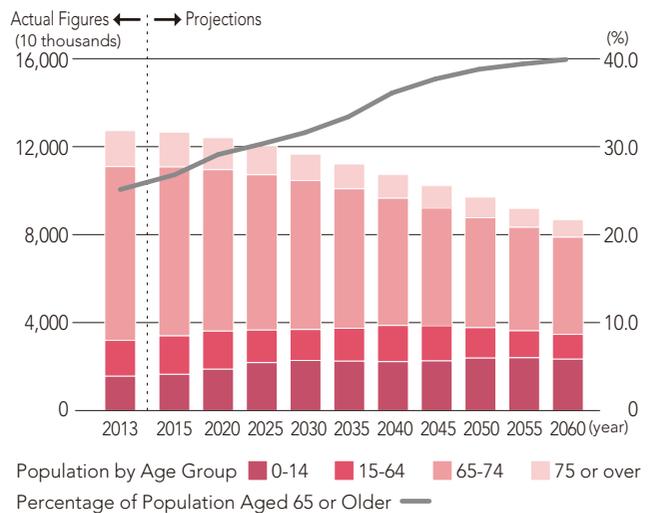




Addressing the Issues of a Super-Aging Society by Using Our Financial Functions

Japan is one of the first nations in the world to face the challenges of a super-aging society. Senior generations in Japan are being asked to embrace new ways of living that enable them to enjoy a long, vibrant life while continuing to live in the regions they call home and stay connected with society after retirement. The role of finance in managing personal wealth is extremely important for building an economic system that supports new lifestyles. It is no exaggeration to say many feel trust banks, in particular, are a category of financial institution that most effectively performs a diverse range of functions. SuMi TRUST Group sees addressing the problems of an aging society as a source of business opportunities and is working actively to offer solutions for them.

Trend in Aging Population and its Projection



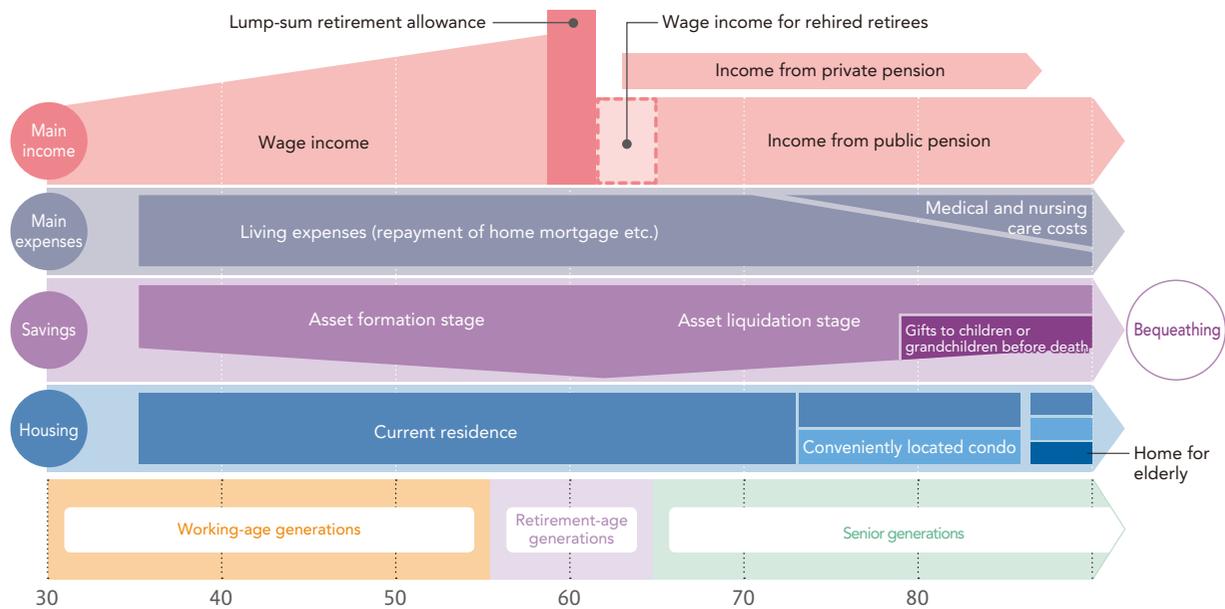
Sources: Figures for 2013 are from the "Population Census" (as of October 1, 2013), Ministry of Internal Affairs and Communications; estimates for 2015 and beyond are based on the medium-fertility (medium-mortality) projection from the "Population Projections for Japan (January 2012)," National Institute of Population and Social Security Research.

Trust Banks Offer a Rich Variety of Problem-Solving Functions

1. Ensuring Stability in Net Income for Senior Generations

What senior generations seek from wealth management are solutions that enable them to put aside savings for unexpected expenses such as illness or earn income that supplements their public pension stipends, draws down their savings in keeping with a plan to ensure their income

and costs remain in balance and their quality of life can be maintained. SuMi TRUST Bank plays a part in helping clients put together a well-conceived life plan, drawing on the many products and services we have assembled to enable seniors to attain their goals in such circumstances.

