



SUMITOMO MITSUI BANKING CORPORATION

(incorporated with limited liability in Japan)

acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001

€20,000,000,000

SMBC Covered Bond Programme

Under this SMBC covered bond programme (the “**Programme**”), Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001 (acting in its capacity as such trustee, the “**Issuer**”) may from time to time issue bonds (the “**Bonds**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). This Base Prospectus supersedes the Base Prospectus dated 28 August 2020 prepared in connection with the Programme.

Bonds may be issued on a continuing basis to the Dealers specified under “*Overview*” and any additional Dealers appointed under the Programme from time to time by the Issuer (each a “**Dealer**”, and together, the “**Dealers**”), which appointment may be for a specific issue or on an on-going basis. References in this Base Prospectus to the relevant “**Dealer**” shall, in the case of an issue of Bonds which are to be subscribed for by one or more Dealers, be to all Dealers agreeing to subscribe for such Bonds.

Although the Bonds to be issued under the Programme share many of the characteristics of typical ‘covered bonds’ and have contractual recourse as a form of ‘contractual covered bond’ (with recourse to trust property as a segregated ‘cover pool’ as well as to the property of Sumitomo Mitsui Banking Corporation acting in its proprietary capacity as further described in this Base Prospectus), prospective investors should understand that the Bonds do not constitute ‘legislative covered bonds’ for the purposes of any law or regulation in any jurisdiction and therefore should not be regarded as such for any such purposes by any person.

Sumitomo Mitsui Banking Corporation is acting in a number of capacities in connection with the issue of the Bonds and the related documentation. See “*The Issuer, the TRS Counterparty and the Trust*” for a description of these capacities and their relevance to the Bonds.

Certain terms used in this Base Prospectus are defined in “*Definitions*” at the end of this Base Prospectus.

Application has been made to list the Bonds on the Official List of the Luxembourg Stock Exchange and for such Bonds to be admitted to trading on the Euro MTF Market (the “**Market**”). This Base Prospectus may be used only for the purposes for which it has been published. References in this Base Prospectus to Bonds being “**listed**” (and all related references) shall mean that such Bonds have been admitted to trading on the Market. This Base Prospectus constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectus securities dated 16 July 2019. In relation to Bonds listed on the Luxembourg Stock Exchange, this Base Prospectus is valid for a period of one year from the date hereof. However, unlisted Bonds may be issued pursuant to the Programme. The relevant final terms (each, a “**Final Terms**”) for a Series (as defined herein) of Bonds will specify whether such Bonds will be listed on the Luxembourg Stock Exchange (or any other stock exchange).

The price and amount of Bonds to be issued in respect of a particular Series of Bonds under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. Notice of the aggregate nominal amount of Bonds, interest (if any) payable in respect of Bonds and the issue price of Bonds will be set out in a separate document containing the Final Terms.

The Bonds are subject to a number of early redemption events, including but not limited to, (i) the occurrence of a tax event, which includes the imposition of withholding or other taxes on payments in respect of the Bonds; (ii) illegality of the performance of the obligations by the Issuer; (iii) the occurrence of a regulatory event under the Bonds, including the promulgation, entry into force or expiration of transitional measures of any rule, regulation or guideline under applicable banking and trust regulations in Japan, or any change in the interpretation thereof

or any communication from or with, or determination made by, any relevant regulatory authority, that could result in a breach of a rule, regulation or guideline for the performance of an obligation, or significant unanticipated costs or compliance burden on the Issuer or the TRS Counterparty (as defined herein), among other things; and (iv) the occurrence of an Early Termination Date under the TRS Agreement (as defined below) (including as a result of a TRS Default Event).

It is expected that the Bonds issued under the Programme will be rated Aaa by Moody's Japan K.K. ("**Moody's**") unless otherwise specified in the applicable Final Terms. Moody's is not established in the European Union or in the United Kingdom and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended) on credit ratings (the "**CRA Regulation**") or Regulation (EC) No. 1060/2009 (as amended) on credit ratings as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). However, Moody's Investor Services Ltd., which is an affiliate of Moody's, is established in the United Kingdom and registered under the UK CRA Regulation indicating an intention to endorse the ratings of certain of its non-UK affiliates. Moody's is registered with the Financial Services Agency of Japan. The addition of ratings to the Bonds by credit rating agencies other than Moody's shall not require the consent of Bondholders. Whether or not any such additional credit rating agency is established in the European Union or in the United Kingdom and registered under the CRA Regulation and/or the UK CRA Regulation will be disclosed in the relevant Final Terms.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. In general, regulated investors may be restricted from using a rating for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union or in the United Kingdom, as the case may be, and registered under the CRA Regulation and/or the UK CRA Regulation (and such registration has not been withdrawn or suspended).

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and Bonds issued in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Bonds.

In making an investment decision, investors must rely on their own examination of the Issuer and the TRS Counterparty and should ensure that they understand the nature of the Bonds and the extent of their exposure to risks, and that they consider the suitability of the Bonds as an investment in the light of their own circumstances and financial condition.

It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Bonds and are not relying on the advice of the Issuer, the TRS Counterparty, the Bond Trustee (as defined herein), the Agents (as defined herein), the Security Trustee (as defined herein), the Arrangers (as defined herein) or the Dealers in that regard.

Lead Arrangers

Goldman Sachs International

SMBC NIKKO

Arrangers

Barclays

BNP PARIBAS

Dealers

Barclays

BNP PARIBAS

Crédit Agricole CIB

Goldman Sachs International

HSBC

NATIXIS

SMBC NIKKO

UBS Investment Bank

The date of this Base Prospectus is 31 August 2021

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms of each Series of Bonds issued under the Programme. The Issuer having made all reasonable enquiries confirms that this Base Prospectus contains all information with respect to itself and its subsidiaries and affiliates and the Bonds that is material in the context of the issue and offering of the Bonds, the statements contained in this Base Prospectus are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Base Prospectus misleading in any material respect and all reasonable enquiries have been made by it to ascertain such facts and to verify the accuracy of all such information and statements. Information relating to third parties other than the Issuer and its subsidiaries and affiliates have been accurately reproduced from publicly available sources. So far as the Issuer is aware and is able to ascertain from such information no facts have been omitted that would render the reproduced information misleading.

This Base Prospectus should be read together with the information which is incorporated herein by reference in this Base Prospectus (see the section entitled “*Information Incorporated by Reference*” below) and the relevant Final Terms for the Series of Bonds, as well as any Supplemental Prospectus published subsequent to the date of this Base Prospectus. This Base Prospectus shall be read and construed on the basis that such information is incorporated and forms part of this Base Prospectus.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, SMBC, the TRS Counterparty, the Arrangers, the Dealers, the Bond Trustee, any Agent, the Security Trustee or their respective affiliates, directors, employees, agents, representatives, officers or advisers.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Bonds (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, SMBC, the TRS Counterparty, the Arrangers, the Dealers, the Bond Trustee, any Agent, the Security Trustee or their respective affiliates, directors, employees, agents, representatives, officers or advisers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, SMBC and the TRS Counterparty. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Bonds constitutes an offer or invitation by or on behalf of the Issuer, SMBC, the TRS Counterparty, the Arrangers, the Dealers, the Bond Trustee, any Agent, the Security Trustee or their respective affiliates, directors, employees, agents, representatives, officers or advisers to any person to subscribe for or to purchase any Bonds.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained or incorporated by reference herein is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Bond Trustee, the Agents, the Security Trustee and their respective affiliates, directors, employees, agents, representatives, officers or advisers expressly do not undertake to review the financial condition or affairs of the Issuer, SMBC or the TRS Counterparty during the life of the Programme or to advise any investor in the Bonds of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, SMBC, the TRS Counterparty, the Arrangers, the Dealers, the Bond Trustee, the Agents, the Security Trustee and their respective affiliates, directors, employees, agents, representatives, officers or advisers do not

represent that this Base Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

The Bonds have not been and will not be registered under the Securities Act, and Bonds issued in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. In addition, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Bonds in the United States, the European Economic Area (the “EEA”), the United Kingdom, Singapore and Japan: see “*Subscription and Sale*”.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been or will be prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – The Final Terms in respect of any Bonds may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UNITED KINGDOM MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – The Final Terms in respect of any Bonds may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own

target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are (A) capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”) and are subject to the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the “Special Taxation Measures Act”). The Bonds may not be offered or sold in Japan or to the residents of Japan or to others for re-offering or re-sale, directly or indirectly in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan (see “*Subscription and Sale*”). Interest payments on the Bonds generally will be subject to Japanese withholding tax unless the holder establishes that such Bonds are held by or for the account of a holder that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation; nor (y) an individual non-resident of Japan or a non-Japanese corporation that is a person having a special relationship with SMBC as described in Article 6, Paragraph 4 of the Special Taxation Measures Act; (ii) a Japanese designated financial institution described in Article 6, Paragraph 11 of the Special Taxation Measures Act which complies with the requirement for tax exemption under that Paragraph; or (iii) a Japanese corporation, a Japanese financial institution or a Japanese financial instruments business operator, etc. designated by Article 3-3, Paragraph 6 of the Special Taxation Measures Act which has complied with the Japanese tax exemption requirements under the said paragraph 6, receiving the interest payment through its payment handling agent in Japan as provided in the Article 3-3, Paragraph 1 of the Special Taxation Measures Act. (See “*Taxation – Japan*”).

