



2021

ANNUAL REPORT

(April 1, 2020~March 31, 2021)

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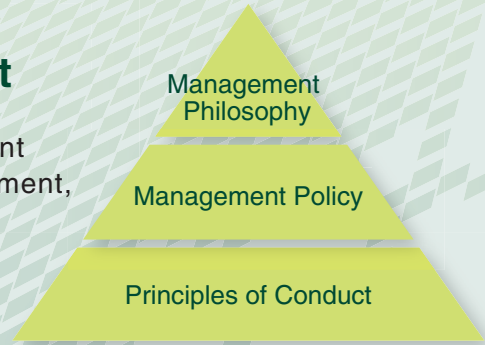
This book is a disclosure material (explanation materials for business and property) which is prepared based on Article 21 of the Banking Act and Article 19 (2) of the Ordinance for Enforcement of the Banking Act.

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

Corporate Management Philosophy

Management Philosophy, Management Policy, Principles of Conduct

SMBC Trust Bank has established the following Management Philosophy, as the universal approach in company management, and positions it as the foundation for all of our corporate activities.



Management Philosophy

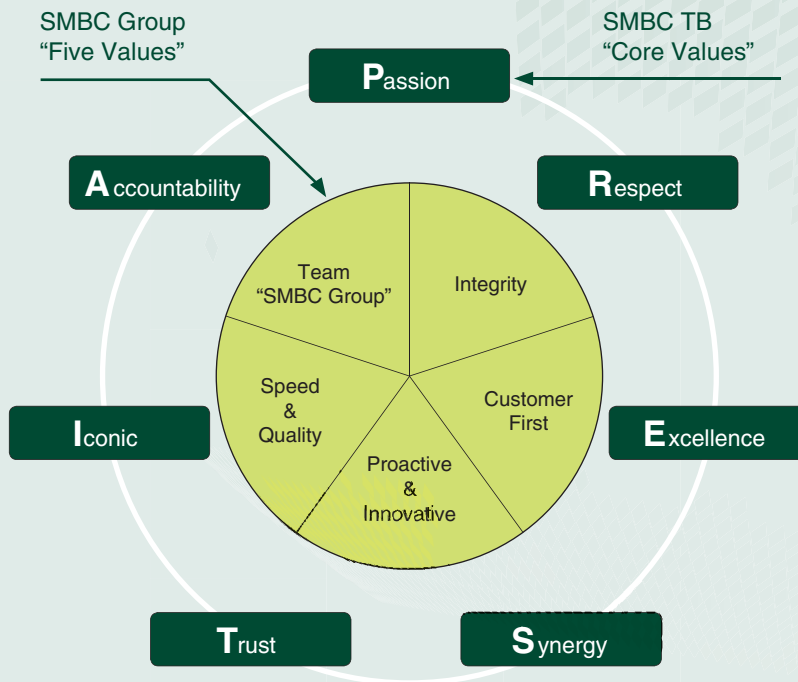
- We aim to be a company trusted by our stakeholders, by placing importance on sound company management based on the spirit of legal compliance.
- We provide value-added unique services to our customers and evolve with them.
- With due respect to diversity, we create a workplace that encourages employees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

Management Policy

- Be a “trust bank in SMBC Group” that pursues the highest trust and new possibilities.
- Be a “fully unique trust bank” that provides original products and distinguished services.

Principles of Conduct

As the guiding principles of corporate conduct, in line with both the Management Philosophy and the Management Policy, SMBC Trust Bank has set out the core values which are aimed at fostering a unique, vibrant, and productive corporate culture, as an extension of SMBC Group’s “Five Values”.



Top Message



I would like to express my heartfelt gratitude for your patronage.

SMBC Trust Bank was established in October 2013 as predecessor bank Societe Generale Private Banking (Japan) joined the SMBC Group. In November 2015, SMBC Trust Bank integrated Citibank's retail banking business in Japan and launched a new brand "PRESTIA." Under the new brand, we offer a wide range of financial solutions as a trust bank having three major functions: foreign currency, real estate, and trusts.

In April 2020, we started a new medium-term management plan to realize our long-term vision: "to become the most reliable trust bank in management and succession of customers' total assets, and a bank that contributes to a globalizing, aging, and digitalizing society."

In an environment in which the coronavirus pandemic affects social and economic activities widely, we will make it our utmost priority to keep offering financial services that are indispensable for customers' life while thoroughly securing the health and safety of our employees as well as our customers. Against this backdrop, we will provide our customers with valuable products and services through comprehensive and state-of-the-art solutions connecting foreign currency, real estate, and trusts under the medium-term management plan. Through the activities, we believe we can achieve sustainable growth and further enhancement of our corporate value to be the trust bank of choice.

Recently, various environmental and social issues such as climate change caused by global warming have been raised, and roles expected of financial institutions to address such issues have become significantly large. By pursuing customer-oriented business conduct, stepping up our efforts to settle social issues and working on SDGs, we will contribute to the realization of a sustainable society through our business.

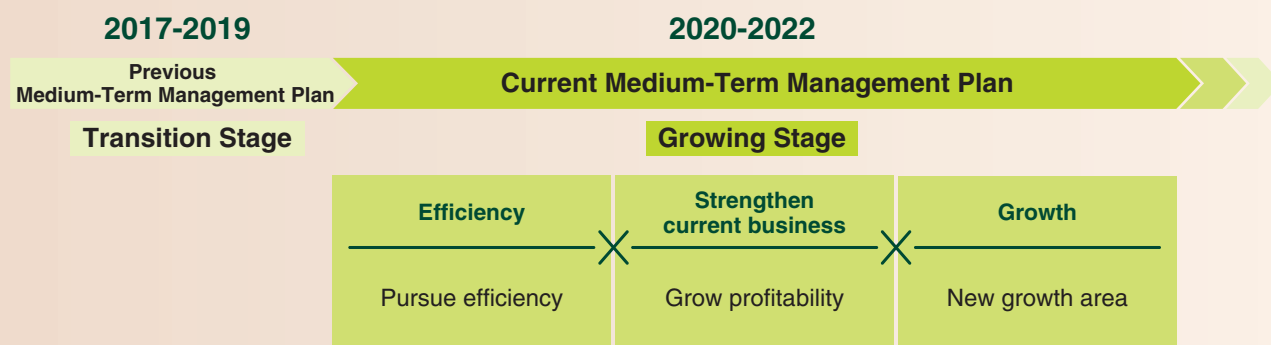
We look forward to your continued support and business in the years to come.

Kozo Ogino
President and CEO
June 2021

Medium-Term Management Plan

SMBC Trust Bank, a member of SMBC Group, has a three-year Medium-Term Management Plan for the fiscal 2020 - 2022 period in place.

In order to strengthen our business from a longer-range perspective, this plan has been developed based on our ten-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.



Vision

Vision after 10 years

With globalization, aging society and digitalization, be the most reliable trust bank in management/succession of customers' total assets, that contributes to society

Management Goal

From transition stage to growing stage

1. Provide holistic and advanced solution by connecting 3 functions, which are "foreign currency" "real estate" and "trusts"
2. Realize sustainable growth as a trust bank and contribute to reinforcement and development of SMBC Group
3. Establish an active and productive organization that focuses on employees' motivation and growth

Strategies

1. Sustainable growth on fund management business in foreign currency
2. Expansion and diversification of real estate business through solution proposal
3. Strengthen trust function that supports life planning in the era of 100-year life
4. Promote online sales activities and productivity improvement by digitalization
5. Develop human resources who can contribute to society through improved engagement

Response to new coronavirus infection

We are taking various measures in view of the situation that the global epidemic of new coronavirus infectious diseases has a huge impact on citizens' lives and economic activities. At the sales offices that serve as customers' points of contact, we have taken measures to prevent infection, such as installing acrylic plates to prevent splash infections. We also recommend that employees work from home and split operations by reviewing work spaces. We will ensure the health and safety of our customers and employees and strive to provide financial services smoothly. SMBC Group is also engaged in activities that contribute to the community and society, including donations to medical institutions.



Company Profile (as of June 30, 2021)

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 bank, securities company, 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 SMBC FINANCE SERVICE SMBC CONSUMER FINANCE
	System Development, Information Processing Japan Research Institute
	Asset Management Sumitomo Mitsui DS Asset Management

Major Shareholders (as of June 30, 2021)

(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.
- 2017 The Principles of Customer-Oriented Business Conduct is announced.
- 2018 The trade frictions between U.S. and China arised.
- 2019 COVID-19 outbreak.

Officers (as of June 30, 2020)

Director

Kozo Ogino	Representative Director, President and Chief Executive Officer
Atsushi Oku	Representative Director, Senior Managing Director and Senior Managing Executive Officer Executive Officer in charge for Corporate Staff Unit (Corporate Planning Dept., Financial Planning Dept., Customer Experience Promotion Dept., Administrative Services Dept.), Markets 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 Trust Business Div.
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 Corporate Staff Unit (Human Resource Dept.)
Yoshiyuki Ohmi	Managing Director and Managing Executive Officer Executive Officer in charge for Compliance Unit and Risk Management Unit
Tetsuya Shindo	Managing Director and Managing Executive Officer Executive Officer in charge for Consumer Business Unit
Laurent Depus	Director (Outside)
Toru Nakashima	Director (Outside)
Haruo Funabashi	Director (Outside Director)

Auditor

Koji Saito	Statutory Auditor
Akihiro Ito	Statutory Auditor (Outside)
Fumitoshi Onodera	Outside Statutory Auditor
Kenji Fujii	Outside Statutory Auditor

Managing Executive Officer

Kazuhiro Tsuchiya	Deputy Executive Officer in charge for Corporate Staff Unit (Customer Experience Promotion Dept.) and Special Assignment
Rikako Sekine	Head of Real Estate Solutions Div.
Fumito Yoshioka	Deputy Executive Officer in charge for Wholesale Business Unit

Executive Officer

Hiroshi Kuroda	Executive Officer in charge for Internal Audit Unit
Noriyuki Nishigami	Deputy Executive Officer in charge for Compliance Unit
Masatomo Odagawa	Sumitomo Mitsui Financial Group and SMBC Nikko Securities Inc. (Secondment)
Dai Sugiyama	Deputy Executive Officer in charge for Consumer Business Unit
Hiroshi Manabe	Deputy Executive Officer in charge for Corporate Staff Unit (Corporate Planning Dept., Financial Planning Dept., Administrative Services Dept.)
Tsutomu Kamiya	Co-Head of Real Estate Business Div. I in charge of East Japan (Business Dept., Tokyo I, Business Dept., Tokyo II, Business Dept., Nagoya)
Satoshi Joichi	Deputy Executive Officer in charge for Wholesale Business Unit
Takahiko Hirashima	Deputy Executive Officer in charge for Compliance Unit, Trust Business Div.
Ryusuke Matsui	Head of Consumer Business Planning Dept.
Shuji Ikeda	Co-Head of Real Estate Business Div. I in charge of East Japan (Business Dept., Tokyo I, Business Dept., Tokyo II, Strategic Real Estate Business Dept.)
Hong Zhou	Executive Officer in charge of Operations Planning Dept., Banking Operations Dept. I, Banking Operations Dept. II
Yasuhiro Tajima	Head of Real Estate Business Div. II
Aya Tsumura	Head of Customer Experience Promotion Dept.
Takashi Kishi	Executive Officer in charge of Relationship Promotion Dept.
Tomonaga Takaoka	Deputy Executive Officer in charge for Corporate Staff Unit (Human Resource Dept.)
Takanori Mizuyama	Head of Real Estate Business Div. I in charge of West Japan (Business Dept., Osaka I, Business Dept., Osaka II, Business Dept., Kobe, Business Dept., Fukuoka)
Takahiro Arita	Deputy Executive Officer in charge for Wholesale Business Unit, and assigned to Osaka Office
Daisuke Unami	Head of Corporate Planning Dept.
Kazuhiro Takeda	Executive Officer in charge of Wholesale Trust Business Dept., Real Estate Investment Advisory Dept.
Masamichi Hori	Head of Human Resource Dept.

Office Information (as of June 30, 2021)

Head office

The head office was relocated on July 5, 2021.

(New)1-3-2 Marunouchi, Chiyoda-ku, Tokyo (Inside of SMBC East Tower)
TEL : 03-6854-6800

(Old)Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo
TEL : 03-4510-4300

Higashishinjuku Office

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

Ebisu Office

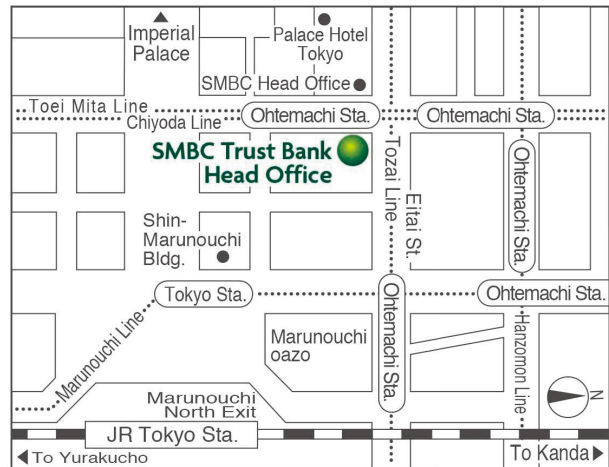
Sumitomo Mitsui Banking Corporation Ebisu-Higashi Bldg., 1-15-2 Hiroo, Shibuya-ku, Tokyo

Osaka Office

Keihanshin Midosuji 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., 4-1, Kitanijo Nishi, 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

GINZA SIX, 6-10-1 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

SMBC Jiyugaoka Bldg., 2-11-3 Jiyugaoka, Meguro-ku, Tokyo

Shinjuku Higashiguchi

NEWNO-GS Shinjuku, 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 REEPLEX B's, 5-15-27 Minami-Azabu, Minato-ku, Tokyo

Yokohama

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

Abadai Mini Branch

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

Fujisawa Mini Branch

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

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

Kobe-Sannomiya Hankyu Bldg., 4-2-1 Kano-cho, Chuo-ku, Kobe-shi, Hyogo

Kyoto

Kyoto Mitsui Bldg., 8 Naginataboko-cho, Karasuma-Higashiiru, Shijo-dori, 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

Ginza Currency Exchange Counter

6-10-1 Ginza, Chuo-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

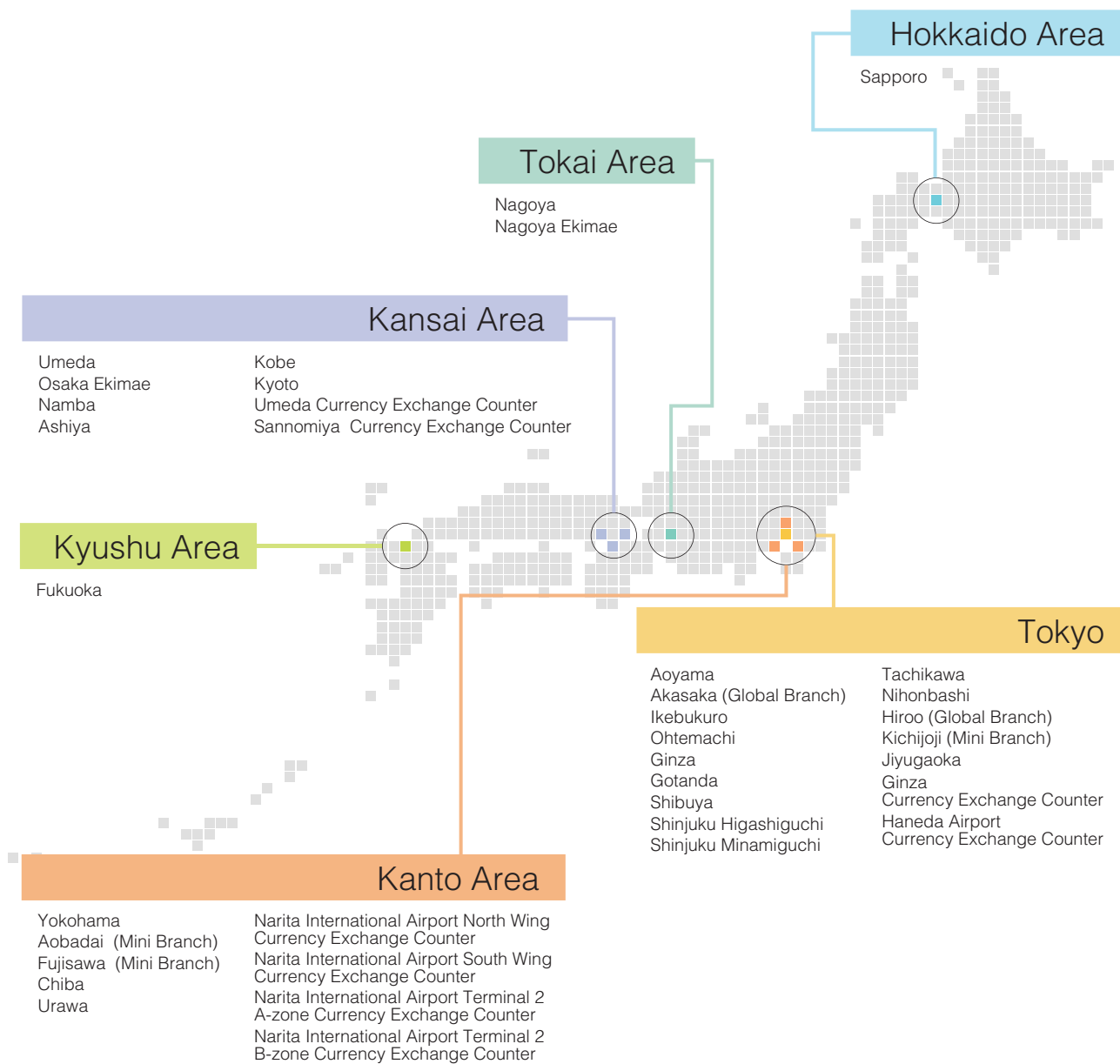
1-1, Aza-Furugome, Furugome, Narita-shi, Chiba

