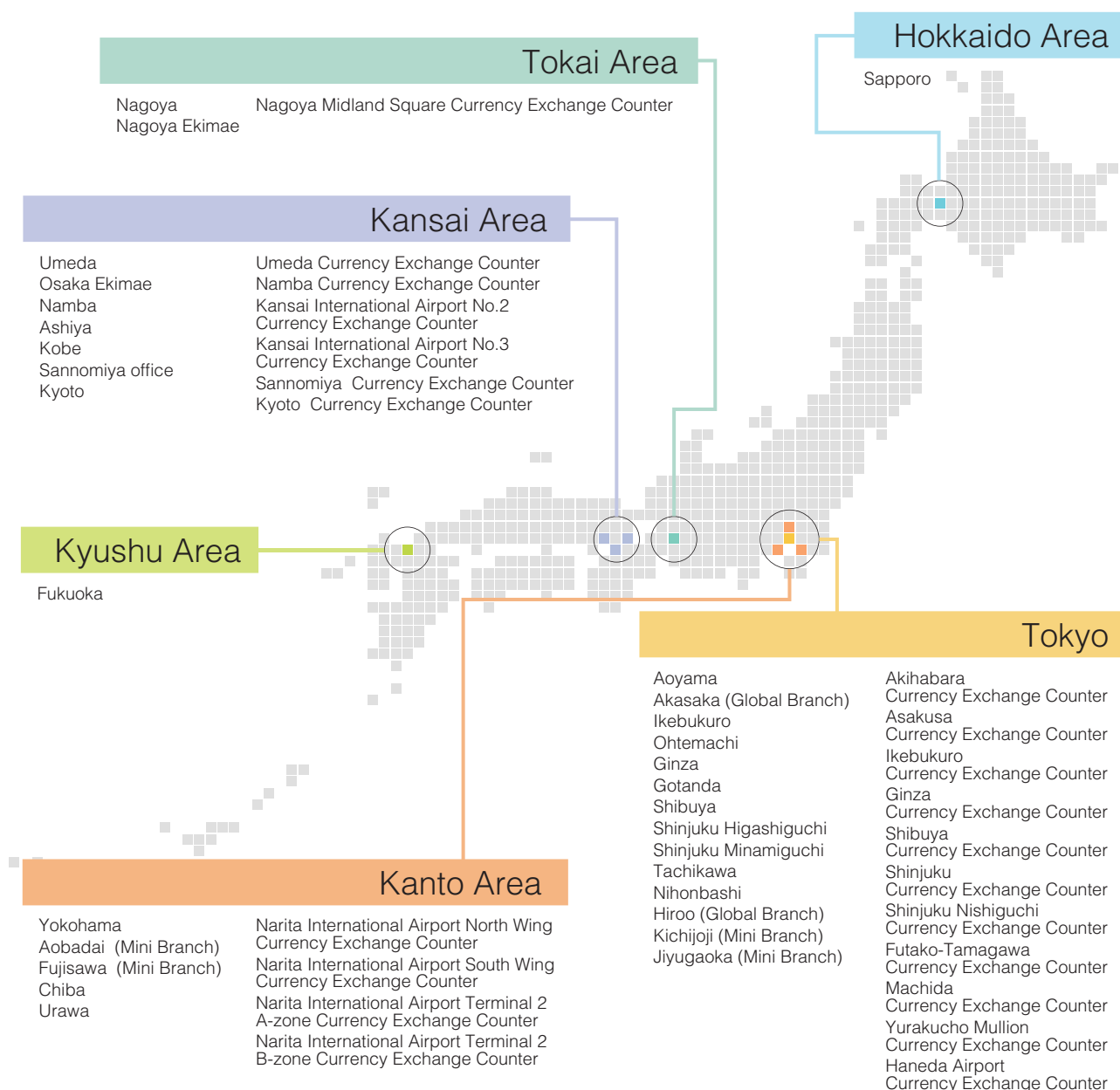
15 Senshu-kuko-naka, Tajiri-cho, Sennan-gun, Osaka

Sannomiya Currency Exchange Counter

1-5-1 Sannomiya-cho, Chuo-ku, Kobe-shi, Hyogo

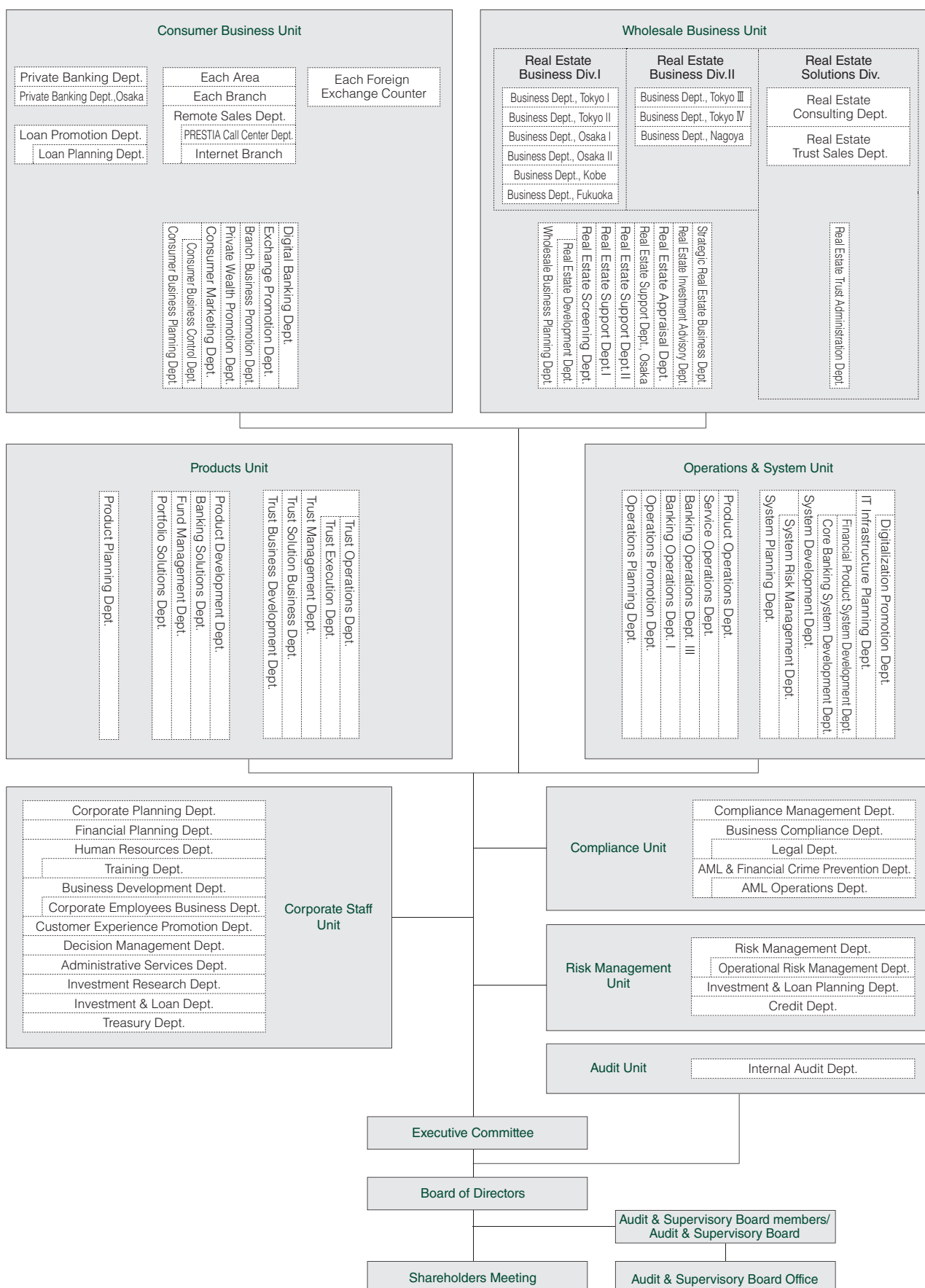
Kyoto Currency Exchange Counter

8 Naginataboko-cho, Shijodori-Karasuma Higashiiru, Shimogyo-ku, Kyoto-shi, Kyoto

**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 28, 2019)



Corporate Overview

As the trust bank of the SMBC Group, we operate under the group-wide business units and CxO systems of the 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 Chairperson 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 "Promotion of Customer-Oriented Business Operation Committee," we have been reinforcing the framework for our customer-first approach.

Matters concerning Bank Agent of SMBC Trust Bank (As of June 28, 2019)

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 Sendai Branch Morioka Office Sub-Branch
- 4 Sendai Branch Kooriyama Office Sub-Branch
- 5 Park-Sakae Sub-Branch
- 6 Mukonosoe-ekimae Sub-Branch
- 7 Osaka-Chuo Area Main Office
- 8 Ibaraki-Takatsuki Area Main Office
- 9 Toyonaka Area Main Office
- 10 Hirakata Area Main Office
- 11 Sakai Area Main Office
- 12 Otemachi Area Main Office
- 13 Koiwa-Ichikawa Area Main Office
- 14 Denenchofu Area Main Office
- 15 Joban Area Main Office
- 16 Ashiya Area Main Office
- 17 Nishinomiya Area Main Office
- 18 Akashi Area Main Office
- 19 Chiba Area Main Office
- 20 Kobe Area Main Office
- 21 Saitama Area Main Office
- 22 Kawagoe-Shiki Area Main Office
- 23 Kawagoe-Shiki Area Kawagoe Office Sub-Branch
- 24 Setagaya Area Main Office
- 25 Fukuoka Area Main Office
- 26 Nakano-Suginami Area Main Office
- 27 Shonan Area Main Office
- 28 Shonan Area Hiratsuka Office Sub-Branch
- 29 Otemachi Area Kanda Office Sub-Branch
- 30 Tokyo chuo Area Ginza Office Sub-Branch
- 31 Nagoya Area Main Office
- 32 Yokohama Area Main Office
- 33 Hibiya Area Main Office
- 34 Senju-Kasukabe Area Main Office
- 35 Senju-Kasukabe Area Kasukabe Office Sub-Branch
- 36 Shinjuku Area Main Office
- 37 Keihin Area Kawasaki Office Sub-Branch
- 38 Ueno Area Main Office

39	Gaien Area Main Office	89	Call Center Kobe
40	Musashino Area Main Office	90	Call Center Fukuoka
41	Odakyu Area Main Office	91	Matsubara Branch
42	Kinshicho Area Main Office	92	Kishiwada Branch
43	Nishikobe Area Main Office	93	Konandai Branch
44	Himeji Area Main Office	94	Zushi Branch
45	Kyoto Area Main Office	95	Sano Branch
46	Kyoto Area Fushimi Office Sub-Branch	96	Kaizuka Branch
47	Namba Area Main Office	97	Izumitsu Branch
48	Abeno Area Main Office	98	Izumi Branch
49	Umeda Area Main Office	99	Sakai Branch
50	Umeda Area Nishi-Noda Office Sub-Branch	100	Hamadera Branch
51	Higashiosaka Area Main Office	101	Otori Branch
52	Shinosaka Area Main Office	102	Sennan Branch
53	Keihan Area Main Office	103	Kuzuha Branch
54	Ikebukuro Area Main Office	104	Korigaoka Branch
55	Shibuya Area Main Office	105	Minoo Branch
56	Tokyo chuo Area Main Office	106	Senbokutoga Branch
57	Shinjuku nishi Area Main Office	107	Minamisenri Branch
58	Akabane-Kawaguchi Area Main Office	108	Tsukimino Branch
59	Keihin Area Main Office	109	Esaka Branch
60	Kasai Area Main Office	110	Kongo Branch
61	Tokyu-Denen Area Main Office	111	Toride Branch
62	Atsugi-Sotetsu Area Main Office	112	Mitsukyo Branch
63	Funabashi Area Main Office	113	Gyotoku Branch
64	Tokiwadai Area Main Office	114	Tokyo Main Office
65	Kamiohoka Area Main Office	115	Ningyocho Branch
66	Fuchu Area Main Office	116	Shinbashi Branch
67	Tama Area Main Office	117	Kakio Branch
68	Seibu Area Main Office	118	Kojimachi Branch
69	Osaka-Chuo Area Semba Office Sub-Branch	119	Kanda Branch
70	Nara Area Main Office	120	Kandaekimae Branch
71	Itami Area Main Office	121	Shinjuku Branch
72	Kishiwada Area Main Office	122	Seijo Branch
73	Fujiidera Area Main Office	123	Nakano Branch
74	Private Banking Dept.	124	Ikebukuro Branch
75	Private Banking Dept. Osaka	125	Akabane Branch
76	Tamachi Souzoku-Office Sub-Branch	126	Otsuka Branch
77	Umeda Souzoku-Office Sub-Branch	127	Myogadani Branch
78	Sakai Area Otori Office Sub-Branch	128	Hakusan Branch
79	Ashiya Area Mikage Office Sub-Branch	129	Asakusa Branch
80	Nishinomiya Area Sanda Office Sub-Branch	130	Katsushika Branch
81	Hibiya Area Gotanda Office Sub-Branch	131	Shinkoiwa Branch
82	Shinjuku Area Tanashi Office Sub-Branch	132	Shibuya-Ekimae Branch
83	Tama Area Hachioji Office Sub-Branch	133	Toritsudaigakuekimae Branch
84	Himeji Area Kakogawa Office Sub-Branch	134	Denenchofu Branch
85	Keihan Area Kadoma Office Sub-Branch	135	Ebara Branch
86	Ikebukuro Area Koishikawa Office Sub-Branch	136	Kamata Branch
87	Atsugi-Sotetsu Area Yamato Office Sub-Branch	137	Izumino Branch
88	Seibu Area Nerima Office Sub-Branch	138	Tsukuba Branch

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

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

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

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

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

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

435	Komyoike Branch
436	Yachiyo-Midorigaoka Branch
437	Azabu-Juban Branch
438	Ebina Branch
439	Keihan-Kyobashi Branch Osaka-Business-Park Sub-Branch
440	Minoo Branch Minoo-shiyakusho Sub-Branch
441	Fujiidera Branch Habikino Sub-Branch
442	Machida Branch Machida-Yamazaki Sub-Branch
443	Higashitoyonaka Branch
444	Ikeda Branch Ishibashi Sub-Branch
445	Moriguchi Branch Moriguchishi-Ekimae Sub-Branch
446	Minoo Branch Sakurai Sub-Branch
447	Head Office Toyota-Building Sub-Branch
448	Sendai Branch Morioka Office Sub-Branch
449	Sendai Branch Kooriyama Office Sub-Branch
450	Park-Sakae Sub-Branch
451	Mukonosoe-ekimae Sub-Branch
452	Osaka-Chuo Area Main Office
453	Ibaraki-Takatsuki Area Main Office
454	Toyonaka Area Main Office
455	Hirakata Area Main Office
456	Sakai Area Main Office
457	Otemachi Area Main Office
458	Koiwa-Ichikawa Area Main Office
459	Denenchofu Area Main Office
460	Joban Area Main Office
461	Ashiya Area Main Office
462	Nishinomiya Area Main Office
463	Akashi Area Main Office
464	Chiba Area Main Office
465	Kobe Area Main Office
466	Saitama Area Main Office
467	Kawagoe-Shiki Area Main Office
468	Park-Sakae Sub-Branch
469	Mukonosoe-ekimae Sub-Branch
470	Fukuoka Area Main Office
471	Nakano-Suginami Area Main Office
472	Osaka-Chuo Area Main Office
473	Ibaraki-Takatsuki Area Main Office
474	Toyonaka Area Main Office
475	Hirakata Area Main Office
476	Sakai Area Main Office
477	Otemachi Area Main Office
478	Koiwa-Ichikawa Area Main Office
479	Denenchofu Area Main Office
480	Joban Area Main Office
481	Ashiya Area Main Office
482	Nishinomiya Area Main Office
483	Akashi Area Main Office

484	Chiba Area Main Office
485	Kobe Area Main Office
486	Saitama Area Main Office
487	Kawagoe-Shiki Area Main Office
488	Kawagoe-Shiki Area Kawagoe Office Sub-Branch
489	Setagaya Area Main Office
490	Fukuoka Area Main Office
491	Nakano-Suginami Area Main Office
492	Shonan Area Main Office
493	Shonan Area Hiratsuka Office Sub-Branch
494	Otemachi Area Kanda Office Sub-Branch
495	Tokyo chuo Area Ginza Office Sub-Branch
496	Nagoya Area Main Office
497	Yokohama Area Main Office
498	Hibiya Area Main Office
499	Senju-Kasukabe Area Main Office
500	Senju-Kasukabe Area Kasukabe Office Sub-Branch
501	Shinjuku Area Main Office
502	Keihin Area Kawasaki Office Sub-Branch
503	Ueno Area Main Office
504	Gaien Area Main Office
505	Musashino Area Main Office
506	Odakyu Area Main Office
507	Kinshicho Area Main Office
508	Nishikobe Area Main Office
509	Himeji Area Main Office
510	Kyoto Area Main Office
511	Kyoto Area Fushimi Office Sub-Branch
512	Namba Area Main Office
513	Abeno Area Main Office
514	Umeda Area Main Office
515	Umeda Area Nishi-Noda Office Sub-Branch
516	Higashiosaka Area Main Office
517	Shinosaka Area Main Office
518	Keihan Area Main Office
519	Ikebukuro Area Main Office
520	Shibuya Area Main Office
521	Tokyo chuo Area Main Office
522	Shinjuku nishi Area Main Office
523	Akabane-Kawaguchi Area Main Office
524	Keihin Area Main Office
525	Kasai Area Main Office
526	Tokyo-Denen Area Main Office
527	Atsugi-Sotetsu Area Main Office
528	Funabashi Area Main Office
529	Tokiwadai Area Main Office
530	Kamiohoka Area Main Office
531	Fuchu Area Main Office
532	Tama Area Main Office

533	Seibu Area Main Office
534	Osaka-Chuo Area Semba Office Sub-Branch
535	Nara Area Main Office
536	Itami Area Main Office
537	Kishiwada Area Main Office
538	Fujiidera Area Main Office
539	Private Banking Dept.
540	Private Banking Dept. Osaka
541	Tamachi Souzoku-Office Sub-Branch
542	Umeda Souzoku-Office Sub-Branch
543	Sakai Area Otori Office Sub-Branch
544	Ashiya Area Mikage Office Sub-Branch
545	Nishinomiya Area Sanda Office Sub-Branch
546	Hibiya Area Gotanda Office Sub-Branch
547	Shinjuku Area Tanashi Office Sub-Branch
548	Tama Area Hachioji Office Sub-Branch
549	Himeji Area Kakogawa Office Sub-Branch
550	Keihan Area Kadoma Office Sub-Branch
551	Ikebukuro Area Koishikawa Office Sub-Branch
552	Atsugi-Sotetsu Area Yamato Office Sub-Branch
553	Seibu Area Nerima Office Sub-Branch
554	Call Center Kobe
555	Call Center Fukuoka
556	Remote Marketing Dept. III
557	Remote Marketing Dept. IV
558	Call Center Kobe
559	Call Center Fukuoka

Matters concerning Agent of SMBC Trust Bank for Trust Agreements (As of June 28, 2019)

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: “trusts,” “foreign currency,” and “real estate,” SMBC Trust provides banking and trust services, real estate-related services (permitted under the Act on Engagement in Trust Business Activities by Financial Institutions) and other services.