Amounts payable under the Bonds may be calculated by reference to one or several specific benchmark(s), each of which is provided by an administrator. As at the date of this Base Prospectus, the specific benchmark(s) are not yet determined. Where applicable, the Final Terms will set out the name of the specific benchmark(s) and the relevant administrator and whether the relevant administrator appears or does not appear to be on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to article 36 of (Regulation (EU) 2016/1011) (the “**Benchmarks Regulation**”) or the United Kingdom Financial Conduct Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”).

The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed €20,000,000,000 (or its equivalent in other currencies calculated as described in the Distribution Agreement described herein), subject to increase as described herein.

Bonds may be issued in bearer form or registered form. Each Series of Bearer Bonds (as defined in “*Form of the Bonds*”) will be represented on issue by a Temporary Global Bond in bearer form (as defined in “*Form of the Bonds*”) or a Permanent Global Bond in bearer form (as defined in “*Form of the Bonds*”). If the Global Bonds are stated in the applicable Final Terms to be issued in NGN form (as defined in “*Form of the Bonds*”), the Global Bonds will be delivered on or prior to the original issue date of the relevant Tranche (as defined herein) to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Registered Bonds will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Bondholder’s entire holding of Registered Bonds of one Series. Registered Bonds issued in global form will be represented by registered Global Certificates (as defined in “*Form of the Bonds*”). If a Global Certificate is held under the NSS structure (as defined in “*Form*

of the Bonds”) the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Bonds which are not issued in CGN form (as defined in “*Form of the Bonds*”) and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”).

None of the Issuer, the TRS Counterparty, the Arrangers, the Dealers, the Bond Trustee, the Agents or the Security Trustee or their respective affiliates, directors, employees, agents, representatives, officers or advisers makes any representation to any investor in the Bonds regarding the legality of its investment under any applicable laws. Any investor in the Bonds should be able to bear the economic risk of an investment in the Bonds for an indefinite period of time and must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained, or incorporated by reference in this Base Prospectus or contained in any Supplemental Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or interest in respect of the Bonds is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks;
- understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Bonds and obtain such professional advice (including, without limitation, independent accounting, tax, legal, investment and regulatory advice) as it deems appropriate in its particular circumstances;
- determine for itself the relevance of the information contained, or incorporated by reference in this Base Prospectus or contained in any Supplemental Prospectus;
- make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the TRS Counterparty; and
- make its own determination of the suitability of any such investment in light of its own circumstances, with particular reference to its own investment objectives and experience, and any other factors that are relevant to it in connection with such investment, in each case, based upon such investigation as it deems necessary.

General legal investment considerations

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing

conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Definitions

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “EUR” and “euro” are to euro, references to “yen” and “¥” are to Japanese yen, references to “GBP”, “Sterling” and “£” are to pounds sterling and references to “U.S. dollars” and “U.S.\$” are to United States dollars.

In addition, unless otherwise specified or the context requires otherwise, terms used in this Base Prospectus are defined, and have the meanings given to them in “*Definitions*” appearing at the end of this Base Prospectus.

Stabilisation

In connection with the issue of any Tranche of Bonds, one or more relevant Dealers acting as the stabilising manager(s) (the “Stabilising Manager(s)”) or persons acting on behalf of any Stabilising Manager(s) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Bonds and 60 days after the date of the allotment of the relevant Tranche of Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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THE ISSUER, THE TRS COUNTERPARTY AND THE TRUST

Certain Defined Terms

Sumitomo Mitsui Banking Corporation is acting in a number of capacities in connection with the issue of the Bonds and the related documentation:

- the Issuer of the Bonds is Sumitomo Mitsui Banking Corporation acting in its capacity as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001;
- the TRS Counterparty to the Issuer under the TRS Agreement is Sumitomo Mitsui Banking Corporation acting in its proprietary capacity and references in this Base Prospectus to the “**TRS Counterparty**” are to Sumitomo Mitsui Banking Corporation acting in its proprietary capacity as the TRS Counterparty, and not as Issuer; and
- the TRS Counterparty is the source of funding in respect of the principal and interest payments in respect of the Bonds (through its obligations to make payments to the Issuer under the TRS Agreement), fees and expenses of the Issuer and the interest and expenses reserve and, in respect of each Series of Bonds, an FX cash reserve pursuant to the Transaction Documents.

References in this Base Prospectus to the “**Issuer**” are to Sumitomo Mitsui Banking Corporation acting only in its capacity as such trustee.

References in this Base Prospectus to “**SMBC**” are to Sumitomo Mitsui Banking Corporation in its proprietary capacity.

Status of the Trust

The specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001 (the “**Trust**”) is a Japanese law trust established under a Money Trust Agreement entered into between SMBC Nikko Securities Inc. (in its capacity as the settlor and the initial beneficiary of the Trust) and the Issuer (in its capacity as the trustee of the Trust), for the purposes of managing the Trust Property (as defined in Condition 3.3 (Trust Property) of the Terms and Conditions).

The Trust is governed by the Money Trust Agreement and is subject to the Trust Act (*shintaku hou*) of Japan (Act No. 108 of 2006, as amended) (the “**Trust Act**”). The Trust is not a separate legal entity, but a contractual arrangement created under a Money Trust Agreement between the settlor, trustee and beneficiary.

Agreements made by the Trust are entered into in the name of the Issuer acting in its capacity as trustee and for the account of the Trust.

The Trust Property (as assets of the Trust) belongs to, and is held in the name of, the Issuer as the trustee. The Trust Property will be segregated from (i) the general property of SMBC; and (ii) any property held by SMBC in its capacity as trustee of any other trust whereby the settlor entrusts a specified amount of money with SMBC. Details of the Trust Property are further described in “*Summary of the Principal Documents – Money Trust Agreement*”.

On the basis that the Trust Property is duly segregated in accordance with the Trust Act, the Trust Property is not subject to recourse by (i) general creditors of SMBC; or (ii) creditors of other trusts of SMBC, and the Trust Property does not form part of the bankruptcy estate of SMBC or other trusts under Japanese law. Investors should note however that such segregation and the intended bankruptcy remoteness may be subject to challenge – see “*Risk Factors – There is a risk that the segregation and bankruptcy remoteness of the Trust Asset Property may be subject to challenge*”.

Trust Property may, separately and independently from the trustee, be subject to bankruptcy proceedings (under the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended)) but not to other Japanese statutory insolvency proceedings (i.e., civil rehabilitation proceedings under the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended) and corporate reorganisation proceedings under the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended)).

INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

1. The following sections of the annual report on Form 20-F of Sumitomo Mitsui Financial Group, Inc. (“**SMFG**”) for the fiscal year ended 31 March 2021 filed with the U.S. Securities and Exchange Commission on 29 June 2021:
 - “**3.D. RISK FACTORS**” (other than (i) the third paragraph of “Future declines of securities prices on Japanese stock markets or other global markets could cause us to experience realized and unrealized losses on our equity securities portfolio, which could negatively affect our financial condition, results of operations and regulatory capital position”; (ii) the first paragraph of “Changes in the levels or volatility of market rates or prices could adversely affect our financial condition and results of operation”; (iii) the last paragraph of “Adverse economic conditions and deterioration of the financial conditions of our customers could increase our credit costs” and “Other Risks”);
 - “**4.B. BUSINESS OVERVIEW – Description of Operations and Principal Activities**”; and
 - “**5.B. LIQUIDITY AND CAPITAL RESOURCES – Capital Management**”.