Umeda Currency Exchange Counter

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

Sannomiya Currency Exchange Counter

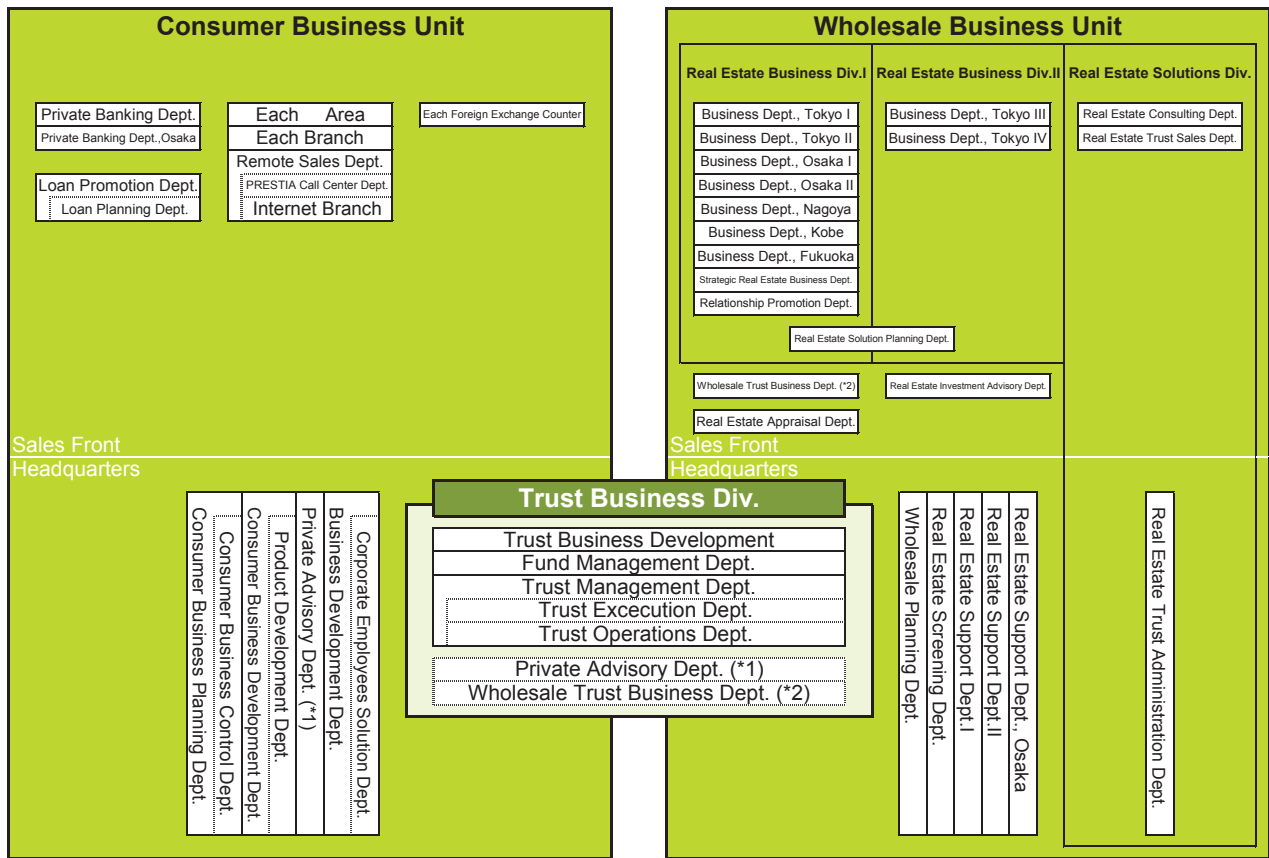
1-5-1 Sannomiya-cho, Chuo-ku, Kobe-shi, Hyogo



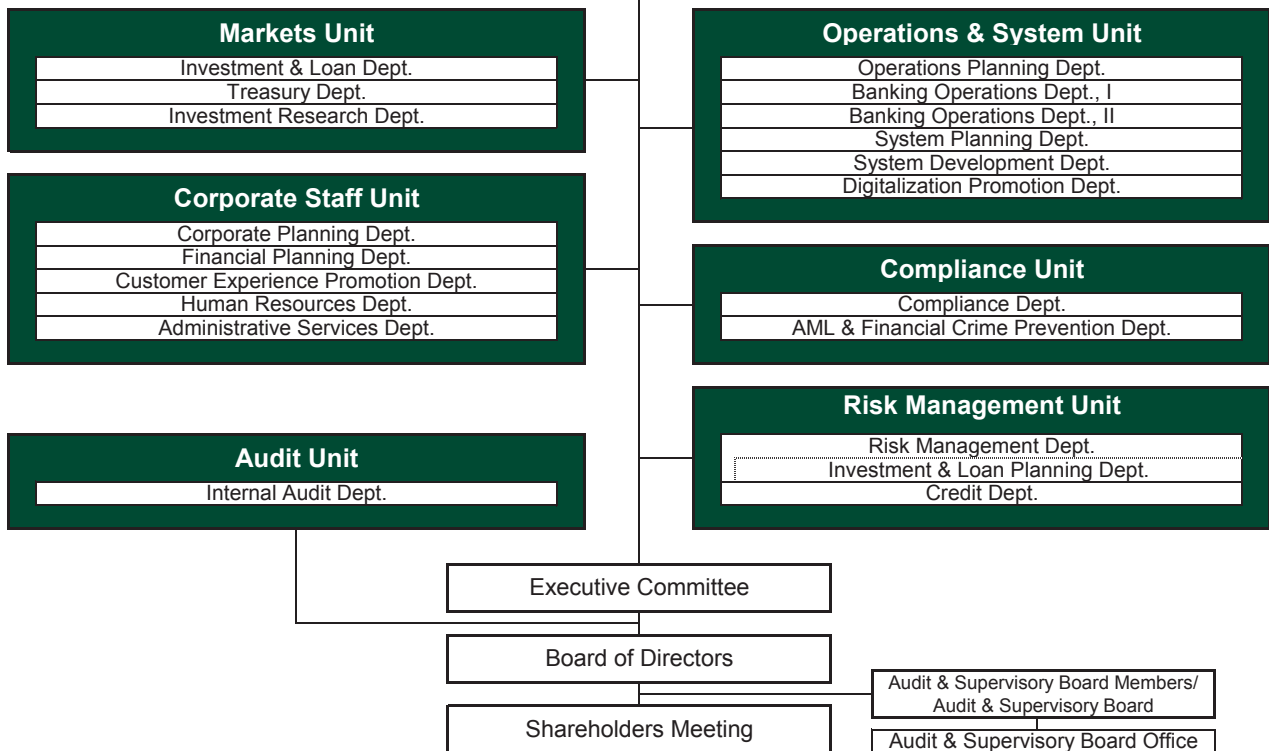
Contact Us

- ▶ 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 30, 2021)



* (1) Mainly belong to Consumer Business Unit, also report to Trust Business Div.
 * (2) Mainly belong to Wholesale Business Unit, also report to Trust Business Div.



Corporate Management Philosophy
 Management Vision
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Corporate Overview

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

We are a company with Audit & Supervisory Board (ASB) and, as such, have elected four 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 consists of 11 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.

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

We connects the three functions of “foreign currency,” “real estate,” and “trusts,” and develops various businesses such as banking business, trust business, and real estate-related business as joint business.

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 and SMBC Nikko Securities provide intermediary services to us for conclusion of trust agreements for our discretionary money trusts, business/asset succession trusts, and other trust services we provide.

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

We offer a wide range of products, services and financial information, focusing on settlement services and foreign exchange transactions, including GLOBAL PASS@(Multi Currencies Visa Debit with Cash Card), a cash card with Visa debit service that can be used for withdrawing local currencies at an ATM of Visa/PLUS mark in more than 200 countries. We offer the token-based One Time Password service and advanced transaction authentication for our customer's online transactions.

PRESTIA's appealing points

Strong at Foreign Currency Services

- An extensive foreign currency product lineup.

Multiple Channels

- Branches, Mini branches, and Foreign Exchange Counters in major cities throughout Japan.
- Manned Call Center available 24h/365d.
- Online-banking transactions for yen and foreign currency.

Worldwide Networks

- Multi Currencies Visa Debit with Cash Card to access over 200 countries and regions all over the world.

Expert Consulting

- Consultation for asset management to meet your need through prompt and abundant information analysis.
- Support for inheritance and business succession.
- Consultation in English is also available for non-Japanese customers.

Loans

- Housing loans of up to 500 million yen.
- Real estate investment loans, and second house loans, to customers seeking a higher lifestyle.

A courtesy program designed to meet the needs of personnel employed by companies leading the world

- Special courtesy program offering various benefit services to employees of PRESTIA Bank at Work partner companies.
- Support programs for employees transferring overseas or working at representative offices overseas as well as for foreign executives stationed in Japan.
- Overseas HR management-related solutions tailored to global companies.



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



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



Service provision by GLOBAL PASS

We offer Multi Currencies Visa Debit with Cash Card, “GLOBAL PASS”, which covers 18 currencies (including Japanese Yen), and is available for direct use of both Yen savings deposit and PRESTIA Multi Money foreign currency savings deposit. The card can be used for a wide range of cashless payments that are rapidly spreading all over the world.

Use foreign currencies directly from your account.

GLOBAL PASS®

(Multi Currencies Visa Debit with Cash Card)

GLOBAL PASS is a cash card with Visa debit service that can be used in 18 currencies including Japanese yen. You can pay or withdraw directly from your foreign currency deposits.

© Two types of cards are available [GLOBAL PASS] and [ANA MILEAGE GLOBAL PASS]



Handling 17 foreign currencies deposit

We handle 17 currencies for foreign currency deposit and made the application of foreign currency installment deposit service through PRESTIA Online available. The service provides commission-free exchange from yen to foreign currency and free savings account maintenance fee in case of a certain amount of deposit.

USD	AUD	NZD	GBP
CAD	EUR	CHF	SGD
HKD	CNY*	THB	ZAR
TRY	MXN	NOK	SEK
DKK	*PRESTIA MultiMoney Foreign Currency Savings Deposit handles Chinese Yuan offshore only.		

Shared Branches in SMBC Group

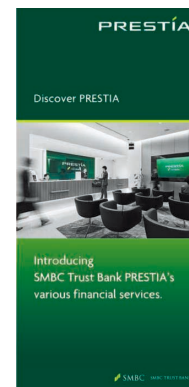
We have been operating “Shared Branches” in the same building with SMBC and SMBC Nikko Securities.

At each branch, you can use total financial solutions of SMBC Group, including banking, trusts and securities services, besides PRESTIA’s services renowned for foreign currency products, as one-stop services.



Global Branch

In order to enhance our service quality to overseas customers living in Japan, we operate the Akasaka and Hiroo branches as “Global Branch” which 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.



Efforts by PRESTIA Phone Banking

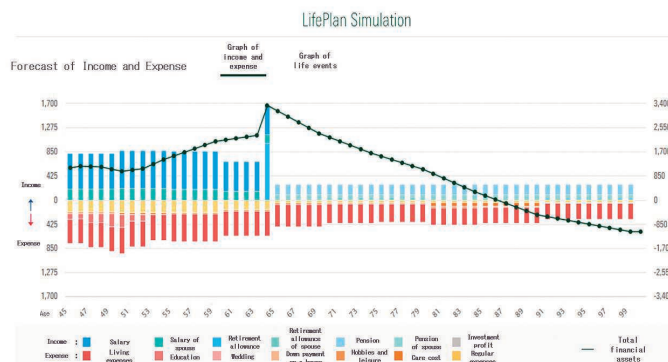
Our call center has been granted the highest rating of 3 Stars in HDI Benchmarking (in the support portal, customer service and quality service) hosted by HDIJapan, the Japan chapter of the world’s largest membership organization in IT support services industry, HDI.

We are highly evaluated by the third party, such as obtaining certification of “COPC® CX Standard CSP 6.1 version”, international quality assurance standard for call center business in February 2020 and “COPC® CX Standard CSP 6.2 version” in March 2021.



Life Plan Simulation

We launched a life-planning tool that you can use to simulate your future cash flows based on your asset conditions, etc., which makes it possible for us to propose medium/long-term asset management plans to you in line with your life plan. As such, we provide consulting services according to your circumstances.



Introduction to Private Banking



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.

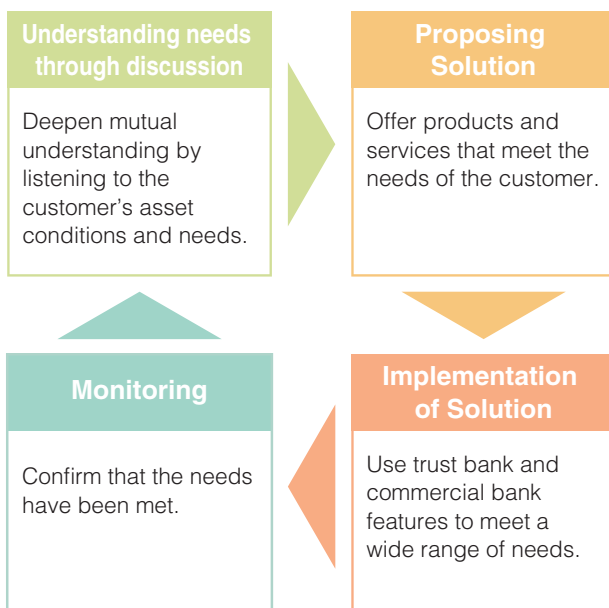
Since its establishment, our Private Banking has been offering trust-based total solutions for asset and business succession and real estate services covering multiple generations including customers' family members, as well as tailor-made investment products.

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 with other SMBC Group companies

Aiming at building an ideal framework for meeting needs of high net worth customers, SMBC Nikko Securities, SMBC, and SMBC Trust Bank jointly launched "SMBC Private Wealth" in April 2020, a new brand to unify the services for high net worth customers once provided by the three companies individually. Mobilizing the efforts of the Group companies under the new brand, we provide one-stop solutions to various needs of wealthy people and company owners.

Total Solutions

Asset Management

- Discretionary Trusts
- Structured Deposits

Asset Purchasing

- Stock Purchasing Trusts
- Real Estate Brokerage
- Loans

Asset Sales

- Stock Disposal Trusts
- Real Estate Brokerage

Asset Administration

- Securities Administration Trusts

Asset Succession

- Living Trusts
- Successive Beneficiary Trusts

Major Financial Products Lineup

Lineup of Foreign Currency Deposit Products

Savings Deposits

- PRESTIA MultiMoney Foreign Currency Savings Deposit
- PRESTIA US dollar Savings Deposit for US dollar cash card

Time Deposits

- 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 Deposit

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)

GLOBAL PASS

- GLOBAL PASS (Multi Currencies Visa Debit with Cash Card)
- ANA Mileage Club GLOBAL PASS

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



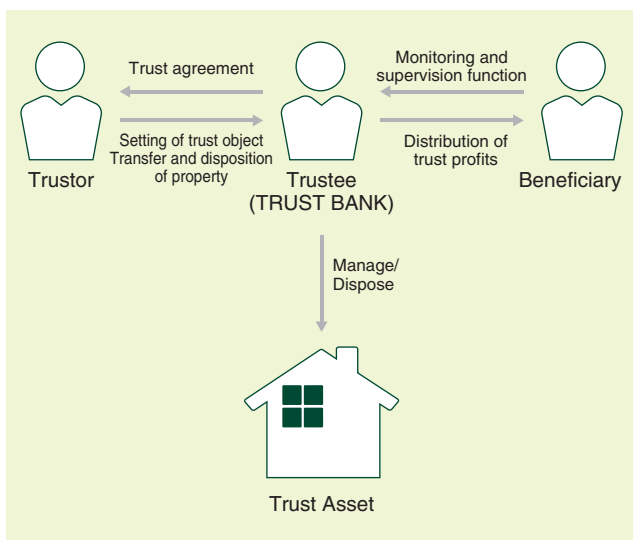
Hold a variety of seminars

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

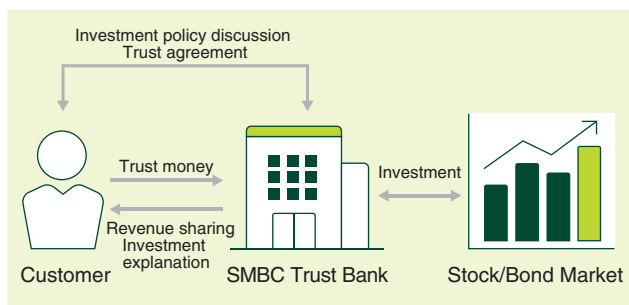
For Retail Customers

Asset Management

Discretionary/Non-Discretionary Trusts

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

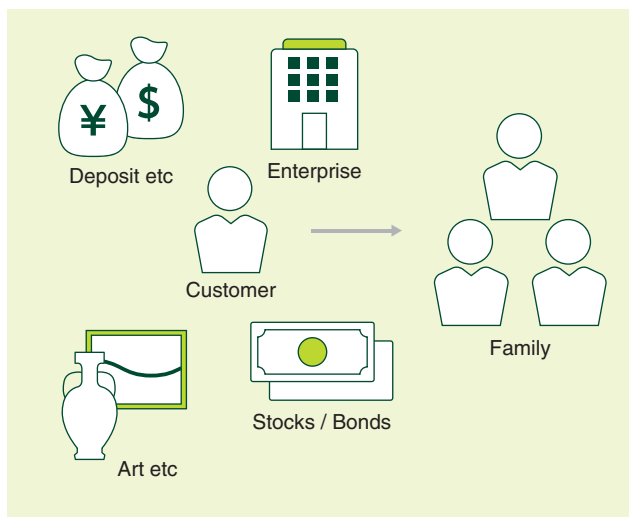
Structure of Discretionary Trusts



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

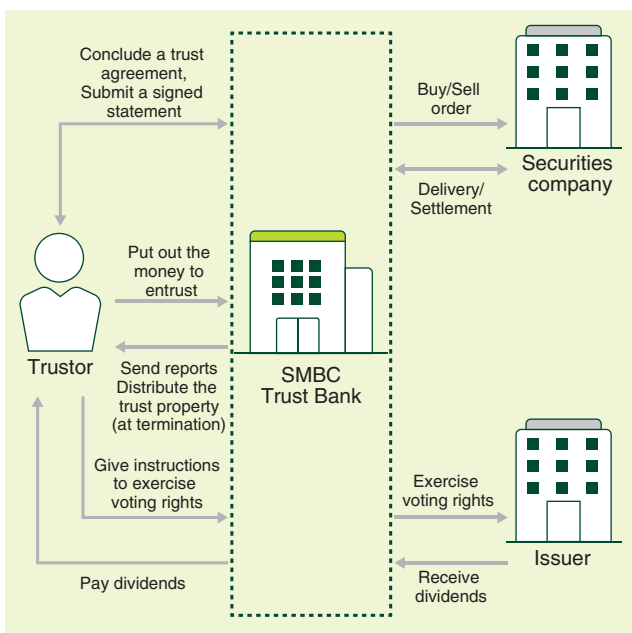
●Securities Administration Trusts

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.