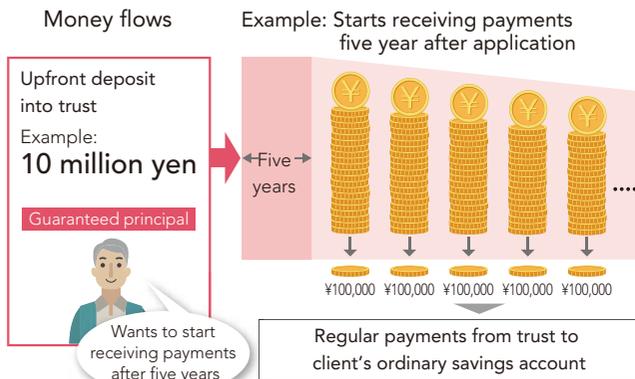


Personal Pension Trust

SuMi TRUST Bank's Personal Pension Trust is a product with a monthly or bimonthly payment stream like a pension plan that draws on deposited funds. A client who wanted to start receiving living expenses later in life, for example, could determine the date when payments commenced and receive necessary sums in regular payments.

their residence as collateral. The funds can be received in an annual specified amount like a pension, or at any time in an amount within a certain predetermined limit, with their residence serving as the collateral.

This product enables them to use the money for any purpose other than as a business loan, so that they can not only use it to enjoy their free time, but also to fund renovations to their residence or as a lump sum payment when moving into a nursing home.



Offering Various Insurance Products

In addition to individual annuity insurance and whole life insurance, SuMi TRUST Bank also carries medical and cancer insurance. We also have a range of products that insure against various uncertainties such as the cost of advanced medical care, inpatient care due to injury or one of the three major diseases (cancer, acute myocardial infarction, stroke), and support in old age such as a nursing care guarantee.

Clients between ages of 40 and 65 who have applied for our discretionary investment management products (wrap accounts) can also apply free of charge for our Life Reassurance Package, a service that features cancer insurance, nursing care insurance, and personal injury coverage. Likewise, wrap account applicants between the ages of 66 and 80 are also eligible to apply for the personal injury coverage under our Life Reassurance Package.

Reverse Mortgages

A reverse mortgage is a loan that supports an enriching second life. SuMi TRUST Bank began offering reverse mortgages in March 2005, which lend funds to allow clients to live comfortably in their retirement years by using

2. Helping Senior Generations Safely Manage Their Wealth

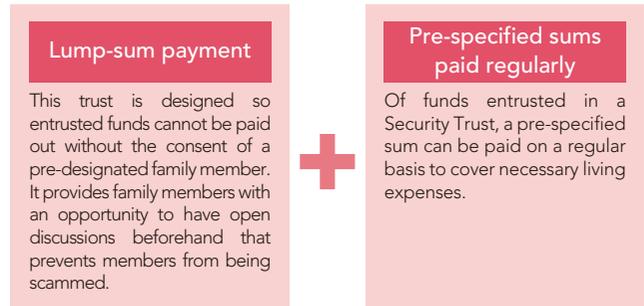
Anshin Support Trust (Money Trust)

SuMi TRUST Bank offers Anshin Support Trust, a product that leverages the unique functions of a trust bank to provide medium- to long-term, made-to-order support for the preservation and management of clients' precious assets for their sake as well as their families'. Two types of Anshin Support Trust are available: a "money trust" and a "life insurance trust."

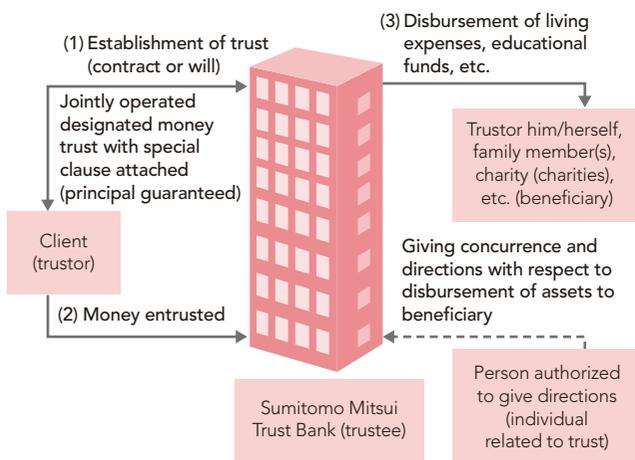
As for the money trusts, the trustor him/herself (self benefit trust) or another person (third-party benefit trust) can be named as the trust beneficiary. In this way, trust assets are disbursed according to the client's wishes, to him/herself, family members, charities, or any other bodies. For example, there are clients who have set up self-benefit trusts at SuMi TRUST Bank who have looked at moving into a nursing home for the elderly but have nobody they can trust to manage and conserve their wealth and are worried about what would happen if they were to develop dementia later in life. In such cases, SuMi TRUST Bank is obliged to pay without fail monthly residence fees on their behalf.

Through a structure that requires the consent of a family member, the product offers preventative security against financial crime and protects the precious assets and family members of our clients.