References in the information incorporated by reference from the annual report on Form 20-F of SMFG identified above to “**SMFG**”, the “**Company**”, “**we**”, “**us**”, “**our**” and similar terms refer to SMFG as well as to SMFG’s subsidiaries, as the context requires; references to the “**SMBC Group**” are to SMFG and SMFG’s subsidiaries and affiliates taken as a whole; and references to “**GE**” and to “**GE Japan**” are to General Electric Company and GE Japan GK, respectively;

2. The audited consolidated financial statements of SMBC as at and for the years ended 31 March 2020 and 2021 prepared in accordance with accounting principles generally accepted in Japan (“**Japanese GAAP**”).
3. The financial information and data for SMBC and SMFG contained in the English translation of the “Financial Results of SMFG Fiscal Year 3/2021 (Supplementary Information)” of SMFG (*kessan setsumei shiryō*) (other than any information in relation to earnings forecast).
4. The financial information and data for SMBC and SMFG contained in the English translation of the “Financial Results of SMFG for the three months ended 30 June 2021 (Supplementary Information)” of SMFG (*kessan setsumei shiryō*).

Each of which shall be incorporated in, and to form part of, this Base Prospectus, save that any statement contained in the documents described above shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Only the sections or pages of the documents referred to in 1 through 4 above shall be incorporated by reference in, and form part of, this Base Prospectus. Sections and pages of the documents which have been omitted are either not relevant for investors or are covered elsewhere in this Base Prospectus. Any information cross-referenced in the sections or pages incorporated by reference in, and form part of, this Base Prospectus shall not form part of this Base Prospectus.

In addition, the following documents shall, once filed with and published on the website of the Luxembourg Stock Exchange, be incorporated by reference and form part of this Base Prospectus:

- (i) the financial information and data for SMBC and SMFG contained in the English translation of the supplementary information (*kessan setsumei shiryō*) related to the most recently published consolidated financial results (*kessan tanshin*) of SMFG (other than any information in relation to earnings forecast), subsequent to the date of this Base Prospectus;
- (ii) the most recently published audited annual consolidated financial statements and any unaudited interim consolidated financial statements of SMBC; and
- (iii) the most recently published press release containing quarterly capital ratio information of SMBC and SMFG.

Each such document incorporated by reference shall modify or supersede the contents of this Base Prospectus to the extent that a statement contained in any such document is inconsistent with such contents and all amendments and supplements to this Base Prospectus prepared from time to time.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of such documents deemed to be incorporated herein by reference and issued by it unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus or to the specified office of any of the Paying Agents.

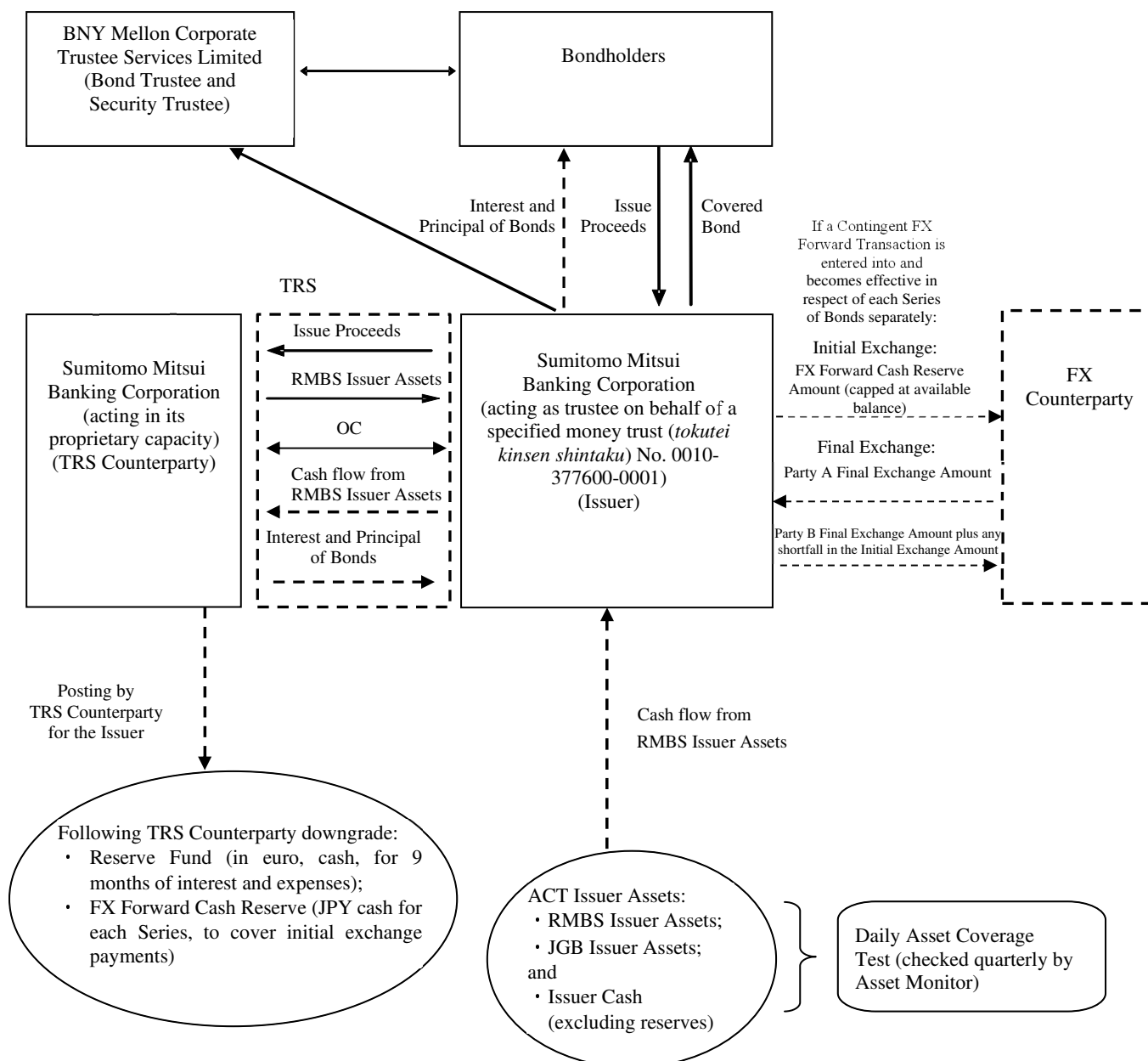
The information referred to in 1, 2, 3 and 4 above has also been published on, and can be obtained from, the website of the Luxembourg Stock Exchange (www.bourse.lu).

OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Bonds should be based on a consideration of this Base Prospectus as a whole, including information incorporated by reference, any Supplemental Prospectus hereto and the relevant Final Terms.

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the Terms and Conditions of any particular Series of Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this overview.

Structure Diagram



Structure Overview

- *The Issuer.* Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001. The Issuer may from time to time issue Bonds under the Programme.
- *The Trust.* The Trust has been established under the Money Trust Agreement for the purposes of managing the Trust Property. The Trust Property will consist of, among other things, RMBS Issuer Assets, CSA Collateral and the Issuer Cash (see the sections entitled “*Credit Structure*” and “*The Portfolio*”). The Trust Property will be segregated from (i) the general property of SMBC, and (ii) any property held by SMBC in its capacity as trustee of any other trust.
- *Status of the Bonds and recourse.* Bonds issued under the Programme will constitute the Issuer’s direct, general, unconditional, unsubordinated and secured debt obligations. Bondholders will have recourse to the Trust Property from time to time. In addition, Bondholders will have recourse to the property of the Issuer acting in its proprietary capacity (which, for the avoidance of doubt, excludes any property SMBC may hold in its capacity as trustee of any other trust).
- *Use of Proceeds.* In respect of each series (a “**Series**”) of Bonds, the Issuer will enter into a TRS Facility with the TRS Counterparty. Under such TRS Facility, the Issuer and the TRS Counterparty will enter into TRS Transactions, each in respect of specified RMBS Securities which take the form of Japanese law governed senior trust beneficial interests (as described further below under “*The Portfolio*”) which will be designated as Reference Obligations (“**ROs**”) thereunder. As further described under “*Total Return Swap*” below, pursuant to each TRS Facility, the Issuer may transfer, in aggregate, the net issue proceeds of the relevant Series of Bonds to the TRS Counterparty in exchange for RMBS Securities Equivalent to the ROs specified for each TRS Transaction thereunder – such RMBS Securities, once transferred to the Issuer, are “**RMBS Issuer Assets**” (with a pre-condition to such transfer that the Asset Coverage Test will be met immediately following such exchange). Any remaining cash from the net issuance proceeds (to the extent there is any) after such exchanges shall be held by the Issuer with the Account Bank and constitute TRS Cash (as further described under “*Total Return Swap*” below). It is not intended that there will be any remaining cash following transfer thereof to the TRS Counterparty as described in this paragraph.
- *Total Return Swap.* Each TRS Facility and TRS Transaction entered into thereunder shall be evidenced by a confirmation (a “**TRS Confirmation**”) dated on or about the Issue Date of the relevant Series of Bonds (with each TRS Transaction entered into thereunder documented by the Annex A to such TRS Confirmation (or prior to the relevant update of Annex A in respect of the applicable TRS Transaction, the RMBS Notice for such TRS Transaction)) and shall be subject to the ISDA Master Agreement, Schedule and Credit Support Annex (each governed by Japanese law) thereto each dated 11 October 2018 (together with each relevant TRS Confirmation, the “**TRS Agreement**”) entered into between the Issuer and the TRS Counterparty.