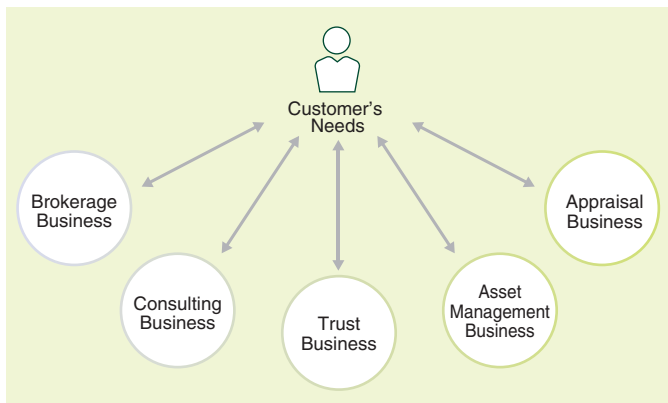
Trust & Debt Assumption

We provide solutions for corporate financial improvement.

Introduction to our Real Estate

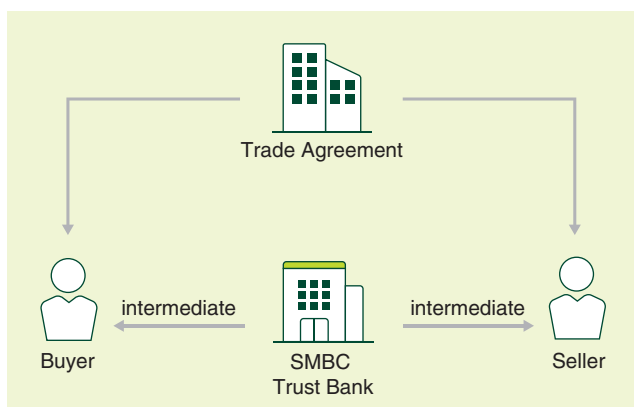
We provide a wide variety of services to meet customers' real estate related needs, such as brokerage services, consulting services and appraisal services.

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.

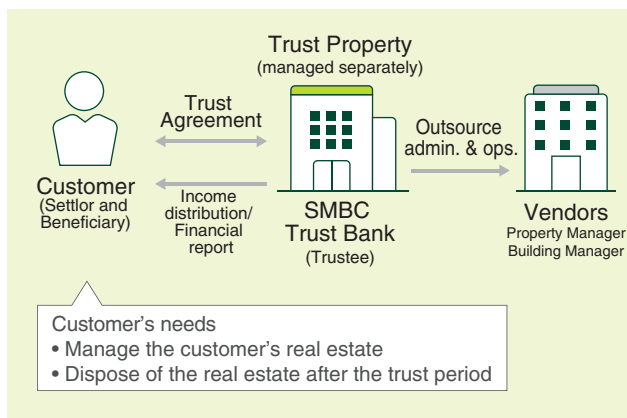


Consulting

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.

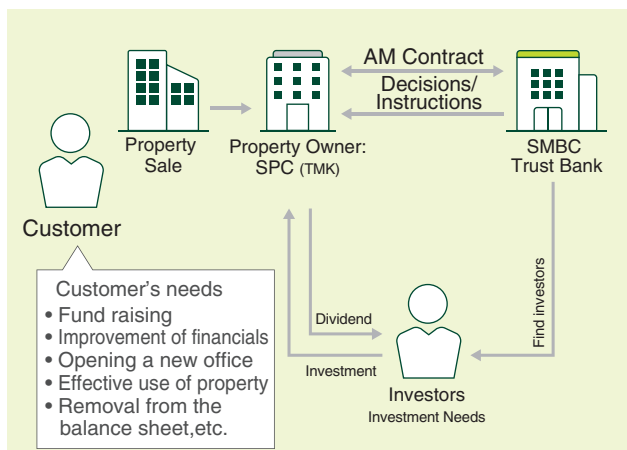
Trust Business

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.

Business Overview

The following is an overview of SMBC Trust's business activities in the fiscal year ended March 31, 2021.

Economic and Financial Environment

Looking back on the year ended March 31, 2021, the economy showed a sharp downturn in many parts of the world in the April-June quarter of 2020, with many countries putting restrictions of economic activities such as a lockdown following the global rampage of the novel coronavirus (COVID-19). Although the global economy started to recover after that with the number of new cases of COVID-19 falling and economic activities gradually resuming, many countries saw a resurgence of new cases, unstabilizing their economies. And amid major central banks keeping their expansionary monetary policy, momentum of the economic recoveries has varied from country to country due to the difference in the size of fiscal expansion and progress of the COVID-19 vaccination.

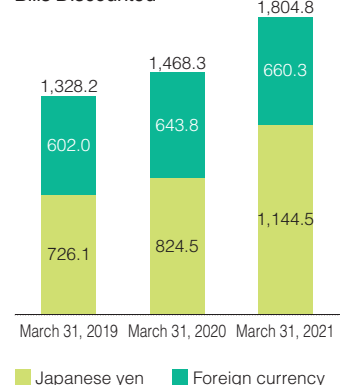
In the financial markets, the global market jitters over the spread of COVID-19 calmed down in the spring of 2020, and the normalization process began in April. While a large-scale fiscal expansion and monetary easing by the governments and central banks contributed to the normalization, huge amounts of excess liquidity moved into the financial markets at the same time, boosting stock prices in Japan and the U.S. Although long-term interest rates have been steady at record lows both at home and abroad, they are on the rise in the U.S., where expectations of economic recovery strengthened first among major countries. In the foreign exchange market, the U.S. dollar kept lower against other major currencies last year as the central banks of major countries took a coordinated action to enhance the provision of U.S. dollar liquidity. After the turn of the year 2020/2021, however, the U.S. long-term interest rates gained ground and the dollar turned around, showing signs of strength, and dollar-buying pressures became stronger.

Income Analysis (Billions of Yen)

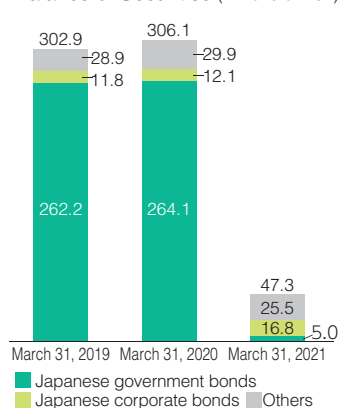


*1) Excludes non-recurring expenses.
*2) Before provision for general reserve for possible loan losses.

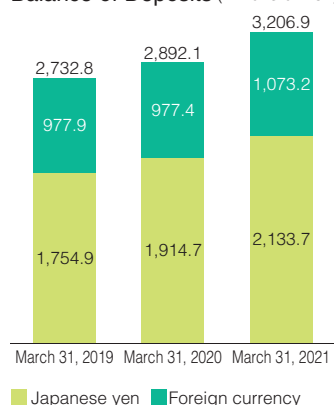
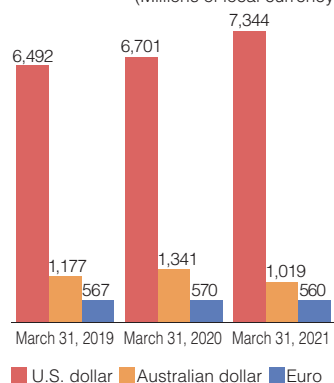
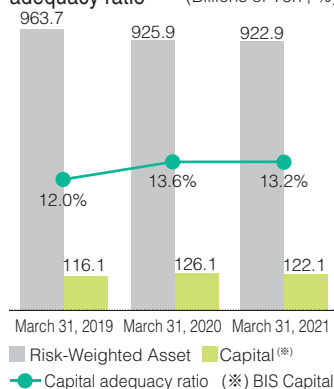
Balance of Loans and Bills Discounted (Billions of Yen)



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, %)

Operating Results and Financial Position

Profits and losses

Gross banking profit came to ¥40.2 billion, down ¥9.2 billion from a year ago due primarily to a decline in net interest income. Major rate reductions in the U.S. in March 2020 hit the income, and COVID-19 also caused a drop in fees and commissions from real estate businesses as the pandemic shrank property transactions.

Operating expenses (excluding non-recurring expenses) stood at ¥43.9 billion, down ¥4.7 billion year-on-year, reflecting lower personnel costs and a reduction in depreciation of an impairment of goodwill, etc. taken in the previous fiscal year.

As a result, SMBC Trust posted a net banking profit of -¥3.7 billion, a fall of ¥4.6 billion from a year earlier.

Loans and bills discounted

The balance of loans and bills discounted increased by ¥336.5 billion from the previous fiscal year-end to ¥1,804.8 billion due to an increase in domestic housing loans and loans to the Japanese public sector.

Securities

Securities holdings decreased by ¥258.8 billion from the previous fiscal year-end to ¥47.3 billion as most of the Japanese government bonds we have held have matured. The holdings consist of Japanese government bonds in the amount of ¥5 billion, corporate bonds ¥16.8 billion, and other securities ¥25.5 billion.

Deposits

Total deposits increased by ¥314.8 billion from the previous fiscal year-end to ¥3,206.9 billion. Of that, yen deposits increased by ¥218.9 billion to ¥2,133.7 billion. Foreign currency deposits also rose through promotion campaigns, making the balance of yen-equivalent foreign currency deposits ¥1,073.2 billion, up ¥95.9 billion from the previous fiscal year-end.

Capital adequacy ratio

Capital decreased by ¥4.1 billion from the previous fiscal year-end to ¥122.1 billion mainly due to a fall in stockholders' equity. The risk-weighted assets declined by ¥3.0 billion to ¥922.9 billion.

As a result of the above, the capital adequacy ratio fell by 0.4% from a year earlier to 13.2%.

NOTE: The listed amounts are rounded to the nearest 100 million yen.

Sustainability Initiatives

We position our sustainability efforts as one of the most important management challenges. On the assumption that contributing to sustainable society is the major premise of our sustainable growth, we work on the creation of values that connect settlement of social issues with our management strategy.

Based on the “SMBC Group Statement on Sustainability” and “SMBC Group GREEN×GLOBE 2030,” a ten-year plan that extends to 2030, we advance our own initiatives toward “environment” as a corporate citizen to protect the green earth as well as “community” and “next generation” as a member of society, using “foreign currency,” “real estate,” and “trusts” in collaboration with other Group companies.

(*) “SMBC Group Statement on Sustainability”

“SMBC Group GREEN×GLOBE 2030”

https://www.smfg.co.jp/sustainability/group_sustainability/

Priority Issues (Materiality)



An irreplaceable asset shared between generations, and is the foundation of the society we aim to achieve.



A social safety net that fills the gap between the public sector and the private sector, based on “trust” and “mutual assistance” created by the connections among people, in order to realize the society we aim to achieve



Intelligent people who create the better society and pass it on to future generations in order to realize the society we aim to achieve

Specifically, we have adopted a policy on sustainability, which requires us to pursue “customer-oriented business conduct” and the “enhancement of employee engagement & employee experience (EX)” to contribute to the realization of sustainable society while growing sustainably as a trust bank through businesses conducted from a long-term perspective. In accordance with the policy, we will advance business and social contribution activities expected of us.



Main activities

Environment



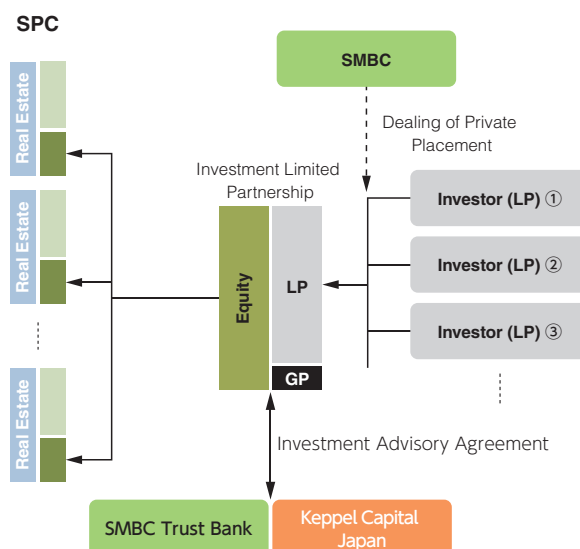
●Renewable energy business

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.



●Sustainable Value-Added Funds

In collaboration with SMBC, we launched “Sustainable Value-Added Fund No. 1 Investment LLP” in February 2021. This partnership invests in some aged properties and renovate them by such measures as making the air conditioning facility up to date for energy conservation. Through such investments, we contribute to the enhancement of the quality of the fund’s domestic real estate portfolio and reduce the environmental burden that the real estate carries.



●ESG-Minded Financing Policies

SMBC Group has disclosed financing policies for businesses and sectors with a high risk of significantly impacting the environment or society. We are introducing these policies according to their business.

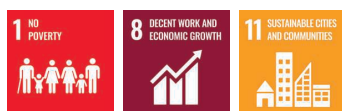
Going forward, we will continue to consider the need to revise our financing policies as necessitated by the operating environment.

Businesses and Sectors for Which Policies Have Been Disclosed

- Coal-fired power generation
- Hydroelectric generation
- Oil and gas
- Coal mining
- Tobacco manufacturing
- Natural conservation areas
- Palm oil plantation development
- Deforestation
- Manufacturing of cluster bombs and other weapons of destruction

For more information, please refer to Sumitomo Mitsui Financial Group's corporate website.
<https://www.smfg.co.jp/sustainability/materiality/environment/risk/>

Community



●Family Baton (support for gift-tax exemption)




For those who consider asset succession, we offer "Family Baton," a service to support your asset transfer to your family, using an annual gift-tax exemption system. In addition to Japanese yen, this service is offered for five foreign currencies (US dollars, Australian dollars, New Zealand dollars, British pounds, and Euro).



●Smart Inheritance Account

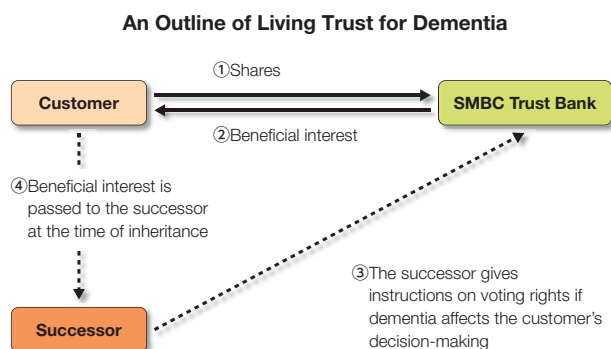
We provide "Smart Inheritance Account," a pay on death (POD) account that allows you, when you pass away, to transfer the assets in your deposit/mutual fund accounts with us to your family members designated in advance smoothly. Under the arrangement, you maintain full control over the account balances while you are alive. This is the first product in Japan that meets the diversified asset succession needs of those who:

- ✓ do not want to bother their family with inheritance procedures
- ✓ think that writing a will is troublesome
- ✓ want to hold down the cost of inheritance
- ✓ still want to spend their money freely after taking care of inheritance

<div style="background-color: #808080; color: white; padding: 5px; width: 40px; margin: 0 auto;">Point 1</div> <p>Smooth inheritance – no need to prepare complicated documentation</p> 	<div style="background-color: #808080; color: white; padding: 5px; width: 40px; margin: 0 auto;">Point 2</div> <p>Quick procedure enabled by electronic contracts</p> 	<div style="background-color: #808080; color: white; padding: 5px; width: 40px; margin: 0 auto;">Point 3</div> <p>Deposit, withdrawal, and switching assets possible even after the contract</p> 
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●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.



●Support for developing countries through fair-trade products

Fairtrade is a "trade system" that improves the lives and independence of producers and workers in developing countries by continuously buying products from Fairtrade producers, which enables them to obtain fair prices for their crops and have decent working conditions.

We promote contribution to sustainability with our customers by supporting sustainable development goals (SDGs) in developing countries. As part of the support, we purchase daily necessities, etc. from companies and organizations certified by Fairtrade International, and present the goods as gifts to our customers who use GLOBAL PASS (multi currencies VISA debit with cash card) for certain amounts each year(*).

(*) Individual customers living in Japan who paid for their purchases with GLOBAL PASS for the amounts determined by us at member stores during each program period.

GLOBAL PASS®
 ∞
FAIRTRADE



Pass down a sustainable society to the next generation by using GLOBAL PASS
 Receive a Fairtrade product as a gift when you spend the minimum amount



Example of a Fairtrade product (cotton product) as a gift

●Regional Revitalization

Shikoku Aquarium (Utazu-cho, Kagawa Prefecture) opened in April 2020 as a regional revitalization project.

We have been entrusted with the land of the aquarium, building, as the property of trust and support the aquarium asset management.

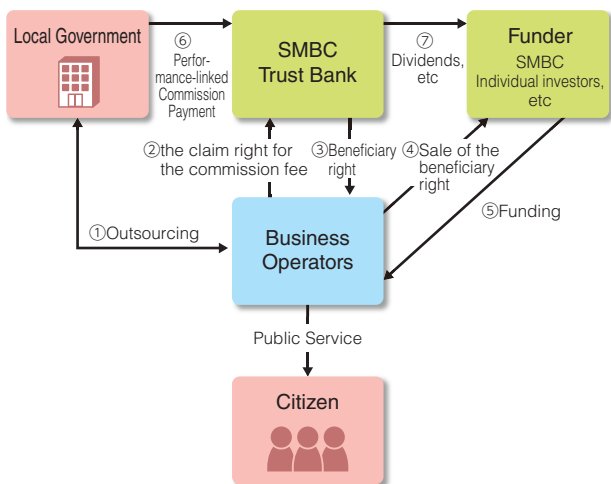


Copyright ©shikoku_aquarium

●Social Impact Bonds

In cooperation with Sumitomo Mitsui Banking Corporation, we are promoting the “Social Impact Bond”(SIB), a public-private structure aimed at solving social issues.

In July 2017, in Kobe City, we have arranged SIB for the “Program for the Prevention of aggravation of Diabetic Nephropathy” and in September 2019, in Toyonaka City, we have also arranged SIB for “smoking cessation business”, both of them are the first social impact bond initiative in Japan.



Next Generation



●Quality Education for the Next Generation

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.

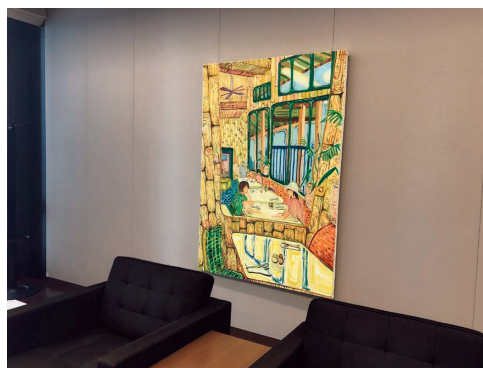
We dispatch employees as volunteer staff and support children who will lead the next generation. In addition, we have the financial education class for Kyoto Women’s University and we entered into an agreement with Shiga University for collaboration in the field of education and research related to data science for Society 5.0. As such, we are engaged in support for education for the next generation through industry- collaboration academia.