Sufficient funds to cover daily living expenses can be paid while the client and their family members look after the client's assets



Mechanism of Money Trust



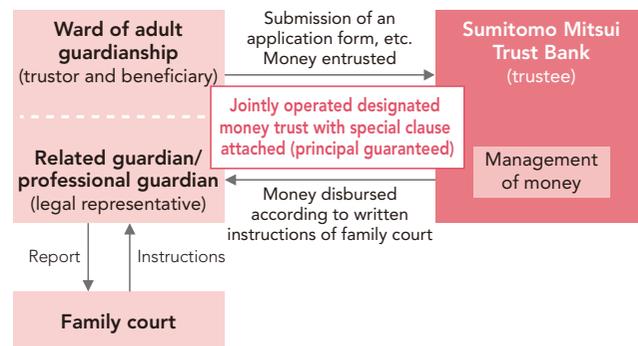
In cases when there is no relative suited to be the co-signer or act as the person authorized to give directions, clients can sign a discretionary guardian contract with a lawyer or judicial scrivener to serve as their co-signer or the person authorized to give directions for their self-benefit trust.

Security Trust

In view of the growing sophistication of financial crime, SuMi TRUST Bank commenced offering a Security Trust, a new product for protecting client assets, in September 2015. This product is structured so pre-designated a co-signer (a relative as far removed as the third degree of kinship, etc.) must consent to a request by the contracting party for a payment from deposited funds before the payout can be executed. For everyday living expenses, the contracting party can withdraw up to 200,000 yen per month periodically even without the consent of the co-signer.

Guardianship System Support Trust

The Guardianship System Support Trust is a trust designed to protect the assets of the ward and contribute to the stability of his or her living into the future. The money placed in trust is paid out as a specified sum paid regularly to the ward, under a special provision established in accordance with a written instruction of the family court.



Consultations and Inquiries related to Adult Guardianship System

Under agreements concluded with the Legal-Support Adult Guardian Center (Legal Support) and some regional lawyers' associations, SuMi TRUST Bank refers customers' consultations and inquiries related to the adult guardianship system to Legal Support and the associations.

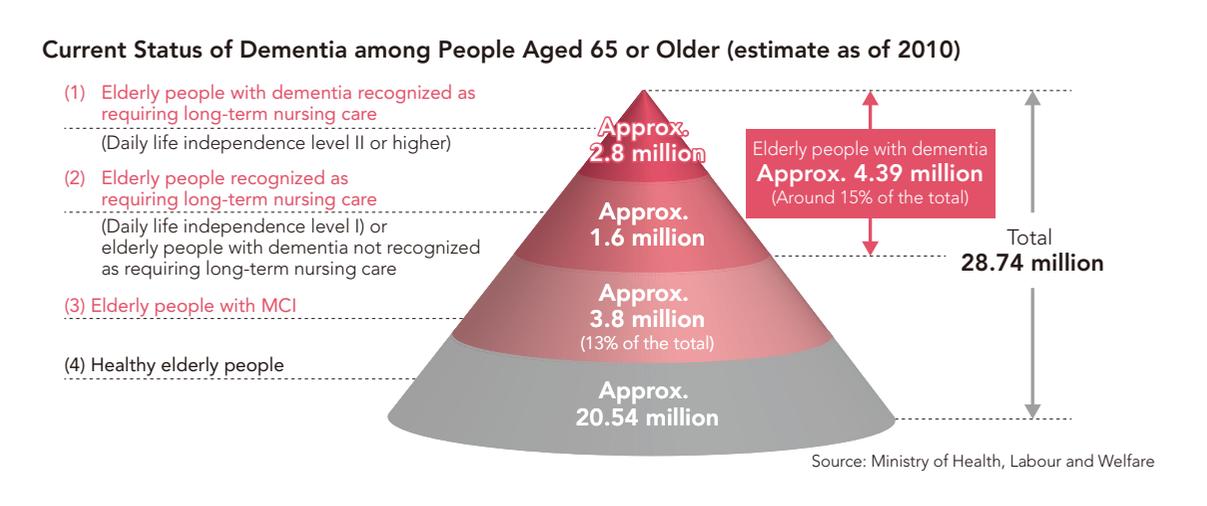
Support for Family Trusts

For clients who seek a Family Trust (private trust) for bequeathing or managing family wealth using a trust structure, SuMi TRUST Bank supports the establishment of steady operation.

Dealing with Dementia-Related Problems



Dementia is a disease which accompanies aging. Dementia, a typical example of which is Alzheimer's disease, causes disabilities, including memory and judgment problems, by undermining the brains' functions, making it difficult for the patient to lead a social life and communicate with other people. As Japan's population ages, the number of people suffering from dementia is rapidly increasing. Among people aged 65 or older, around one in seven people is presumed to be suffering from dementia, and if people afflicted with MCI (Mild Cognitive Impairment), which is regarded as a pre-dementia stage, are included, the proportion rises to one in four. This means that a certain percentage of our customers are presumed to be suffering from dementia.