A separate TRS Transaction will be entered into in respect of each RO. Pursuant to each TRS Transaction, the TRS Counterparty will transfer to the Issuer RMBS Securities Equivalent to an RO to form part of the RMBS Issuer Assets and the Issuer shall pay to the TRS Counterparty a net amount up to the net issue proceeds of the Series of Bonds (such net amount, the “**Funded Notional Amount**”), with any remaining unused proceeds credited to the Series General Account of such Series of Bonds. Although the value of the RO to be transferred to the Issuer may be higher or lower than the portion of the net issuance proceeds to be transferred by the Issuer to the TRS Counterparty, a condition to the effectiveness of each such TRS Transaction is that the Asset Coverage Test is satisfied on the effective date of such TRS Transaction after taking into account the settlement of (i) the transfer of the relevant RMBS Issuer Asset from the TRS Counterparty to the Issuer; and (ii) any transfer of collateral under the Credit Support Annex in relation thereto.

An RMBS Security is “**Equivalent**” to a RO if it (i) is a trust beneficiary interest with the same trustee, (ii) is an interest referencing the trust agreement with the same trust agreement number and (iii) has the same seniority as the applicable part of the RO.

During the term of the Bonds, the TRS Counterparty may propose to add, remove or substitute ROs, provided that, in respect of any additions or substitutions, any new RO constitutes an Eligible RO and provided further that the aggregate of all Funded Notional Amounts of the TRS Transactions in respect of a Series of Bonds shall not exceed the net issuance proceeds of that Series of Bonds.

Any removal or substitution of an RO will cause the Issuer to obtain a bid quotation for the sale of the RO (or partial removal of the RO, as applicable) which will establish a Final Price and the Issuer shall pay an amount to the TRS Counterparty based on such Final Price (or, to the extent that the bid quotation was provided by the TRS Counterparty, the RMBS Issuer Asset that is Equivalent to such RO may be delivered by the Issuer to the TRS Counterparty in satisfaction of such obligation to pay an amount based on the Final Price of such RO). The TRS Counterparty will correspondingly pay an amount equal to the Funded Notional Amount (or portion thereof, relating to the partial removal of the RO) to the Issuer, to be credited to the Series General Account for such Series of Bonds.

Any addition or substitution of an RO will cause the Issuer to pay a net Funded Notional Amount to the TRS Counterparty in exchange for the new or substituted RMBS Issuer Assets for such new TRS Transaction. Such Funded Notional Amount will be paid from the balance of the Series General Account for such Series of Bonds and the balance from time to time of such Series General Account shall be the “**TRS Cash**” for such Series of Bonds.

The obligations of the Issuer and the TRS Counterparty under the TRS Agreement will be subject to collateralisation, re-valued on a daily basis pursuant to the terms of the Credit Support Annex. The Credit Support Annex will also provide for the TRS Counterparty to transfer further assets to the Issuer in order to maintain compliance with the Asset Coverage Test. The Issuer may receive eligible collateral pursuant to the Credit Support Annex (“**CSA Collateral**”) which may be cash in Japanese Yen or government bonds issued by the Government of Japan (“**JGBs**”). JGBs transferred to the Issuer (“**JGB Issuer Assets**”) will be initially held with the sub-custodian of The Bank of New York Mellon, London Branch as the custodian (“**Custodian**”) and on behalf of the Issuer and transferred by way of pledge to the Security Trustee pursuant to the Japanese Security Agreement. CSA Collateral in the form of cash and any other cash of the Issuer in respect of the Bonds (including any cash proceeds of the realisation of RMBS Issuer Assets and CSA Collateral during the Realisation Period) shall be held in the Issuer Accounts with the Account Bank from time to time and held subject to the security granted by the Issuer to the Security Trustee under the Trust Deed, save that the Issuer Domestic Account held with the Onshore Account Bank (which shall not be secured in favour of the Security Trustee) shall be established for the Issuer to receive any payments in respect of the RMBS Issuer Assets, which will then be paid to the TRS Counterparty under the TRS Agreement on a same day basis. If the TRS Counterparty is subject to a credit rating downgrade below the applicable trigger level, the TRS Counterparty will be required to notify each RMBS Trustee (in accordance with the relevant RMBS Trust Agreement) to pay all future distributions in respect of the RMBS Issuer Assets to the relevant Issuer Account held with the Account Bank (which is an account subject to the security granted to the Security Trustee under the Trust Deed). RMBS Issuer Asset distributions paid to the Issuer Account with the Account Bank will be paid onwards to the TRS Counterparty under the TRS Agreement two Business Days following receipt and shall form part of the Issuer Cash for such two Business Day period.

The RMBS Issuer Assets, CSA Collateral and Issuer Cash are together referred to as the “**Issuer Assets**” and shall, together with other assets of the Issuer, comprise the Trust Property (as defined in Condition 3.3 of the Terms and Conditions) in relation to all Series of Bonds.

Issuer Cash means the balance of any cash held in the Issuer Accounts from time to time. Issuer Cash shall include TRS Cash in respect of each Series of Bonds.

During the term of each TRS Transaction, the Issuer will pay to the TRS Counterparty all net distributions of profit and principal and any other amounts which a hypothetical holder of each RO subject to such TRS Transaction that is a company with a tax residence, tax domicile and tax status equivalent to those of the Issuer actually would have received (such payments to be made on the same business day as the date on which such payments would have been so received or, to the extent that the account to which the RMBS Issuer Assets pay net distribution payments has been changed to the Account Bank, shortly after payment would have been received), in exchange for fixed or floating payments to be paid by the TRS

Counterparty under the relevant TRS Facility which effectively match the Issuer's payment obligations in respect of the relevant Series of Bonds. For the avoidance of doubt, a failure by the TRS Counterparty to make payments under the TRS Agreement (if such failure is not remedied by the applicable grace period) may lead to a TRS Default Event and affect the Issuer's ability to pay interest and repay principal on the Bonds.

Each TRS Facility shall terminate in full upon the early or final redemption in full of the relevant Series of Bonds. Each TRS Transaction shall terminate (i) in full, upon removal of a relevant RO in full pursuant to a Portfolio Adjustment by the TRS Counterparty, upon the payment in full of principal distributions of such RO, or the termination in full of the relevant TRS Facility or (ii) in part, upon any removal of a relevant RO in part pursuant to a Portfolio Adjustment by the TRS Counterparty or upon any interim payment of principal distributions of the relevant RO. Upon such termination, in respect of each TRS Transaction, the TRS Counterparty and the Issuer shall make such payments and deliveries as described above in respect of removals or substitutions of ROs.

The Issuer will use payments by the TRS Counterparty under the TRS Agreement to pay interest or repay principal under the Bonds, provided that following a TRS Default Event the procedures as set out in "TRS Default Event" below shall apply.