Lecture at Shiga University

●Supporting young artists

As part of our support activities for young artists, we support students who aspire to the arts by exhibiting works from Joshibi University of Art and Design and Osaka University of Arts at our Head Office and Osaka Office.



Human Resource Strategy

Principles

We promote strategic human resources development and work 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

We have developed our human resource 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

Human resource development policy

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

assignment, we will try to be a “distinctive organization” that provides unique products and excellent services as the “trust bank of 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

Recruitment

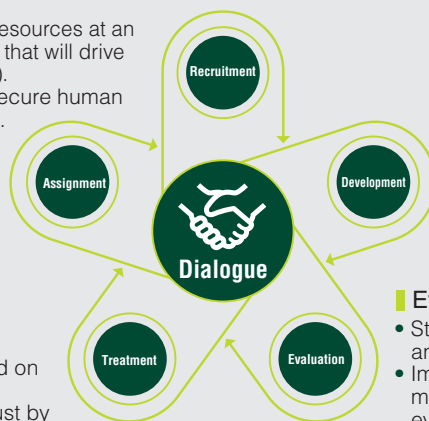
- Recruit new graduates to secure excellent human resources at an early stage and develop them as human resources that will drive SMBC Trust's company-wide businesses (services).
- Recruit personnel from outside the company to secure human resources with (the potential for) competitiveness.

Assignment

- Use job rotation that contributes to the activation of staff exchange and the development of individual persons.
- Transfer and assign employees flexibly based on their career goals and organizational conditions.

Treatment

- Support personnel growth by fair treatment based on job responsibilities and evaluations.
- Strengthen awareness as a member of SMBC Trust by linking bonuses with company-wide performance.



Development

- Clarify individual growth paths by showing multiple career opportunities in professional and management jobs, which start from a staff job.

Evaluation

- Standardize the way to a clear-cut and performance-based evaluation.
- Improve evaluation skills of managers and establish an evaluation framework which leads to employee development.

●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.

We also utilize a job entry program within SMBC Group to provide career opportunities outside the Company.

●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, We provide various programs to support employees to acquire professional qualifications and business skills, including training for each position level and personnel exchange opportunities as well as videos distribution on our intranet to know business operations and colleagues of other departments.

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



Diversity and Health Management

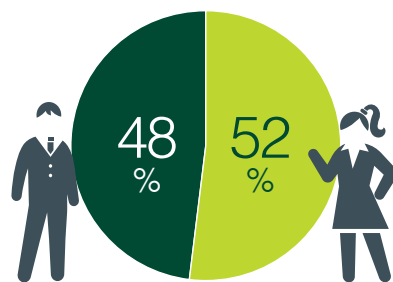
●Diversity and Inclusion

We promote 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. 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. As such, we have been working on building a workplace culture of understanding and supporting work-life balance as well as on

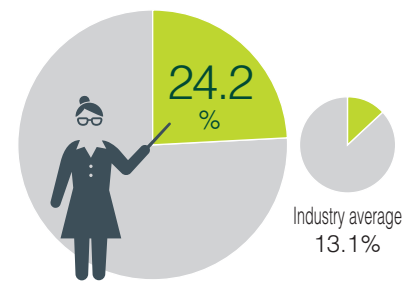
enriching the system so that all employees can continue to work without worrying about the balance between work and private life. Our ratio of female representation in management positions is much higher than the industry average. We have been certified by the Minister of Health, Labor and Welfare as 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 March, 2021)



The ratio of women in managerial positions
 (As of March 2021)

●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 us 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. Our employee is actually a goalball athlete.

●Work style reform and flexible work style

We encourage telework, staggered working hours to promote diversified working styles across the Company. We have been working to enhance work-life balancing through implementation of a measure encouraging all employees to take 100% of annual paid leave. Moreover, we have been promoting productivity enhancement using IT, and working on the improvement of operational efficiency using robotics process automation. We will continue to make efforts to enhance employees engagement and create a rewarding workplace by promoting the improvement of work-life balancing and operational efficiency.

●Health management

According to the Work Style Reform Law, we 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 day, setting 11-hours as the minimum length of the interval rest. As such, we take various measures to create a work environment where all employees can work in good health and with at positive mindset so that they can continue to provide customers with high value.



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 11 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 SMBC Group, SMBC Trust welcomes part-time directors from 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. In fiscal 2018, SMBC Trust assessed 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.

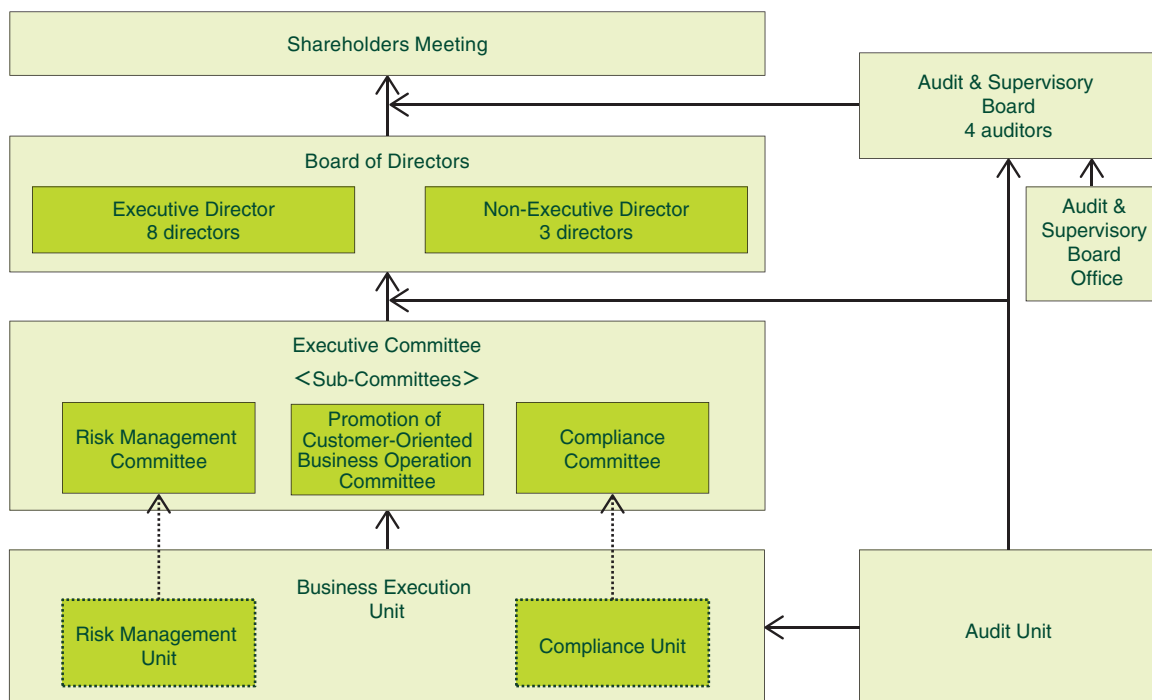
Audit & Supervisory Board and Its Members

The Audit & Supervisory Board of SMBC Trust (the "A&S") consists of four 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 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 who concurrently serve as Director 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.



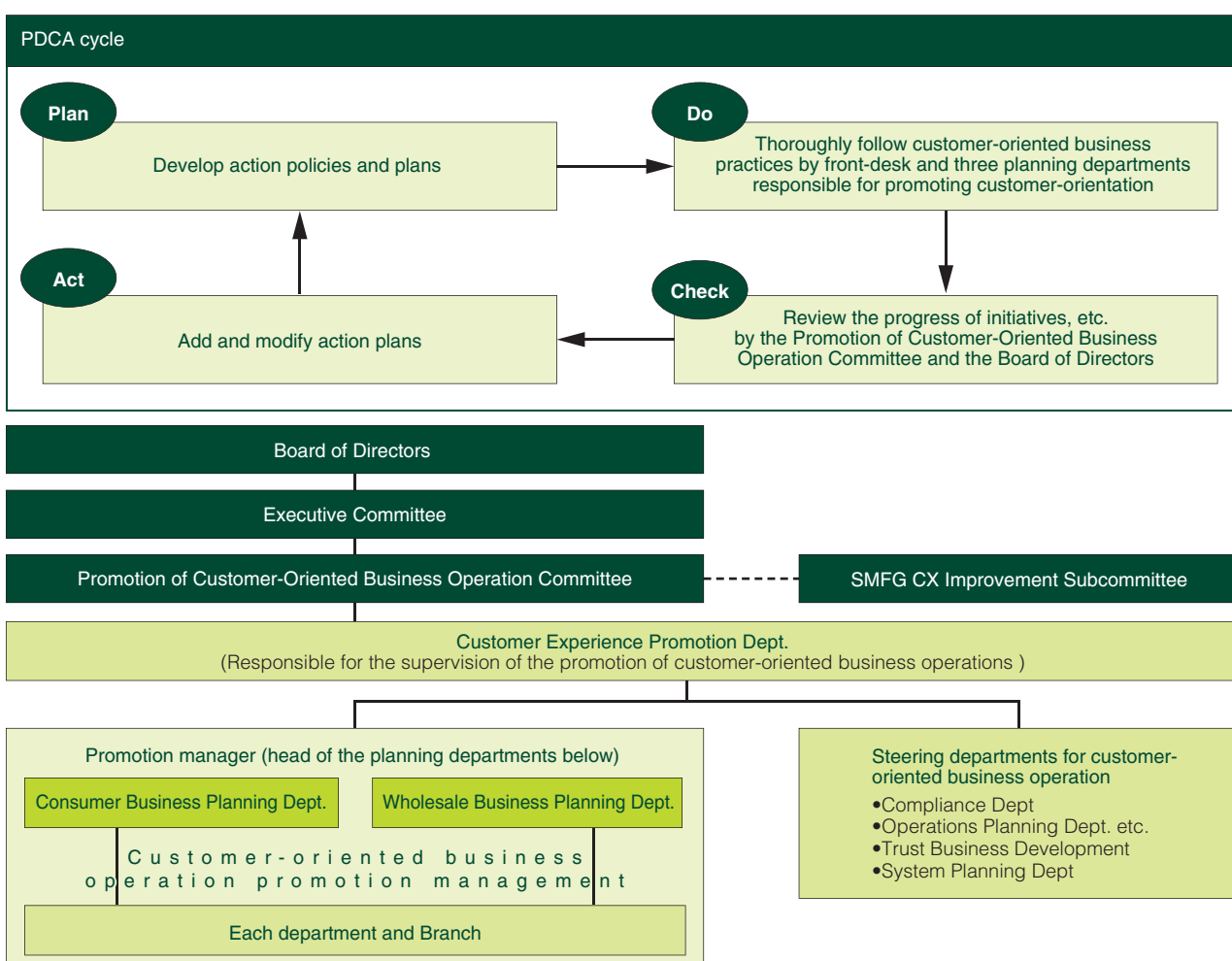
Customer-Oriented Business Operation

In addition to fulfilling its fiduciary duty in good faith as a trust bank, and also as a trust bank of 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 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 SMFG Group, which is the holding company of 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



‘S+’ rating by R&I

In December 2020, we were awarded an ‘S+’ rating by Rating and Investment Information, I n c . (R&I) in their “Customer-Oriented Investment Trust Sales Company Evaluation”. 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:

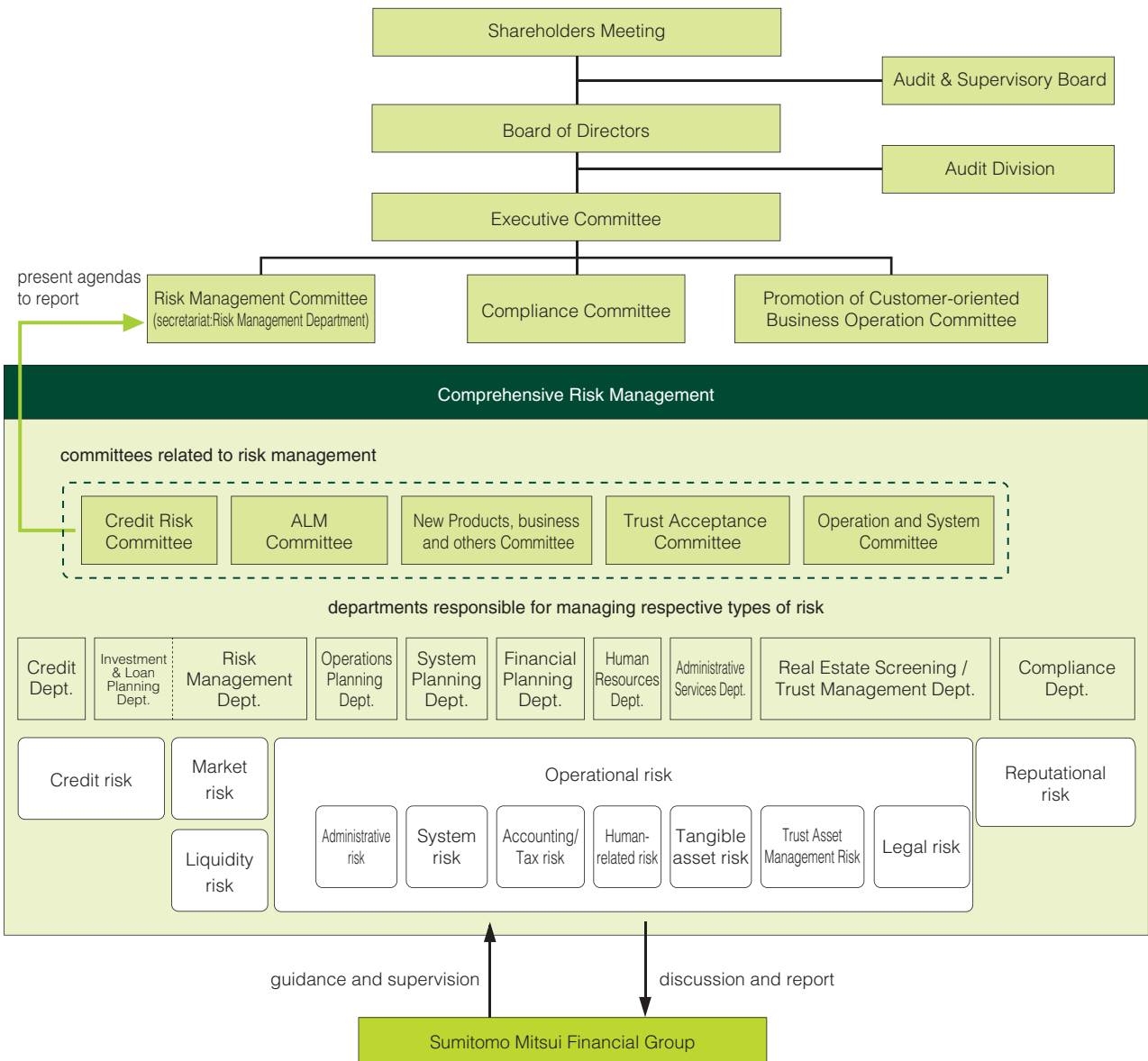
Customer-Oriented Investment Trust Sales Company Evaluation (hereinafter referred to as the “Evaluation”) is R&I’s statements of opinion, not of fact, on the sales practices adopted by investment trust sales companies from the viewpoint of customer-orientation. Although the information that R&I used 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.

Risk Management System

Overview of Risk Management System

As the trust bank in 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, we have 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 subcommittee 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 subcommittees 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	The possibility of losses arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.
Market Risk	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	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	The possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events (including administrative risk, IT system risk, legal risk, accounting/tax risk, human-related risk, tangible asset risk and trust asset management risk.)
Reputational risk	The possibility of losses due to damage or loss of reputation of the Company 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 we take or tolerates (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.

Risk Appetite Composition

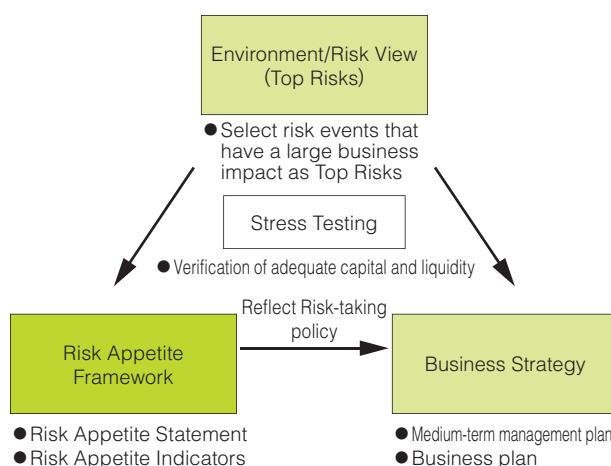


*1 Items related to compliance, administrative risk, IT system risk, and others
 *2 Separately, indicators are established for use in predicting change in Risk Appetite Indicators and understanding the current risk situation. Monitoring is conducted based on these indicators.

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 formulate business strategy plan and business management plan based on the results of risk analysis by stress testing and “top risks”.

Even during the business period, we continuously update the outlook for the operating environment and risks, including top risks, and monitor the risk appetite status. We also set three levels of management system for some risk appetite indicators, and monitor them accordingly.



Stress Testing

We use stress testing based on scenarios that assume a severe environment such as economic recession and financial market turmoil to measure the effects of changes in the macroeconomic environment on profits and losses in the period, equity capital, etc. and to evaluate the degree of capital adequacy. In addition to the above verifications, we conduct stress testing on credit risk, liquidity risk and other risks timely, and uses them in formulating and reviewing risk-taking policies.

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. Based on this framework, we have defined our Three Lines of Defense with the aim of achieving more effective and stronger risk management systems through the clarification of roles and responsibilities.

1. First Line of Defense (Business Function)

The Business Function is responsible for autonomously managing potential risks resides in their business area. This function is also responsible for mitigating the risks, through structuring an adequate risk management framework and monitoring process, abiding by the laws in accordance with the risk management policies applicable to the entire Company.

2. Second Line of Defense (Internal Control Function and Risk Controllers)

The departments of the Internal Control Function and Risk Controllers are responsible for developing and promoting policies on risk management at the Company. They are also required to monitor, measure, and evaluate the control activities undertaken by the First Line of Defense, and develop internal risk management rules concerning the relevant risk areas as necessary. Further, they are under obligation to provide training and advice to each department of the Company including the First Line of Defense, and supervise the risk management framework built by the First Line of Defense.

3. Third Line of Defense (Audit Function)

The Audit Function shall assess the activities of the above two functions, from the position of independence, based on the audit plans approved by the Board of Directors.

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

We have 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

Credit risk refers to "risk of any losses the Company may incur due to reduction or loss of the value of assets (including off balance-sheet assets) arising from any credit events such as deterioration of borrowers' financial standing."

We have 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 level 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 periodically conduct post-lending monitoring about loans above the certain balance so as to prevent ourselves from lending excessively to one obligor, and report to Credit Risk Committee or EXCO.