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 are 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 2.6 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.

PRESTIA's appealing points

Strong at Foreign Currency Services

- Top level foreign currency deposit balance in Japan
- An extensive foreign currency product lineup (deposits, mutual funds, insurance, and financial instruments intermediary service) to serve those interested in foreign currency investment and those not knowing their potential foreign currency need
- Settlement services for those with overseas access

Expert Consulting

- Consultation for asset management to meet your need at each stage of your life through prompt analysis of abundant information
- Support for inheritance and business succession
- Consultation for loans to foreign nationals

Multiple Channels

- **Nation-Wide Branch Network**
In addition to ATMs at our 30 branches and sub-branches, those at allied financial institutions are available for use
- Manned Call Center available 24/365, from both at home and abroad
- Easy overseas remittance and other yen/foreign currency transactions through our online-banking services

Worldwide Network

- **Banking Card**
Cash card service to access over 2.6 million CDs/ATMs in over 200 countries and regions all over the world to withdraw local currencies from your yen savings account.
- **PRESTIA Gaika Cash Card**
Accessible to CDs/ATM all over the U.S. to withdraw U.S. dollars.



Exclusive Services for Special Customers

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

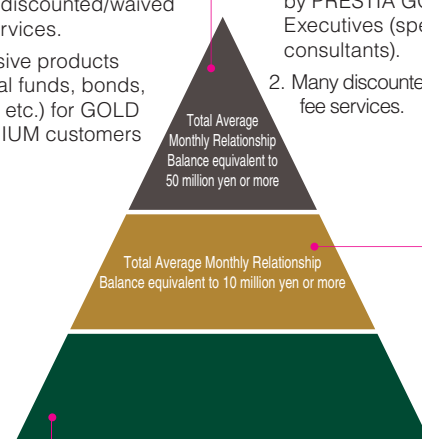


PRESTIA GOLD PREMIUM is a high value service for the customers who maintain a Total Average Monthly Relationship Balance equivalent to 50 million yen or more

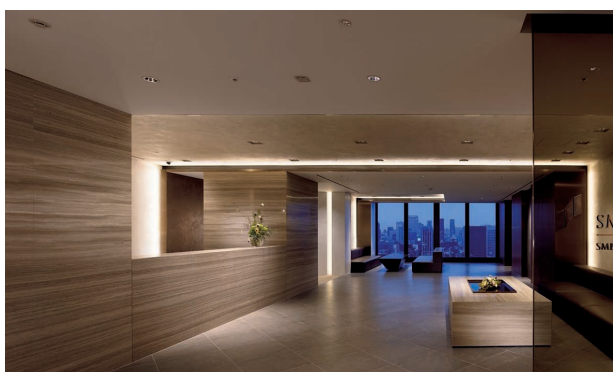
1. Exclusive asset management assistance by Relationship Manager.
2. Many discounted/waived fee services.
3. Exclusive products (mutual funds, bonds, loans, etc.) for GOLD PREMIUM customers

PRESTIA GOLD is a special service available to selected customers who maintain a Total Average Monthly Relationship Balance equivalent to 10 million yen or more and have asset management needs for products such as foreign currency denominated instruments.

1. Exclusive asset management assistance by PRESTIA GOLD Executives (special consultants).
2. Many discounted/waived fee services.



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.

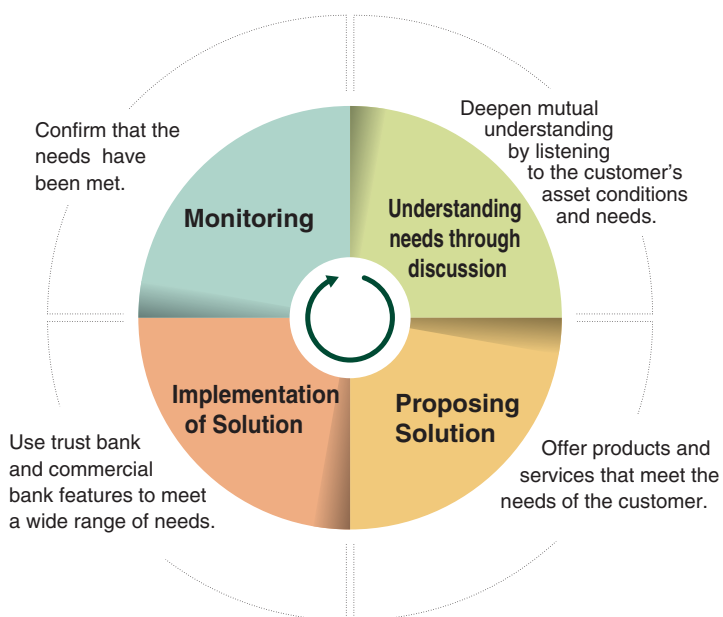
Since its establishment, our Private Banking has been offering trust-based total solutions for asset and business succession and real estate services covering multiple generations including customers' family members, as well as tailor-made investment products.

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 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

We provide a variety of financial services by capitalizing on the network and credit worthiness of the SMBC Group, which is one of the leading financial groups in Japan.



Major Financial Products Lineup

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



Market Information Offering

The Investment Research Department is specialized in the analysis of the global economy and financial markets. The department collects domestic and international information, and provides unbiased views on them to retail customers through financial market reports and seminars, and media such as TV and newspapers.

Financial analysts



Masahiro Yamaguchi
Head of Investment Research
Department
Senior Market Analyst



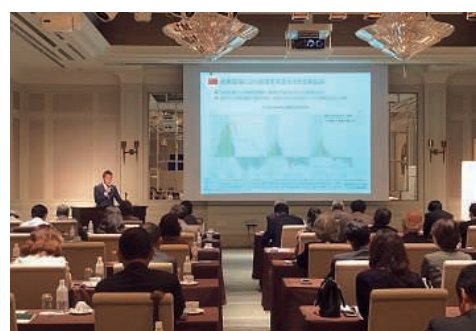
Keiko Ninomiya
Senior FX Market Analyst



Masashi Samizo
Market Analyst



Offer the latest market
information through
a number of market reports



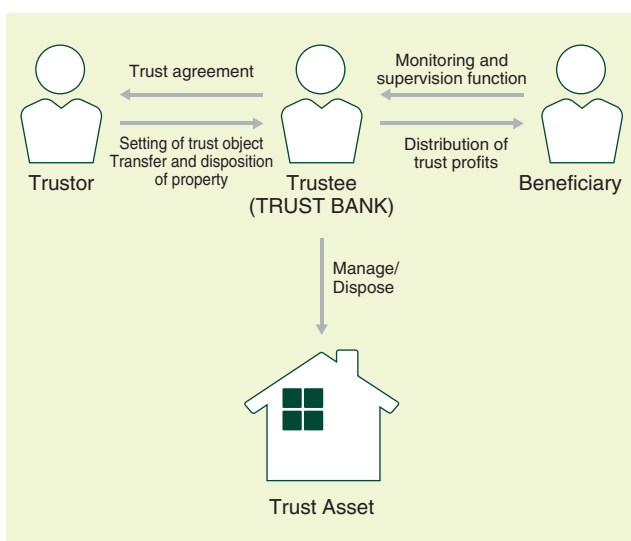
Hold a variety of seminars

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 trustor with a credible trustee to have the trustee manage the assets (trust assets/property). In the agreement, the trustor 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 trustor 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

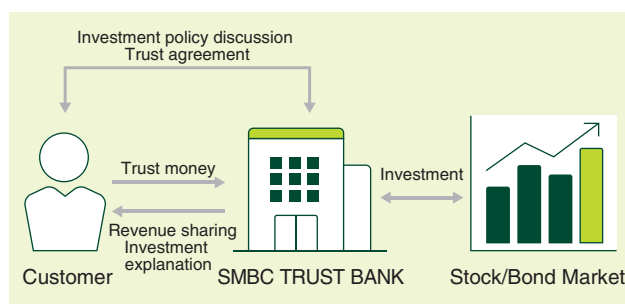
For Retail Customers

Asset Management

●Discretionary/Non-Discretionary Trusts

We offer comprehensive asset management solutions to meet customers’ investment needs.

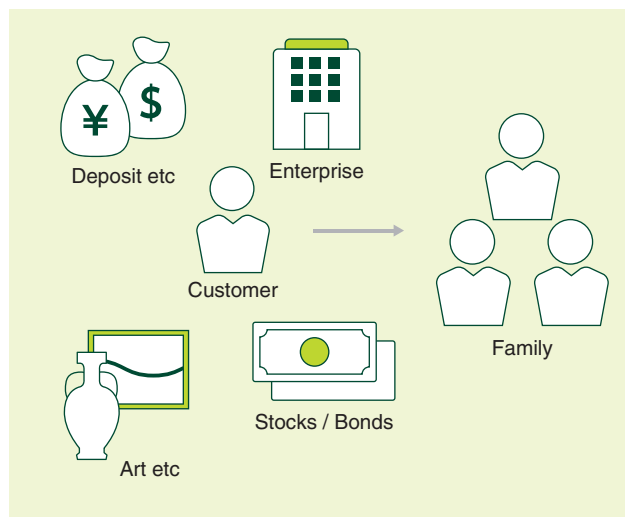
●Structure of Discretionary Trusts



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

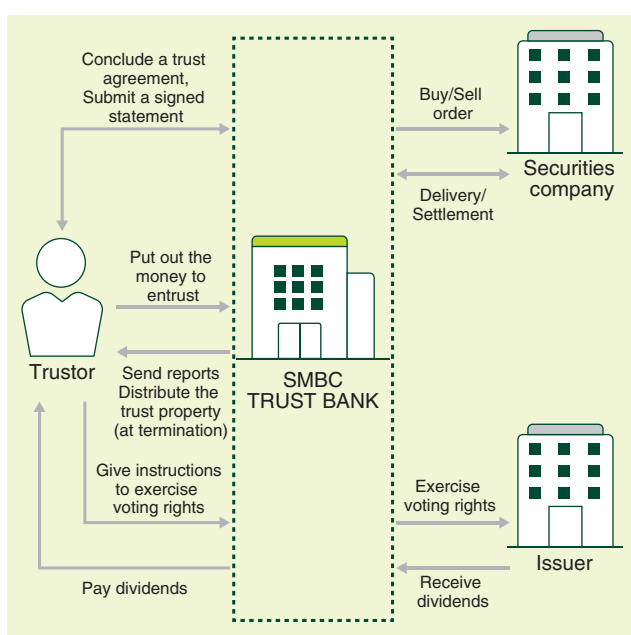
●Securities Administration Trusts

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 Trading

●Securities Acquisition Trust, Securities Disposal Trust

We have a wide range of asset trading 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 trading 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 acquisition trust or a securities disposal trust and let us buy or 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' monies 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 Trading

●Securities Acquisition Trusts, Securities Disposal Trusts

We offer various asset trading solutions to meet customers' needs. For example, when trading a publicly-traded stock in the marketplace, 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 trading trust and let us sell the shares at our own discretion.

Monetary Claims Trusts, etc.

We provide solutions for corporate financing and collateral management.

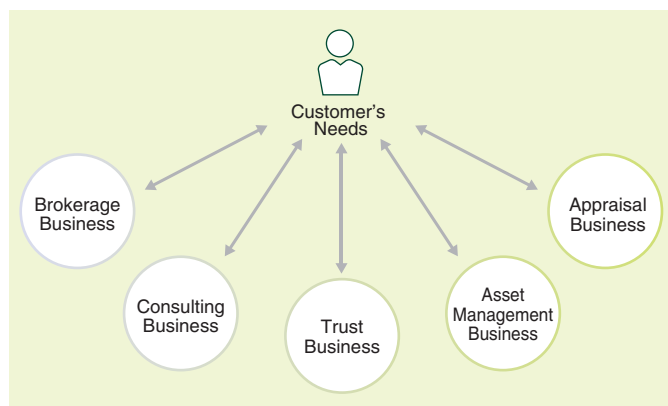
Trust & Debt Assumption

We provide solutions for corporate financial improvement.

Introduction to our Real Estate

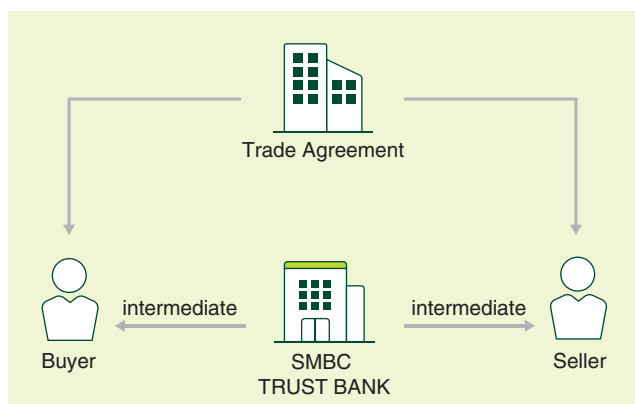
We provide a wide variety of services to meet customers' real estate related needs, such as brokerage services, consulting services and appraisal services.

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.

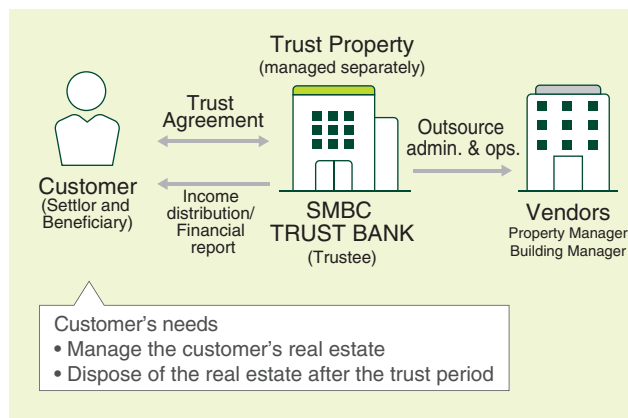


Consulting

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.

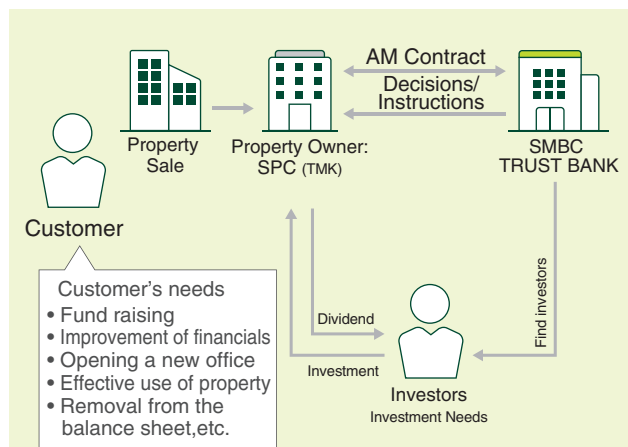
Trust Business

We provide trust services to the 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.

Topics

Launch of Foreign Currency-denominated “Succession Compatible Investment Trust”

Since May 2018, we have offered foreign currency-denominated “Succession Compatible Investment Trust,” which enables investors to transfer their investment trusts at the time of inheritance to the pre-determined family members as the form of investment trust, without liquidating the funds. In order to expand our lineup of products that could be the core of customers’ assets, we also launched “Wealth Core Portfolio Advanced Type” (Denominated in U.S. dollars) in May 2018. Further, as a product to invest in in murky market conditions in the face of geopolitical risk, etc., we offered in September 2018 and again in February 2019, a subscription to “Target Setting at Maturity Fund,” a fund designed to preserve capital at the time of redemption. These products have received a favorable reputation from many customers.



Waiver of Foreign Exchange Commissions for Foreign Currency Installment Deposit Service

We work to communicate the significance of holding foreign currencies to foreign currency beginners so that more customers can look at foreign currencies from the long-term perspective. As part of the efforts, we suspended in fiscal 2018 the application of foreign exchange fee to the conversion of the Japanese yen to a foreign currency and also began to waive account maintenance fees for the customers using our foreign currency installment deposit services. We conduct, as such, various campaigns to offer our customers opportunities for asset management in foreign currencies.



外貨を持つと
「世界が身近になる」

「日本で暮らしているから門だけで大丈夫」とお考えのみなさん、
外貨が必要な方々から資産運用のコツまで、お話しします！

SMBC 信託銀行

Alliance with foreign banks

We respond to our customers’ diversified needs by providing unique products/ services through alliance with foreign banks.

●Bank of Hawaii

We have concluded a collaboration agreement with Bank of Hawaii, one of the major banks based in Hawaii. We have started discounted wire-transfer services between Bank of Hawaii and SMBC Trust Bank, and mutual referrals of high-net-worth customers. Using each other’s strengths, we will continue to provide international support including offering of seminars on investment in real estate in Hawaii.



●Bank of Singapore

We have concluded a memorandum of understanding (MOU) with Bank of Singapore, a private bank operating mainly in Asian and Middle Eastern regions. We will reinforce the alliance and work on joint development of products and services for high-net-worth customers.