Asset Coverage Test. The Issuer will be required to hold Issuer Assets in respect of all Bonds sufficient to meet the Asset Coverage Test which is tested on each Local Business Day (as defined in the Credit Support Annex). In the event that the Aggregate Market Related Value of the ACT Issuer Assets (which are Issuer Assets remaining after excluding amounts credited to the Reserve Fund (as described under "Interest and Expenses Reserve Fund" below) and any FX Forward Cash Reserve Balance (as described under "Contingent FX Forward Transaction" below)) has fallen below the product of (i) the sum of 100 per cent. and the Minimum OC Percentage; and (ii) the Total Maximum Aggregate Funded Notional Amount, which is equal to the outstanding aggregate principal amount of all of the Bonds (such shortfall, a "**Shortfall Amount**"), the Valuation Agent shall be required to take such Shortfall Amount into account on the next date of determination of the amount to be posted by the TRS Counterparty under the Credit Support Annex and the TRS Counterparty shall, pursuant to the terms of the Credit Support Annex, be required to post JPY cash or JGBs with a value at least equal to the calculated shortfall amount within two Local Business Days (in respect of any JPY cash to be posted) or within three Local Business Days (in respect of any JGBs to be posted).

For such purposes, although any JPY cash posted as CSA Collateral will be valued at its face value, the valuation attributed to ACT Issuer Assets which are (i) RMBS Issuer Assets, shall be subject to discount depending on the rating attributed to such RMBS Issuer Assets and a further adjustment to discount the value attributed to such RMBS Issuer Assets to the extent that the property value underlying the portfolio of RMBS Issuer Assets does not meet an 80 per cent. loan-to-value test; and (ii) JGB Issuer Assets, shall be subject to a haircut depending on the rating attributed to such JGBs and, in addition, will be deemed to be valued at zero in whole or in part to the extent that the JGB Posting Test is not satisfied (see the section "Credit Structure" for further details of such valuation adjustments); and (iii) any cash not denominated in JPY will be valued at its face value converted into JPY using the spot rate obtained by the Valuation Agent at the relevant date of calculation.

- Failure by the TRS Counterparty to deliver CSA Collateral to, or for the account of, the Issuer, where required under the Credit Support Annex will constitute, to the extent not remedied on or before the third Local Business Day after notice of such failure is given to the TRS Counterparty, an Event of Default under the TRS Agreement and the Issuer shall be deemed to have designated an Early Termination Date thereunder, which shall cause a TRS Default Event to occur and which will lead to the commencement of the Realisation Period.

Calculations for the Asset Coverage Test will be checked on a quarterly basis by the Asset Monitor and the results will be promptly notified (by delivery of the Asset Monitor Report) to the Issuer, the Cash Manager, the TRS Counterparty, the Bond Trustee, the Security Trustee and the Valuation Agent (who shall use the relevant Asset Monitor Report for the purposes of preparing a Valuation Investor Report to be made available on a quarterly basis). In the event that the Asset Monitor determines that the Asset Coverage Test has failed or its calculation of the Reserve Fund Required Amount is higher than the

balance of the Reserve Fund as at the relevant time of calculation, such determinations will be set out in the Asset Monitor Report. In addition, the Valuation Agent will use the Asset Monitor Report to check its calculations of the Shortfall Amount and will, to the extent that the Asset Monitor Report identifies any discrepancies in valuation, to the extent that a lower valuation is determined by the Asset Monitor, use such lower valuation in its daily calculations of the Shortfall Amount.

The obligation of the TRS Counterparty to maintain a level of posted CSA Collateral which would meet the requirements of the Asset Coverage Test are in addition to and are calculated after taking into account the posting of CSA Collateral as variation margin occurring as a result of the daily re-valuation of the mark-to-market value of each TRS Transaction pursuant to the Credit Support Annex.

- *Interest and Expenses Reserve Fund:* If the TRS Counterparty's long-term senior unsecured rating from Moody's falls below A3, the Issuer and the TRS Counterparty have agreed to establish and maintain a reserve fund in euro within the Issuer Accounts (the "**Reserve Fund**") in an amount that is at least equal to the Reserve Fund Required Amount (as defined in the Interest Reserve and Expenses Agreement), being an amount equal to the aggregate of (i) the interest expected to become due and payable on each Series of Bonds in the following nine months; and (ii) the annual scheduled expenses of the Security Trustee, Bond Trustee and the relevant Agents (or, in the case of the Asset Monitor, one-quarter of its annual scheduled expenses), representing the scheduled expenses expected to be payable in the following nine months, in each case calculated after the necessary foreign exchange conversion at the relevant spot rate and on the assumption that the Notice Date has occurred as of the date of calculation and that, in the case of any floating rate interest, the relevant benchmark level as at the date of calculation is maintained for the nine-month period.

Pursuant to the terms of the Interest Reserve and Expenses Agreement, following the establishment of the Reserve Fund, the Reserve Fund Required Amount shall be calculated and the balance of the Reserve Fund shall be tested against such Reserve Fund Required Amount, in each case, on each Business Day up to and including the date on which a notice is delivered by the Issuer or the Bond Trustee in accordance with the Terms and Conditions that a TRS Default Event has occurred (the "**Notice Date**") and, if there is any shortfall, the TRS Counterparty shall be required, within five Business Days of each identification of a shortfall in the balance of the Reserve Fund, to provide further amounts so that the balance of the Reserve Fund is at least equal to the Reserve Fund Required Amount calculated at such time. The TRS Counterparty may also request a return of amounts in the Reserve Fund to the extent that the balance of the Reserve Fund exceeds the Reserve Fund Required Amount calculated at such time or request a return of the full balance if the TRS Counterparty's long-term senior unsecured debt rating from Moody's is A3 or above. The TRS Counterparty will use the quarterly Asset Monitor Report and the Asset Monitor's quarterly calculation of the Reserve Fund Required Amount to check its calculation of the shortfall in the Reserve Fund. The remaining balance of the Reserve Fund is returned to the TRS Counterparty in the event that all Series of Bonds are redeemed in full and the Issuer has satisfied its obligations in relation to expenses under the Interest Reserve and Expenses Agreement.

If a Notice Date occurs and additional amounts are required to cure a shortfall in the Reserve Fund on the Notice Date, the Cash Manager shall on behalf of the Issuer and in accordance with the Cash Management Agreement apply the balance standing to the credit of the General Offshore Account (JPY) to satisfy shortfalls in the Reserve Fund (after any shortfalls in the FX Forward Cash Reserve Balances have been provided for). Within 16 Business Days of the Notice Date, the Cash Manager shall convert the shortfalls of the Reserve Fund to euro and then subsequently to the Specified Currency for each Series of Bonds and shall create and maintain ledgers to segregate (i) the portions of the Reserve Fund set aside for the payment of Relevant Expenses; and (ii) the portions of the Reserve Fund set aside for each Series of Bonds to meet interest payments of each such Series of Bonds (together with any gross-up tax amounts) which will become due and payable during the Realisation Period. Foreign exchange conversion shall be conducted by the Cash Manager at the prevailing market spot exchange rate obtained by the Cash Manager.

During the Realisation Period, the Cash Manager shall apply the relevant portion of the Reserve Fund to satisfy Relevant Expenses (as defined in the Interest Reserve and Expenses Agreement) (including expenses of the Security Trustee, the Bond Trustee, the Agents and the Asset Monitor) and make a

corresponding debit to the ledger established in respect of such Relevant Expenses. If the Reserve Fund is insufficient to satisfy such expenses, such payments shall be deferred and satisfied on or after the Realisation Period Distribution Date (for the avoidance of doubt, no Event of Default under the Bonds shall occur as a result of such deferred payment) and satisfied out of the liquidation proceeds of the Issuer Assets in accordance with the Post-Realisation Priority of Payments (as defined in the Cash Management Agreement and as further described in “*Summary of the Principal Documents – Cash Management Agreement*”).

Interest on all Series of Bonds shall continue to accrue and be paid on their scheduled dates during the Realisation Period, provided that if the Scheduled Maturity Date of any Series of Bonds after the Notice Date but prior to the Realisation Redemption Date, the maturity of such Series shall be extended to the Realisation Redemption Date and interest shall accrue for such Extended Maturity Period in accordance with the relevant Final Terms, provided further that in all cases, interest shall cease to accrue on (but excluding) the Realisation Period End Date.