●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

Market risk refers to “the risk of financial loss resulting from movements in interest rates, foreign exchange rates, stock prices, etc. in the respective markets that lead to changes in market prices of financial instruments”. Liquidity risk refers to “the risk of having difficulty meeting settlement obligations or having to raise capital at a significantly higher rate than usual due to the maturity mismatch between the capital source and the invested asset or an unexpected capital outflow”. With respect to management of market and liquidity risks, we have formulated the “Policy for Market Risk and Liquidity Risk Management” and “Rules for Market Risk and Liquidity Risk Management” 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 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

Operational risk refers to “The possibility of sustaining a loss due to improper internal procedures or human, IT system, or external factors”.

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 risk, IT system risk and trust asset management risk which are managed in accordance with the policies and rules.

Operational Risk Management System

We have established the Risk Management Department for the overall operational risk management and developed 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 in charge 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

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, is working to raise the level of sophistication of our management of administrative risk on a risk basis by establishing an administrative risk management system, ensuring a self- inspection system in place, developing contingency plans to minimize losses in the event of administrative risk materialization, and carrying out the quantitative management of administrative risk as basic principles.

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

the Executive 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.

IT System Risk Management

IT system risk is the risk of loss due to the breakdown, malfunction, defect or unauthorized use of computer systems. SMBC Trust has the System Planning Department to comprehensively manage IT system risk. We seek to establish and implement IT system risk management framework by formulating various policies, rules and specific management standards including a security policy to minimize IT system risk, and developing contingency plans to minimize losses caused by the materialization of IT system risk. In addition, with cyber security becoming increasingly important in recent years, we have been working with the SMBC Group to establish a cyber security framework and take strong technological measures.

Trust Asset Management Risk Management

Trust asset management risk is the risk that we have to compensate the losses of trust asset caused by neglecting duty of care and loyalty that we should fulfil as trustee during the course of the management (and disposal) of trust assets which keep from our customers.

We, as a trust bank, manage our customers' important assets such as money, securities, and real estate, and are required to properly fulfill the fiduciary duty.

We have established Real Estate Screening Department and Trust Management Department as control departments of Trust Asset Management. And we properly fulfill our fiduciary duty by constructing management system within the Company, understanding the risk management status through monitoring activities such as requesting reports from the department in charge of business, and correcting or improving deficiencies.

In addition, Trust Asset Management Risk arises due to one or multiple risk categories such as administrative risk, IT system risk, legal risk and others, we have classified the risk as one of operational risk subcategories. We enhance our framework and strengthen the methodology for specifying, assessing, controlling and monitoring processes.

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. We have established the necessary internal rules and ensure that all employees are fully aware of the spirit of legal compliance through training, etc.

For the early detection and settlement of compliance issues, we have established a whistleblowing system with several contact points: within SMBC Trust, in 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, we have 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) Roles and responsibilities of the Compliance Unit

Compliance Dept.	<ul style="list-style-type: none"> • Business Operations related to the development of compliance systems • Administration of Board of Directors, Shareholders, and Compliance committee • Ensuring Information security and Personal information protection, BCP • Investigation and prevention of Incidents, Discipline accidents • Handling general compliance matters related to products and services • Customer Explanation management, Conflict of interest management, and Advertising screening • General legal consultation • Contract, litigation, and document management
AML & Financial Crime Prevention Dept.	<ul style="list-style-type: none"> • Conduct business operations related to measures against money laundering and prevention of terrorist financing • 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 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 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.

(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.

(5) Efforts on Prevention of Bribery

In accordance with “SMFG Regulations on Prevention of Bribery and Entertainment and Gift Giving” and “SMFG Group Rules on Prevention of Bribery and Entertainment and Gift Giving”, the Bank prohibits any involvement in bribery and corruption, and clearly stipulates that any violation of this prohibition will result in disciplinary action up to and including dismissal.

In order to prevent bribery and corruption, bribery of public officials is prohibited in all countries.

In order to obtain or retain business opportunities, permits, etc., or to influence the official duties of public officials, etc., both in Japan and overseas, it is prohibited to provide entertainment or gifts, or to make improper payments or promises of payments.

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

Based on the requests from international organizations such as FATF*¹, the requests from the relating countries such as OFAC*² regulations, and the laws and regulations in Japan and overseas, we have considered it as one of our most important management issues and 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 may cause serious damages 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.

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

*1 FATF: The Financial Action Task Force

*2 OFAC: The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury

Internal Audit System

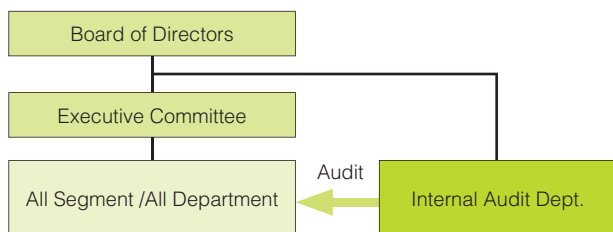
The Internal Audit Department, as an independent department from other business departments, verifies the appropriateness and effectiveness of our internal control system, as well as the effectiveness and efficiency of business activities, compliance and risk management, and the soundness of asset quality.

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

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

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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 Sheets

(Millions of Yen)

	March 31, 2020	March 31, 2021		March 31, 2020	March 31, 2021
Assets			Liabilities		
Cash and due from banks	1,369,915	1,346,750	Deposits	2,892,071	3,206,891
Cash	7,944	6,054	Current deposits	313,127	431,518
Due from banks	1,361,971	1,340,695	Ordinary deposits	1,344,001	1,449,066
Call loans	171,745	183,502	Time deposits	166,363	152,993
Monetary claims bought	–	335	Other deposits	1,068,578	1,173,313
Securities	306,080	47,315	Call money	343	–
Japanese government bonds	264,080	5,001	Payables under securities	258,633	–
Japanese corporate bonds	12,107	16,844	lending transactions		
Other	29,892	25,469	Foreign exchanges	958	1,114
Loans and bills discounted	1,468,320	1,804,829	Foreign bills sold	0	–
Loans on bills	14,341	15,335	Foreign bills payable	958	1,114
Loans on deeds	1,314,415	1,641,473	Due to trust account	75,465	102,621
Overdrafts	139,563	148,021	Other liabilities	32,702	31,770
Foreign exchanges	14,861	33,474	Domestic exchange		
Due from foreign banks (our			settlement accounts, credit	367	259
accounts)	14,847	33,458	Income taxes payable	564	452
Foreign bills bought	13	15	Accrued expenses	4,582	4,018
Other assets	52,259	45,424	Unearned revenue	1	3
Domestic exchange			Derivatives liabilities	21,610	12,076
settlement account,debit	238	200	Cash collateral received for		
Prepaid expenses	1,016	869	financial instruments	225	8,488
Accrued income	6,497	6,173	Lease obligations	1	11
Derivatives assets	23,406	17,744	Asset retirement obligations	2,680	3,729
Cash collateral paid for			Other	2,668	2,730
financial instruments	12,783	11,686	Reserve for employee bonuses	1,330	1,320
Other	8,317	8,750	Reserve for executive bonuses	52	47
Tangible fixed assets	3,750	663	Reserve for retirement benefits	91	79
Buildings	2,155	297	Reserve for reimbursement of		
Lease assets	0	10	deposits	786	736
Construction in progress	2	96	Acceptances and guarantees	4	–
Other tangible fixed assets	1,591	258	Total liabilities	3,262,441	3,344,582
Intangible fixed assets	30,914	30,107	Net assets		
Software	30,914	30,107	Capital stock	87,550	87,550
Prepaid pension cost	2,609	2,231	Capital surplus	130,553	85,553
Deferred tax assets	4,614	4,388	Legal capital surplus	83,350	83,350
Customers' liabilities for			Other capital surplus	47,203	2,203
acceptances and guarantees	4	–	Retained earnings	(64,250)	(27,800)
Reserve for possible loan			Legal retained earnings	80	80
losses	(1,690)	(4,304)	Other retained earnings	(64,330)	(27,880)
			Retained earnings		
			brought forward	(64,330)	(27,880)
			Total shareholders' equity	153,852	145,302
			Net unrealized gains (losses)		
			on other securities	776	868
			Net deferred gains (losses) on		
			hedges	6,313	3,964
			Total valuation and translation	7,090	4,832
			adjustments		
			Total net assets	160,942	150,135
Total assets	3,423,384	3,494,718	Total liabilities and total net	3,423,384	3,494,718
			assets		

Statements of Income

(Millions of Yen)

	from April 1, 2019 to March 31, 2020	from April 1, 2020 to March 31, 2021
Ordinary income	61,063	47,959
Trust Fees	2,591	2,818
Interest Income	35,409	24,988
Interest on loans and discounts	26,632	18,467
Interest and dividends on securities	1,206	883
Interest on call loans	3,999	295
Interest on deposits with banks	3,570	2,543
Interest on interest rate swaps	–	2,794
Other interest income	(0)	4
Fees and commissions	17,883	16,664
Fees and commissions for remittance	368	359
Other fees and commissions	17,515	16,305
Other operating income	3,817	3,009
Gains on foreign exchange transactions	3,652	2,750
Gains on sales of bonds	7	–
Other	157	259
Other income	1,361	477
Gains on allowance for doubtful accounts	202	–
Recoveries of written-off claims	–	15
Other	1,158	461
Ordinary expenses	60,025	55,530
Interest expenses	5,699	2,299
Interest on deposits	4,657	2,178
Interest on call money	(149)	(63)
Interest on payables under securities lending transactions	26	11
Interest on borrowed money	4	0
Interest on swaps	1,001	–
Other interest expenses	159	172
Fees and commissions payments	4,369	4,695
Fees and commissions for remittance	278	267
Other fees and commissions	4,090	4,428
Other operating expenses	158	261
Other	158	261
General and administrative expenses	49,296	44,659
Other expenses	501	3,614
Provision for reserve for possible loan losses	–	2,979
Write-off of claims	6	–
Losses on devaluation of stocks and other securities	25	43
Other	469	591
Ordinary profit (loss)	1,037	(7,571)
Extraordinary gains	5	–
Gain on disposal of fixed assets	5	–
Extraordinary losses	43,112	4,064
Losses on disposal of fixed assets	8	26
Losses on impairment of fixed assets	43,104	4,038
Income (loss) before income taxes	(42,069)	(11,635)
Income taxes-current	(4,046)	(4,246)
Income taxes-deferred	(5,247)	1,160
Income taxes	(9,293)	(3,085)
Net Income (loss)	(32,775)	(8,549)

Statements of Changes in Net Assets

from April 1, 2019 to March 31, 2020

(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					
Balance at the beginning 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
Changes in the fiscal year												
Net income (Loss)						(32,775)	(32,775)	(32,775)				(32,775)
Net changes in items other than shareholders' equity in the fiscal year									502	7,372	7,874	7,874
Net changes in the fiscal year	-	-	-	-	-	(32,775)	(32,775)	(32,775)	502	7,372	7,874	(24,901)
Balance at the end of the fiscal year	87,550	83,350	47,203	130,553	80	(64,330)	(64,250)	153,852	776	6,313	7,090	160,942

from April 1, 2020 to March 31, 2021

(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					
Balance at the beginning of the fiscal year	87,550	83,350	47,203	130,553	80	(64,330)	(64,250)	153,852	776	6,313	7,090	160,942
Changes in the fiscal year												
Net income (Loss)						(8,549)	(8,549)	(8,549)				(8,549)
Transfer from capital surplus to retained earnings			(45,000)	(45,000)		45,000	45,000	-				-
Net changes in items other than shareholders' equity in the fiscal year									91	(2,349)	(2,257)	(2,257)
Net changes in the fiscal year	-	-	(45,000)	(45,000)	-	36,450	36,450	(8,549)	91	(2,349)	(2,257)	(10,807)
Balance at the end of the fiscal year	87,550	83,350	2,203	85,553	80	(27,880)	(27,800)	145,302	868	3,964	4,832	150,135

Notes to the financial statements

The 36th (From April 1, 2020 through March 31, 2021)

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. Available-for-sales securities are carried at their market prices (cost of securities sold is calculated using primarily the moving-average method) except for those without market prices, such as investments in partnership, etc 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.

The fair value of Derivatives is calculated based on net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk.

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: 6 to 20 years
Others: 4 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 the other claims, a reserve is provided based primarily on the expected amount of loss during one year or three years from the reported date. The expected amount of loss is calculated by computing the rate of loss based on the average loan-loss ratio or average bankruptcy ratio derived from the actual loan-loss amount or actual bankruptcies for the one year or three years, and adding other necessary factors (e.g. expected economic conditions).

In addition, in light of the latest economic situation and risk factors, for potential losses for specific portfolios that are based on the future prospects with high probability, but

cannot be reflected in actual loan losses in the past and in any individual borrower's classification, a reserve is provided in the amount deemed necessary based on an overall assessment.

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 Internal Audit Department audits the assessment results.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amounts of write-off for the years ended March 31, 2021 were 356 million yen, respectively.

(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 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. Consumption taxes

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

8. 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.

Change in Accounting Policies

Application of Accounting Standard for Fair Value Measurement

As Accounting Standard for Fair Value Measurement (The Accounting Standards Board of Japan (ASBJ) Statement No. 30 on 4th July 2019) has become available, the Bank applies this accounting standard at the beginning of the fiscal year, and the Bank will continue to apply accounting guidelines established by Accounting Standard for Fair Value Measurement and others in the future pursuant to transitional measure established on Article 19 of Accounting Standard for Fair Value Measurement and Article 44 and Paragraph 2 of Accounting Standard for Financial Instrument (ASBJ Statement No. 10 on 4th July 2019).

There are no significant impact for the financial statements.

Changes in Presentation

Application of Accounting Standard for Disclosure of Accounting Estimates

SMBC Trust applies the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020) starting from the fiscal year ended March 31, 2021 and discloses notes regarding significant accounting estimates.

Significant Accounting Estimates

Of the items whose amount is recorded by accounting estimates on the financial statements for the current fiscal year, the items that may have a significant impact on the financial statements for the following fiscal year are as follows:

1. Reserve for possible loan losses

(1) Amounts recorded on the financial statements for the current fiscal year

Reserve for possible loan losses	4,304 Millions of yen
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(2) Information contributing to the understanding of the nature of the significant accounting estimates for the recognized items

The reserve for possible loan losses is provided as follows, after all claims including loans are assessed for their quality against the Standards for Self-Assessment of Asset Quality and obligor categories are determined in accordance with the credit risk conditions of the obligors:

- The expected losses are estimated by calculating the average bankruptcy ratio or average probability of bankruptcy for a certain historical period for each obligor category;
- Expected losses in specific portfolios not covered by the historical results or obligor categories are recorded in the amount deemed necessary based on a comprehensive assessment in accordance with highly probable future prospects;

In determining the reserve for possible loan losses using the above methods, management's high-level judgment is required due to the following uncertainties:

- Qualitative factors including the information to expect the future for the determination of obligor categories;
- The selection of portfolios subject to the calculations of expected losses and of the method to compute them based on the future expectations arising from the latest economic conditions and risk factors.

These could be affected by a change in economic conditions, etc. and, therefore, could wield a significant impact on the amount of the reserve for possible loan losses for the next fiscal year.

2. Impairment of Fixed Assets

(1) Amounts recorded on the financial statements for the current fiscal year

Tangible fixed assets	663 Millions of yen
Intangible fixed assets	30,107 Millions of yen
Losses on impairment of fixed assets	4,038 Millions of yen

(2) Information contributing to the understanding of the nature of the significant accounting estimates for the recognized items

A fixed asset whose recoverable amount could be less than its carrying amount, the necessity for recognizing an impairment loss is assessed, and if it is determined necessary, the book value of the asset will be reduced to its recoverable amount, and the reduced amount is reported as an impairment loss. As the recoverable amount, the present value of the cash flows from continuing use of the asset and the ultimate disposal of the asset, known as the value-in-use, is used.

The future cash flows and growth rates used for the judgment of whether an impairment loss needs to be recognized are determined based on management's estimates and judgments as well as the rate of market growth, etc. The discount rate used for calculating the value-in-use is determined based on the interest rates on the respective markets. These may be affected by changes in the financial and economic conditions, etc. If any changes become necessary in these determinants, they could wield a significant impact on the amount of the impairment losses for the next fiscal year.

3. Retirement benefit costs and retirement benefit obligations

(1) Amounts recorded on the financial statements for the current fiscal year

Prepaid pension cost	2,231 Millions of yen
Reserve for retirement benefits	79 Millions of yen
Retirement benefit cost included in General and administrative expenses	1,817 Millions of yen

(2) Information contributing to the understanding of the nature of the significant accounting estimates for the recognized items

The retirement benefit cost and the retirement benefit obligation under the defined benefit plan are calculated based on various assumptions such as the discount rate, employee turnover, and future inflation of salaries.

The discount rate is determined based on the yield of the Japanese government bond, and the turnover and future salary inflation are set using historical results and the latest projection. Determination of these matters require management's high-level judgment, and any change of these could have a significant impact on the amount of the retirement benefit cost and retirement benefit obligation for the next fiscal year.

4. Deferred Tax Assets

(1) Amounts recorded on the financial statements for the current fiscal year

Deferred Tax Assets	4,388 Millions of yen
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(2) Information contributing to the understanding of the nature of the significant accounting estimates for the recognized items

The tax amount arising from temporary differences, etc. is reported as deferred tax assets or deferred tax liabilities excluding the tax amount not expected to be recovered or paid in future accounting periods.

Although the recoverability of the deferred tax assets is determined by reasonably scheduling the reversal of the temporary differences, etc. and estimating the taxable income, any change of the scheduling or smaller taxable income than the estimated amount, or any tax system reform such as a reduction of the corporation tax rate could wield a significant impact on the amount of the deferred tax assets for the next fiscal year.

Additional Information

Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

Of the items subject to the transfer to the Group Tax Sharing System created by the Act Partially Amending the Income Tax Act (Act No. 8, 2020) and the items under the non-consolidated tax payment system being reviewed for the application of the Group Tax Sharing System, SMBC Trust applies the pre-amendment law former tax definition for the calculations of the amount of deferred tax assets and deferred tax liabilities. SMBC Trust, therefore, did not follow Paragraph 44 of the Implementation Guideline on Tax Effect Accounting (ASBJ Guidance No. 28 of February 16, 2020) by applying Paragraph 3 of on corrected items by single tax system for the Transition from the Consolidated Taxation System to the Group Tax Sharing System defined on Law for Partial amendment of the income tax law, etc. (Law No.8, 2020), which is instead of revised tax definition for Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 para. 44 issued on February 16, 2020) based on treatment of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ Practical Solutions Issues Task Force No.39 para.3, issued on March 31, 2020).