Participation in Industry-Academia Partnership concerning Dementia

Led by the Kyoto Prefectural University of Medicine, the COLTEM project for "a development center of social technologies integrating law, engineering and medicine that seamlessly support community life for the elderly from the period of sound health to the onset of dementia" is subsidized by the Ministry of Education, Culture, Sports, Science and Technology. SuMi TRUST Bank belongs to the financial satellite team under this project and is a collaborator in the effort to create a manual for financial institutions for responding to people with dementia. Premised on the supposition that the client is a person with dementia, the satellite team has solicited a wide variety of viewpoints on how this premise would affect face-to-face sales with dementia sufferers and product development. In October 2016, COLTEM sponsored a symposium aimed at helping senior citizens to feel safe in pursuing self-directed economic activities, and participants shared their views on how financial institutions should tackle the problem of dementia.

Workshop on Becoming a Supporter for People with Dementia

The nurturing of "Dementia Supporters" is an initiative organized by the Ministry of Health, Labour and Welfare, with the aim of creating a "society in which people can live with a sense of security even with dementia." With the aim of training employees as Dementia Supporters, SuMi TRUST Bank is holding a course called the Workshop on Becoming a Supporter for People with Dementia at each of our branches across the country. Participating employees are certified as Dementia Supporters after taking a course lasting about an hour, which covers such matters as the symptoms of dementia, problems that can occur at financial institutions, and ways of dealing with people who have dementia. As a result, many employees have acquired deeper understanding of dementia.

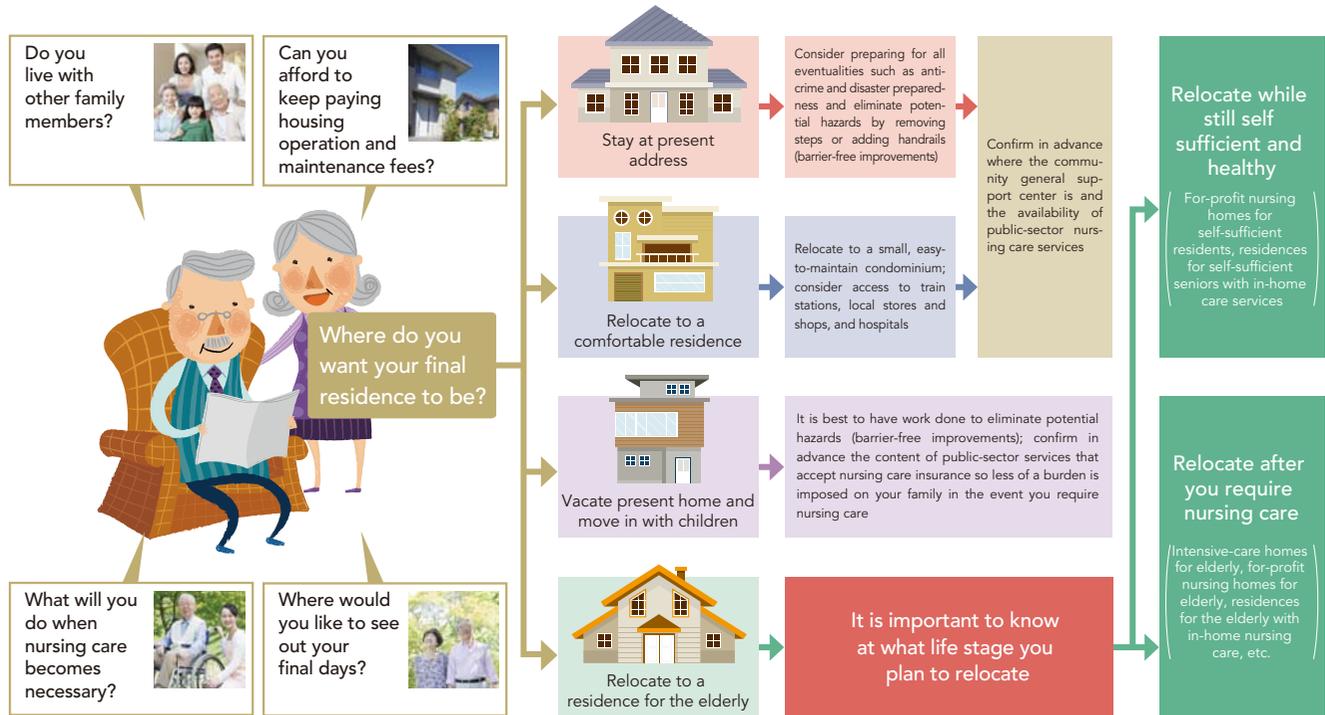
Wealth Management Products for Those with Declining Capacity for Judgment (see page 28)

SuMi TRUST Bank has a range of wealth management services for clients with dementia and can develop solutions for individual needs. For example, the Guardianship System Support Trust protects from embezzlement the assets of those under the adult guardianship system; the Security Trust protects those with declining capacity for judgment against money transfer scams; and the Anshin Support Trust is designed so pre-specified arrangements to pay sums necessary to cover usage fees for a nursing home for the elderly can be made for those worried their capacity to manage their wealth will decline later in life.