Support for investment in U.S. real estate

We support our customers when they invest in real estate in the U.S. Our support includes documentation and property management after making investments.

We will continue to support our customers’ various investment needs.

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 April 1, 2018.

PRESTIA EXCHANGE has 22 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.



PRESTIA
EXCHANGE

Shared branches in SMBC Group

Since July 2018, the initiative of "Shared Branches," a concept of housing a branch of SMBC, SMBC Nikko Securities, and SMBC Trust Bank in one building, has been in progress in the Tokyo metropolitan area, Osaka, and Fukuoka. At each such building, you can use total financial solutions of the SMBC Group, including banking, trust and securities services, besides PRESTIA's services renowned for foreign currency products, without leaving the building.



New department- Business Dept., Fukuoka

On October 5, 2018, a new department, "Business Dept., Fukuoka" started operating as our fifth location that handles real estate in our bank. The new department enables us to respond to real estate related needs in the Kyushu area quickly.

New advertisements featuring Pakkun

In Japan, summer is the peak season of travelling abroad, and in the summer of last year, we placed video advertisements, using mainly transit advertising on airplanes, trains, etc. in which Mr. PRESTIA uses ICC, our international cash card. Since November 2018, we have also run new advertising featuring Mr. Patrick Harlan, a media personality from the United States, aka. Pakkun. Wishing that a wider range of customers considers an option of investing in foreign-currency-denominated products, we have created some commercials, including an asset-management version, in which Pakkun, using his 20+ years of experience in investing in foreign currency products, plays a role of navigator of investments in foreign currency instruments.



Promotions for Non-Japanese Customers

For non-Japanese customers living in Japan, we give consultation on our products and services in English as well as preparing English brochures and Information Memorandum. As part of our activities to increase awareness of PRESTIA as a "bank that provides bilingual services," we put up a booth in 2018 at the ASIJ Winterfest, the largest annual event of the American School in Japan. We have also co-sponsored a Super Bowl viewing event at the Tokyo American Club, a membership organization for international exchange. Other efforts to satisfy the needs of non-Japanese customers include an English application form prepared for PRESTIA Visa CARD, an affiliated credit card issued by Sumitomo Mitsui Card Co. Ltd.



Customer Events

We regularly plan and hold a wide variety of events for our high-net-worth customers. Such events include classical music concerts and other theater occasions they may be interested in, and our original event “Music and Wine Night.” The Music and Wine Night is a concert and reception series we have held for some years, to which we invite up-and-coming young musicians to perform.

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



‘S’ rating by R&I

In December, 2018, SMBC Trust Bank was awarded an ‘S’ rating by Rating and Investment Information, Inc. (R&I) in their “Customer-Oriented Investment Trust Sales Company Evaluation.” Their ratings consist of five grades: SS, S, A, B, and C. Our rating, S, is the highest rating of all the companies evaluated. Keeping R&I’s comment on our sales practices in mind, we will further pursue customer-oriented business practices.



Disclaimer:

Customer-Oriented Investment Trust Sales Company Evaluation (hereinafter referred to as the “Evaluation”) is R&I’s statements of opinion, not of fact, on the sales practices adopted by investment trust sales companies from the viewpoint of customer-orientation. Although the information that R&I used for the Evaluation is what R&I believes to be reliable, R&I does not carry out independent verification for the accuracy, etc. of the information. R&I, etc. does not guarantee as to the accuracy or completeness of the information, and the Evaluation is not a recommendation to purchase, sell, or hold any particular product, and does not guarantee future performance. All rights related to the Evaluation, including intellectual property rights such as copyrights, are reserved by R&I.

Received 2018 IT Management Award

Having used Citigroup’s systems since the retail bank division of Citibank Japan was transferred to SMBC Trust Bank in 2015, we transitioned to proprietary systems in July 2018, for which we received a Japan Institute of Information Technology IT Management Award as our management efforts and results of the long-term and difficult transition project, which cuts across unit lines, were highly evaluated by the institute.



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 (in the telephone services and monitoring categories) hosted by HDI-Japan, the Japan chapter of the world’s largest membership organization in IT support service industry, HDI.



Efforts to Improve Productivity

We promote the improvement of business productivity and efficiency by making full use of IT technology.

In fiscal 2018, we streamlined the cash settlement processing of our real estate trust business through the use of RPA, and implemented an AI helpdesk chatbot that automatically answers internal IT-related inquiries. We use the time saved by such automation to increase value-added activities such as providing our customers with high-quality services.



Business Overview

The following is an overview of SMBC Trust’s business activities in the fiscal year ended March 31, 2019.

Economic and Financial Environment

Looking at the Japanese economy in fiscal 2018, the annualized quarter-on-quarter growth rate of the real Gross Domestic Product (“GDP”) for the period from July to September 2018 plunged 2.4%, the steepest fall in three years, due to the impact of natural disasters. Although the GDP rebounded 1.9% in the period from October to December 2018, exports were weak, suggesting that the impact of U.S.-China trade conflicts was starting to show. Under such circumstances, the CI (Coincident Index) released by the Cabinet Office for January 2019 signaled a possible “downward turning point”, indicating that the Japanese economy may have reached a peak some months before, which raised concern about the longest economic recovery since the end of World War II.

In terms of prices, Consumer Price Index (core CPI), excluding fresh food, rose only 0.7% in February 2019 compared to the same period of 2018 with the crude-oil prices remaining steady. That situation indicated that the chance of inflation achieving the Bank of Japan’s 2% target remains low.

As to the domestic stock market, the Nikkei Stock Average recovered to the ¥23,000 level at the end of May 2018 from the lower ¥21,000 range at the beginning of April due to the reaction to the global stock plunge triggered by the rise of U.S. long-term interest rates in February 2018. Subsequently in the beginning of October, the stock prices rose sharply with a global risk-on sentiment and the Nikkei hit ¥24,448.07, the highest price in 27 years. However, once U.S. long-term interest rate started to rise again and it brought concern over slowing-down of the global economy, the stock prices fell and the Nikkei temporarily broke ¥19,000 at the end of 2018. After the turn of the year, the Federal Reserve’s dovish turn made market sentiment calm, keeping the index in the ¥21,000 range after the middle of February 2019.

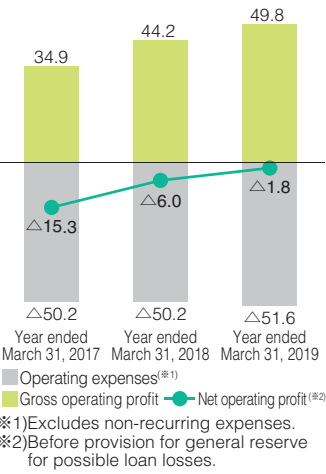
In the domestic bond market, interest rates were under stronger downward pressure in the second half of 2018 as the BOJ’s monetary relaxation policy continued. At the end of July 2018, the BOJ adopted a policy of “Strengthening the Framework for Continuous Powerful Monetary Easing”, allowing higher flexibility in its yield-curve control. Consequently long term interest rates rose to the 0.16% level by early fall of 2018 in response to the BOJ’s decision to allow long-term interest rates to move more widely. Later in the year, however, long-term rates turned around and resumed a downward fall due to growing concern over global economic slowdown. As the central banks in Western countries shifted toward more patient stance on the normalization of their monetary policies at the beginning of 2019 and the global trend of low interest rates continued, the long-term interest rate dropped to around -0.10% for the first time since August 2016.

The U.S. Federal Funds rate has been raised 0.75% in total since April 2018 and was targeted at 2.25-2.5% at the end of fiscal 2018. The Federal Reserve (Fed) had tightened interest rates several times on the back of the U.S. economy showing steady growth from the largest corporate tax cut by the Trump administration. The Fed, however, said in January 2019 that it would be patient on rate hikes, bringing its policy to tighten rates to an end as some negative impact of U.S.-China trade conflict arose and it raised concerns about a global economic slowdown.

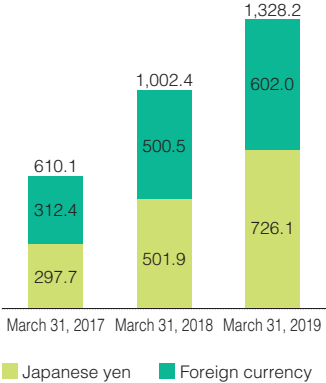
In the foreign exchange market, the U.S. dollar appreciated from the upper ¥105 level in April 2018 to the mid-¥114 level in October of the year caused by the Fed’s rate hikes and stimulative measures by the Trump administration, which expanded the U.S. economy.

Later in the year, however, stock prices fell on a global scale, which, coupled with political uncertainty due to the U.S. government shutdown, weakened the investor

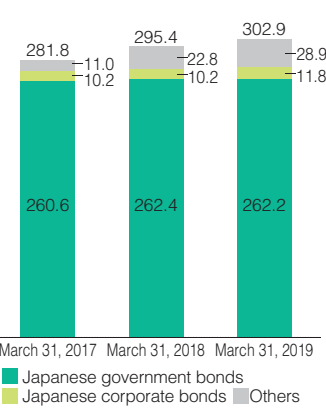
Income Analysis (Billions of Yen)



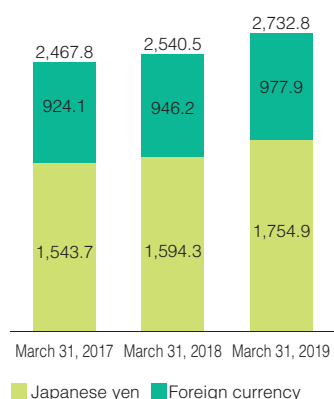
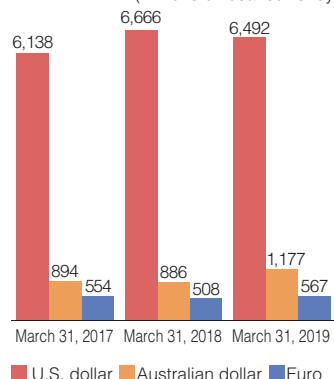
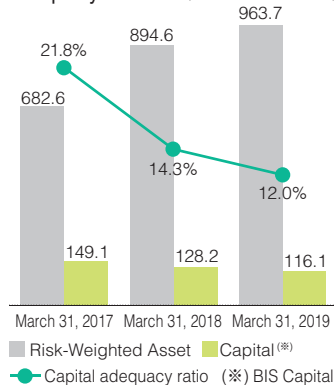
Balance of Loans and Bills Discounted (Billions of Yen)



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, %)

sentiment. Consequently the dollar rapidly depreciated against the yen in December, hitting the ¥104 level at the beginning of January 2019. After that, the dollar rebounded to the lower ¥112 level as the market responded to the Fed's turn to a more dovish stance and upbeat expectations about the U.S.-China trade talks.

Operating Results and Financial Position

Profits and losses

Our gross operating profit increased by ¥5.6 billion year-on-year to ¥49.8 billion primarily due to an increase in net interest income arising from yen loans such as domestic mortgage loans and lending in foreign currencies as well as rise in U.S. interest rates despite lower commissions revenues from asset management. Operating expenses (excluding non-recurring expenses) increased by ¥1.5 billion year-on-year to ¥51.6 billion due to extra spending incurred by implementation of new IT systems. As a result, net operating profit for the fiscal year ended March 31, 2019 improved by ¥4.2 billion from the previous fiscal year to -¥1.8 billion.

Loans and bills discounted

The balance of loans and bills discounted increased by ¥325.8 billion from the previous fiscal year-end to ¥1328.2 billion due to an increase in overseas lending in foreign currencies.

Securities

Securities holdings increased by ¥7.5 billion from the previous fiscal year end to ¥302.9 billion, consisting of ¥262.2 billion in Japanese government bonds, ¥11.8 billion in corporate bonds and ¥28.9 billion in other securities.

Deposits

Total deposits increased by ¥192.3 billion from the previous fiscal year-end to ¥2732.8 billion. Of that, yen deposits increased by ¥160.6 billion to ¥1754.9 billion. Although there were some shifts from foreign currency deposits to mutual funds, the volume of foreign currency deposits rose through promotion campaigns such as Foreign Currency Time Deposit Special Interest Rate Campaign. The balance of yen-equivalent foreign currency deposits increased by ¥31.7 billion from the previous fiscal year-end to ¥977.9 billion.

Capital adequacy ratio

Stockholders' equity decreased by ¥12 billion from the previous fiscal year end to ¥116.1 billion due mainly to a change in the way of calculation, while risk-weighted assets increased by ¥69 billion from the previous fiscal year-end to ¥963.7 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 2.2% from the previous fiscal year-end but maintained at 12%.

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 has undertaken 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-wide 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. From fiscal 2018, SMBC Trust assesses the effectiveness of the Board of Directors (BOD) from the following viewpoints: (1) structure of the members; (2) roles and responsibilities; (3) operation, and (4) support for outside directors, in an attempt to enhance the quality of our BOD operation by securing enough time for active discussions and providing better support to outside directors.

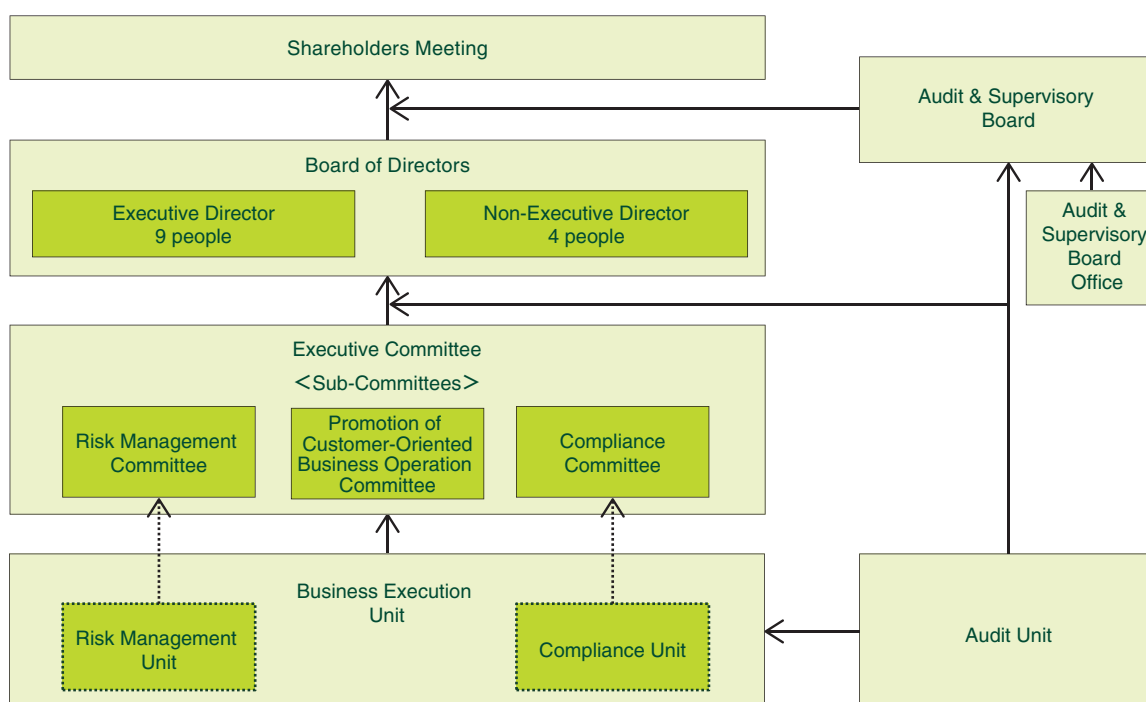
Audit & Supervisory Board and Its Members

The Audit & Supervisory Board of SMBC Trust (the "A&S") consists of three members, two whom are outside auditors.

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 A&S members. The A&S holds meetings regularly with representative directors to exchange opinions on, for example, challenges to be addressed by SMBC Trust, the status of establishing an environment for A&S members to perform audits, and important audit issues. The A&S also requests the representative directors to take measures if deemed necessary. A&S members perform audits on execution of duties by directors properly, fairly, and efficiently, and hence sufficiently fulfill its roles to supervise business operations 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 positions for the purpose of making decisions and reporting on business execution, internal control, and other matters. The Executive Committee (EXCO) is convened by Chief Executive Officer and held once a week in principle. EXCO determines a business operation policies as well as plans, budgets and other matters based on the basic management policies. Resolutions are determined by the Chief Executive Officer after deliberation at a meeting with a majority of the EXCO members present. In addition, EXCO has sub-committees for compliance, risk management, and the promotion of customer-oriented business practices. These sub-committees conduct researches, reporting, and proposals in their respective areas.