Notes

(Notes to balance sheet)

1. Bankrupt loans were nil and non-accrual loans at March 31, 2021 were 2,595 million yen, respectively.

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

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

2. Past due loans (3 months or more) at March 31, 2021 were nil.
"Past due loans (3 months or more)" are loans on which the principal or interest payment is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."
3. Restructured loans at March 31, 2021 were nil.

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

4. The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2021 were 2,595 million yen.

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

5. The amount of principal in loan participation accounted for as loans to the original borrowers based on "Accounting Treatment and Presentation of Loan Participation (JICPA Accounting Practice Committee Statement No. 3)" recorded on the balance sheet were 327,229 million yen at March 31, 2021.
6. Assets offered for collateral are as follows.

Loans, Securities and Cash and due from banks pledged as collateral for the settlement of foreign exchange transactions were 9,664million yen, 489million yen and 10million yen respectively at March 31, 2021. Other assets include security deposits of 3,745 million yen.

7. Commitment line contracts on overdrafts and loans are agreements to lend to customers when requested to extend a loan, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of

unused commitments related to these agreements was 176,029 million yen at March 31, 2021. The outstanding of 157,761 million yen is for amounts whose original contract terms are within 1 year or unconditionally cancelable at any time.

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

8. Accumulated depreciation on tangible fixed assets was 3,236 million yen.
9. Total amount of monetary claim against directors through deals 84 million yen
10. Total amount of monetary claim against affiliates 415,040 million yen
11. Total amount of monetary liabilities from affiliates 389,663 million yen
12. SMBC Trust is restricted to pay dividend from retained earnings due to article 18 of the Banking Act.

(Notes to statement of income)

1. Earnings from the transaction with affiliates
Total earnings from investment transactions 4,230 million yen
Total earnings from fee and commission 599 million yen
Expenses from the transaction with affiliates
Total expenses from funding transactions 160 million yen
Total expenses from fee and commission 3,343 million yen
Total expense from other transactions 1,321 million yen
2. In the current fiscal year, 47 million yen in subsidy for elementary school closure due to novel coronavirus is deducted directly from general and administrative expenses.
3. Losses on impairment of fixed assets are realized as Extraordinary losses for following assets with the difference between recoverable value and book value at the end of March 31, 2021.

(Millions of yen)

place	usage	Items	Realized loss amount
Metropolitan area	Shared asset	Building and other fixed assets	2,835
	branch	Building and other fixed assets	705
Kinki area	branch	Building and other fixed assets	280
Others	branch	Building and other fixed assets	216

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.

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) at the end of March 2021. The recoverable value is derived from the utility value which was calculated as zero.

(Notes to statement of changes in net assets)

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 instruments)

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 trust concurrent business, and as registered financial institution business, conducts financial instruments brokerage, sale and purchase of beneficial interests in real estate trusts, offering of trust funds beneficiary rights and handling of private placement, and 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 System for Financial Instruments

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

① Credit risk management

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

(a) Organization of credit risk control

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

(b) Method of credit risk control

SMBC Trust, for the purpose of controlling specific credit items or overall credit portfolio adequately, comprehends and controls credit risks quantitatively to execute the quantification of credit risks as well as evaluating credit risk of borrowers or credit related transactions appropriately by internal credit ratings. And, in addition to credit assessment and the control of specific credit items by monitoring of borrowers, following adequate credit risk controls are per for med 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 instruments 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, instruments affected by interest rate fluctuation as a material risk parameter, are placements, loans, securities, deposits and interest rate swaps among financial derivatives. SMBC Trust uses BPV (Basis Point Value: the change in market value given a one basis point (0.01%) parallel shift in interest rate) as the quantitative indicator to manage interest rate risk of these financial assets and liabilities. The bank calculates the BPV by separating the assets' and liabilities' balances for each interest rate tenor, and by assuming that all risk parameters are constant other than interest rates. The BPV in the bank's entire portfolio as of March 31, 2021 is 29 million yen. 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 (0.01%)

● Control of liquidity risk

In SMBC Trust, liquidity risk is controlled in the framework of “control of funding gap range”, “stress test”, “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. In developing and executing business plans, SMBC Trust runs stress testing to measure the impact of the materialization of liquidity risk on our cash position, assuming a large outflow of deposits due to deterioration of market conditions, credit downgrading of Japanese banks, a system trouble, an increase of reputational risk, and other factors inside or outside of the bank. In addition, the bank has developed an action plan for an emergency situation as a contingency plan. 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 instruments evaluation by market price

The evaluation of financial instruments 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. Disclosures Regarding the Fair Value of Financial Instruments and Other Items by Level within the Fair Value Hierarchy

According to observability and significance of inputs used by calculating fair values, fair values for these financial instruments are classified into the following three-level hierarchy.

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Observable inputs other than Level 1 prices that are either directly or indirectly observable for the financial instrument.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instruments.

If multiple inputs which have a significant impact on market value calculation are used, a financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(1) Financial assets and liabilities which fair values are equal to consolidated balance sheet amounts are as follows.

(Millions of yen)

Classification	balance sheet amount			
	Level 1	Level 2	Level 3	Total
Securities				
Other securities (*1)	5,001	40,938	–	45,939
Total assets	5,001	40,938	–	45,939
Derivatives transactions (*2)(*3)				
Related to Interest Rates	–	5,784	–	5,784
Related to Currencies	–	(116)	(*4) 0	(116)
Total	–	5,667	0	5,667

(*1) The mutual funds to which the transitional measures are applied in accordance with paragraph 26 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; hereinafter, “Fair Value Implementation Guidance”) are excluded from the table. The amount of such mutual funds on the balance sheet is 0 million yen.

(*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 ().

(*3) The net amount of derivative transaction applied to hedge accounting method on the interim balance sheet is 5,784 million yen. Such transactions are interest-rate swaps, etc., designated to fix the cash flows from loans subject to hedging, and deferred hedge accounting is mainly used. And the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (PITF No. 40 of September 29, 2020) applies to these hedging relationships between the derivatives transactions and hedging items.

(*4) SMBC Trust has derivative transactions classified as level 3, however, the net amount is 0 yen as they are covered with other financial institutions.

(2) Financial assets and liabilities which fair values are not equal to consolidated balance sheet amounts are as follows

Call Loans, Foreign exchanges, and Due from trust accounts are omitted because these instruments are settled in a short period and then their fair values would approximate their carrying values.

(Millions of yen)

Classification	Fair value				balance sheet amount	Net unrealized gains (losses)
	Level 1	Level 2	Level 3	Total		
Cash and due from banks (*)	1,144,295	204,463	-	1,348,758	1,346,736	2,022
Monetary Claims Bought (*)	-	-	334	334	334	-
Loans and bills discounted	-	-	-	-	1,804,829	-
Reserve for possible loan losses (*)	-	-	-	-	(4,273)	-
	-	-	1,799,739	1,799,739	1,800,556	(817)
Total assets	1,144,295	204,463	1,800,073	3,148,831	3,147,626	1,205
Deposits	-	3,207,038	-	3,207,038	3,206,891	146
Total liabilities	-	3,207,038	-	3,207,038	3,206,891	146

(*) Fair value amount are made after deducting general reserve for possible loan losses and specific reserve for possible loan losses. The reserve against cash and due from banks and monetary claims bought are deducted directly from the balance sheet amount due to insignificance.

(Note 1) Calculation Methods and Inputs for the Fair Value of Financial Instruments are as follows:

Assets

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.

Cash and due from BOJ are classified into Level 1 of the fair value hierarchy, other due from banks are classified into Level 2 of the fair value hierarchy.

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. These are classified into Level 2 of the fair value hierarchy.

Monetary Claims Bought

Monetary Claims Bought are valued and classified according to the same methods described in "Loans and Bills Discounted" and are classified into Level 3 of the fair value hierarchy.

Securities

For securities, the value calculated based on prevailing market prices as at the balance sheet date is used as their fair value. Government bonds are classified into Level 1 of the fair value hierarchy, other securities are classified into Level 2 of the fair value hierarchy.

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. These are classified into Level 2 of the fair value hierarchy.

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.

All of Loans and Bills Discounted are classified into Level 3 of the fair value hierarchy since significant inputs for the assets are unobservable.

Liabilities

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.

All of Deposits Discounted are classified into Level 2 of the fair value hierarchy since significant inputs for the assets are unobservable.

Derivative 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.

Further, the fair value for derivative instruments such as Swap and others is reflected on the price adjustment based on credit risk of counter parties. Where unobservable inputs are not adopted or their impact is not significant on the fair value for Derivative instruments, such derivative instruments are classified into Level 2 of the fair value hierarchy. Derivatives that are evaluated using valuation techniques with significant unobservable inputs are classified into Level 3 of the fair value hierarchy.

(Note 2) The Fair value of Level 3 for financial instruments recorded at fair value on the balance sheet is as follows:

(1) Quantitative Information of Significant Unobservable Inputs about Level 3 Fair Value Measurements

Classification	Valuation Method	Significant Unobservable Inputs	Range
Derivative Transactions Currency derivatives	Option pricing model	FX volatility	9.1% - 31.85%

(2) Balance movement from the beginning to the end of the current period, and valuation gain/loss recognized in current period

Not described as net balance of assets and liabilities by the derivative transactions are zero.

(3) Explanation of Market Value Evaluation Process

The Fair Value Calculation and Supervisory Division of our bank have established policies and procedures for calculating fair value, and Fair Value Measurement Department calculates fair value in compliance with these guidelines and procedures. Assessment Department, which is independent from Fair Value Measurement Department, examines the appropriateness of the fair value evaluation model and input used to calculate the fair value, and the appropriateness of the classification of the fair value level.

As for fair value measurement, the Bank used observable data as much as possible. In addition, when using the market value

obtained from a third party, the bank compares fair value with the result of our recalculation using the input used for market value evaluation to verify the validity of the price.

(4) Explanation of fair value influence against the fluctuation of significant input unobservable

Volatility

Volatility is the indicator that the market price or inputs is expected to move after certain period. Volatility is estimated based on the actual value in the past or provided information from third party or other analysis methods, and mainly used to estimate fair value of derivatives referring to implied volatility of interest rate or foreign exchange rate. Generally, significant raise (descent) of volatility causes significant raise (descent) of fair value.

(Note 3) The following table lists Balance sheet amount of Partners` subscription certificate, etc. with no market prices as of March 31, 2021: and those amounts are not included in the balance sheet amount of "Securities" in "(1) Financial assets and liabilities which fair values are equal to consolidated balance sheet amounts" of "Disclosures Regarding the Fair Value of Financial Instruments and Other Items by Level within the Fair Value Hierarchy".

(Millions of yen)

	Balance sheet amount
Partners` subscription certificate, etc.	1,375

(Note 4) 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	1,162,025	52,231	125,325	1,113	-
Call loans	183,502	-	-	-	-
Monetary Claims Bought	335	-	-	-	-
Securities	10,210	9,602	2,285	11,098	11,490
Other securities with maturities	10,210	9,602	2,285	11,098	11,490
Loans and bills discounted(*)	418,505	280,168	475,031	301,074	178,209
Foreign exchanges	33,474	-	-	-	-
Total	1,808,054	342,002	602,641	313,286	189,699

(*) Among loans and bills discounts, 2,595 million yen for financial claims to the bankrupt borrower, effectively bankrupt borrower and potentially bankrupt borrower and 147,876 million yen with no maturity date specified are not included.

(Note 5) 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(*)	3,156,751	24,243	13,421	7,711	4,763
Foreign exchanges	1,114	-	-	-	-
Due from Trust account	102,621	-	-	-	-
Total	3,260,488	24,243	13,421	7,711	4,763

(*) 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)	4,955	million yen
Fair value earnings from consolidated tax payment	3,606	
Other	5,288	
Subtotal	13,850	
Valuation allowance for tax loss brought forward	(4,955)	
Valuation allowance for total future tax consequence of temporally differences	(1,562)	
Valuation allowance subtotal	(6,517)	
Total deferred tax assets	7,332	
Deferred tax liabilities		
Net deferred gain (losses) on hedges	(1,820)	
Other	(1,124)	
Total deferred tax liabilities	(2,944)	
Net deferred tax assets	4,388	million yen

(Note) Loss brought forward from the previous term and its deferred tax assets by term

as of March 31, 2021

(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 (*)	-	-	-	-	-	4,955	4,955
Valuation allowance	-	-	-	-	-	(4,955)	(4,955)
Deferred tax assets	-	-	-	-	-	-	-

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

(Per share data)

Net assets per share	34,769.63 yen
Net loss per share	1,980.01 yen

(Transactions with affiliates)

Parent company and major shareholder companies

type	Name of the company	Possession ratio voting right (%)	Relationship of affiliates	Transaction (*1)	Transaction amount (million yen)	account	Balance (million yen)
Parent company	Sumitomo Mitsui Banking Corporation	(possessed) Direct 100%	Loans	Due from banks	153,960	Due from banks	187,451
				Interest receivable from due from banks	1,139	Interest earned not collected	157
			Borrowed money Directors Secondment	Call loans	173,303	Call loans	183,502
				Interest receivable from call loan	295	Interest earned not collected	2
				Deposits	320,478	Deposits	377,730
				Interest payable for deposit	154	Reserve for Interest	27
				Call money	47,004	Call money	-
				Interest payable from call money	(10)	Reserve for Interest	-
				Derivatives (*2)	-	Derivatives assets	8,059
						Derivatives liabilities	2,489
Purchase of financial claims	465,455	-	-				
Subsidiaries of Parent company	SMBC Aviation Capital Limited	Not applicable	Loans	Loans	285,036	Loans	307,469
				Interest receivable from Loan	8,959	Interest earned not collected	1,005

(*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.

(*2) Transaction amount shows the ending balance only due to recurring and huge amount market transaction.

Indicator of Major Business

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Ordinary income	39,954	50,688	61,984	61,063	47,959
Gross banking profit	34,873	44,180	49,801	49,474	40,224
General and Administrative Expenses (Excludes non-recurring expenses)	50,249	50,153	51,616	48,568	43,914
Banking profit	- 15,629	- 6,230	- 2,150	906	- 6,243
Banking profit (before provision for general reserve for possible loan losses)	- 15,376	- 5,973	- 1,814	906	- 3,689
Core Banking Profit	- 15,376	- 5,973	- 1,814	899	- 3,689
Core Banking Profit (excluding gains (losses) on cancellation of investment trusts)	- 15,376	- 5,973	- 1,814	899	- 3,689
Ordinary profit (loss)	- 15,869	- 7,189	- 2,457	1,037	- 7,571
Net Income (loss)	- 4,141	- 5,793	- 3,766	- 32,775	- 8,549
Capital stock	87,550	87,550	87,550	87,550	87,550
Total number of shares issued					
Common stock (in thousands)	3,418	3,418	3,418	3,418	3,418
Non-voting stock (in thousands)	900	900	900	900	900
Total net assets	192,012	184,373	185,844	160,942	150,135
Total assets	2,710,842	3,064,414	3,273,625	3,423,384	3,494,718
Deposits	2,467,806	2,540,534	2,732,801	2,892,071	3,206,891
Loans and bills discounted	610,097	1,002,388	1,328,175	1,468,320	1,804,829
Securities	281,762	295,418	302,949	306,080	47,315
Capital adequacy ratio (Domestic standard)(%)	21.84	14.32	12.05	13.62	13.22
Dividend payout ratio	-	-	-	-	-
Number of employees	2,064	1,988	2,091	2,112	1,983
Trust fees	1,586	1,730	2,291	2,591	2,818
Loans and bills discounted in the trust assets and liabilities	- (-)	- (-)	- (-)	53 (53)	53 (53)
Securities in the trust assets and liabilities (exclude Balance of electronically recorded transferable rights that must be indicated on trust account securities)	122,285 (122,285)	457,949 (457,949)	431,242 (431,242)	466,741 (466,741)	480,722 (480,722)
Balance of electronically recorded transferable rights that must be indicated on trust account securities	- -	- -	- -	- -	- -
Trust assets and liabilities	6,013,203 (6,018,485)	9,047,485 (9,065,002)	9,385,062 (9,417,900)	9,992,793 (10,040,832)	10,288,804 (10,354,527)

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 (exclude Balance of electronically recorded transferable rights that must be indicated on trust account securities)", "Balance of electronically recorded transferable rights that must be indicated on trust account securities" and "Trust assets and liabilities" including "Trust Assets under the Service-Shared Co-Trustee".