3. Ensuring Stability in Housing for Senior Generations

Housing holds the key for the elderly to maintain their quality of life and feel safe in their everyday routines. SuMi TRUST Bank provides information about housing that

matches the needs of senior generation clients and supports them in securing stable housing using the Group's array of functions.



Supervision: Pro-Vision Co. Ltd.'s Yumi Yamanaka (1st-grade Certified Skilled Worker of Financial Planning Exam, Environment Coordinator for Elderly and Disabled People)

Providing Information on Housing Options for the Elderly

In many cases men and women over age 80 require nursing care in their daily lives, and it is necessary to think about housing for senior generations from the perspective of access to medical and nursing care. There are many offshoots in the complicated field of housing eligible for the nursing care insurance system and housing designed for the elderly, and grasping the overall picture is no simple task. In view of this, SuMi TRUST Bank invites experts to come to our branches across Japan as speakers and lead seminars about the field of housing with nursing care options. In addition, we work to provide customers with easy-to-understand information through our dedicated website and quarterly journal.



Quarterly Journal "With You" and feature articles

Reform Loans

Once bodily function declines, it is not unusual for people to stumble on a small step and injure themselves or drown in the bathtub. There are cases where work must be done to eliminate hazards (barrier-free improvements) in a home where seniors have lived for many years so they can stay there. Sumitomo Mitsui Trust Panasonic Finance offers renovation loans as a way to support elderly clients so they can live comfortably in their old age.

Bridge Loans for Sales of Real Estate

As their family structure and physical condition changes, quite a few people find that they want to sell their residence to move into a nursing home or a condominium in an area where transport is more convenient. To ensure that clients do not have to rush to sell their precious real estate, Sumitomo Mitsui Trust Loan & Finance offers bridge loans for sales of real estate, providing them with support as they seek a new home that suits their post-retirement lifestyle. In addition, our realty company Sumitomo Mitsui Trust Realty offers clients help with selling their old home and buying a new one.

Initiatives to Increase Housing for the Elderly

The number of elderly living in large cities is expected to grow sharply, and the government pointed out the vast shortage of facilities with nursing care in the greater Tokyo metro area in a white paper on Tokyo. To do its part to help address this problem, SuMi TRUST Group has various initiatives in train to support an increase in housing for the elderly such as for-profit nursing care homes.

1) Propose Effective Use of Land

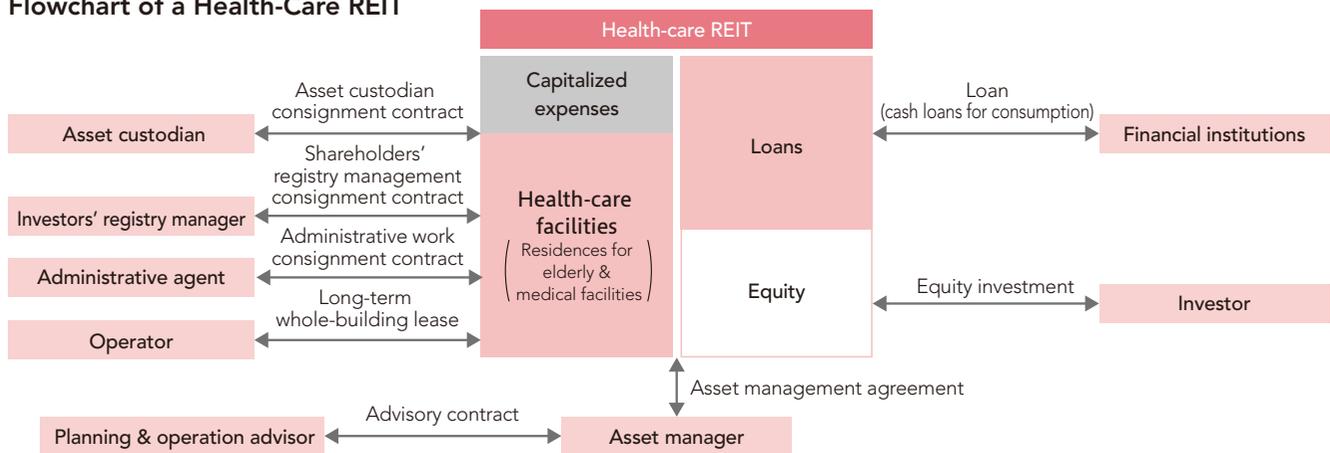
One way SuMi TRUST Bank offers proposals for effective land use is to provide loans for construction and various forms of advice on building for-profit nursing homes and

residences for the elderly with care services while working closely with nursing care providers.

2) Finance for Healthcare REITs

SuMi TRUST Bank actively provides finance to healthcare REITs, which are a source of stable, long-term funding for healthcare facilities such as residences for the elderly and medical malls. Healthcare REITs raise funding for use in healthcare facility acquisition fees and related expenses. We have made two loans to healthcare REITs with the number of facilities linked to these loans coming to 40 as of December 2016.