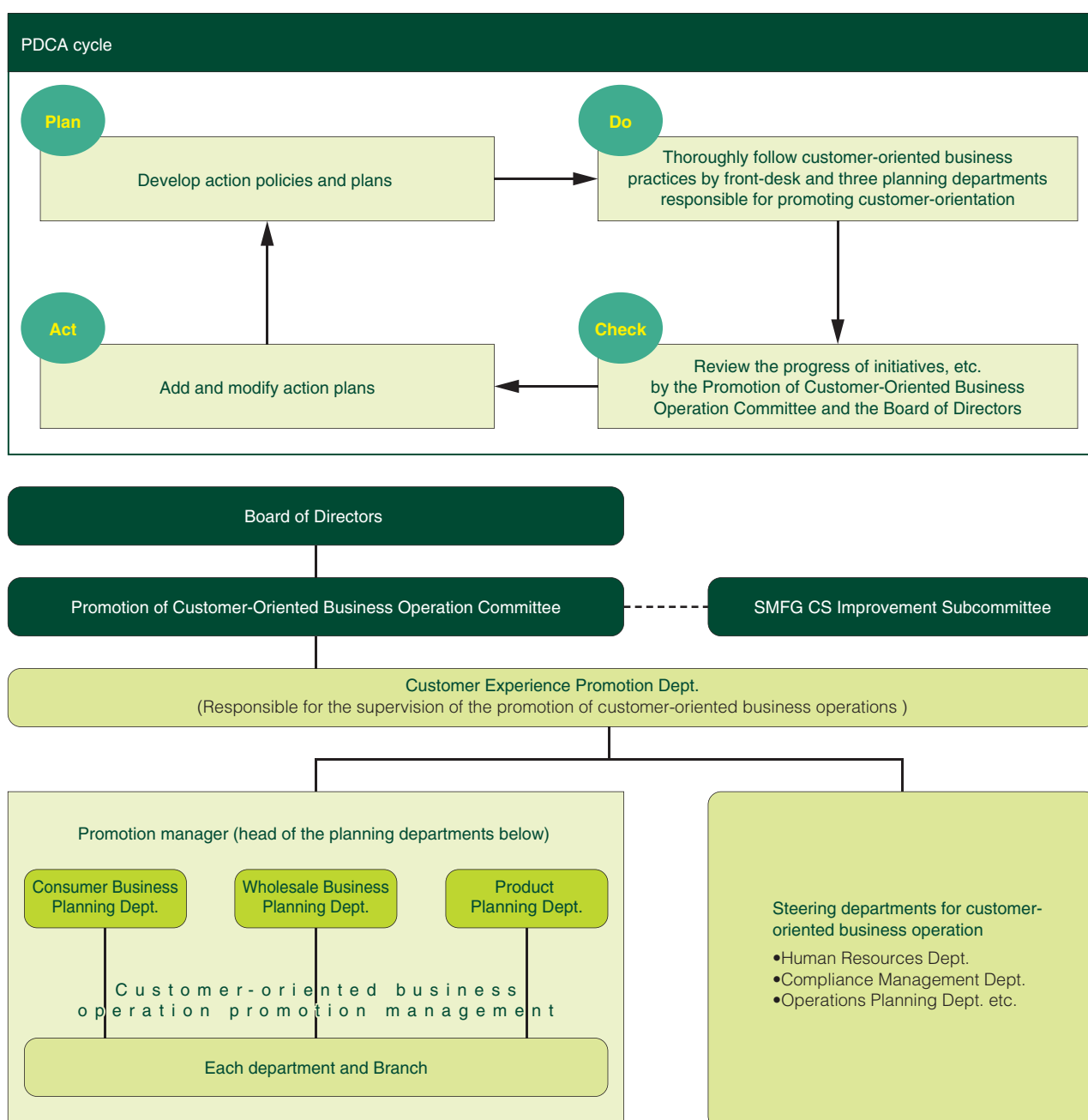
Customer-Oriented Business Operation

In addition to fulfilling its fiduciary duty in good faith as a trust bank, and also as a trust bank of the SMBC Group, each group company has adopted the “Principles for Customer-Oriented Business Conduct” 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 Conduct” established by the SMBC Group and the “Policy for Customer-Oriented Business Conduct” established by the SMBC Group's Retail Business Unit.

These policies are published on the website of the SMFG Group, which is the holding company of the SMBC Group. In addition, we regularly review and assess the progress of our efforts to realize the customer-oriented business operation, and disclose 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



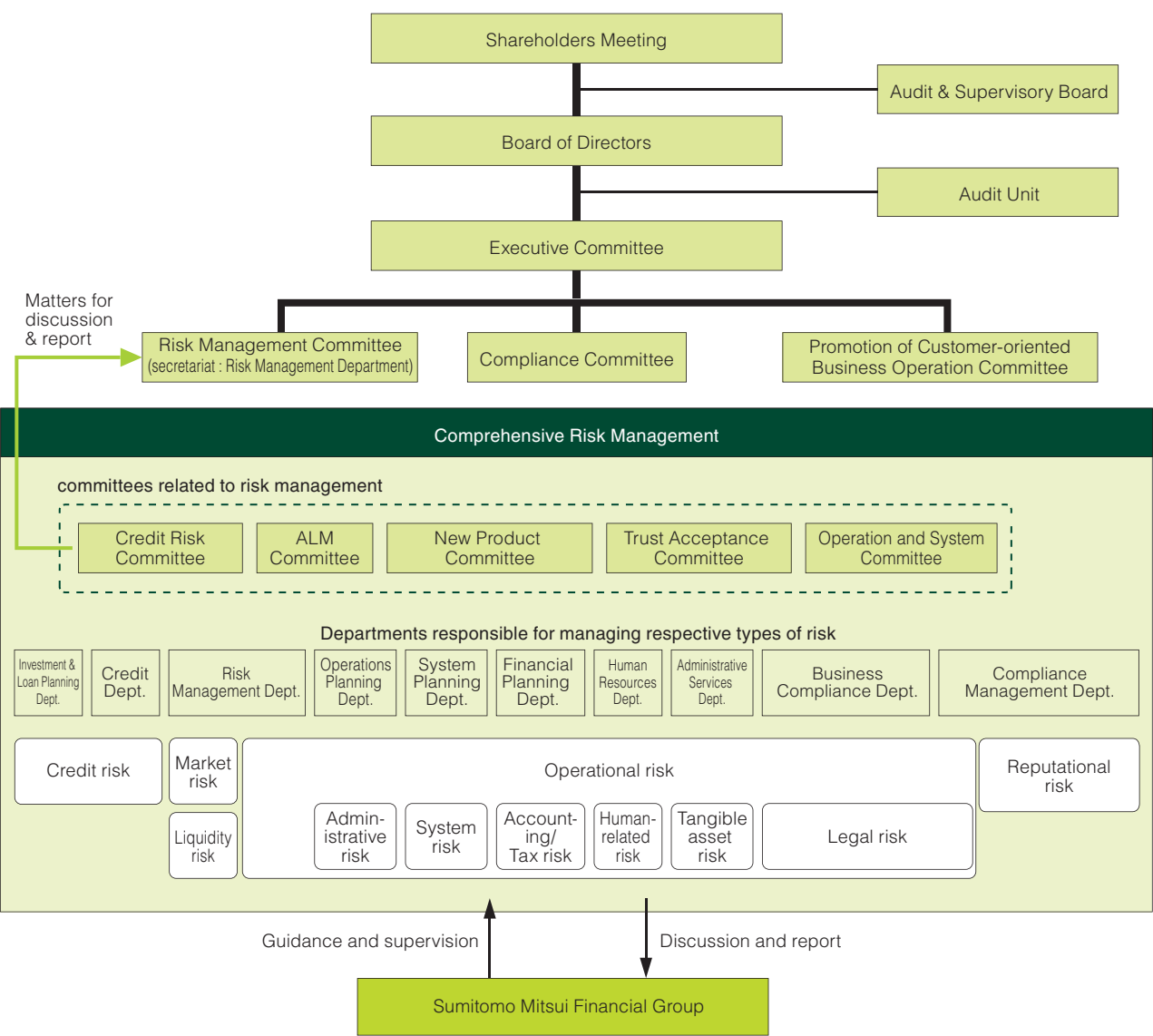
Risk Management System

Overview of Risk Management System

As the trust bank of the SMBC Group providing various financial products and services including deposits and loans, 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 “Policy for Comprehensive Risk Management,” which sets forth basic matters pertaining to risk management, and established the Risk Management Committee, chaired by the senior officer responsible for the Risk Management Unit, as a sub-committee of the Executive Committee (EXCO), in order to capture and manage various risks in an integrated manner. The Risk Management Department serves as secretariat to 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 EXCO. 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.

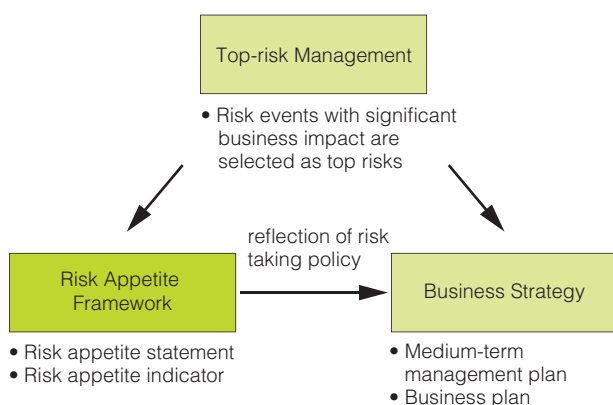
With respect to major risks such as credit risk, market risk, liquidity risk, and operational risk, the department responsible for managing each risk develops policies and procedures for the risk. EXCO establishes sub-committees related to risk management such as the Credit Risk Committee and the ALM Committee, which discuss important matters pertaining to management of respective risks and report to the Risk Management Committee and EXCO.



Risks to be managed	Definition
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 asset) 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. Operational risk includes administrative risk, system risk, legal risk, accounting/tax risk, human-related risk and tangible asset risk.
Reputational risk	Reputational risk is the possibility of losses arising from damage or loss of reputation of SMBC Trust arising from any of the above events.

Risk Appetite Framework

Our 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 (risk appetite) in order to grow profits based on an appropriate understanding of environment and risks to incorporate into its business strategy. For each category, we define Risk Appetite Statement that expresses our attitudes toward our risk-taking and risk management, and for some categories, we set risk appetite indicators, etc. that quantitatively represent the risks to be taken, levels of risks and returns, etc.



Operation of Risk Appetite Framework

The Risk Management Committee has selected particularly serious risks for company management as “top risks” based on consideration of the current and future operating environment.

We continuously update the outlook for the operating environment and risks, including top risks, over the course of the year and monitor the risk appetite status. We also set the management levels of some risk appetite indicators, and monitor them accordingly.

Three Lines of Defense

The Basel Committee on Banking Supervision’s “Corporate governance principles for banks” recommends “three lines of defense” as a framework for risk management and governance. SMBC Trust has started to use this framework to enhance its risk management capabilities.

1. First line of defense (revenue-generating units)

Our revenue-generating units are our first line of defense, and are responsible for autonomously managing and controlling the risks inherent in or attributable to their activities.

In addition, in line with our policy on risk management, they are required to keep their risks within our risk appetite through compliance with laws and regulations, establishment of a risk management system in the department, and their monitoring activities.

2. Second line of defense (internal control and risk oversight functions)

Departments providing internal-control and risk oversight functions and each department in charge of risk management are responsible for formulating and promoting the basic policy on risk management to control, and for developing the overall risk management system of SMBC Trust.

In addition, they monitor, measure and evaluate the autonomous control activities conducted by the first line of defense, and if necessary, develop internal rules for managing risks of their responsible areas. As part of their risk oversight activities, they also provide training and advice to all the departments of SMBC Trust including the first line of defense, and supervise and monitor the risk-control framework of the first line of defense.

3. Third line of defense (Audit Unit)

Our independent Internal Audit is our third line of defense. Based on their audit plan, they independently assess the effectiveness of the risk management provided by the above two lines of defense.

Comprehensive Risk Management

We classify the types of risk to manage into credit risk, market risk, liquidity risk, and operational risk, and manage them systematically through our risk appetite framework and our risk capital management framework.

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 manage based on capital, setting limits for each risk area, and managing the risks within the limits. SMBC Trust's basic framework is to: (a) determine 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 exposure 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 each risk area; and (c) allocate the risk capital to our organizational units and departments in an appropriate and effective manner within the limits of risk capital in accordance with our guidelines established.

Credit Risk Management

SMBC Trust has formulated the "Credit Policy" and the "Credit Risk Management Regulations" to 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 the entire credit portfolio, and established and implemented a credit risk management system according to these policies. From the perspective of preventing credit concentration risk, the "Rule on Legal Lending Limit" has been established to limit 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 oversee credit risk-generating activities, including self-assessment of assets, through which the involvement of senior management is increased.

Credit Risk Management System

The Investment & Loan Planning Department manages our credit portfolio, plans and drafts operational policies, and seeks to create a highly effective credit risk management system, regularly reporting to EXCO, the Credit Risk Committee, and other management bodies on the status of credit risk management, while the Credit Department is responsible for reviewing individual loans and analyzing newly-originated loans at the application stage as well as assessing the quality of our loan assets based on our self-assessment standards on a periodic basis. The soundness of our asset portfolio is ensured through the verification by the Credit Department and by the Internal Audit Department.

Credit Risk Management Methodology

To appropriately manage risks associated with individual loans as well as our credit portfolio as a whole, we assess the credit risk of each borrower and loan based on the internal rating system and quantify it to manage. In addition to managing individual loans through the analysis at the application stage and obligor monitoring, we conduct the following credit risk management activities in order to maintain and improve the soundness and profitability of our credit portfolio in the medium term.

●Risk-taking within the scope of capital

To keep the credit risk exposure within a permissible level relative to our equity capital, we set a credit risk capital limit for internal control purposes and set a risk capital limit for some specific units and departments, and monitor the status of compliance with such limits on a regular basis.

●Controlling concentration risk

As our capital could be materially impaired in the event that credit concentration risk materializes, we apply a credit limit to individual obligors in making loans so as to prevent ourselves from lending excessively to one obligor, and conduct post-lending monitoring periodically.

●Preventing and reducing non-performing loans

We try to address non-performing loans at an early stage by, through regular reviews by the Credit Risk Committee, deciding approaches to deal with them and developing action plans to prevent loan assets from deteriorating, support obligors to upgrade their ratings, take loan recovery or other credit protection measures.

Market and Liquidity Risks Management

With respect to management of market and liquidity risks, we have formulated the "Basic Policy on Management of Market and Liquidity Risks" and "Rules on Management of Market and Liquidity Risks" that set forth the operating system, management framework and methods and other matters pertaining to market and liquidity risks, and based on these rules, we have established and now operates our market and liquidity risk management system. Our basic policy is to: (a) allow credit and market risks to the extent necessary for implementing our business plan but avoid trying to earn profits from market fluctuations and; (b) set and manage limits in tolerating market and liquidity risks.

Market and Liquidity Risks Management System

EXCO determines strategies, tolerance levels, appetite, management policies, and other important matters relating to market and liquidity risks and the Board of Directors gives approval to such matters, and the ALM Committee decides ALM operation policies based on the above matters and within the limits set by EXCO for market and liquidity risks. 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 EXCO and other management bodies.

Market and Liquidity Risks Management Methodology

To appropriately manage market and liquidity risks, we set limits relating to market and liquidity risks in order to ensure that funds are appropriately managed and raised. Specifically, we set position limits and prepare loss guidelines for market risk and funding gap limits to mitigate liquidity risk. In addition, based on the risk capital management system, we set a market risk capital limit for internal control purposes and a risk capital limit for some specified units and departments in order to keep the market risk exposure within a permissible level relative to capital, and monitor the status of compliance with such limits on a regular basis.

Operational Risk Management

We have formulated “Operational Risk Management Policy” and “Rules of Operational Risk Management” to appropriately manage operational risk according to the risk characteristics, including identification of risks to manage and impacts of the risks on our business operations. In addition, we have separately established management policies and rules for administrative and system risks which are managed in accordance with the policies and rules.

Operational Risk Management System

We have established the Operational Risk Management Department as a sub department within the Risk Management Department for the 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 administrative and system risk management is reported to the System and Operations Committee to increase the involvement of senior management.

We have as such established an effective framework for identifying, assessing, controlling and monitoring significant operational risks. We also identify impacts of operational risk and manage them appropriately by taking risk characteristics into account.

Operational Risk Management Methodology

As operational risk inherent in financial services increase in diversity and complexity, we enhance our framework and strengthen the methodology for specifying, assessing, controlling and monitoring processes. Each department continuously assesses the risks and risk mitigation processes in their own business area to improve them. We have also established an escalation flow to report to senior management.

Administrative Risk Management

At SMBC Trust, administrative risk is defined as the risk of losses arising from negligent processing by directors and employees in contravention of the “Administrative Risk Control Policy” or other internal rules or procedures, or from accidents or misconducts by them.

The Operations Planning Department, the department responsible for managing administrative risk, establishes an administrative risk management system, ensures a self-inspection system in place, and develops contingency plans to minimize losses in the event of administrative risk materialization.

The Operations Planning Department also makes proposals for the important matters set out in the Basic Policy on Administrative Risk Management, which are decided by the System and Operations Committee, and then approved by the Board of Directors. The status of administrative risk management is reported to the System and Operations Committee regularly and when necessary. These and other steps are taken to ensure that we can provide customers with high quality administrative services.

System Risk Management

System risk is the risk of disruption of customer services, or the risk of loss due to the breakdown, malfunction, or unauthorized use of computer systems.

SMBC Trust has established the System Risk Management Department within the System Planning Department to comprehensively manage system risk. SMBC Trust seeks to establish and implement a system risk management framework by formulating various policies, rules and specific management standards including a security policy to minimize system risk, and developing contingency plans to minimize damage and losses caused by the materialization of system risk. In addition, with cyber security becoming increasingly important in recent years, SMBC Trust has been working with the SMBC Group to establish a cyber security framework and take strong technological measures.

Compliance System

Basic Policy

SMBC Trust aims to be a company trusted by its stakeholders including the broader 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. The director responsible for the Compliance Unit is appointed by the Board of Directors.

For the early detection and settlement of compliance issues, we have established a whistleblowing system with several contact points: within SMBC Trust, in the SMFG Group, and outside the Group. The concerns reported will be forwarded to our director in charge of compliance as well as President. We have taken measures to protect whistleblowers from disadvantageous treatments in accordance with the Whistleblower Protection Act.

Compliance System

From a broader compliance perspective, SMBC Trust has redefined “compliance” as a vital concept of abiding by social ethics along with laws and regulations, our management philosophy and internal rules, and developed our compliance system accordingly.

(1) The roles and responsibilities of the Compliance Unit

Compliance Management Department	<ul style="list-style-type: none"> Overall supervision of the Compliance Unit Administration of Board of Directors, shareholders, and Compliance Committee meetings Ensuring information security and personal information protection
Business Compliance Department	<ul style="list-style-type: none"> Handling general compliance matters 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, litigation, and document management
AML & Financial Crime Prevention Department	<ul style="list-style-type: none"> Taking anti-money laundering measures Account transaction monitoring Financial crime investigation and management

(2) Roles and Responsibilities of Compliance Officers

Compliance officers at our branches and Head Office closely cooperate with the Compliance Unit to prevent any acts that could violate a law or regulation, and commit themselves to strengthening our compliance system by deepening awareness of compliance across officers and employees through training and other activities.

With the recognition that compliance is a critical element of each of the three lines of defense, the compliance officers at each department are responsible for identifying, managing, and mitigating the compliance risks inherent in, or attributable to, the activities of the department. The Compliance Unit regularly provides training sessions to the compliance officers to establish a high quality compliance system at SMBC Trust.