3. Banking profit (before provision for general reserve for possible loan losses)=Banking profit+Provision for general reserve for possible loan losses+Disposal of non-performing loans in the trust assets and liabilities

4. Core Banking Profit=Banking profit (before provision for general reserve for possible loan losses)-Gain and Loss on sales of bonds

Indicator related to Profits and Losses

Gross Banking Profit, Classified by Domestic and International Operations

(Millions of Yen)

	Year ended March 31, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net interest income	3,139	26,569	29,709	3,184	19,504	22,689
Interest income	3,986	(33)	35,409	4,020	(53)	24,988
Interest expenses	(33)	847	4,885	(53)	836	1,516
Trust fees	2,301	290	2,591	2,489	329	2,818
Net fees and commissions	10,198	3,315	13,514	9,156	2,812	11,969
Fees and commissions	11,689	6,194	17,883	10,361	6,303	16,664
Fees and commissions payments	1,490	2,878	4,369	1,204	3,491	4,695
Net other operating income	7	3,651	3,658	- 2	2,750	2,747
Other operating income	164	3,652	3,817	259	2,750	3,009
Other operating expenses	156	1	158	261	-	261
Gross banking profit	15,647	33,827	49,474	14,828	25,396	40,224
Gross banking profit ratio (%)	0.61	3.20	1.38	0.60	2.31	1.15

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, 2020	Year ended March 31, 2021
Ordinary profit to total assets	0.02	- 0.21
Ordinary profit to stockholders' equity	0.59	- 4.86
Net income to total assets	- 0.88	- 0.23
Net income to stockholders' equity	- 18.90	- 5.49

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, 2020			Year ended March 31, 2021			
		Domestic operations	International operations	Total	Domestic operations	International operations	Total	
Interest-earning assets	Average balance	2,550,838	(37,836) 1,056,814	3,569,817	2,439,199	(39,191) 1,094,844	3,494,852	
	Interest	3,986	(33) 31,455	35,409	4,020	(53) 21,021	24,988	
	Average rate (%)	0.15	2.97	0.99	0.16	1.92	0.71	
	Loans and bills discounted	Average balance	836,967	598,850	1,435,818	969,931	653,548	1,623,480
		Interest	2,462	24,169	26,632	2,695	15,772	18,467
		Average rate (%)	0.29	4.03	1.85	0.27	2.41	1.13
	Securities	Average balance	273,742	29,949	303,691	144,166	26,541	170,707
		Interest	456	749	1,206	291	591	883
		Average rate (%)	0.16	2.50	0.39	0.20	2.22	0.51
Call loans	Average balance	–	238,829	238,829	–	173,303	173,303	
	Interest	–	3,999	3,999	–	295	295	
	Average rate (%)	–	1.67	1.67	–	0.17	0.17	
Deposits with banks (Exclude noninterest-earning deposits)	Average balance	1,428,436	136,993	1,565,429	1,314,098	171,466	1,485,564	
	Interest	1,067	2,503	3,570	1,046	1,496	2,543	
	Average rate (%)	0.07	1.82	0.22	0.07	0.87	0.17	
Interest-bearing liabilities	Average balance	(37,836) 2,453,366	1,061,300	3,476,830	(39,191) 2,333,527	1,106,202	3,400,539	
	Interest	(33) 847	4,885	5,699	(53) 836	1,516	2,299	
	Average rate (%)	0.03	0.46	0.16	0.03	0.13	0.06	
	Deposits	Average balance	1,739,996	1,059,910	2,799,906	1,902,605	1,104,712	3,007,318
		Interest	837	3,820	4,657	689	1,489	2,178
		Average rate (%)	0.04	0.36	0.16	0.03	0.13	0.07
	Call money	Average balance	349,887	385	350,272	179,630	100	179,730
		Interest	– 180	31	– 149	– 69	6	– 63
		Average rate (%)	– 0.05	8.11	– 0.04	– 0.03	6.15	– 0.03
	Payables under securities lending transactions	Average balance	259,845	–	259,845	118,505	–	118,505
		Interest	26	–	26	11	–	11
		Average rate (%)	0.01	–	0.01	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, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Yield on interest-earning assets	0.15	2.97	0.99	0.16	1.92	0.71
Yield on interest-bearing liabilities including general expenses	2.00	0.47	1.56	1.90	0.15	1.35
Net yield / Interest rate	– 1.85	2.50	– 0.57	– 1.74	1.77	– 0.64

- 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, 2020			Year ended March 31, 2021			
		Domestic operations	International operations	Total	Domestic operations	International operations	Total	
Interest income	Volume-related increase (decrease)	675	299	4,409	-174	729	-729	
	Rate-related increase (decrease)	-474	-1,710	-5,562	208	-11,164	-9,691	
	Net increase (decrease)	201	-1,410	-1,153	33	-10,434	-10,420	
	Loans and bills discounted	Volume-related increase (decrease)	910	1,360	6,362	369	1,320	2,133
		Rate-related increase (decrease)	-597	-790	-5,479	-137	-9,717	-10,299
		Net increase (decrease)	312	570	882	232	-8,397	-8,165
	Securities	Volume-related increase (decrease)	2	124	24	-216	-80	-528
		Rate-related increase (decrease)	-68	-87	-54	51	-77	204
		Net increase (decrease)	-66	36	-30	-165	-158	-323
	Call loans	Volume-related increase (decrease)	-	-616	-616	-	-866	-866
		Rate-related increase (decrease)	-	261	261	-	-2,837	-2,837
		Net increase (decrease)	-	-354	-354	-	-3,704	-3,704
	Deposits with banks (Exclude noninterest-earning deposits)	Volume-related increase (decrease)	91	209	306	-85	300	-174
		Rate-related increase (decrease)	-112	-1,813	-1,931	64	-1,307	-853
		Net increase (decrease)	-21	-1,604	-1,625	-20	-1,006	-1,027
Interest expenses	Volume-related increase (decrease)	144	85	715	-41	62	-122	
	Rate-related increase (decrease)	-505	-1,940	-2,875	30	-3,431	-3,277	
	Net increase (decrease)	-360	-1,855	-2,159	-11	-3,368	-3,400	
	Deposits	Volume-related increase (decrease)	53	64	217	58	59	149
		Rate-related increase (decrease)	-247	-765	-1,113	-207	-2,391	-2,629
		Net increase (decrease)	-194	-701	-896	-148	-2,331	-2,479
	Call money	Volume-related increase (decrease)	-151	30	-126	65	-18	59
		Rate-related increase (decrease)	3	-1	7	45	-6	26
		Net increase (decrease)	-147	29	-118	111	-25	86
	Payables under securities lending transactions	Volume-related increase (decrease)	0	-	0	-13	-	-13
		Rate-related increase (decrease)	0	-	0	-0	-	-0
		Net increase (decrease)	0	-	0	-14	-	-14

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, 2020	Year ended March 31, 2021
Salaries and related expenses	19,390	18,463
Retirement benefit cost	1,847	1,817
Welfare expenses	2,897	2,759
Depreciation	5,446	5,531
Rent and lease expenses	4,942	4,860
Building and maintenance expenses	31	22
Supplies expenses	257	350
Water, lighting, and heating expenses	174	157
Traveling expenses	207	69
Communication expenses	792	708
Publicity and advertising expenses	1,052	700
Membership fees, Contribution and Entertainment expenses	187	148
Taxes, other than income taxes	1,476	1,339
Business consignment expenses	5,609	5,507
Deposit insurance	494	495
Others	4,488	1,726
Total	49,296	44,659

Note: Includes non-recurring expenses.

Indicator related to Deposits

Balance of Deposits by Type

(Millions of Yen)

	March 31, 2020			March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Liquid deposits	1,657,129	–	1,657,129	1,880,584	–	1,880,584
Fixed-term deposits	166,363	–	166,363	152,993	–	152,993
Negotiable certificates of deposit	–	–	–	–	–	–
Others	15,256	1,053,321	1,068,578	19,365	1,153,948	1,173,313
Total	1,838,749	1,053,321	2,892,071	2,052,943	1,153,948	3,206,891

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, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Liquid deposits	1,581,375	–	1,581,375	1,740,040	–	1,740,040
Fixed-term deposits	151,997	–	151,997	155,991	–	155,991
Negotiable certificates of deposit	–	–	–	–	–	–
Others	6,623	1,059,910	1,066,534	6,572	1,104,712	1,111,285
Total	1,739,996	1,059,910	2,799,906	1,902,605	1,104,712	3,007,318

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, 2020						
	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	100,871	14,799	14,921	7,376	14,087	14,306	166,363
Floating interest rate	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	100,871	14,799	14,921	7,376	14,087	14,306	166,363

(Millions of Yen)

	March 31, 2021						
	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	95,745	13,521	11,325	14,989	8,571	8,840	152,993
Floating interest rate	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	95,745	13,521	11,325	14,989	8,571	8,840	152,993

Indicator related to Loans

Balance of Loans and Bills Discounted by Type

(Millions of Yen)

	March 31, 2020			March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Loans on bills	14,341	–	14,341	15,335	–	15,335
Loans on deeds	673,355	641,059	1,314,415	984,431	657,042	1,641,473
Overdrafts	134,153	5,409	139,563	141,850	6,171	148,021
Bills discounted	–	–	–	–	–	–
Total	821,850	646,469	1,468,320	1,141,616	663,213	1,804,829

Average Balance of Loans and Bills Discounted by Type

(Millions of Yen)

	Year ended March 31, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Loans on bills	13,156	99	13,256	14,691	–	14,691
Loans on deeds	696,237	593,473	1,289,710	818,178	629,097	1,447,275
Overdrafts	127,573	5,277	132,851	137,061	24,451	161,513
Bills discounted	–	–	–	–	–	–
Total	836,967	598,850	1,435,818	969,931	653,548	1,623,480

Balance of Loans and Bills Discounted, Classified by Maturity

(Millions of Yen)

	March 31, 2020						
	One year or less	More than one year through three years	More than three years through five years	More than five years through seven years	More than seven years	No fixed maturity	Total
Loans and bills discounted	140,192	270,309	463,961	63,653	390,638	139,563	1,468,320
Fixed interest rates		149,210	329,477	5,509	66,365	–	550,563
Floating interest rates		121,099	134,484	58,144	324,273	139,563	777,564

(Millions of Yen)

	March 31, 2021						
	One year or less	More than one year through three years	More than three years through five years	More than five years through seven years	More than seven years	No fixed maturity	Total
Loans and bills discounted	412,617	264,200	459,813	75,964	444,213	148,021	1,804,829
Fixed interest rates		134,172	361,491	15,195	116,900	–	627,759
Floating interest rates		130,027	98,321	60,769	327,312	148,021	764,452

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

Balance of Loans and Bills Discounted, Classified by Collateral

(Millions of Yen)

	March 31, 2020		March 31, 2021	
Deposits		323,921		380,705
Securities		74,002		86,309
Commercial claims		55,728		59,252
Commercial goods		114		114
Real estate		208,585		245,615
Others		81,820		70,921
Subtotal		744,173		842,919
Guaranteed		127,255		110,658
Unsecured		596,891		851,251
Total		1,468,320		1,804,829

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

(Millions of Yen)

	March 31, 2020	March 31, 2021
Deposits	-	-
Securities	-	-
Commercial claims	-	-
Commercial goods	-	-
Real estate	-	-
Others	-	-
Subtotal	-	-
Guaranteed	4	-
Unsecured	-	-
Total	4	-

Balance of Loans and Bills Discounted, Classified by Purpose

(Millions of Yen)

	March 31, 2020	March 31, 2021
Funds for capital investment	532,776	628,073
Funds for working capital	935,543	1,176,756
Total	1,468,320	1,804,829

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, 2020		March 31, 2021	
	Amount	Component Ratio	Amount	Component Ratio
Domestic		%		%
Manufacturing	-	-	-	-
Agriculture, forestry, fisheries and mining	-	-	-	-
Construction	-	-	-	-
Transportation, communications and public enterprises	34,736	2.36	48,952	2.71
Wholesale and retail	339	0.02	248	0.01
Finance and insurance	26,110	1.77	50,295	2.78
Real estate, goods rental and leasing	5,000	0.34	5,000	0.27
Services	56,934	3.87	57,317	3.17
Municipalities	-	-	-	-
Others	467,365	31.82	710,386	39.36
Individuals	244,780	16.67	284,780	15.77
Subtotal	835,265	56.88	1,156,981	64.10
Overseas	633,055	43.11	647,848	35.89
Total	1,468,320	100.00	1,804,829	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, 2020	March 31, 2021
Total domestic loans(A)	835,265	1,156,981
Loans to small and medium-sized enterprises(B)	349,556	406,029
Ratio (B)/(A)	41.84%	35.09%

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, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Year-End Balance	44.69	61.37	50.77	55.60	57.47	56.27
Average Balance	48.10	56.50	51.28	50.97	59.16	53.98

Breakdown of Reserve for Possible Loan Losses

(Millions of Yen)

	Year ended March 31, 2020				Year ended March 31, 2021			
	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	1,341	1,191	1,341	1,191	1,191	3,745	1,191	3,745
Specific reserve for possible loan losses	553	498	553	498	498	559	498	559
Loan loss reserve for specific overseas countries	-	-	-	-	-	-	-	-
Total	1,895	1,690	1,895	1,690	1,690	4,304	1,690	4,304

Note: Each reserve balance is net of a partial write-off. We wrote off 6 million yen in fiscal 2019 and 356 million yen in fiscal 2020.

Write-Off of Claims

(Millions of Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Write-off of claims	6	-

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

(Millions of Yen)

	March 31, 2020	March 31, 2021
Bankrupt loans	-	-
Non-accrual loans	931	2,595
Past due loans (3 months or more)	-	-
Restructured loans	1	-
Total	933	2,595

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)."
 5. Each amount is a partial write-off. We wrote off 355 million yen in fiscal 2020 and none in fiscal 2019.

Problem Assets Based on the Financial Reconstruction Act

(Millions of Yen)

	March 31, 2020	March 31, 2021
Bankrupt and quasi-bankrupt assets	697	16
Doubtful assets	235	2,578
Substandard loans	1	-
Subtotal(A)	935	2,595
Normal assets	1,484,198	1,837,252
Total(B)	1,485,134	1,839,848
Disclosure loan ratio (A)/(B)	0.06%	0.14%

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.
 5. Each amount is a partial write-off. We wrote off 6 million yen in fiscal 2019 and 356 million yen in fiscal 2020.

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, 2020			March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Japanese government bonds	264,080	–	264,080	5,001	–	5,001
Japanese local government bonds	–	–	–	–	–	–
Japanese short-term corporate bonds	–	–	–	–	–	–
Japanese corporate bonds	12,107	–	12,107	16,844	–	16,844
Japanese stocks	–	–	–	–	–	–
Others	1,209	28,682	29,892	1,375	24,093	25,469
Foreign bonds	–	28,682	28,682	–	24,093	24,093
Foreign stocks	–	–	–	–	–	–
Total	277,397	28,682	306,080	23,221	24,093	47,315

Average Balance of Securities by Type

(Millions of Yen)

	Year ended March 31, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Japanese government bonds	261,881	–	261,881	128,447	–	128,447
Japanese local government bonds	–	–	–	–	–	–
Japanese short-term corporate bonds	–	–	–	–	–	–
Japanese corporate bonds	10,957	–	10,957	14,447	–	14,447
Japanese stocks	–	–	–	–	–	–
Others	902	29,949	30,852	1,271	26,541	27,813
Foreign bonds	–	29,949	29,949	–	26,541	26,541
Foreign stocks	–	–	–	–	–	–
Total	273,742	29,949	303,691	144,166	26,541	170,707

Securities-Deposit Ratio

(%)

	Year ended March 31, 2020			Year ended March 31, 2021		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Year-End Balance	15.08	2.72	10.58	1.13	2.08	1.47
Average Balance	15.73	2.82	10.84	7.57	2.40	5.67

Balance of Securities Held, Classified by Maturity

(Millions of Yen)

	March 31, 2020					
	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	264,080	–	–	–	–	264,080
Japanese local government bonds	–	–	–	–	–	–
Japanese short-term corporate bonds	–	–	–	–	–	–
Japanese corporate bonds	–	5,015	5,056	2,035	–	12,107
Japanese stocks	–	–	–	–	–	–
Others	776	13,658	10,201	5,255	–	29,892
Foreign bonds	776	13,323	9,327	5,255	–	28,682
Foreign stocks	–	–	–	–	–	–
Total	264,856	18,673	15,258	7,290	–	306,080

(Millions of Yen)

	March 31, 2021					
	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	5,001	–	–	–	–	5,001
Japanese local government bonds	–	–	–	–	–	–
Japanese short-term corporate bonds	–	–	–	–	–	–
Japanese corporate bonds	5,005	–	5,118	6,720	–	16,844
Japanese stocks	–	–	–	–	–	–
Others	211	12,956	7,153	5,149	0	25,469
Foreign bonds	211	12,238	6,495	5,149	–	24,093
Foreign stocks	–	–	–	–	–	–
Total	10,217	12,956	12,271	11,870	0	47,315

Indicator related to Fair value of Securities

Bonds classified as held-to-maturity

(Millions of Yen)

	Type	March 31, 2020			March 31, 2021		
		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	260,079	260,286	206	–	–	–
	Subtotal	260,079	260,286	206	–	–	–
Bonds with unrealized losses	Japanese government bonds	–	–	–	–	–	–
	Subtotal	–	–	–	–	–	–
Total		260,079	260,286	206	–	–	–

Other securities

(Millions of Yen)

	Type	March 31, 2020			March 31, 2021		
		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	12,107	12,034	72	10,826	10,700	126
	Government bond	–	–	–	–	–	–
	Corporate bond	12,107	12,034	72	10,826	10,700	126
	Others	21,175	20,054	1,120	23,794	22,659	1,134
	Foreign bonds	21,175	20,054	1,120	23,794	22,659	1,134
	Subtotal	33,282	32,089	1,193	34,620	33,359	1,261
The carrying amount is below the acquisition cost or depreciable cost	Bonds	4,001	4,001	–0	11,018	11,027	–9
	Government bond	4,001	4,001	–0	5,001	5,001	–0
	Corporate bond	–	–	–	6,017	6,026	–8
	Others	7,507	7,580	–72	299	300	–0
	Foreign bonds	7,507	7,580	–72	299	300	–0
	Subtotal	11,508	11,581	–73	11,318	11,328	–9
Total		44,791	43,671	1,119	45,939	44,687	1,251

(Note) Other securities whose fair value is not used as the balance sheet amount.

(Millions of Yen)

	March 31, 2020	March 31, 2021
	Balance sheet amount	Balance sheet amount
Other Securities	1,209	1,375
Total	1,209	1,375

These are not included in "Other securities" above.

Indicator related to Derivative transactions

Derivative transactions to which the hedge accounting method is not applied

Currency derivatives

(Millions of Yen)

Classification	Type of derivative		March 31, 2020				March 31, 2021			
			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 agreement	Sold	157,094	–	– 916	– 916	109,757	–	– 173	– 173
		Bought	150,187	–	– 6,393	– 6,393	109,730	–	55	55
	Currency options	Sold	69,289	986	– 878	– 304	77,093	2,014	– 888	– 486
		Bought	69,289	986	875	486	77,093	2,014	890	613
Total				– 7,312	– 7,128			– 116	8	

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, 2020				March 31, 2021			
			Principal items hedged	Contract amount		Fair value	Principal items hedged	Contract amount		Fair value
					Over one year				Over one year	
Deferral hedge method	Interest rate swaps	Receive Fixed/Pay Floating	Interest-earning/bearing financial assets such as time deposits from banks and loans	282,534	211,466	9,213	Interest-earning/bearing financial assets such as time deposits from banks and loans	255,536	197,406	5,860
		Receive Float/Pay Fixed	Other securities	5,000	5,000	– 104	Other securities	5,000	5,000	– 76
Special treatment for interest rate swaps	Interest rate swaps	Receive Float/Pay Fixed	Loans	17,694	17,694	Note 2	Loans	70,011	70,011	Note 2
Total						9,108				5,784

Notes: 1. SMBC Trust Bank 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. Disclosures Regarding the Fair Value of Financial Instruments and Other Items by Level within the Fair Value Hierarchy."