Flowchart of a Health-Care REIT

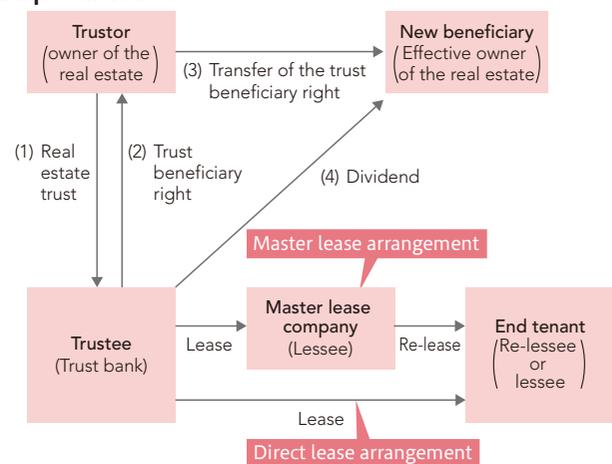


3) Securitization Business for Healthcare Facilities

SuMi TRUST Bank is actively engaging in the securitization business relating to healthcare REITs and privately placed funds. As of November 2016, total healthcare REIT assets held in trust at SuMi TRUST Bank came to 108.5 billion yen, with the number of facilities standing at 65. In the securitization business related to REITs and privately placed funds, SuMi TRUST Bank uses the scheme of a real estate administration and disposal trust. This scheme refers to transfer of real estate ownership from the trustor (real estate owner) to the trustee (trust bank) followed by administration, management and disposal of the real estate by the trustee based on directions given by the beneficiary and the distribution of profits thus generated (mainly rent revenue minus expenses) as dividends to the beneficiary.

Moreover, in addition to engaging in the real estate securitization business, SuMi TRUST Bank is also REIT-related asset custodian and general administrative work agent. Healthcare & Medical Investment Corporation (SuMi TRUST Bank entrustment), established in December 2014, provides various support services in cooperation with customers.

Outline of the Real Estate Administration and Disposal Trusts



- (1) The trustor (owner of the real estate) entrusts the real estate to the trustee (trust bank) (The ownership of the real estate is transferred from the trustor to the trustee).
- (2) The trustor acquires the trust beneficiary right in exchange, becoming the initial beneficiary.
- (3) The trustor transfers the trust beneficiary right to the buyer (new beneficiary).
- (4) The trustee distributes profits generated from management of the real estate as dividends to the new beneficiary.

4. Helping with Lifestyles of Family and Relatives

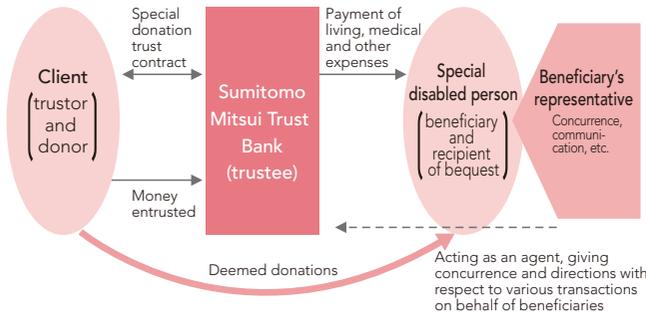
Special Donation Trust

The special donation trust is a product for the purpose of contributing to stable living into the future for specified persons with disabilities. With this trust, funds donated are managed securely by SuMi TRUST Bank through jointly operated designated money trusts and other instruments, and disbursed to the specified person with disabilities by

the bank on behalf of the client.

“Specified persons with disabilities” who become beneficiaries are divided into “special persons with disabilities” and “other specified persons with disabilities” according to the degree of disability. Special persons with disabilities may receive up to 60 million yen tax-free in periodic installments to cover living costs or medical expenses, while other specified persons with disabilities may receive up to 30 million yen without paying tax.

Structure of Special Donation Trusts



Anshin Support Trust (Life Insurance Trust)

Anshin Support Trust (Life Insurance Trust), co-developed by SuMi TRUST Bank and Prudential Life Insurance Co., Ltd., makes it possible to flexibly design the trust service in advance with regard to the provision method and usage of life insurance benefits. For example, the trust service can be designed such that if a customer dies, benefits are paid out as necessary while being protected to cover education expenses for their children (see Page 28).

Family Consideration Trust (Lump Sum)

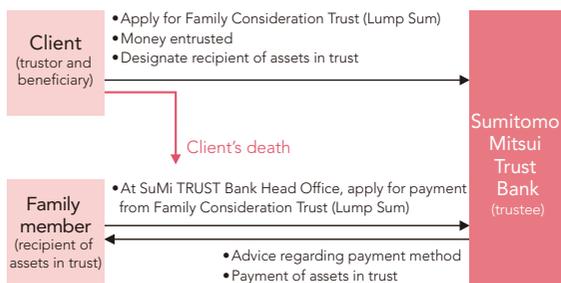
In the event of a bereavement, family members have to deal with various procedures, including arrangements for the funeral and inheritance-related procedures. The Family Consideration Trust (Lump Sum) is a product that, in the event of a client's death, pays out the deposited assets in trust to a recipient designated in advance by the client from among their legal heirs so as to cover interim expenses and funeral costs.