We assign at least one compliance officer, in principle, to each department. Taking into account the nature of their business activities, we assign a supervisory compliance officer to some departments.

(3) Efforts on Management of Conflicts of Interest

We have established the “Conflict of Interest Management Policy” and a system of conflict of interest management to appropriately prevent or control financial transactions that could unfairly damage our customers' interests.

When we conduct a transaction with a SMBC Group company to proceed with a transaction with a customer, we will be careful about the transaction with the group company to be in line with the requirements of our “Policy on Customer-Oriented Business Operation.” For example, when we sell mutual funds provided by a company of the SMBC Group, or when we outsource administration or investment of assets in our trust to a company of the group, we disclose material facts to the relevant customers and check the appropriateness of the selection of the mutual funds, sales commissions or trust fees.

In our real estate services, we may take more than one job, including brokerage, consulting, appraisal, and asset management along with real estate administration and disposal trust services. In such case, we manage a conflict of interests by verifying our disclosure of material facts to customers, the appropriateness of commissions, the neutrality of appraisal, etc.

Internal Audit System

(4) Efforts on Information Management

Recognizing the importance of information management, we have established a framework for appropriate information management in order to be a trustworthy trust bank that customers can have a reliable business relationship with. In particular, we have developed and published a policy for the appropriate protection and use of personal information (“SMBC Trust Bank Declaration of Protection of Personal Information”) in accordance with the Act on the Protection of Personal Information and, of course, we comply with the provisions set forth in this declaration. In addition, we review and improve our information management framework and our use of information on an ongoing basis to protect personal information on our customers, while appropriately responding to the significant progress of information technology in recent years.

Efforts on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)

We have established internal rules and reinforced our organizational structure to take preventive measures against any violations of laws and regulations regarding AML/CFT and also to maintain the soundness and suitability of business.

Specifically, we mitigate risks through strict verification of customer identity and transactions, continuous customer information management, and transaction monitoring, etc. in order to prevent our products and services from being used for money laundering or terrorist financing, which cause serious damage to sound economic activities.

Please visit our website and read “Our Initiatives to Combat Money Laundering and Terrorist Financing” to find out our initiatives toward AML/CFT.

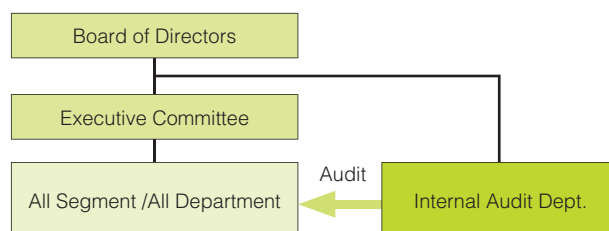
The Internal Audit Department, as an independent department from other business departments, verifies the appropriateness and effectiveness of our internal control system, as well as the effectiveness and efficiency of business activities, compliance and risk management, and the soundness of asset quality.

The Internal Audit Department develops an audit plan by taking into account the frequency and depth, depending on the types and extent of risks, on an annual basis, and performs effective internal audits.

The Internal Audit Department performs theme audits to make cross-divisional assessments focusing on specific activities and themes.

In addition, the Internal Audit Department conducts department-level audits to verify the appropriateness of the overall internal control system in place at each department, along with credit reviews on self-assessment results and write-off and provisioning.

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.

The Japanese Bankers Association

JBA Customer Relations Center
Telephone number
0570-017109 or 03-5252-3772

Trust Companies Association of Japan

Trust Consultation Center
Telephone number
0120-817335 or 03-6206-3988

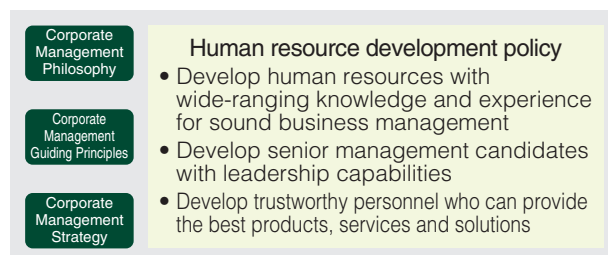
Human Resource Strategy

Principles

SMBC Trust promotes strategic human resources development and works to create an environment in which diverse human resources can play active roles to achieve its corporate management philosophy, guiding principles, and strategy.

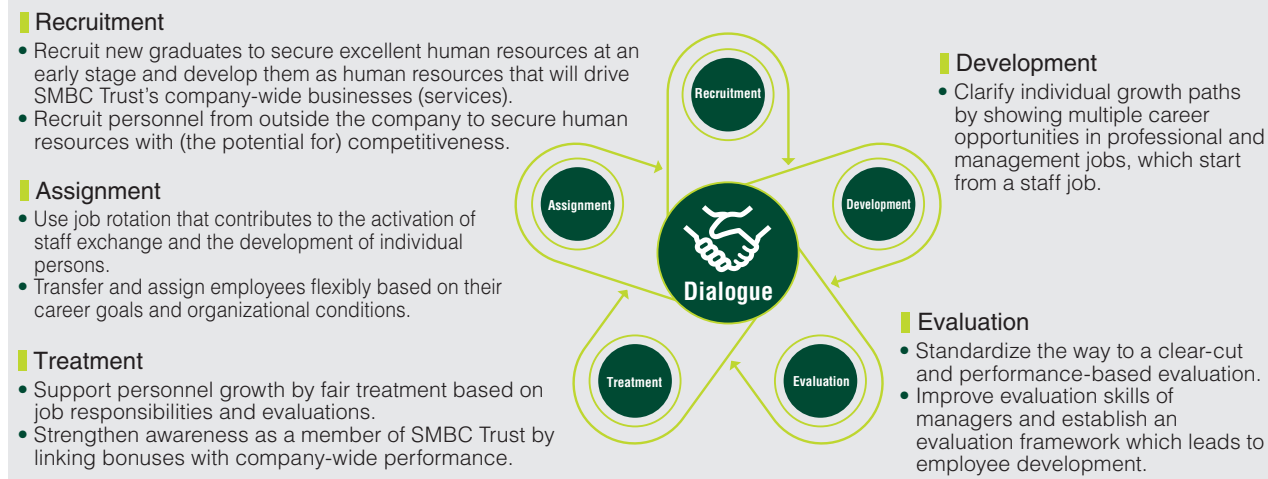
Human resource management policy

SMBC Trust has developed its human resources management policy including personnel exchange programs and dual career ladders to build an ideal organization and develop exemplary staff members. By defining our human resource management policy for recruitment, development, evaluation, treatment and



assignment, we will try to be a “distinctive organization” that provides unique products and excellent services as the “trust bank of the SMBC Group,” and that seeks the best trust from customers and pursue new horizons. For junior staff members, we give support by encouraging “dialogue” between them and their supervisors.

Human resource management policy



●Support employees' self career-planning

For employees' career planning, we have a job level system which clearly shows multiple career paths to be in line with employees' expertise, e.g., starting with a staff job and moving up to a management job or a professional job. Employees also create a career development plan with their medium-to-long-term goals, which help them plan their own medium-to-long-term career.

Moreover, we have in-house job forums and provide an annual job entry program to give employees opportunities to know business activities of other departments.

●Support for skill development

From the perspective of securing and developing human resources who support our business strategies on a medium-to long-term basis, SMBC Trust provides various programs to support employees to acquire professional qualifications and business skills, including training for each position level and personnel exchange opportunities to know business operations and colleagues of other departments.

SMBC Trust also continuously works on the development of global-minded human resources by transferring employees to overseas offices of the SMBC Group.



Diversity and Health Management

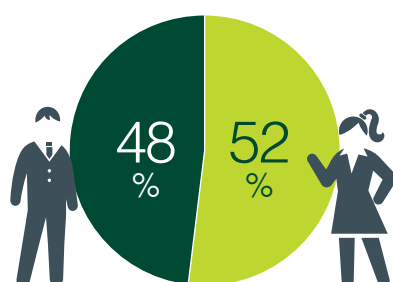
●Diversity and Inclusion

SMBC Trust promotes the creation of an organization where employees can play their roles actively, promotion led by the Diversity & Inclusion Promotion Committee set up for further enhancement of our corporate competitiveness as a company traditionally having strength in the area of diversity. In April 2018, we made our nursing care leave a paid-leave system, and established a short-term childcare leave system primarily for male employees, and a family-care leave system for our employees to be able to take care of their family members who are sick, etc. and need some care. For the promotion of the short-term childcare leave, we sent an e-mail to target employees and their managers with a message of encouragement to use the system. We also provided an

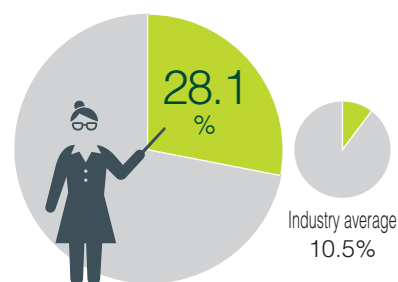
article about some cases of actual use to our company newsletter. As such, we have been working on building a workplace culture of understanding and supporting work-life balance as well as on enriching the system so that all employees can continue to work without worrying about the balance between work and private life. Our ratio of female representation in management positions is much higher than the industry average. We have been certified by the Minister of Health, Labor and Welfare as a “company with excellent initiatives” under the Act on Promotion of Women’s Participation and Advancement in the Workplace, and have been awarded the “Eruboshi” status with the highest of the three levels of certification.



“Eruboshi” status : the highest of three levels under the Act on Promotion of Women’s Participation and Advancement in the Workplace



Male-Female proportion of total employees
(As of April, 2019)



The ratio of women in managerial positions
(As of April 2019)

●Employment of Persons with Disabilities

As part of our corporate social responsibility commitments, we hire people with handicaps. Through various efforts on the business developments and the creation of work-friendly environments, each one of them has been working for SMBC Trust by making full use of their skills and aptitudes. In addition, SMBC Trust supports the Japan Goalball Association, which works on spreading and improving the performance of goalball, one of the Paralympic sports. A SMBC Trust employee is actually a goalball athlete.



●Work style reform and flexible work-style

Since fiscal 2017, SMBC Trust has positioned work-style reform as one of the key measures of its medium-term management plan, and has been working on the improvement of operational efficiency and promotion of robotics process automation for productivity improvement. Moreover, SMBC Trust promotes employees’ work-style diversification through various measures for allowing employees to choose working places and working hours flexibly, such as a telework program, a reduced working hours program, and a work time scheduling program. In addition, SMBC Trust implemented the “Hour-based Annual Paid Vacation” system in April 2019. SMBC Trust will continue to support its executives and employees to work actively by promoting the improvement of operational productivity and work-life balancing.

●Health management

In April 2019, SMBC Trust introduced an interval-based work system to encourage employees to take a rest period between the end of a workday and the start of the following workday, setting 11-hours as the minimum length of the interval rest. A warning email is sent to the superiors of the employees who did not take that length of time for the rest. As such, we take various measures to create a work environment where all employees can work in good health and with a positive mindset so that they can continue to provide customers with high value.

Towards Sustainable Development of Society

Today's society faces a variety of issues, such as global warming and declining birthrates and aging population in advanced countries. Under such circumstances where the "Sustainable Development Goals (SDGs)" have been adopted by the United Nations, and the Paris Agreement on climate change aimed at keeping the average global temperature rise in the latter half of this century under 2 degrees Celsius become effective, it has become essential for companies to work on environmental, social and governance (ESG) issues and to have dialogues continuously with stakeholders for the enhancement of their corporate value toward sustainable social development.

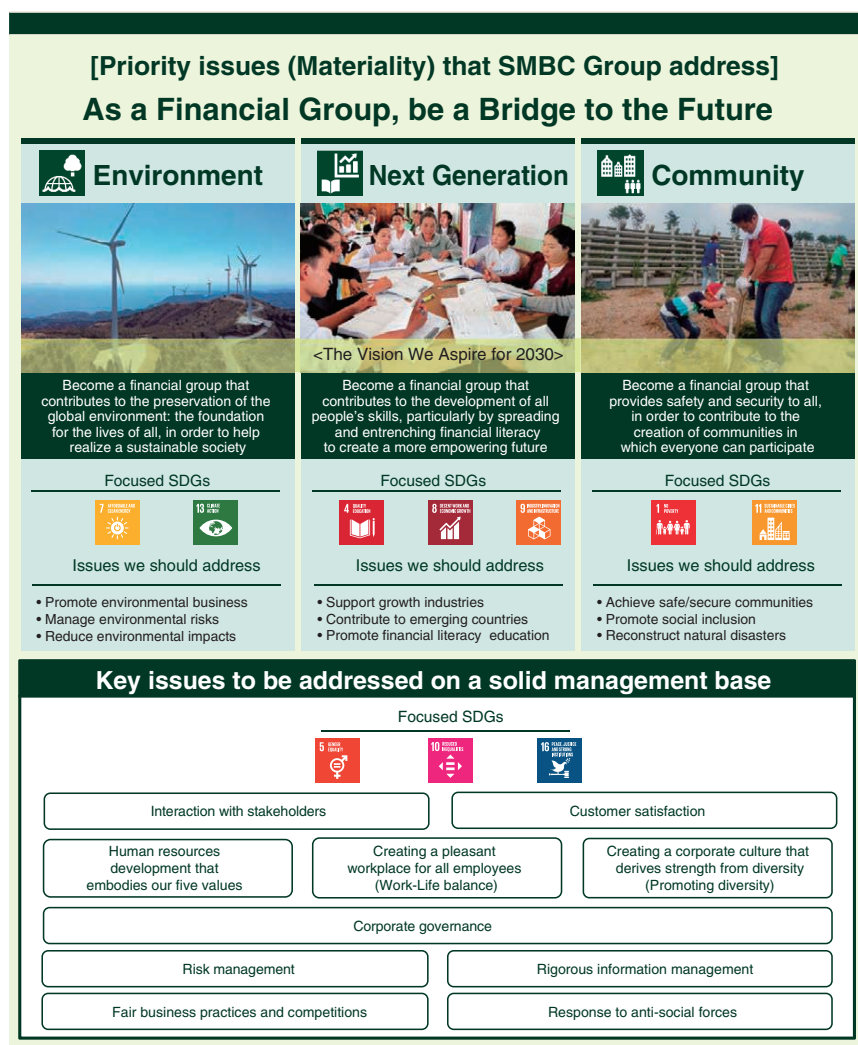
In the face of such changes in society, we are committed to our corporate mission of providing our customers with services of greater value unique to our bank, and growing and prospering together with

them. Through this mission, we will work on the sustainable development of society as a whole and the improvement of corporate value through the promotion of ESG / SDGs.

The SMBC Group has identified three priority issues from the perspective of ESG: "Environment," "Next Generation," and "Community." We conduct a range of initiatives to address global environmental issues through financial services and to contribute to the development of safe and secure communities that will allow the next generation to thrive.

As the trust bank of the SMBC Group, we will work with other companies of the group to promote efforts on SDGs that are unique to us while making use of the three edges of "trusts," "foreign currency," and "real estate."

Priority Issues that SMBC Group should address (Materiality)



About the SDGs

The SDGs are a set of 17 goals for the realization of a sustainable society. They were adopted at the UN General Assembly in September 2015.



Main activities

Environment



●Renewable energy business

We receive entrustment of the right to use solar power generation facilities and land (ownership, leasehold or surface rights), manage the trust property, and distribute the proceeds from the sale of power to beneficiaries.



●Community cleanup activities by employees

Together with the SMBC Group companies, we hold cleanup events for employees to participate in.

We promote the preservation of the global environment through cleanup activities at places like Arakawa Riverbed (Tokyo) and Fujimae Tidal Flat (Nagoya).



Next Generation



●A Trust for Business Succession in Preparation for Dementia

With the advancement of the aging society, we have had more opportunities to hear our customers say about their need to set the course to pass their company shares to the next generation or to manage the risk of not being able to exercise their voting rights due to dementia, etc.

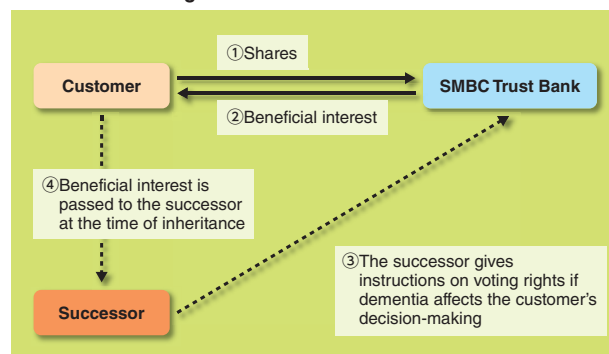
As a financial solution to address social issues expected in a 100-year-old life, we offer Living Trust for Dementia.

●Financial literacy education

We co-sponsor economic education program "Shinagawa Student City" for fifth graders, which is co-managed by economic education group Junior Achievement and Shinagawa Ward. Student City created using empty classrooms in a junior high school in Shinagawa Ward, Tokyo, is a fictional town where banks, convenience stores, newspaper companies, and other companies from various industries have booths that mimic actual stores. We dispatch employees as volunteer staff and support children who will lead the next generation.



An Outline of Living Trust for Dementia



●Supporting young artists

As part of our activities to support young artists, we display works of Joshibi University of Art students at our head office and Higashi-Shinjuku office.