Indicator related to Trust Business

Statement of Trust Assets and Liabilities

(Millions of Yen)

Assets	March 31, 2020	March 31, 2021
Loans and bills discounted	53	53
Loans on deeds	53	53
Securities	466,741	480,722
Japanese government bonds	5,482	5,497
Japanese corporate bonds	3,017	2,017
Japanese stocks	303,529	277,258
Foreign securities	150,159	190,933
Other	4,553	5,016
Trust beneficiary right	1,189,846	1,447,385
Entrusted securities	596,633	756,626
Monetary claims	6,520,400	6,075,452
Monetary claims for housing loans	6,518,937	6,073,995
Other monetary claims	1,462	1,457
Tangible fixed assets	1,062,352	1,332,503
Intangible fixed assets	1,999	1,999
Other claims	30,832	31,259
Due from banking account	75,465	102,621
Cash and due from banks	48,468	60,181
Deposits with banks	48,468	60,181
Total	9,992,793	10,288,804

(Millions of Yen)

Liabilities	March 31, 2020	March 31, 2021
Money trusts	122,694	153,521
Investment trusts	1,001,831	1,230,313
Money in trusts other than money trusts	200,807	243,416
Securities in trusts	597,285	763,512
Monetary claims trusts	6,519,000	6,074,052
Composite trusts	1,551,122	1,823,834
Other trusts	51	153
Total	9,992,793	10,288,804

Notes:

- Trust assets under the co-operative trusts under other trust bank's administration are as described below:
as of March 31, 2020 48,039 million yen
as of March 31, 2021 65,722 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 48,039 million yen for March 31, 2020 and 65,722 million yen for March 31, 2021, 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, 2020	March 31, 2021
Loans and bills discounted	53	53
Loans on deeds	53	53
Securities	466,741	480,722
Japanese government bonds	5,482	5,497
Japanese corporate bonds	3,017	2,017
Japanese stocks	303,529	277,258
Foreign securities	150,159	190,933
Other	4,553	5,016
Trust beneficiary right	1,237,883	1,513,409
Entrusted securities	596,633	756,626
Monetary claims	6,520,400	6,075,452
Monetary claims for housing loans	6,518,937	6,073,995
Other monetary claims	1,462	1,457
Tangible fixed assets	1,062,352	1,332,503
Intangible fixed assets	1,999	1,999
Other claims	30,832	31,259
Due from banking account	75,465	102,621
Cash and due from banks	48,468	60,181
Deposits with banks	48,468	60,181
Other	1	- 300
Total	10,040,832	10,354,527

(Millions of Yen)

Liabilities	March 31, 2020	March 31, 2021
Money trusts	170,734	219,243
Investment trusts	1,001,831	1,230,313
Money in trusts other than money trusts	200,807	243,416
Securities in trusts	597,285	763,512
Monetary claims trusts	6,519,000	6,074,052
Composite trusts	1,551,122	1,823,834
Other trusts	51	153
Total	10,040,832	10,354,527

Principal guaranteed trust account

Not applicable.

Balance of Money Trusts

(Millions of Yen)

	March 31, 2020	March 31, 2021
Money trusts	122,694	153,521
Specified money trusts	122,694	153,521
Total	122,694	153,521

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, 2020	March 31, 2021
Money trusts	170,734	219,243
Specified money trusts	170,734	219,243
Total	170,734	219,243

Balance of Principal of Money Trusts by Trust Period

(Millions of Yen)

	Specified money trusts	
	March 31, 2020	March 31, 2021
less than one year	0	–
One year or more less than two years	–	11
Two years or more less than five years	5,333	5,251
Five years or more	126,600	104,134
Others	–	–
Total	131,935	109,396

Note: There are no corresponding transactions for Loan trusts.

Balance of Money Trusts by Type

(Millions of Yen)

	Specified money trusts	
	March 31, 2020	March 31, 2021
Securities	5,199	5,221

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)

	Specified money trusts	
	March 31, 2020	March 31, 2021
Japanese government bonds	5,041	5,041
Japanese local government bonds	–	–
Japanese short-term corporate bonds	–	–
Japanese corporate bonds	–	–
Japanese stocks	–	–
Other	158	179
Total	5,199	5,221

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. Allocation of the total amount to each Board member is determined by the representative director delegated by the Board of Directors within the limit of the amount resolved at General Meeting of Shareholder, 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, in principle, consists of Base Salary and Bonus, 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, 2020 to March 31, 2021)

In number of people, millions of yen

		Subject officers	Subject employees
Fixed Compensation	Number of subject officers and employees	11	1
	Fixed compensation total	253	27
	Cash compensation	253	27
	Deferment	-	-
Variable Compensation	Number of subject officers and employees	12	1
	Variable compensation total	61	4
	Cash compensation	55	4
	Deferment	-	-
	Stock compensation or stock-linked compensation	5	-
	Deferment	-	-
Retirement allowance	Number of subject officers and employees	-	-
	Retirement allowance total	-	-
	Deferment	-	-
Other compensation	Number of subject officers and employees	9	1
	Other compensation total	1	0
	Deferment	-	-
Compensation total		317	32

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, 2020	As of March 31, 2021
Core Capital Basic Components (1)		
Directly issued qualifying common share or mandatory convertible preference share plus related capital surplus and retained earnings	153,852	145,302
of which : capital and capital surplus	218,103	173,103
of which : retained earnings	(64,250)	(27,800)
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	1,191	3,745
of which : general reserve for possible loan losses	1,191	3,745
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)	155,044	149,048
Core Capital Adjustments (2)		
Total intangible assets (excluding those relating to mortgage servicing rights)	21,448	20,888
of which : goodwill (including those equivalent)	-	-
of which : other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	21,448	20,888
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	1,810	1,548
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	5,637	4,515
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)	5,637	4,515
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)	-	-
Amount of Core Capital Adjustments (B)	28,896	26,952

(to be continued on Page 63)

(Millions of Yen)

Items	As of March 31, 2020	As of March 31, 2021
Capital		
Capital amount ((A) - (B)) (C)	126,147	122,095
Risk weighted assets (3)		
Credit risk weighted assets	835,797	835,268
of which : total of items in risk weighted assets subject to transitional arrangements	-	-
of which : investments in the capital of banking, financial and insurance entities	-	-
of which : other than the above	-	-
Total amount of Market Risk equivalent divided by 8%	-	-
Total amount of Operational Risk equivalent divided by 8%	90,077	87,665
Credit risk weighted assets adjustments	-	-
Operational risk weighted assets adjustments	-	-
Total amount of Risk weighted assets (D)	925,874	922,923
Capital Adequacy Ratio		
Total Capital Adequacy Ratio ((C) / (D))	13.62%	13.22%

Qualitative Disclosure

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, 2020	As of March 31, 2021
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 has established "Credit Policy" and "Credit Risk Management Regulations" for the comprehensive management and a quantitative and on-going grasp and management of credit risk in the bank's entire credit portfolio.

For the purpose of appropriate management of risks inherent in individual credits or the bank's entire loan portfolio, we use an internal rating system and assess credit risk for each borrower or loan. We also weigh credit risk for a quantitative grasp and management. Further, for the medium-term maintenance and improvement of the soundness and profitability of the loan portfolio, we use credit risk controls to mitigate credit-concentration risk and reduce problem loans.

The Risk Management Department 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) Qualified external rating agencies, etc. used for risk-weighting purpose

SMBC Trust references ratings assigned by S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings Limited ("Fitch"), Rating and Investment Information, Inc. ("R&I"), Japan Credit Rating Agency, Ltd. ("JCR"), and the Organization for Economic Co-operation and Development. SMBC Trust references the rating assigned by Fitch for those foreign obligors who are not assigned ratings by S&P and Moody's.

- (2) Qualified external rating agencies, etc. used for risk-weighting 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 Mitigation

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 "external ratings-based approach" to calculate the amount of credit risk-weighted assets relating to securitization exposures to which external ratings are assigned. For unrated exposures, SMBC Trust applies the maximum risk weight as stipulated in Article 267 of the FSA Notification, or applies 1250% risk weight.

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. Qualified External Rating Agencies Used for Risk-Weighting by Securitization Exposure Type

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

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 "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.

SMBC Trust also categorizes the risks constituting its operational risk, and the departments managing respective risks develop rules and management setups to monitor the risks they are in charge of, and periodically assess potential risks inherent in their own departments, continuously improve their controls, and regularly report their control statuses to the Risk Management Committee and the Executive 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 0.8 years with the longest maturity of 5 years.

SMBC Trust does not consider customer behavioral optionality such as repayment of housing loans and withdrawals of time deposits before maturity.

3. Interest Rate Risk

For the management of the IRRBB, SMBC Trust computes the impact of interest rate shocks on its economic value of equity (Δ EVE) and net interest income (Δ NII). 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 equity 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 1.765%, which is well under the threshold of 20% for additional capital holding.

Our net interest income falls when interest rates fall and vice versa.

The measurements are on a non-consolidated basis, and both Δ EVE and Δ NII are 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.

Quantitative Disclosure

Capital Adequacy

1. Required Capital for Credit Risk and Exposures Relating to Investment Funds

(Millions of Yen)

	As of March 31, 2020		As of March 31, 2021	
	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)	1,380	55	3,680	147
Japan Government-affiliated organizations	4,240	169	5,358	214
Land Development Public Corporations, Local Housing Public Corporations, Local Road Public Corporations	-	-	-	-
Financial institutions and Regulated securities companies	75,406	3,016	89,738	3,589
Corporates	407,854	16,314	377,195	15,087
SMEs and individuals	-	-	-	-
Residential mortgage loans	46,657	1,866	57,263	2,290
Projects including acquisition of real estate properties	58,571	2,342	54,926	2,197
Past due exposures for three months or more	182	7	4,851	194
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	141,771	5,670	148,318	5,932
Resecuritization	-	-	-	-
Exposures which credit RWA under Article 76-5 of the Notification is applied (Simple approach (subject to 250% risk weight))	-	-	0	0
Others	73,938	2,957	71,444	2,857
On balance sheet assets total	810,003	32,400	812,778	32,511
Off balance sheet assets				
Derivative transactions	4,619	184	4,569	182
Others	14,244	569	11,057	442
Off balance sheet assets total	18,864	754	15,626	625
CVA risk	6,929	277	6,853	274
Total	835,797	33,431	835,258	33,410

Note: The figures for "securitization" as of March 31, 2021 include 2,038 million yen for the credit risk-weighted assets and 81 million yen for the capital requirement for the exposures past due for three months or more.

2. Required Capital for Operational Risk

(Millions of Yen)

	As of March 31, 2020		As of March 31, 2021	
	Operational Risk equivalent divided by 8%	Required Capital	Operational Risk equivalent divided by 8%	Required Capital
Basic Indicator Approach	90,077	3,603	87,665	3,506

3. Non-consolidated Total Required Capital

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Risk Weighted Assets		
Credit risk weighted assets	835,797	835,258
Total amount of Market risk equivalent divided by 8%	–	–
Total amount of Operational risk equivalent divided by 8%	90,077	87,665
Total (A)	925,874	922,923
Non-consolidated Total Required Capital (Total (A) × 4%)	37,034	36,916

Credit Risk

1. Exposure Balance

(by Geographic Region, Industry and Counterparty)

(Millions of yen)

	As of March 31, 2020				
	Loans etc.	Bonds	Derivatives	Others	Total
Domestic					
Manufacturing	–	–	–	–	–
Agriculture, Forestry, Fishery and Mining	–	–	–	–	–
Construction	–	–	–	–	–
Transportation, Information, and Public utilities	34,736	–	–	7	34,743
Wholesale and Retail	339	–	–	0	339
Finance and Insurance	1,402,929	21,410	15,504	453,373	1,893,216
Real estate, Goods rental and leasing	5,000	10,000	–	6	15,006
Services	56,934	–	–	30	56,964
National and local governments	467,365	266,115	–	8	733,489
Other industries	–	6,224	357	34,516	41,098
Individuals	244,780	–	1,447	1,511	247,739
Subtotal	2,212,084	303,750	17,309	489,453	3,022,597
Overseas	633,055	–	–	13,704	646,759
Total	2,845,139	303,750	17,309	503,158	3,669,357

(Millions of yen)

	As of March 31, 2021				
	Loans etc.	Bonds	Derivatives	Others	Total
Domestic					
Manufacturing	–	–	–	–	–
Agriculture, Forestry, Fishery and Mining	–	–	–	–	–
Construction	–	–	–	–	–
Transportation, Information, and Public utilities	48,952	–	–	8	48,960
Wholesale and Retail	248	–	–	0	249
Finance and Insurance	1,424,450	18,420	15,264	205,367	1,663,503
Real estate, Goods rental and leasing	5,000	10,000	–	6	15,006
Services	57,317	–	–	28	57,346
National and local governments	710,386	11,727	–	0	722,115
Other industries	–	4,539	262	29,573	34,375
Individuals	284,688	–	1,463	1,547	287,699
Subtotal	2,531,044	44,687	16,991	236,532	2,829,255
Overseas	647,715	–	–	10,627	658,342
Total	3,178,760	44,687	16,991	247,159	3,487,598

(by Residual Term)

(Millions of yen)

	As of March 31, 2020				
	Loans etc.	Bonds	Derivatives	Others	Total
Up to 1 year	1,429,578	264,679	3,725	451,946	2,149,930
Over 1 to 3 years	341,647	8,948	4,132	9,731	364,459
Over 3 to 5 years	473,736	9,034	7,672	8,007	498,451
Over 5 to 10 years	227,557	14,000	1,331	2,206	245,096
Over 10 years	233,055	7,087	446	446	241,036
No fixed maturity	139,563	-	-	30,819	170,382
Total	2,845,139	303,750	17,309	503,158	3,669,357

(Millions of yen)

	As of March 31, 2021				
	Loans etc.	Bonds	Derivatives	Others	Total
Up to 1 year	1,607,888	10,211	4,241	206,696	1,829,038
Over 1 to 3 years	316,431	9,602	6,191	9,942	342,167
Over 3 to 5 years	585,138	2,285	2,758	3,476	593,659
Over 5 to 10 years	271,133	11,098	1,057	1,715	285,004
Over 10 years	250,146	11,490	2,741	2,741	267,119
No fixed maturity	148,021	-	-	22,586	170,608
Total	3,178,760	44,687	16,991	247,159	3,487,598

Note: Includes securitization exposures and exposures relating to investment funds.

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

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Domestic		
Corporate	-	115
Individual	331	221
Subtotal	331	336
Overseas	-	4,427
Total	331	4,764

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

(Millions of Yen)

	As of March 31, 2020		As of March 31, 2021	
	Balance	Change	Balance	Change
General reserve for possible loan losses	1,191	(149)	3,745	2,553
Specific reserve for possible loan losses	505	(48)	915	410
Domestic	505	(48)	447	(57)
Corporate	122	(60)	68	(53)
Individual	376	5	379	2
Others	6	6	-	(6)
Overseas	-	-	467	467
Loan loss reserve for specific overseas countries	-	-	-	-

Note: The figures for specific reserve for possible loan losses include the amount of partial direct write-offs (direct deduction) we took.

4. Amount of write-off of loans

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Corporate	-	-
Individual	-	-
Others	6	-
Total	6	-

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, 2020		As of March 31, 2021	
	With external rating	Without external rating	With external rating	Without external rating
0%	1,932,226	303,072	1,849,362	39,878
10%	–	38,250	–	72,453
20%	670,679	35,943	803,623	36,492
30%	–	5,984	–	5,978
35%	–	133,305	–	163,611
40%	8,018	–	–	–
50%	15,006	65	18,206	11
70%	6,510	–	5,754	–
100%	–	132,091	–	150,159
120%	114,357	208,252	70,826	183,497
150%	–	15	–	–
170%	5,229	224	14,023	2,869
250%	–	13,178	–	12,661
1250%	–	1,209	–	1,375
Others	5,724	36,571	16,430	37,299
Total	2,757,753	908,166	2,778,226	706,288

(Notes) 1. "Others" include balances of securitization exposures using the weighted average risk weights of individual underlying assets.
2. The weighted average risk weight of assets included in "Others" is 97.88% as of March, 31 2021(113.47% as of March, 31 2020).

Credit Risk Mitigation Techniques

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Eligible financial collateral		
Cash and deposits	67,772	66,015
Bonds	–	–
Stocks	–	–
Others	–	–
Subtotal	67,772	66,015
Offset loans with deposits	3,437	3,082
Guarantees and Credit Derivatives		
Guarantees	260,594	317,317
Credit Derivatives	–	–
Subtotal	260,594	317,317
Total	331,804	386,415

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, 2020	As of March 31, 2021
Gross replacement cost	10,638	10,906
Gross add-on amount	6,671	6,084
Credit equivalent amount (before taking into account the credit risk mitigation effect of collateral)	17,309	16,991
Foreign exchange related transactions	6,771	6,428
Interest rate related transactions	10,537	10,562
Collateral amount	-	-
Credit equivalent amount (after taking into account the credit risk mitigation effect of collateral)	17,309	16,991

(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, 2020			As of March 31, 2021		
	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	49,413	49,413	-	57,483	57,483	-
Claims for corporates	42,521	42,521	-	44,667	44,667	-
Others	25,225	25,225	-	22,584	22,584	-
Total	117,159	117,159	-	124,735	124,735	-

Note: No re-securitization exposures as of March 31, 2020 and 2021.

(2) Securitization Exposures by Risk Weight and Required Capital

(Millions of Yen)

Risk Weight	As of March 31, 2020				As of March 31, 2021			
	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%	13,743	13,743	-	214	16,430	16,430	-	247
Over 50% to 100%	17,145	17,145	-	685	25,491	25,491	-	1,019
Over 100% to 250%	85,060	85,060	-	4,166	81,436	81,436	-	3,977
Over 250% to 350%	-	-	-	-	-	-	-	-
Over 350% to 1250%	1,209	1,209	-	604	1,375	1,375	-	687
Total	117,159	117,159	-	5,670	124,735	124,735	-	5,932

Note: No re-securitization exposures as of March 31, 2020 and 2021.

(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, 2020			As of March 31, 2021		
	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	1,209	1,209	-	1,375	1,375	-
Claims for corporates	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	1,209	1,209	-	1,375	1,375	-

Note: No re-securitization exposures as of March 31, 2020 and 2021.

(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.

Exposures Relating to Investment Funds

(Millions of Yen)

Approach	As of March 31, 2020	As of March 31, 2021
Look-through approach	-	-
Mandate-based approach	-	-
Simple approach(subject to 250% risk weight)	-	0
Simple approach(subject to 400% risk weight)	-	-
Fall-back approach	-	-

Interest Rate Risk

(Millions of Yen)

IRRBB1: Interest rate risk					
Item No.		a	b	c	d
		ΔEVE		ΔNII	
		As of March 31, 2021	As of March 31, 2020	As of March 31, 2021	As of March 31, 2020
1	Parallel up	2,155	1,648	(6,393)	(5,434)
2	Parallel down	-	-	6,393	5,434
3	Steeper	-	-		
4	Flatter				
5	Short rate up				
6	Short rate down				
7	Maximum	2,155	1,648	6,393	5,434
		e		f	
		As of March 31, 2021		As of March 31, 2020	
8	Capital amount	122,095		126,147	

Confirmation

June 30, 2021

SMBC Trust Bank Ltd.
Kozo Ogino President & CEO

As the representative of SMBC Trust Bank Ltd., I have confirmed the appropriateness of the financial statements for the 36th fiscal year from April 1, 2020 to March 31, 2021 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).

The logo for SMBC TRUST BANK features a stylized green icon of three slanted rectangular blocks to the left of the text "SMBC TRUST BANK" in a dark green, serif font.

SMBC TRUST BANK