Family Consideration Trust (Annuity)

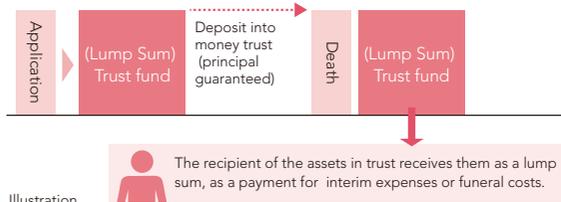
This product ensures a regular payment from the deposited assets in trust, offering bereaved family members a sense of security in their daily lives after the client's death.

We manage the deposited assets in trust and support their family by making a regular monthly payment to cover living costs to a recipient designated in advance by the client from among their legal heirs.

Family Consideration Trust (Lump Sum)

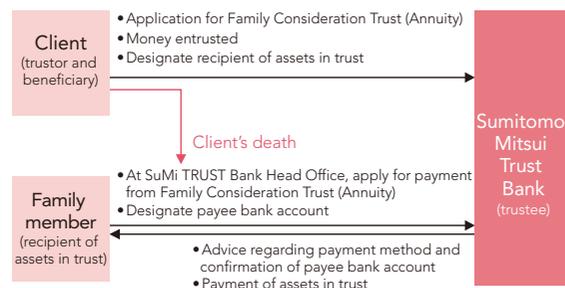


The recipient of the assets in trust receives them as a lump sum.

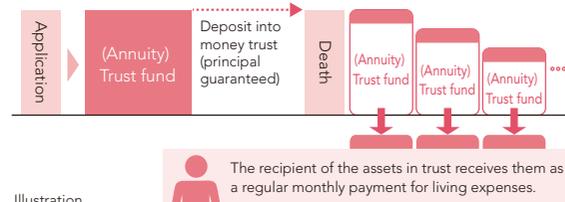


Illustration

Family Consideration Trust (Annuity)



The recipient of the assets in trust receives them as a regular payment.



Illustration

5. Ensuring Heirs Inherit Family Wealth

Helping Still-Living Clients to Give to the Next Generation

Annual Donation Support Trust

Annual Donation Support Trust is a service that supports the implementation of procedures for lifetime donation to relatives, such as compilation of a donation contract. Each year, SuMi TRUST Bank provides customers with information on documents necessary for the donation, helping them to not miss the opportunity for donation. This service makes it easy to execute lifetime donations. Once each year, SuMi TRUST Bank sends a donation report to both the donor and recipient.

Tuition Fund Endowment Trust

An exemption from the gift tax has been created for lump-sum donations to cover tuition funds, allowing grandparents to make a tax-free lump-sum donation to grandchildren, etc. aged under 30, to help with tuition fees and other educational costs.

Funds deposited with SuMi TRUST Bank as tuition funds for a grandchild, etc. via this product are paid out as tuition funds by SuMi TRUST Bank when a request for payment is received from the grandchild, etc. If payment is made to a school or other educational institution, an exemption from gift tax will be provided, up to a maximum of ¥15 million per grandchild, etc.

Wedding and Child-Rearing Support Trust

The wedding and child-rearing trust is based on a tax exemption from the gift tax for lump-sum donations to cover funds for a wedding or raising a child. Through this tax system preference created in the 2015 amendment to the tax system, up to 10 million yen can be given as a tax-free lump-sum donation for wedding or child-rearing purposes to a child or grandchild who is at least age 20 up until he or she turns age 50. As disbursements are made from a “money trust” that requires receipts confirming payments for wedding or child-rearing purposes, this product can clearly be the answer for donors who want their gifts to be used for marriage or child-rearing purposes.

Social Contribution Donation Trust

SuMi TRUST Bank offers products and services meant to support building a prosperous future for the next generation by enabling donation activities that serve the public interest. One such product is the social contribution donation trust, where clients select recipients every year from a list of organizations that SuMi TRUST Bank provides, and we process the donations (see Page 37).

Helping with Smooth Planning for Inheritances

Estate Planning

Estate planning is a service that provides support (consulting) aimed at summing up the client’s wishes regarding the succession of their assets and drawing up a specific plan for this. Using the know-how that we have built up over decades in the field of asset management, inheritance, and will-related services, SuMi TRUST Bank offers the following consultation services.

Will Trusts

SuMi TRUST Bank offers a will trust service to support the succession to the next generation of various assets, including deposits, securities, and real estate, in accordance with the client’s wishes. There are two following courses for Will Trusts:

Execution Course: SuMi TRUST Bank holds wills under its custody and undertakes their execution when the inheritance process starts.

Custody Course: SuMi TRUST Bank holds wills under its custody and hands them over to the heirs when the inheritance process starts.