Community

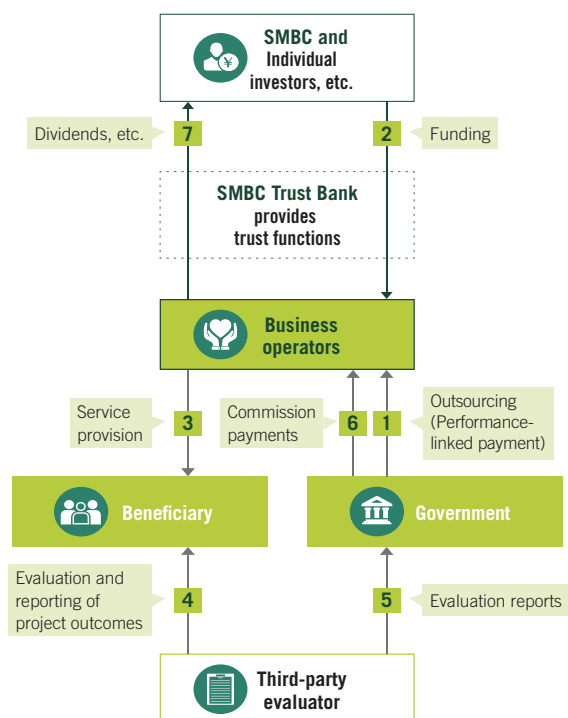


●Social Impact Bonds

In collaboration with Sumitomo Mitsui Banking Corporation, we have launched an initiative called the Social Impact Bond (SIB), a new public-private partnership aimed at settling social issues.

In the initiative, we have arranged Japan's first full-fledged SIB procurement deal for the "Program for the Prevention of Aggravation of Diabetic Nephropathy" implemented by Kobe City as part of our support for social issues facing modern society and local communities from a financial aspect.

Social Impact Bond Scheme



●Regional Revitalization

We receive entrustment of the land and buildings of an aquarium site as trust assets, and support designing, management and operation of the aquarium as part of our regional revitalization business.



●Global Branch

We offer our banking services in a stress-free manner to non-Japanese customers.

In order to enhance our service quality to overseas customers living in Japan, SMBC Trust operates the Akasaka and Hiroo branches as "Global Branch." At the global branches, we provide consulting services in English with English brochures to ensure that the customers who wish to transact in English can use our banking services comfortably.



●Supporting sports for the disabled

As part of supporting sports for the disabled, we serve as a supporter of the Japan Goalball Association.

We encourage the spread and development of sports for people with handicaps through holding experience sessions and dispatching employee volunteers to competitions.



Financial Information

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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, 2018	March 31, 2019		March 31, 2018	March 31, 2019
Assets			Liabilities		
Cash and due from banks	1,396,877	1,246,076	Deposits	2,540,534	2,732,801
Cash	7,922	7,177	Current deposits	137,724	231,060
Due from banks	1,388,954	1,238,898	Ordinary deposits	1,262,976	1,302,310
Call loans	241,891	251,487	Time deposits	122,940	138,374
Securities	295,418	302,949	Other deposits	1,016,893	1,061,055
Japanese government bonds	262,407	262,244	Payables under securities	251,469	261,138
Japanese corporate bonds	10,221	11,837	lending transactions	–	787
Other	22,789	28,868	Foreign exchanges	–	787
Loans and bills discounted	1,002,388	1,328,175	Foreign bills payable	–	787
Loans on bills	10,324	11,517	Due to trust account	51,364	60,074
Loans on deeds	891,957	1,196,257	Other liabilities	30,797	26,944
Overdrafts	100,106	120,400	Domestic exchange	358	1,035
Foreign exchanges	–	12,832	settlement accounts, credit	269	468
Due from foreign banks (our	–	12,798	Income taxes payable	5,161	5,019
accounts)	–	33	Accrued expenses	3	1
Foreign bills bought	–	33	Unearned revenue	15,962	15,361
Other assets	36,660	44,701	Derivatives liabilities	–	33
Domestic exchange	–	335	Cash collateral received for	7	4
settlement account,debit	834	1,167	financial instruments	1,714	2,700
Prepaid expenses	5,537	5,780	Lease obligations	7,318	2,321
Accrued income	8,112	12,468	Asset retirement obligations	1,282	1,357
Derivatives assets	7,750	13,653	Other	59	60
Cash collateral paid for	14,426	11,295	Reserve for employee bonuses	57	88
financial instruments	6,170	7,160	Reserve for retirement benefits	11	13
Other	2,610	4,682	Reserve for executive	458	511
Tangible fixed assets	6	3	retirement benefits	4,005	4,004
Buildings	2,819	5	Reserve for reimbursement of		
Lease assets	734	2,467	deposits	2,880,041	3,087,781
Construction in progress	73,231	73,334	Total liabilities		
Other tangible fixed assets	2,602	30,812	Net assets		
Intangible fixed assets	25,542	–	Capital stock	87,550	87,550
Software	12,727	12,003	Capital surplus	128,350	130,553
Software in progress	32,359	30,519	Legal capital surplus	83,350	83,350
Goodwill	850	2,137	Other capital surplus	45,000	47,203
Other intangible fixed assets	8,489	2,662	Retained earnings	(27,602)	(31,474)
Prepaid pension cost	4,005	4,004	Legal retained earnings	80	80
Deferred tax assets	(1,570)	(1,895)	Other retained earnings	(27,682)	(31,554)
Customers' liabilities for			Retained earnings	(27,682)	(31,554)
acceptances and guarantees			brought forward	188,297	186,628
Reserve for possible loan			Total shareholders' equity		
losses			Net unrealized gains (losses)	255	274
			on other securities		
			Net deferred gains (losses) on	(4,179)	(1,058)
			hedges		
			Total valuation and translation		
			adjustments	(3,924)	(783)
			Total net assets	184,373	185,844
Total assets	3,064,414	3,273,625	Total liabilities and total net	3,064,414	3,273,625
			assets		

Statement of Income

(Millions of Yen)

	from April 1, 2017 to March 31, 2018	from April 1, 2018 to March 31, 2019
Ordinary income	50,688	61,984
Trust Fees	1,730	2,291
Interest Income	24,934	36,562
Interest on loans and discounts	13,626	25,749
Interest and dividends on securities	762	1,236
Interest on call loans	2,128	4,354
Interest on deposits with banks	8,418	5,195
Other interest income	(1)	25
Fees and commissions	19,305	18,337
Fees and commissions for remittance	386	361
Other fees and commissions	18,918	17,976
Other operating income	4,369	4,264
Gains on foreign exchange transactions	4,313	4,136
Other	55	128
Other income	348	528
Other	348	528
Ordinary expenses	57,878	64,442
Interest expenses	3,470	7,859
Interest on deposits	3,153	5,554
Interest on call money	(20)	(31)
Interest on payables under securities lending transactions	13	25
Interest on borrowed money	0	0
Interest on swaps	270	2,175
Other interest expenses	53	135
Fees and commissions payments	2,630	3,639
Fees and commissions for remittance	159	246
Other fees and commissions	2,471	3,392
Other operating expenses	57	156
Other	57	156
General and administrative expenses	50,764	52,193
Other expenses	955	594
Provision for reserve for possible loan losses	232	324
Losses on devaluation of stocks and other securities	–	10
Other	722	258
Ordinary loss	7,189	2,457
Extraordinary gains	–	60
Gain on disposal of fixed assets	–	60
Extraordinary losses	448	2,362
Losses on disposal of fixed assets	139	2,018
Losses on impairment of fixed assets	309	344
Loss before income taxes	7,638	4,760
Income taxes-current	(6,086)	(5,669)
Income taxes-deferred	4,241	4,675
Income taxes	(1,844)	(993)
Net loss	5,793	3,766

Statements of Changes in Net Assets

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 Retained earnings brought forward	Total retained earnings					
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												
Net income (Loss)						(5,793)	(5,793)	(5,793)				(5,793)
Increase by corporate division												
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

from April 1, 2018 to March 31, 2019

(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	(27,682)	(27,602)	188,297	255	(4,179)	(3,924)	184,373
Changes in the fiscal year												
Net income (Loss)						(3,766)	(3,766)	(3,766)				(3,766)
Increase by corporate division			2,203	2,203		(106)	(106)	2,096				2,096
Net changes in items other than shareholders' equity in the fiscal year									19	3,120	3,140	3,140
Net changes in the fiscal year	—	—	2,203	2,203	—	(3,872)	(3,872)	(1,669)	19	3,120	3,140	1,470
Balance at the end of the fiscal year	87,550	83,350	47,203	130,553	80	(31,554)	(31,474)	186,628	274	(1,058)	(783)	185,844

Notes to the financial statements

The 34th (From April 1, 2018 through March 31, 2019)

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 to 10 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. 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

5. 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 11 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.

6. 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.

7. 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.

8. Consumption taxes

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

9. 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.

Change in presentation method

On February 16, 2018, the ASBJ issued the Amendments to Accounting Standard for Tax-Effect Accounting (No. 28), so we adopted the amended standard in the current interim period. We now annotate our tax-effect accounting according to the tax-effect accounting provisions in Paragraphs 3 through 5 of the amended standard—specifically, the provisions in Note 8 (other than the provision on accounting for valuation reserves) and Note 9.

Software includes the amounts of Software in progress (FY2017 : 25,542 million Yen) recorded independently until March 31, 2018 due to insignificance.

Software includes Software in progress of 1,600 million yen in March 31, 2019.

Change in accounting estimate

In calculating retirement benefit obligations, unrecognized actuarial differences are recognized as expenses over a certain term within the average remaining service period of the employees to 11 years from this fiscal year. Although SMBC Trust Bank amortized it proportionately over a specified number of years (15 years), the average remaining service period of the employees is less than it.

As a result, ordinary loss and net loss before income taxes in this mid-term business year have been increased by 81 million yen compared to the previous business year.

Notes

(Notes to the balance sheet)

- Bankrupt loans and non-accrual loans at March 31, 2019 were 2 million yen and 1,190 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.
- Past due loans (3 months or more) at March 31, 2019 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.”
- Restructured loans at March 31, 2019 were 3 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).”
- The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2019 were 1,196 million yen.
The amounts of loans presented in Notes 1 to 4 above are the amounts before deduction of reserve for possible loan losses.
- 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 413,932 million yen at March 31, 2019.

- Assets offered for collateral are as follows;
Assets offered for collateral
Securities 260,243 million yen
Liabilities secured by the collateral
Payables under securities lending transactions 261,138 million yen
Loans and Cash and due from banks pledged as collateral for the settlement of foreign exchange transactions were 13,504 million yen and 10 million yen respectively at March 31, 2019. Other in Other assets includes security deposits of 3,188 million yen.
- 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 139,298 million yen at March 31, 2019. The outstanding of 132,993 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.
- Accumulated depreciation on tangible fixed assets was 2,406 million yen.
- Total amount of monetary claim against directors through deals 201 million yen
- Total amount of monetary claim against affiliates 368,975 million yen
- Total amount of monetary liabilities from affiliates 203,834 million yen
- SMBC Trust is restricted to pay dividend from retained earnings due to article 18 of the Banking Act.

(Notes to Income Statement)

- Earnings from the transaction with affiliates
Total earnings from investment transactions 7,748 million yen
Total earnings from fee and commission 625 million yen
Total earnings from other transactions 10 million yen
Expenses from the transaction with affiliates
Total expenses from funding transactions 2,298 million yen
Total expenses from fee and commission 2,195 million yen
Total expense from other transactions 1,216 million yen
- 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	175 Millions yen
Kinki area	branch	Building and other fixed assets	165 Millions yen
Others	branch	Building and other fixed assets	3 Millions yen

SMBC Trust applies to each branch 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 borrowers' 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 forced 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 12 million yen as of March 31, 2019. 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, 2019 are as follows. This sheet does not contain fair value of financial instruments as it is considered extremely difficult to determine their fair value. (of. note 2)

(Millions of yen)

	balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and due from banks	1,246,054	1,246,560	506
(2) Call loans	251,487	251,487	–
(3) Securities			
Bonds classified as held-to-maturity	260,243	261,066	822
Other securities	42,097	42,097	–
(4) Loans and bills discounted	1,328,175		
Reserve for possible loan losses (*1)	(1,798)		
	1,326,376	1,325,592	(784)
(5) Foreign exchanges(*1)	12,832	12,832	–
Total assets	3,139,091	3,139,636	545
(1) Deposits	2,732,801	2,732,610	(190)
(2) Payables under securities lending transactions	261,138	261,138	–
(3) Foreign exchanges	787	787	–
(4) Due to trust accounts	60,074	60,074	–
Total liabilities	3,054,801	3,054,611	(190)
Derivatives transactions (*2)			
Hedge accounting not applied	(1,554)	(1,554)	–
Hedge accounting applied	(1,338)	(1,338)	–
Total	(2,892)	(2,892)	–

(*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 and foreign exchanges 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 and (5) Foreign exchanges

For call loans and Foreign exchanges, 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 and (3) Foreign exchanges

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

(4) 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	
Partners' subscription certificate, etc	608
Total	608

(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	1,122,981	94,948	10,861	8,980	1,125
Call loans	251,487	—	—	—	—
Securities	2,000	265,819	10,856	16,043	6,981
Bonds classified as held-to-maturity	—	260,000	—	—	—
Other securities	2,000	5,819	10,856	16,043	6,981
Loans and bills discounted (*)	254,255	240,708	367,678	168,967	175,567
Foreign exchanges	12,832	—	—	—	—
Total	1,643,557	601,476	389,396	193,990	183,674

(*) Among loans and bills discounts, 1,192 million yen for financial claims to the bankrupt borrower, effectively bankrupt borrower and potentially bankrupt borrower and 120,075 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 (*)	2,671,491	11,245	23,961	19,912	6,189
Payables under securities lending transactions	261,138	—	—	—	—
Foreign exchanges	787	—	—	—	—
Due from Trust account	60,074	—	—	—	—
Total	2,993,492	11,245	23,961	19,912	6,189

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

(Notes to deferred tax assets and liabilities)

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

Deferred tax assets

Loss brought forward from the previous term (Note 1)	2,950	million yen
Fair value earnings from consolidated tax payment	10,601	
Asset adjustment account	2,491	
Fair value hedge profit loss	781	
Other	3,259	
Subtotal	20,083	
Valuation allowance for tax loss brought forward	(2,950)	
Valuation allowance for total future tax consequence of temporally differences	(3,336)	
Valuation allowance subtotal	(6,286)	
Total deferred tax assets	13,797	
Deferred tax liabilities		
Intangible fixed assets	(9,344)	
Other	(1,789)	
Total deferred tax liabilities	(11,134)	
Net deferred tax asset	2,662	

(Note 1) Loss brought forward from the previous term and its deferred tax assets by term
as of March 31, 2019 (unit : Millions of yen)

	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	Over 5 years	Total
Loss brought forward from the previous term (*1)	—	—	—	—	—	2,950	2,950
Valuation allowance	—	—	—	—	—	(2,950)	(2,950)
Deferred tax assets	—	—	—	—	—	—	—

(*1) Tax loss carried forward is multiplied by the legally effective tax rate.

(Per share data)

Net assets per share 43,039.48 yen

Net loss per share 872.21 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	103,678	Due from banks	96,250
			Directors	Interest receivable from due	3,403	Interest earned not collected	14
			Secondment	Call loans	278,253	Call loans	251,487
				Interest receivable from call loan	4,348	Interest earned not collected	174
				Deposits	165,562	Deposits	197,970
				Interest payable for deposit	81	Reserve for Interest	16
				Purchase of financial claims	646,734	—	—
Subsidiaries of Parent company	SMBC Aviation Capital Limited	Not applicable	Loans	Loans	149,653	Loans	181,565
				Interest receivable from Loan	7,828	Interest earned not collected	1,155

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.

(Business combination)

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 (On April 1, 2018, SMBC Delivery Service Co. Ltd. merged SMBC International Business Cooperation, and changed its name to SMBC Operation Service Co., Ltd.)

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 Divestures (Accounting Standards Board of Japan ("ASBJ") Guidance No.10, September 13, 2013)

Indicator of Major Business

(Millions of Yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019
Ordinary income	7,379	20,590	39,954	50,688	61,984
Gross banking profit	4,552	16,200	34,873	44,180	49,801
General and Administrative Expenses (Excludes non-recurring expenses)	5,758	23,047	50,249	50,153	51,616
Banking profit	- 1,206	- 7,136	- 15,629	- 6,230	- 2,150
Banking profit (before provision for general reserve for possible loan losses)	- 1,206	- 6,847	- 15,376	- 5,973	- 1,814
Ordinary loss	1,187	9,547	15,869	7,189	2,457
Net loss	1,343	10,892	4,141	5,793	3,766
Capital stock	27,550	27,550	87,550	87,550	87,550
Total number of shares issued					
Common stock (in thousands)	1,018	1,018	3,418	3,418	3,418
Non-voting stock (in thousands)	-	900	900	900	900
Total net assets	44,125	78,763	192,012	184,373	185,844
Total assets	224,288	2,517,267	2,710,842	3,064,414	3,273,625
Deposits	114,762	2,373,585	2,467,806	2,540,534	2,732,801
Loans and bills discounted	55,372	266,214	610,097	1,002,388	1,328,175
Securities	-	264,128	281,762	295,418	302,949
Capital adequacy ratio (Domestic standard)(%)	69.40	9.43	21.84	14.32	12.05
Dividend payout ratio	-	-	-	-	-
Number of employees	248	1,733	2,064	1,988	2,091
Trust fees	922	998	1,586	1,730	2,291
Loans and bills discounted in the trust assets and liabilities	- (-)	- (-)	- (-)	- (-)	- (-)
Securities in the trust assets and liabilities	77,758 (77,758)	118,353 (118,353)	122,285 (122,285)	457,949 (457,949)	431,242 (431,242)
Trust assets and liabilities	190,518 (190,518)	412,836 (412,836)	6,013,203 (6,018,485)	9,047,485 (9,065,002)	9,385,062 (9,417,900)

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, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net interest income	1,278	20,185	21,463	2,578	26,125	28,703
Interest income	3,040	(177)	24,934	3,785	(89)	36,562
Interest expenses	(177)	1,886	3,470	(89)	6,740	7,859
Trust fees	1,480	250	1,730	1,988	302	2,291
Net fees and commissions	13,950	2,724	16,674	11,165	3,533	14,698
Fees and commissions	15,364	3,941	19,305	12,631	5,706	18,337
Fees and commissions payments	1,413	1,216	2,630	1,465	2,173	3,639
Net other operating income	0	4,310	4,311	- 27	4,136	4,108
Other operating income	53	4,315	4,369	128	4,136	4,264
Other operating expenses	52	5	57	156	-	156
Gross banking profit	16,709	27,470	44,180	15,704	34,097	49,801
Gross banking profit ratio (%)	0.91	2.77	1.58	0.74	3.25	1.59