During the Realisation Period, the Cash Manager shall apply the amounts recorded to the ledger of the Reserve Fund for a particular Series of Bonds to satisfy interest payments on such Series of Bonds and if such amount is insufficient to satisfy such interest payments, such interest payments shall be deferred and satisfied on or after the Realisation Redemption Date of the Series of Bonds (for the avoidance of doubt, no Event of Default under the Bonds shall occur as a result of such deferred payment) and satisfied out of the liquidation proceeds of the Issuer Assets in accordance with the Post-Realisation Priority of Payments.

- **TRS Default Event.** In the event that an Early Termination Date is designated under the TRS Agreement as a result of the occurrence of an Event of Default under Sections 5(a)(i), 5(a)(iii), 5(a)(vii) and 5(a)(viii) of the ISDA Master Agreement (a “**Liquidation Event of Default**”) in respect of the TRS Counterparty (a “**TRS Default Event**”), then the following shall apply:
 - (i) The TRS Agreement will be closed-out and terminated pursuant to the close-out netting provisions under Section 6(e) of the ISDA Master Agreement. The close-out of the TRS Agreement reduces all of the outstanding obligations thereunder into the obligation to pay a single net sum, which replaces the obligation under the TRS Agreement for the Issuer to pay the Final Price of all of the RMBS Issuer Assets to the TRS Counterparty (or, to the extent that the bid quotation was provided by the TRS Counterparty, the RMBS Issuer Asset that is Equivalent to such RO may be delivered by the Issuer to the TRS Counterparty in satisfaction of such obligation to pay an amount based on the Final Price of such RO) as at the Facility Termination Date. As a result, subject to the claim of the TRS Counterparty for such single net sum (which, in accordance with the priority of payments among the Secured Creditors as set out in the Trust Deed and the Cash Management Agreement, ranks after payment to Bondholders of principal and interest on the Bonds), the Issuer Assets will remain available for liquidation during the Realisation Period and which will then fund the payment of the Realisation Redemption Amount (and any accrued but unpaid interest on the Bonds) to Bondholders in accordance with the Programme Conditions. Calculation of such close-out amount shall be made by the Selling Agent on behalf of the Issuer and notified to the TRS Counterparty. Investors should note however that the benefit of such close-out netting of the obligations under the TRS Agreement and the determination of the amount of the resulting single net sum may be subject to challenge – see “*Risk Factors – There is a possibility that the characterisation of the TRS Agreement may be challenged by the Insolvency Administrator*” and “*Risk Factors - There is a possibility that the calculation of the Early Termination Amount under the TRS Agreement may be challenged by the Insolvency Administrator*”.
 - (ii) The Selling Agent shall initiate the process to realise the Issuer Assets in accordance with the Selling Agency Agreement and over a period (the “**Realisation Period**”), commencing on the Notice Date and ending on the date falling nine months thereafter (such date, the “**Realisation Period End Date**”). The Selling Agency Agreement also provides that from and including the Notice Date, the Selling Agent shall deliver a notice to the RMBS Trustee instructing it (on behalf of the Issuer as holder of the senior trust beneficiary interest therein) to (1) undertake any

preparatory steps and commence any processes necessary for the realisation of the underlying residential loans of each of the RMBS Issuer Assets in accordance with the relevant RMBS Trust Agreements, (2) appoint the Selling Agent as agent of the RMBS Trustee for the purposes of conducting such preparation work for the realisation of underlying residential loans. On and following the date falling six calendar months following the Notice Date, and for so long as the Issuer is the sole holder of the senior trust beneficiary interests in respect of any RMBS Issuer Asset, the Selling Agent shall deliver a notice to the RMBS Trustee instructing it (on behalf of the Issuer as the holder of the senior trust beneficiary interest therein) to (1) realise the underlying residential loans of each of the RMBS Issuer Assets in accordance with the relevant RMBS Trust Agreements, and (2) appoint the Selling Agent as agent of the RMBS Trustee for the purposes of realising the underlying residential loans. Under the Selling Agency Agreement, the Selling Agent shall pay or transfer or procure the payment or transfer directly to the General Offshore Account (JPY) of (A) any proceeds payable or received in respect of any sale of the RMBS Issuer Assets; and (B) any distributions, interest or other income payable or received in respect of any RMBS Issuer Asset during the Realisation Period; and use reasonable endeavours to realise the Issuer Assets in the form of RMBS Securities or JGBs by way of sale. The Selling Agent may sell Issuer Assets to any counterparty providing a firm bid quotation and may conduct an auction to identify any such counterparties, provided that if more than one firm bid quotations are received in respect of a single Issuer Asset at the relevant time, the Selling Agent shall sell such Issuer Asset at the highest bid quotation received (or in descending order of bids in the case of an auction).

- (iii) Interest on all Series of Bonds shall continue to accrue up to (but excluding) the Realisation Period End Date and be paid from the Reserve Fund in accordance with “Interest and Expenses Reserve Fund” above, with any unpaid amounts deferred to the Realisation Redemption Date (and without any additional interest accruing on such unpaid amounts).
- (iv) Each Bond of each Series shall (subject to an Acceleration Notice being delivered during the Realisation Period) be early redeemed at the Realisation Redemption Amount on the day falling seven Business Days after the Realisation Period Final Calculation Date (the “**Realisation Redemption Date**”) together (if applicable) with any accrued but unpaid interest accruing to (but excluding) the Realisation Period End Date, provided that if any Bond has a Scheduled Maturity Date which falls after the Notice Date but prior to the Realisation Redemption Date, the maturity of such Bond shall be extended to the Realisation Redemption Date (the “**Extended Maturity Date**” of such Series of Bonds, and the period from and including the Scheduled Maturity Date and to but excluding the Realisation Period End Date, in respect of which interest will accrue, the “**Extended Maturity Period**”).
- (v) Payment of the Realisation Redemption Amount in respect of each Bond and any accrued but unpaid interest up to but excluding the Realisation Period End Date shall be funded by the realisation proceeds of the Issuer Assets during the Realisation Period (as swapped into the currency of the Bonds with the relevant FX Counterparty under the relevant Contingent FX Forward Transaction) and shall be paid subject to the Post-Realisation Priority of Payments. If, for any reason, no Contingent FX Forward Transaction is in place for a Series of Bonds, the applicable realisation proceeds of the Issuer Assets relating to such Series shall be converted into the currency of the Bonds at the prevailing market spot exchange rate obtained by the Cash Manager as at the Realisation Period Final Calculation Date.
- (vi) The Post-Realisation Priority of Payments provides that the claims of the Bond Trustee, Security Trustee, Agents, Asset Monitor, Selling Agent and any unpaid initial exchange amount payable to an FX Counterparty shall be paid in priority to the Realisation Redemption Amount and accrued interest payable to Bondholders and that Bondholder claims in respect of interest are satisfied in priority to Bondholder claims in respect of principal. The Bondholder claims in respect of principal are satisfied in priority to the TRS Counterparty’s claims.

The terms of the Liquidation Event of Default are set out under Sections 5(a)(i), 5(a)(iii), 5(a)(vii) and 5(a)(viii) of the ISDA Master Agreement and are briefly summarised below. Investors should refer to the ISDA Master Agreement and TRS Agreement for the full descriptions.

A Liquidation Event of Default in respect of the TRS Counterparty occurs if:

- *Section 5(a)(i) Failure to Pay or Deliver.* The TRS Counterparty fails to make, when due, any payment under the TRS Agreement and such failure is not remedied on or before the fourteenth calendar day after notice of such failure is given to the TRS Counterparty.
- *Section 5(a)(iii) Credit Support Default.* The TRS Counterparty fails to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed. The Credit Support Annex is a Credit Support Document so this Liquidation Event of Default includes a failure by the TRS Counterparty to post CSA Collateral in accordance with the terms of the Credit Support Annex (which includes, for the avoidance of doubt, the posting of CSA Collateral to meet the requirements of the Asset Coverage Test) provided that such failure is not remedied on or before the third Local Business Day (as defined in the Credit Support Annex) after notice of such failure is given to the TRS Counterparty.
- *Section 5(a)(vii) Bankruptcy.* This Liquidation Event of Default covers a number of insolvency-related events in relation to the TRS Counterparty, for example (1) the TRS Counterparty becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, (2) a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation is made against the TRS Counterparty, (3) the TRS Counterparty is subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets or (4) the TRS Counterparty institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for winding-up or liquidation of the TRS Counterparty, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof. The examples given in this paragraph are not exhaustive and the full list of relevant insolvency-related events are set out under Section 5(a)(vii) of the ISDA Master Agreement.
- *Section 5(a)(viii) Merger Without Assumption.* The TRS Counterparty consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer: (1) the resulting, surviving or transferee entity fails to assume all the obligations of the TRS Counterparty under the TRS Agreement; or (2) the benefits of any Credit Support Document (as defined in the TRS Agreement) fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under the TRS Agreement.