Meanwhile, to customers who wish to contribute their legacy to social and public goods, SuMi TRUST Bank provides information on the “donation through bequeathal” system. This system supports people who wish to bequeath their legacy (donation by way of a will) to such organizations as public foundations, incorporated organizations, incorporated educational institutions and recognized non-profit organizations through SuMi TRUST Bank’s will trust business function.

One-Stop Inheritance Service

SuMi TRUST Bank offers a One-Stop Inheritance Service to ensure that complex inheritance procedures proceed smoothly. More specifically, upon application by an heir, we will provide support and carry out the following procedures on their behalf, according to their request.

- Confirmation of the legal heirs
- Investigation and identification of inherited property
- Advice in discussions concerning the division of the estate
- Change of name on savings and securities and/or their conversion into cash (we will carry out the procedures prescribed by each financial institution on the heir’s behalf)
- Change of name on real estate
- Advice concerning allowances to pay tax obligations, such as income tax and inheritance tax

6. Initiatives to Improve Gerontology Literacy

Wellbeing Knowledge Examination

Japan is becoming a super-aging society without parallel elsewhere in the world. No country needs gerontology, an interdisciplinary field on topics relating to aging, as much as Japan. At SuMi TRUST Bank, our branch general managers, which often interact with customers at our branch offices, are setting an example and studying gerontology, and all of them have or will take the Wellbeing Knowledge Exam, which is run by the Society for Applied Gerontology-Japan. Students of gerontology study a wide assortment of subjects relating to seniors, how seniors live, health, successful aging, nursing-care insurance, and pension systems. Our aim at SuMi TRUST Bank is to encourage even more of our employees to study gerontology so we can become a bank that is genuinely necessary for a super-aging society.

Partnership with ILC-Japan

SuMi TRUST Holdings is a corporate sponsor of ILC-Japan, the Japanese branch of the International Longevity Center, an international alliance of organizations focused on gerontology. We work closely with ILC-Japan to jointly plan seminars for our Silver College program and publish information booklets. We participated in the Seminars on the Lifestyles of Long-Lived Societies, which is sponsored by ILC-Japan. We are working to gather various sorts of information about the problems of aging societies and broaden our network.

Silver College Seminars

Many seniors hope to live out their golden years safely with peace of mind. SuMi TRUST Bank offers Silver College seminars especially for this generation of seniors at our branches across Japan. There are four systems or functions seen as necessary for an aging society: public support (safety net), assistance (medical and nursing care), mutual aid (giving and receiving aid), and self-help where people protect themselves. One form of self-help is preparation but there are not many places where people can learn systematically what specifically they should do to be prepared for an aging society. A place where our clients can learn how to be prepared from some of the best instructors, our Silver College program has been well received.



7. Participants in Comprehensive Regional Care

Comprehensive regional care is a necessary support system to enable the elderly to continue to live in ways that suit them in a place they are most comfortable until they reach their final days. We think SuMi TRUST Bank can play an important role as a financial institution that shoulders a responsibility for managing elderly client assets, and our branches nationwide are actively participating in efforts to build comprehensive regional care systems.

The Omori Branch is a participant in Ota Ward's pioneering network to look out for elderly citizens, a scheme

the comprehensive regional care support center is promoting. The branch participates in the urban-based comprehensive regional care system that collaborates with diverse stakeholders.

The Fukui Branch participates in an investigative committee that looks into transparent examples of difficult-to-support dementia cases that is regularly convened by people in the medical and nursing care fields in Fukui city. The branch works to offer input to the committee from the viewpoint of a financial institution.

A New Way for Medical Practitioners to Contribute to Regional Care

Japan is increasingly a super-aging society, where more seniors seek medical care in regions where they have lived for years or in their homes, so the provision of so-called comprehensive regional care is increasingly in demand. It is increasingly necessary for medical care providers such as me to go beyond treating illness and play a part in enabling patients to die in a dignified manner. For illnesses with little prospect for a full recovery, to support patients and be there in their final moments, there is a need to promote Advanced Care Planning (ACP) that prompts patients and families to consider decisions ahead of time before patients approach the point where they can no longer make decisions for themselves. Rather than putting medical practitioners at the center, ACP aims to weigh equally nursing care and welfare considerations and prioritize the desires of patients. Making such plans invariably raises questions about what to do with the residence and household effects of patients, estate planning and succession issues, tombstone selection and the like and so goes well beyond the scope of what the medical profession can respond to alone. It is thus vital for a multi-disciplinary team that includes a banker, lawyer, and priest or others who can help with religious matters to also guide patients and their families. I've found in many cases alleviating a worry that is disturbing a patient leads to a remarkable improvement in the patient's health. I think there is a new role for doctors with a private practice to play in this region. While assembling a multi-disciplinary team that functions well is normally not easy, it is not uncommon for such initiatives to go smoothly if practitioners take the lead in directing the team, and SuMi TRUST Bank's Fukui Branch performs the role one expects of a trust bank. In this way I hope I can contribute to establishing a new role for medical practitioners in this region.



Fukui Medical Association
Vice Chairman

Masayuki Yamamoto