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, 2018	Year ended March 31, 2019
Ordinary profit to total assets	- 0.24	- 0.07
Ordinary profit to stockholders' equity	- 3.82	- 1.32
Net income to total assets	- 0.19	- 0.11
Net income to stockholders' equity	- 3.07	- 2.03

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, 2018			Year ended March 31, 2019		
		Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest-earning assets	Average balance	1,827,449	(33,565) 988,579	2,782,463	2,118,260	(39,743) 1,046,728	3,125,245
	Interest	3,040	(177) 22,071	24,934	3,785	(89) 32,866	36,562
	Average rate (%)	0.16	2.23	0.89	0.17	3.13	1.16
	Loans and bills discounted	Average balance	379,956	386,552	527,722	565,131	1,092,853
		Interest	1,670	11,956	2,150	23,599	25,749
		Average rate (%)	0.43	3.09	0.40	4.17	2.35
	Securities	Average balance	271,327	16,451	272,584	24,981	297,566
		Interest	300	461	523	713	1,236
		Average rate (%)	0.11	2.80	0.19	2.85	0.41
	Call loans	Average balance	—	257,459	—	278,253	278,253
		Interest	—	2,128	—	4,354	4,354
		Average rate (%)	—	0.82	—	1.56	1.56
	Deposits with banks (Exclude noninterest-earning deposits)	Average balance	1,173,269	294,286	1,305,452	125,517	1,430,970
		Interest	1,070	7,348	1,088	4,107	5,195
		Average rate (%)	0.09	2.49	0.08	3.27	0.36
Interest-bearing liabilities	Average balance	(33,565) 1,738,121	994,361	2,698,918	(39,743) 2,036,526	1,042,735	3,039,518
	Interest	(177) 1,761	1,886	3,470	(89) 1,207	6,740	7,859
	Average rate (%)	0.10	0.18	0.12	0.05	0.64	0.25
	Deposits	Average balance	1,525,126	994,314	1,627,952	1,042,128	2,670,080
		Interest	1,539	1,614	1,031	4,522	5,554
		Average rate (%)	0.10	0.16	0.06	0.43	0.20
	Call money	Average balance	26,079	23	58,136	8	58,145
		Interest	— 20	0	— 33	1	— 31
		Average rate (%)	— 0.07	1.93	— 0.05	23.71	— 0.05
	Payables under securities lending transactions	Average balance	131,745	—	254,862	—	254,862
		Interest	13	—	25	—	25
		Average rate (%)	0.00	—	0.00	—	0.00

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, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Yield on interest-earning assets	0.16	2.23	0.89	0.17	3.13	1.16
Yield on interest-bearing liabilities including general expenses	2.97	0.20	1.98	2.58	0.66	1.95
Net yield / Interest rate	— 2.81	2.03	— 1.09	— 2.41	2.47	— 0.79

Notes: 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, 2018			Year ended March 31, 2019		
		Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	Volume-related increase (decrease)	458	292	2,181	507	1,364	3,341
	Rate-related increase (decrease)	- 206	6,769	5,118	237	9,429	8,287
	Net increase (decrease)	252	7,061	7,299	745	10,794	11,628
	Loans and bills discounted	Volume-related increase (decrease)	796	4,468	5,930	601	6,623
		Rate-related increase (decrease)	- 591	2,530	1,273	- 121	5,019
		Net increase (decrease)	205	6,998	7,203	479	11,643
	Securities	Volume-related increase (decrease)	3	225	23	1	243
		Rate-related increase (decrease)	195	- 24	376	221	8
		Net increase (decrease)	198	201	400	222	251
	Call loans	Volume-related increase (decrease)	- 0	- 1,021	- 1,021	-	184
		Rate-related increase (decrease)	- 0	- 47	- 47	-	2,041
		Net increase (decrease)	- 0	- 1,068	- 1,068	-	2,226
	Deposits with banks (Exclude noninterest-earning deposits)	Volume-related increase (decrease)	76	- 640	241	110	- 4,214
		Rate-related increase (decrease)	- 70	2,114	1,237	- 92	973
		Net increase (decrease)	5	1,473	1,479	18	- 3,241
Interest expenses	Volume-related increase (decrease)	226	22	293	176	96	486
	Rate-related increase (decrease)	492	478	910	- 730	4,757	3,902
	Net increase (decrease)	718	500	1,203	- 553	4,853	4,388
	Deposits	Volume-related increase (decrease)	93	27	155	66	81
		Rate-related increase (decrease)	592	252	810	- 573	2,826
		Net increase (decrease)	685	280	966	- 507	2,908
	Call money	Volume-related increase (decrease)	- 9	- 35	- 5	- 19	- 0
		Rate-related increase (decrease)	- 0	0	- 39	7	1
		Net increase (decrease)	- 9	- 35	- 44	- 12	1
	Payables under securities lending transactions	Volume-related increase (decrease)	13	-	13	12	-
		Rate-related increase (decrease)	-	-	-	-	-
		Net increase (decrease)	13	-	13	12	-

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, 2018	Year ended March 31, 2019
Salaries and related expenses	20,102	20,314
Retirement benefit cost	2,172	1,974
Welfare expenses	2,903	2,899
Depreciation	1,525	4,180
Rent and lease expenses	4,910	5,270
Building and maintenance expenses	44	73
Supplies expenses	262	496
Water, lighting, and heating expenses	162	199
Traveling expenses	211	254
Communication expenses	921	952
Publicity and advertising expenses	1,629	1,781
Membership fees, Contribution and Entertainment expenses	173	224
Taxes, other than income taxes	1,487	1,200
Business consignment expenses	9,227	7,196
Deposit insurance	517	500
Others	4,510	4,671
Total	50,764	52,193

Note: Includes non-recurring expenses.

Indicator related to Deposits

Balance of Deposits by Type

(Millions of Yen)

	March 31, 2018			March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Liquid deposits	1,400,700	–	1,400,700	1,533,370	–	1,533,370
Fixed-term deposits	122,940	–	122,940	138,374	–	138,374
Negotiable certificates of deposit	–	–	–	–	–	–
Others	8,149	1,008,744	1,016,893	7,700	1,053,355	1,061,055
Total	1,531,790	1,008,744	2,540,534	1,679,445	1,053,355	2,732,801

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, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Liquid deposits	1,389,975	–	1,389,975	1,483,572	–	1,483,572
Fixed-term deposits	129,272	–	129,272	138,562	–	138,562
Negotiable certificates of deposit	–	–	–	–	–	–
Others	5,877	994,314	1,000,191	5,816	1,042,128	1,047,945
Total	1,525,126	994,314	2,519,440	1,627,952	1,042,128	2,670,080

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, 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	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	62,823	11,826	14,525	2,511	6,508	24,744	122,940

(Millions of Yen)

	March 31, 2019						
	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	73,249	15,943	12,888	2,748	15,403	18,140	138,374
Floating interest rate time deposits	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	73,249	15,943	12,888	2,748	15,403	18,140	138,374

Indicator related to Loans

Balance of Loans and Bills Discounted by Type

(Millions of Yen)

	March 31, 2018			March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Loans on bills	10,324	–	10,324	11,517	–	11,517
Loans on deeds	397,138	494,818	891,957	598,311	597,946	1,196,257
Overdrafts	93,244	6,861	100,106	114,540	5,859	120,400
Bills discounted	–	–	–	–	–	–
Total	500,708	501,680	1,002,388	724,368	603,806	1,328,175

Average Balance of Loans and Bills Discounted by Type

(Millions of Yen)

	Year ended March 31, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Loans on bills	9,119	–	9,119	11,415	–	11,415
Loans on deeds	299,861	378,343	678,205	412,349	558,683	971,033
Overdrafts	70,975	8,208	79,183	103,957	6,447	110,405
Bills discounted	–	–	–	–	–	–
Total	379,956	386,552	766,508	527,722	565,131	1,092,853

Balance of Loans and Bills Discounted, Classified by Maturity

(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				6,207	240,549	54,652	301,409
Floating interest rates				153,542	155,797	188,893	498,234

(Millions of Yen)

	March 31, 2019						
	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	119,196	158,088	91,448	228,869	356,249	374,323	1,328,175
Fixed interest rates				124,566	194,124	64,530	383,221
Floating interest rates				104,303	162,124	309,793	576,221

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.

3. From fiscal 2018, the method of classifying loans into floating rate loans and fixed rate loans has been changed to base rate-basis from possibility-basis. This new classification method is retroactively applied to the prior year numbers.

Balance of Loans and Bills Discounted, Classified by Collateral

(Millions of Yen)

	March 31, 2018	March 31, 2019
Deposits	150,411	240,378
Securities	51,483	63,752
Commercial claims	50,583	61,328
Commercial goods	112	113
Real estate	134,467	176,623
Others	92,928	103,315
Subtotal	479,985	645,513
Guaranteed	76,684	119,995
Unsecured	445,718	562,666
Total	1,002,388	1,328,175

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

(Millions of Yen)

	March 31, 2018	March 31, 2019
Deposits	—	—
Securities	—	—
Commercial claims	—	—
Commercial goods	—	—
Real estate	4,000	4,000
Others	—	—
Subtotal	4,000	4,000
Guaranteed	5	4
Unsecured	—	—
Total	4,005	4,004

Balance of Loans and Bills Discounted, Classified by Purpose

(Millions of Yen)

	March 31, 2018	March 31, 2019
Funds for capital investment	305,583	440,898
Funds for working capital	696,805	887,276
Total	1,002,388	1,328,175

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, 2018		March 31, 2019	
	Amount	Component Ratio	Amount	Component Ratio
Domestic		%		%
Manufacturing	—	—	—	—
Agriculture, forestry, fisheries and mining	—	—	—	—
Construction	—	—	—	—
Transportation, communications and public enterprises	25,119	2.50	31,827	2.39
Wholesale and retail	312	0.03	304	0.02
Finance and insurance	4,300	0.42	7,300	0.54
Real estate, goods rental and leasing	5,600	0.55	5,000	0.37
Services	43,535	4.34	51,046	3.84
Municipalities	—	—	—	—
Others	262,114	26.14	426,650	32.12
Individuals	166,585	16.61	208,092	15.66
Subtotal	507,566	50.63	730,223	54.97
Overseas	494,822	49.36	597,951	45.02
Total	1,002,388	100.00	1,328,175	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, 2018	March 31, 2019
Total domestic loans(A)	507,566	730,223
Loans to small and medium-sized enterprises(B)	232,837	286,243
Ratio (B)/(A)	45.87%	39.19%

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, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Year-End Balance	32.68	49.73	39.45	43.13	57.32	48.60
Average Balance	24.91	38.87	30.42	32.41	54.22	40.92

Breakdown of Reserve for Possible Loan Losses

(Millions of Yen)

	Year ended March 31, 2018				Year ended March 31, 2019			
	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	747	1,005	747	1,005	1,005	1,341	1,005	1,341
Specific reserve for possible loan losses	589	564	589	564	564	553	564	553
Loan loss reserve for specific overseas countries	—	—	—	—	—	—	—	—
Total	1,337	1,570	1,337	1,570	1,570	1,895	1,570	1,895

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, 2018	March 31, 2019
Bankrupt loans	—	2
Non-accrual loans	1,016	1,190
Past due loans (3 months or more)	—	—
Restructured loans	5	3
Total	1,022	1,196

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. Restructured 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, 2018	March 31, 2019
Bankrupt and quasi-bankrupt assets	783	638
Doubtful assets	234	554
Substandard loans	5	3
Subtotal(A)	1,023	1,196
Normal assets	1,006,472	1,333,112
Total(B)	1,007,496	1,334,308
Disclosure loan ratio (A)/(B)	0.10%	0.08%

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, 2018			March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Japanese government bonds	262,407	—	262,407	262,244	—	262,244
Japanese local government bonds	—	—	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	10,221	—	10,221	11,837	—	11,837
Japanese stocks	—	—	—	—	—	—
Others	500	22,289	22,789	608	28,259	28,868
Foreign bonds	—	22,289	22,289	—	28,259	28,259
Foreign stocks	—	—	—	—	—	—
Total	273,128	22,289	295,418	274,689	28,259	302,949

Average Balance of Securities by Type

(Millions of Yen)

	Year ended March 31, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Japanese government bonds	260,999	—	260,999	261,367	—	261,367
Japanese local government bonds	—	—	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	10,242	—	10,242	10,903	—	10,903
Japanese stocks	—	—	—	—	—	—
Others	84	16,451	16,536	314	24,981	25,295
Foreign bonds	—	16,451	16,451	—	24,981	24,981
Foreign stocks	—	—	—	—	—	—
Total	271,327	16,451	287,778	272,584	24,981	297,566

Securities-Deposit Ratio

(%)

	Year ended March 31, 2018			Year ended March 31, 2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Year-End Balance	17.83	2.20	11.62	16.35	2.68	11.08
Average Balance	17.79	1.65	11.42	16.74	2.39	11.14

Balance of Securities Held, Classified by Maturity

(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

(Millions of Yen)

	March 31, 2019					
	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	260,243	—	—	—	262,244
Japanese local government bonds	—	—	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	—	5,029	4,880	1,927	—	11,837
Japanese stocks	—	—	—	—	—	—
Others	—	11,897	11,500	5,470	—	28,868
Foreign bonds	—	11,897	11,241	5,120	—	28,259
Foreign stocks	—	—	—	—	—	—
Total	2,000	277,169	16,381	7,398	—	302,949

Indicator related to Fair value of Securities

Bonds classified as held-to-maturity

(Millions of Yen)

	Type	March 31, 2018			March 31, 2019		
		Balance sheet amount	Fair value	Net unrealized gains (losses)	Balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains	Japanese government bonds	260,407	261,404	996	260,243	261,066	822
	Subtotal	260,407	261,404	996	260,243	261,066	822
Bonds with unrealized losses	Japanese government bonds	2,000	2,000	— 0	—	—	—
	Subtotal	2,000	2,000	— 0	—	—	—
Total		262,407	263,404	996	260,243	261,066	822

Other securities

(Millions of Yen)

	Type	March 31, 2018			March 31, 2019		
		Balance sheet amount	Acquisition cost or depreciable cost	Net unrealized gains (losses)	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	8,957	8,917	39
	Government bond	—	—	—	2,000	2,000	0
	Corporate bond	10,221	10,000	221	6,956	6,917	39
	Others	11,085	10,792	293	23,896	23,378	517
	Foreign bonds	11,085	10,792	293	23,896	23,378	517
	Subtotal	21,306	20,792	514	32,853	32,296	556
The carrying amount is below the acquisition cost or depreciable cost	Bonds	—	—	—	4,880	5,000	— 119
	Government bond	—	—	—	—	—	—
	Corporate bond	—	—	—	4,880	5,000	— 119
	Others	11,204	11,350	— 145	4,363	4,404	— 41
	Foreign bonds	11,204	11,350	— 145	4,363	4,404	— 41
	Subtotal	11,204	11,350	— 145	9,244	9,404	— 160
Total		32,510	32,142	368	42,097	41,701	396

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

(Millions of Yen)

	March 31, 2018	March 31, 2019
	Balance sheet amount	Balance sheet amount
Other Securities	500	608
Total	500	608

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

Indicator related to Derivatives transactions

Derivative transactions to which the hedge accounting method is not applied

Currency derivatives

(Millions of Yen)

Classification	Type of derivative		March 31, 2018				March 31, 2019			
			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	118,277	–	122	122	130,159	–	– 235	– 235
		Bought	116,058	–	– 2,365	– 2,365	128,543	–	– 1,314	– 1,314
	Currency options	Sold	45,352	–	– 288	– 74	51,640	–	– 320	138
		Bought	45,352	–	284	142	51,640	–	316	14
Total					– 2,246	– 2,174			– 1,554	– 1,396

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the statements of income.
2. Fair value of transactions is based on the value calculated using the discounted present value and option valuation models, etc.

Derivative transactions to which the hedge accounting method is applied

Interest rate derivatives

(Millions of Yen)

Hedge accounting Method	Type of derivative		March 31, 2018			March 31, 2019			
			Principal items hedged	Contract amount		Fair value	Principal items hedged	Contract amount	
					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	263,056	206,372	– 5,575	Interest-earning/bearing financial assets such as time deposits from banks and loans	261,368	210,059
		Receive Float/Pay Fixed	Other securities	5,000	5,000	– 26	Other securities	5,000	5,000
Special treatment for interest rate swaps	Interest rate swaps	Receive Float/Pay Fixed	Loans	4,220	4,220	Note 2	Loans	4,318	4,318
Total						– 5,602			– 1,338

Notes: 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, 2018	March 31, 2019
Securities	457,949	431,242
Japanese government bonds	36,545	5,944
Japanese corporate bonds	1,917	1,917
Japanese stocks	300,820	302,850
Foreign securities	114,978	116,713
Other	3,687	3,816
Trust beneficiary right	799,883	1,142,888
Entrusted securities	248,019	429,312
Monetary claims	7,139,596	6,549,234
Monetary claims for housing loans	7,138,165	6,547,829
Other monetary claims	1,431	1,405
Tangible fixed assets	317,830	673,728
Intangible fixed assets	100	295
Other claims	403	28,122
Due from banking account	51,364	60,074
Cash and due from banks	32,338	70,165
Deposits with banks	32,338	70,165
Total	9,047,485	9,385,062

(Millions of Yen)

Liabilities	March 31, 2018	March 31, 2019
Money trusts	57,141	181,085
Investment trusts	799,883	1,018,142
Money in trusts other than money trusts	138,963	142,640
Securities in trusts	248,764	429,794
Monetary claims trusts	7,138,196	6,547,834
Composite trusts	664,467	1,065,445
Other trusts	70	119
Total	9,047,485	9,385,062

Notes:

- Trust assets under the co-operative trusts under other trust bank's administration are as described below:
as of March 31, 2018 17,516 million yen
as of March 31, 2019 32,837 million 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 17,516 million yen for March 31, 2018 and 32,837 million yen for March 31, 2019, 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, 2018	March 31, 2019
Securities	457,949	431,242
Japanese government bonds	36,545	5,944
Japanese corporate bonds	1,917	1,917
Japanese stocks	300,820	302,850
Foreign securities	114,978	116,713
Other	3,687	3,816
Trust beneficiary right	817,406	1,175,697
Entrusted securities	248,019	429,312
Monetary claims	7,139,596	6,549,234
Monetary claims for housing loans	7,138,165	6,547,829
Other monetary claims	1,431	1,405
Tangible fixed assets	317,830	673,728
Intangible fixed assets	100	295
Other claims	403	28,122
Due from banking account	51,364	60,074
Cash and due from banks	32,338	70,165
Deposits with banks	32,338	70,165
Other	- 6	28
Total	9,065,002	9,417,900

(Millions of Yen)

Liabilities	March 31, 2018	March 31, 2019
Money trusts	74,657	213,923
Investment trusts	799,883	1,018,142
Money in trusts other than money trusts	138,963	142,640
Securities in trusts	248,764	429,794
Monetary claims trusts	7,138,196	6,547,834
Composite trusts	664,467	1,065,445
Other trusts	70	119
Total	9,065,002	9,417,900

Principal guaranteed trust account

Not applicable.