While the Selling Agent or the RMBS Trustee (as applicable) will use reasonable endeavours to sell the RMBS Issuer Assets or underlying residential loans of the relevant RMBS Securities and the JGB Issuer Assets to the highest bidder, there can be no assurance that there will be an active market with multiple bidders for such assets or that third party bidders will value the assets consistently with bids that are made by the TRS Counterparty or its affiliates. The Selling Agent or its affiliates may submit bids to the extent permitted under the Selling Agency Agreement. The liquidation proceeds from the Issuer Assets may not be sufficient to redeem the Bonds in full. If the Selling Agent fails to sell all or part of the Issuer Assets within the Realisation Period, the Selling Agent shall have no obligation to continue to attempt to sell such assets, which remain part of the Trust Property and subject to the security granted in favour of the Security Trustee until the full discharge of Bondholder claims and other secured claims thereunder.

- *Termination of the TRS Agreement other than as a result of a TRS Default Event.* The termination of the TRS Agreement other than as a result of a TRS Default Event shall not result in the liquidation of the Issuer Assets by the Selling Agent. However, upon the effective designation of an Early Termination Date of the TRS Agreement, other than in the case of a Trust Property Bankruptcy (as to which, see “*Risk Factors - The Bonds shall or may be redeemed prior to maturity as a consequence of a number of factors related to changes in taxation or banking and trust regulations or related to illegality and defaults*”) the settlement of each TRS Facility and TRS Transaction entered into under the TRS Agreement shall be accelerated by the occurrence of the Facility Termination Date on such Early Termination Date. Upon such termination, in respect of each TRS Transaction, the TRS Counterparty shall pay to the Issuer an amount which is equivalent to the relevant portion of the net issue proceeds of the Bonds which was exchanged at the commencement of the TRS Transaction, taking into account any earlier partial termination payments upon partial payment of principal distributions of the relevant RO or partial removal of the RO. In exchange, the Issuer shall obtain a bid quotation for the sale of the RO to establish a Final Price and shall pay an amount to the TRS Counterparty based on such Final Price (or, to the extent that the bid quotation was provided by the TRS Counterparty, the RMBS Issuer Asset that is Equivalent to such RO may be delivered by the Issuer to the TRS Counterparty in satisfaction of such obligation to pay an amount based on the Final Price of such RO). The termination payments made by the TRS Counterparty to the Issuer are intended to fund the Issuer’s payment of the relevant Early Redemption Amount or other amount payable to Bondholders under the Conditions. Each Series of Bonds will be redeemed at their Early Redemption Amount under Condition 6.6 (*Redemption upon termination of a TRS Agreement (other than as a result of a TRS Default Event and Trust Property Bankruptcy)*). If the TRS Counterparty fails to make payment of the relevant termination payments which are intended to fund the relevant Early Redemption Amounts, such failure may constitute a TRS Default Event following which the procedures set out in “TRS Default Event” above shall apply.

Each of the following shall constitute an Additional Termination Event with respect to Issuer, giving the TRS Counterparty the right to designate an Early Termination Date under the TRS Agreement, provided however if an Additional Termination Event occurs as a result of the delivery of an Acceleration Notice pursuant to (iv) below, the TRS Counterparty shall be deemed to have designated (without any actual notice being delivered), in respect of each TRS Facility, the date falling three Business Days (as defined in the Confirmation relating to such TRS Facility) following the date on which such Additional Termination Event has first occurred as the Early Termination Date for the Transactions constituted by such TRS Facility and each TRS Transaction thereunder:

- (i) the Issuer is in material breach of any of the provisions of the Money Trust Agreement;
- (ii) the Money Trust Agreement is amended or modified without the prior consent of the TRS Counterparty;
- (iii) the Money Trust Agreement is terminated as a result of the application of Items 1 through 9 of Article 163 of the Trust Act;
- (iv) an Acceleration Notice is delivered to the Issuer in accordance with the Conditions (other than as a result of an event set out in Condition 9.1(c) or (d) of the Terms and Conditions); or
- (v) an order or notice of pre-judgment attachment (“*karisashiosae*”) or post-judgment attachment (“*sashiosae*”) or other court order of enforcement has been issued in respect of any of the Issuer’s rights with respect to the Trust Property.

Contingent FX Forward Transaction.

The Issuer will, in respect of each Series of Bonds, enter into a contingent FX forward transaction (each, a “**Contingent FX Forward Transaction**”) in respect of such Series of Bonds with the TRS Counterparty, for so long as the TRS Counterparty maintains a long-term senior unsecured debt rating from Moody’s above Baa2), or with a third party counterparty maintaining such credit rating if the TRS Counterparty does not maintain such credit rating.

If the initial FX Counterparty does not subsequently maintain a long-term senior unsecured debt rating from Moody’s above Baa2 (a “**FX Transaction Trigger**”), to avoid the occurrence of an Additional

Termination Event in respect of the relevant Contingent FX Forward Transaction (in respect of which only such Conditional FX Forward Transaction may be terminated as a result Additional Termination Event), the Issuer is required, in respect of the related Series of Bonds, to seek an eligible counterparty that will enter into a contingent FX forward transaction with the Issuer that is substantially equivalent to the Contingent FX Forward Transaction for that Series (the “**Equivalent FX Transaction**”), under an ISDA Master Agreement substantially equivalent to the Master Agreement between such initial FX Counterparty and the Issuer (the “**Equivalent FX Master Agreement**”), and to which the initial FX Counterparty will novate its rights and obligations under the Contingent FX Forward Transaction. The FX Transaction Trigger will continue to apply to each successor FX Counterparty to a Contingent FX Forward Transaction. If a Contingent FX Forward Transaction between the Issuer and an FX Counterparty is terminated prior to the FX Forward Effective Date, no amount shall be payable by either party in respect of the termination of such transaction.

Each Contingent FX Forward Transaction only becomes effective on the Notice Date (being the date on which notice of the occurrence of a TRS Default Event is given by the Issuer or the Bond Trustee in accordance with the Terms and Conditions), or if the notice of the occurrence of the TRS Default Event has been delivered to the relevant FX Counterparty after 11:00 a.m. Tokyo time, the immediately following Business Day (the “**FX Forward Effective Date**”). On the day falling three Business Days following the FX Forward Effective Date (the “**FX Forward Initial Exchange Date**”), the Issuer shall pay to the FX Counterparty the last determined FX Forward Cash Reserve Amount, subject to a maximum of the FX Forward Cash Reserve Balance in relation to such Series of Bonds (being the balance of the relevant FX Reserve Account which the TRS Counterparty is required to establish and maintain if the TRS Counterparty’s long-term senior unsecured debt rating from Moody’s is below A3 to support the making of an initial exchange payment if such Contingent FX Forward Transaction becomes effective). If there is a shortfall between the FX Forward Cash Reserve Balance and the FX Forward Cash Reserve Amount, such shortfall may be satisfied from the balance standing to the credit of the General Offshore Account (JPY) shortly after the beginning of the Realisation Period or the liquidation proceeds received during the Realisation Period and will form part of the payments on the FX Forward Termination Date. For the avoidance of doubt, if no TRS Default Event occurs, the Contingent FX Forward Transactions shall not become effective and no payments shall become payable under such Contingent FX Forward Transactions. For the avoidance of doubt, any Contingent FX Forward Transaction for which the TRS Counterparty remains the FX Counterparty as at the relevant Notice Date will be terminated pursuant to the consequences of the TRS Default Event which caused such Notice Date and no payments shall be made under such Contingent FX Forward Transaction.