Balance of Money Trusts

(Millions of Yen)

	March 31, 2018	March 31, 2019
Money trusts	57,141	181,085
Designated money trusts	644	600
Specified money trusts	56,496	180,485
Total	57,141	181,085

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, 2018	March 31, 2019
Money trusts	74,657	213,923
Designated money trusts	644	600
Specified money trusts	74,013	213,322
Total	74,657	213,923

Balance of Principal of Money Trusts by Trust Period

(Millions of Yen)

	March 31, 2018			March 31, 2019		
	Designated money trusts		Specified money trusts	Designated money trusts		Specified money trusts
	Jointly Operated	Individually operated		Jointly Operated	Individually operated	
less than one year	—	—	—	—	—	—
One year or more less than two years	—	—	52	—	—	—
Two years or more less than five years	—	393	36,283	—	498	35,818
Five years or more	—	—	20,072	—	—	154,438
Others	—	—	—	—	—	—
Total	—	393	56,409	—	498	190,256

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, 2018	March 31, 2019	March 31, 2018	March 31, 2019
Securities	572	532	35,728	5,162

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, 2018	March 31, 2019	March 31, 2018	March 31, 2019
Japanese government bonds	—	—	35,642	5,041
Japanese local government bonds	—	—	—	—
Japanese short-term corporate bonds	—	—	—	—
Japanese corporate bonds	—	—	—	—
Japanese stocks	572	532	—	—
Other	—	—	86	121
Total	572	532	35,728	5,162

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, 2018 to March 31, 2019)

In number of people, millions of yen

		Subject officers	Subject employees
Fixed Compensation	Number of subject officers and employees	12	5
	Fixed compensation total	255	120
	Cash compensation	255	120
	Deferment	—	—
Variable Compensation	Number of subject officers and employees	9	5
	Variable compensation total	59	31
	Cash compensation	53	31
	Deferment	—	—
	Stock compensation or stock-linked compensation	5	—
Retirement allowance	Deferment	—	—
	Number of subject officers and employees	—	—
	Retirement allowance total	—	—
Other compensation	Deferment	—	—
	Number of subject officers and employees	10	5
	Other compensation total	2	0
Compensation total		317	152

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, 2018		As of March 31, 2019	
		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	188,297		186,628	
of which : capital and capital surplus	215,900		218,103	
of which : retained earnings	(27,602)		(31,474)	
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	1,005		1,341	
of which : general reserve for possible loan losses	1,005		1,341	
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)	189,303		187,969	
Core Capital Adjustments (2)				
Total intangible assets (excluding those relating to mortgage servicing rights)	49,462	9,183	56,525	
of which : goodwill (including those equivalent)	12,727	-	12,003	
of which : other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	36,735	9,183	44,522	
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	1,483	
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	11,193	2,798	13,818	
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)	11,193	2,798	13,818	
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 68)

Items	As of March 31, 2018		As of March 31, 2019	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Amount of Core Capital Adjustments (B)	61,127		71,827	
Capital				
Capital amount ((A) - (B)) (C)	128,175		116,142	
Risk weighted assets (3)				
Credit risk weighted assets	823,806		882,774	
of which : total of items in risk weighted assets subject to transitional arrangements	12,100		—	
of which : intangible assets (excluding those relating to mortgage servicing rights)	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	2,798		—	
Total amount of Market Risk equivalent divided by 8%	—		—	
Total amount of Operational Risk equivalent divided by 8%	70,813		80,882	
Credit risk weighted assets adjustments	—		—	
Operational risk weighted assets adjustments	—		—	
Total amount of Risk weighted assets (D)	894,620		963,657	
Capital Adequacy Ratio				
Total Capital Adequacy Ratio ((C) / (D))	14.32%		12.05%	

Qualitative Disclosures

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, 2018	As of March 31, 2019
Common stock	170,900	170,900
Non-voting stock	45,000	45,000

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.

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 framework, and meets calculation requirements provided in FSA notices, such as risk weights for securitization exposures.

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 S&P Global Ratings ("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.

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.

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.

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 Article 248, paragraph (1), item (i) through (iv) 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 ratings-based 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 S&P Global Ratings (“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.

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.

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.

Matters Relating to Interest Rate Risk in Banking Book

1. Outline of Risk Management Policy and Procedures

Interest rate risk in the banking book (IRRBB) is the risk that arises from fluctuations in interest rates. Specifically, it is the risk of fluctuations in value (present value) of an asset or a liability held or of fluctuations in future income (interest income) obtained from the spread between funding and lending rates. SMBC Trust

perceives and manages interest rate risk as a material risk to its business. For measuring the IRRBB, SMBC Trust uses Basis Point Value (BPV), which represents the change in the value of an asset caused by a change of one basis point (0.01%) in the interest rate. SMBC Trust also establishes a limit on the BPV within its financial strength in accordance with its business plan, and monitors the BPV level on a daily basis. SMBC Trust controls BPV levels not only by adjusting asset and liability balances and term structures but also by using interest-rate swaps.

2. Outline of Method to Measure Interest Rate Risk

SMBC Trust measures the IRRBB by estimating future cash flows from the assets and liabilities it holds. Since the IRRBB significantly changes according to the maturity assumptions for liquid deposits (deposits that allow depositors withdraw on demand, such as current deposits and ordinary deposits), SMBC Trust makes the following assumptions about liquid deposits denominated in Japanese yen and U.S. dollars in measuring the IRRBB:

Of the liquid deposits, SMBC Trust treats the amounts expected to remain undrawn up to five years (longest maturity of 5 years with the average remaining period of 2.5 years) as core deposits, with the upper limit being 90% of the smallest of the following three: i) the smallest balance of deposits over the last five years; ii) the balance left after the maximum annual outflow of deposits has been subtracted from the current balance of deposits, and; iii) the amount equivalent to 50% of the current balance of deposits. For the entire liquid deposits, SMBC Trust calculates the IRRBB on the assumption of the average remaining term of 1.125 years with the longest maturity of 5 years.

3. Interest Rate Risk

For the management of the IRRBB, SMBC Trust computes the impact of interest rate shocks on their change in economic value of equity (Δ EVE). Based on Pillar 2 of the Basel capital framework (Supervisory Review Process), the Financial Services Agency of Japan (FSA) uses “materiality test” to identify banks that take excessive interest rate risk. The test is to identify banks’ Δ EVE using a set of scenarios specified by the FSA as a percentage of their Tier 1 capital, which is monitored by the regulator. SMBC Trust’s measurement indicates that its economic value of equity falls when interest rates rise with the largest change in the equity under the parallel shock up scenario. SMBC Trust has passed the test with the Δ EVE of 0.633%, which is well under the threshold of 20% for additional capital holding.

The measurement is on a non-consolidated basis, and calculated by simply adding the decreases in economic value of the assets with interest rate risk that SMBC Trust holds in Japanese yen and U.S. dollars, the major currencies comprising 5% or more of the total assets and liabilities (in Japanese yen).

Δ EVE represents the fall in economic value against an interest rate shock, and credit spreads are not taken into consideration in the calculation. Incidentally, the falls are shown as positive numbers.

Qualitative Disclosures

Capital Adequacy

1. Required Capital for Credit Risk

(Millions of Yen)

	As of March 31, 2018		As of March 31, 2019	
	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)	—	—	300	12
Japan Government-affiliated organizations	2,950	118	3,340	133
Land Development Public Corporations, Local Housing Public Corporations, Local Road Public Corporations	—	—	—	—
Financial institutions and Regulated securities companies	99,254	3,970	83,883	3,355
Corporates	461,202	18,448	429,149	17,165
SMEs and individuals	—	—	—	—
Residential mortgage loans	29,983	1,199	39,130	1,565
Projects including acquisition of real estate properties	53,009	2,120	59,039	2,361
Past due exposures for three months or more	202	8	268	10
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	57,792	2,311	136,892	5,475
Resecuritization	—	—	—	—
Exposures which credit RWA under Article 76-5 of the Notification is applied	—	—	—	—
Others	88,343	3,533	76,105	3,044
On balance sheet assets total	792,739	31,709	828,109	33,124
Off balance sheet assets				
Derivative transactions	1,883	75	2,237	89
Others	26,357	1,054	49,070	1,962
Off balance sheet assets total	28,241	1,129	51,308	2,052
CVA risk	2,825	113	3,356	134
Total	823,806	32,952	882,774	35,310

2. Required Capital for Operational Risk

(Millions of Yen)

	As of March 31, 2018		As of March 31, 2019	
	Operational Risk equivalent divided by 8%	Required Capital	Operational Risk equivalent divided by 8%	Required Capital
Basic Indicator Approach	70,813	2,832	80,882	3,235

3. Non-consolidated Total Required Capital

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
Risk Weighted Assets		
Credit risk weighted assets	823,806	882,774
Total amount of Market risk equivalent divided by 8%	–	–
Total amount of Operational risk equivalent divided by 8%	70,813	80,882
Total (A)	894,620	963,657
Non-consolidated Total Required Capital (Total (A) × 4%)	35,784	38,546

Credit Risk

1. Exposure Balance

(by Geographic Region, Industry and Counterparty)

(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

(Millions of yen)

	As of March 31, 2019				
	Loans etc.	Bonds	Derivatives	Others	Total
Domestic					
Manufacturing	–	–	–	–	–
Agriculture, Forestry, Fishery and Mining	–	–	–	–	–
Construction	–	–	–	–	–
Transportation, Information, and Public utilities	31,827	–	–	7	31,834
Wholesale and Retail	304	–	–	0	304
Finance and Insurance	1,258,996	22,293	6,694	530,476	1,818,462
Real estate, Goods rental and leasing	5,000	10,000	–	4,017	19,017
Services	51,046	–	–	14	51,060
National and local governments	426,650	264,161	–	8	690,820
Other industries	–	5,489	317	37,355	43,163
Individuals	208,092	–	835	893	209,821
Subtotal	1,981,920	301,944	7,847	572,773	2,864,486
Overseas	597,951	–	–	16,233	614,185
Total	2,579,871	301,944	7,847	589,007	3,478,671

(by Residual Term)

(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

(Millions of yen)

	As of March 31, 2019				
	Loans etc.	Bonds	Derivatives	Others	Total
Up to 1 year	1,384,293	2,000	2,123	536,884	1,925,301
Over 1 to 3 years	323,637	266,062	790	2,975	593,466
Over 3 to 5 years	367,110	10,856	2,835	4,198	385,001
Over 5 to 10 years	157,523	16,043	1,634	6,206	181,406
Over 10 years	226,906	6,981	464	464	234,816
No fixed maturity	120,400	—	—	38,278	158,679
Total	2,579,871	301,944	7,847	589,007	3,478,671

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

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
Domestic		
Corporate	—	—
Individual	341	439
Subtotal	341	439
Overseas	—	—
Total	341	439

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

(Millions of Yen)

	As of March 31, 2018		As of March 31, 2019	
	Balance	Change	Balance	Change
Specific reserve for possible loan losses	564	(24)	553	(11)
Corporate	208	(14)	182	(25)
Individual	356	(10)	370	14
Others	—	—	—	—
General reserve for possible loan losses	1,005	257	1,341	336
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, 2018		As of March 31, 2019	
	With external rating	Without external rating	With external rating	Without external rating
0%	1,692,571	282,594	1,806,190	295,109
10%	—	11,512	—	18,430
20%	617,156	27,115	633,355	29,733
30%	—	5,996	—	5,990
35%	—	85,667	—	111,801
40%	8,177	—	—	—
50%	15,005	72	15,006	74
70%	—	—	10,724	—
75%	—	—	—	—
100%	—	112,007	3,142	114,651
120%	154,030	194,588	153,960	192,060
150%	—	58	—	114
170%	9,180	201	8,233	294
250%	—	14,279	—	14,196
350%	4,646	—	—	—
1250%	—	500	—	608
Others	—	37,095	11,873	49,868
Total	2,500,768	771,689	2,642,486	832,933

(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 162.67% as of March, 31 2019(123.10% as of March, 31 2018).

Credit Risk Mitigation Techniques

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
Eligible financial collateral		
Cash and deposits	41,482	51,664
Bonds	—	—
Stocks	—	—
Others	—	—
Subtotal	41,482	51,664
Offset loans with deposits	3,540	3,251
Guarantees and Credit Derivatives		
Guarantees	110,626	192,516
Credit Derivatives	—	—
Subtotal	110,626	192,516
Total	155,649	247,432

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, 2018	As of March 31, 2019
Gross replacement cost	598	1,722
Gross add-on amount	5,923	6,124
Credit equivalent amount (before taking into account the credit risk mitigation effect of collateral)	6,521	7,847
Foreign exchange related transactions	5,351	5,444
Interest rate related transactions	1,170	2,403
Collateral amount	–	–
Credit equivalent amount (after taking into account the credit risk mitigation effect of collateral)	6,521	7,847

(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.

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, 2018			As of March 31, 2019		
	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	5,146	1,146	4,000	35,670	31,670	4,000
Claims for corporates	45,474	45,474	–	56,089	56,089	–
Others	–	–	–	21,728	21,728	–
Total	50,620	46,620	4,000	113,488	109,488	4,000

Notes: No re-securitization exposures as of March 31, 2018 and 2019.

(2) Securitization Exposures by Risk Weight and Required Capital

(Millions of Yen)

Risk Weight	As of March 31, 2018				As of March 31, 2019			
	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	7,861	7,861	–	120
Over 50% to 100%	–	–	–	–	3,142	3,142	–	125
Over 100% to 250%	37,296	37,296	–	1,840	97,864	97,864	–	4,921
Over 250% to 350%	4,646	646	4,000	650	–	–	–	–
Over 350% to 1250%	500	500	–	250	4,620	620	4,000	1,563
Total	50,620	46,620	4,000	2,871	113,488	109,488	4,000	6,730

Notes: No re-securitization exposures as of March 31, 2018 and 2019.

(3) Securitization Exposures by Type of Underlying Assets to which 1250% Risk Weight should be applied in accordance with Article 248 and Article 248-4, Paragraph (1), Item (i) and Item (ii) of FSA Notice No.19

(Millions of Yen)

Type of Underlying Assets	As of March 31, 2018			As of March 31, 2019		
	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	–	608	608	–
Claims for corporates	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total	500	500	–	608	608	–

Notes: No re-securitization exposures as of March 31, 2018 and 2019.

(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.

Interest Rate Risk

(Millions of Yen)

IRRBB1: Interest rate risk			
Item No.		a	b
		Δ EVE	
		As of March 31, 2019	As of March 31, 2018
1	Parallel up	735	
2	Parallel down	69	
3	Steepener	0	
4	Flattener		
5	Short rate up		
6	Short rate down		
7	Maximum	735	
		e	
		As of March 31, 2019	
8	Capital amount	116,142	

Confirmation

June 28, 2019

SMBC Trust Bank Ltd.
Fumiaki Kurahara President & CEO

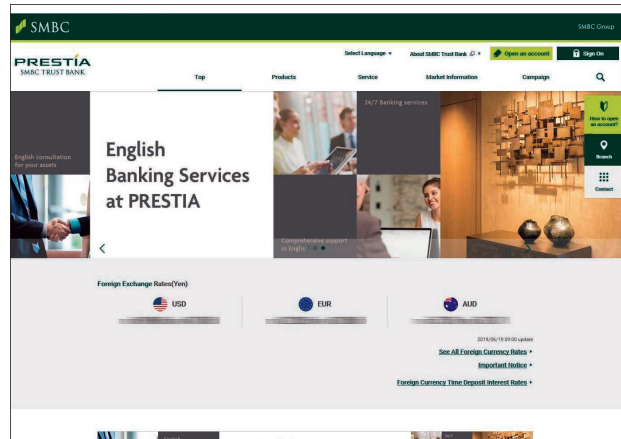
As the representative of SMBC Trust Bank Ltd., I have confirmed the appropriateness of the financial statements for the 34th fiscal year from April 1, 2018 to March 31, 2019 and the effectiveness of internal audit performed for the preparation of the financial statements, based on "Clarification of Management's 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



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

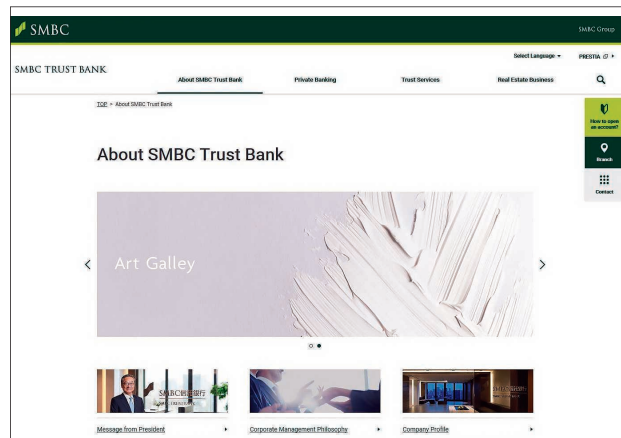


<https://www.smbctb.co.jp/en>

About SMBC Trust Bank



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SMBC Trust Bank supports Goalball Japan representatives