The termination date of a Contingent FX Forward Transaction which has become effective is the day falling five Business Days following the Realisation Period Final Calculation Date (the “**FX Forward Termination Date**”). On the FX Forward Termination Date, the following payments shall be made by way of final exchange:

- (i) the Issuer shall satisfy any outstanding unpaid portion of the initial exchange payments due on the FX Forward Initial Exchange Date to each FX Counterparty; and then
- (ii) the Issuer shall pay to the FX Counterparty an amount equal to the portion of the remaining proceeds of the liquidation and/or redemption of the Issuer Assets during the Realisation Period attributable to the relevant Series of Bonds, subject to a maximum of the amount in JPY (converted from the Specified Currency of the Bonds using the FX Spot Rate as of the FX Forward Effective Date) equal to the Principal Amount Outstanding of such Series of Bonds, less the balance of the Series General Account and plus accrued but unpaid interest accrued to (but excluding) the Realisation Period End Date (such amount, the “**Issuer FX Final Exchange Amount**”); and
- (iii) the FX Counterparty shall pay to the Issuer an amount in the Specified Currency (converted from JPY using the FX Spot Rate as of the FX Forward Effective Date) equal to the Issuer FX Final Exchange Amount.

Such exchange is intended to provide the Issuer with proceeds in the currency of the Bonds of each Series of Bonds to repay principal and accrued but unpaid interest of the Bonds on the Realisation Redemption Date.

- *Event of Default.* Following the occurrence of an Event of Default, which includes a default in the payment of any interest or principal due in respect of the Bonds if such default continues for a period of 30 days or 15 days, respectively (save for any default in the payment of amounts due (or for which the grace period has expired) in the period from (and including) the Notice Date (if any) and up to (but excluding) the Realisation Redemption Date (if any)), the Bond Trustee may, and if requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds or by an Extraordinary Resolution of all Bondholders shall, serve an Acceleration Notice upon the Issuer and in doing so accelerate the obligations of the Issuer under the Bonds. Service of an Acceleration Notice will cause the TRS Agreement to be accelerated as described in “*Termination of the TRS Agreement other than as a result of a TRS Default Event*” above. Thereafter, if directed by the Bond Trustee, the Security Trustee may enforce the security provided by the Issuer and all amounts due under the Bonds and the Trust Deed will become immediately due and payable as against the Issuer.
- *Early Redemption Events.* In addition to an Event of Default, a TRS Default Event and a termination of the TRS Agreement other than as a result of a TRS Default Event, the Bonds may be redeemed early at the option of the Issuer should the Issuer be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) of the Terms and Conditions as a result of a Tax Event and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, due to illegality or upon the occurrence of a regulatory event. Upon such an early redemption, the Bonds of each Series will be redeemed in full at their Early Redemption Amount (including, for the avoidance of doubt, (if relevant) interest accrued to (but excluding) the date fixed for redemption). The final exchange payments under each TRS Facility will accelerate to allow the Issuer to fund the payment of such Early Redemption Amounts similarly to the process described at “*Termination of the TRS Agreement other than as a result of a TRS Default Event*” above.
- *Security.* The obligations of the Issuer under the Bonds and the Transaction Documents to which it is a party are secured in favour of BNY Mellon Corporate Trustee Services Limited (the “**Security Trustee**”), to be held for the benefit of itself and on behalf of the other Secured Creditors, including the Bondholders.

Under the Japanese Security Agreement, the Issuer will grant a pledge (*ne-shichiken*) over the following assets in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors, including the Bondholders):

- (i) the RMBS Issuer Assets (to be identified in the RMBS Notices to be delivered by the TRS Counterparty to the Issuer and the Security Trustee under the TRS Agreement);
- (ii) the JGB Issuer Assets held with the Custodian from time to time; and
- (iii) all present and future rights and claims of the Issuer under the TRS Agreement, each FX Forward Confirmation under the TRS Agreement which is governed by Japanese law, the FX Cash Reserve Agreement and the Interest Reserve and Expenses Agreement.

Under the Trust Deed, the Issuer will create the following security under English law in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors), in each case, to the extent not inconsistent with the security created under the Japanese Security Agreement:

- (i) a first fixed charge over all of the Issuer's rights, title and interest in, to and in respect of the RMBS Issuer Assets and the CSA Collateral and all sums derived therefrom (including, without limitation, any proceeds of the sale thereof);
- (ii) an assignment by way of security of all of the Issuer's rights in respect of the CSA Collateral against the Custodian under the Custody Agreement;
- (iii) a first fixed charge over all present and future rights of the Issuer in respect of the Issuer Accounts and all moneys from time to time standing to the credit of the Issuer Accounts and the

debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof and, without duplication, the Issuer Assets;

- (iv) a first fixed charge over the Issuer's right to all sums held by any Paying Agent and/or the Custodian and/or the Registrar to meet payments due in respect of any Series of Bonds or the TRS Agreement or the Credit Support Annex and any sums of money, securities or other property received or receivable by the Issuer under the TRS Agreement and the Credit Support Annex; and
- (v) without duplication, an assignment by way of security of all of the Issuer's rights, title and interest under the Transaction Documents governed by English law and all sums and other property derived therefrom in respect of any Series of Bonds.

The Issuer may also create further security interests in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) under any further security document, subject to the satisfaction of the Security Trustee, entered into by the Issuer and required for the purposes of granting security over any assets (including, for the avoidance of doubt, any ISDA Master Agreement which the Issuer may enter into with a counterparty other than the TRS Counterparty and any FX Forward Confirmation thereunder) forming part of the Trust Property (each such further security document, an “**Additional Charging Document**”). Notice of any Additional Charging Document will be given to the Bondholders.

Bonds issued under the Programme will either be fungible with an existing Series of Bonds or have different terms from an existing Series of Bonds (in which case they will constitute a new Series).

All Bonds issued and outstanding from time to time will rank *pari passu* with each other in all respects and will share in the Mortgaged Property.

- *Further Information.* For a more detailed description of the transactions and risks summarised above relating to the Bonds see, amongst other relevant sections of this Base Prospectus, “*Risk Factors*”, “*Terms and Conditions of the Bonds*”, “*Summary of the Principal Documents*”, “*Credit Structure*” and “*The Portfolio*” below.

Summary of the Programme

Issuer:	Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (<i>tokutei kinsen shintaku</i> No. 0010-377600-0001).
Legal Entity Identifier:	5U0XI89JRFVHWIBS4F54.
TRS Counterparty:	Sumitomo Mitsui Banking Corporation acting in its proprietary capacity.
TRS Calculation Agent:	Sumitomo Mitsui Banking Corporation will act as calculation agent in relation to cash flows and related determinations under the TRS Agreement.
Valuation Agent:	Sumitomo Mitsui Banking Corporation will act as Valuation Agent under the Credit Support Annex.
Selling Agent:	SMBC Nikko Securities Inc. will act as the initial Selling Agent. If SMBC Nikko Securities Inc. (or any successor or Replacement Selling Agent) ceases to have a long-term senior unsecured debt rating from Moody's of Baa3 or above or a Selling Agent Replacement Event (as defined in the Selling Agency Agreement) occurs, the Issuer shall or the Security Trustee, if directed by the Bond Trustee acting on a request in writing from the holders of at least 25 per cent. of the then principal amount of all outstanding Series of Bonds or by an Extraordinary Resolution of the Bondholders of all outstanding Series shall, appoint an Eligible Selling Agent to act as the Selling Agent, provided that in the event of conflicting instructions the direction by the Security Trustee shall prevail.
Bond Trustee:	BNY Mellon Corporate Trustee Services Limited, acting through its office at One Canada Square, London E14 5AL, has been appointed to act as bond trustee on behalf of the Bondholders in respect of the Bonds.
Security Trustee:	BNY Mellon Corporate Trustee Services Limited, acting through its office at One Canada Square, London E14 5AL, has been appointed to act as security trustee to hold the benefit of the security granted by the Issuer to the Security Trustee (for itself, the Bondholders and the other Secured Creditors) under the Trust Deed.
Custodian:	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, London E14 5AL, has been appointed pursuant to the Custody Agreement to act as Custodian of the JGBs received by the Issuer as CSA Collateral under the Credit Support Annex.
Calculation Agent and Principal Paying Agent:	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, London E14 5AL, has been appointed pursuant to the Agency Agreement as Calculation Agent and Principal Paying Agent with respect to the Bonds.
Cash Manager:	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, London E14 5AL, has been appointed pursuant to the Cash Management Agreement to act as Cash Manager.
Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch, whose registered office is at Vertigo Building-Polaris – 2-4 rue Eugène Ruppert L-2453 – Luxembourg, has been appointed pursuant to the Agency Agreement as Registrar and Transfer Agent with respect to the Bonds.
Asset Monitor:	Deloitte LLP has been appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test and calculations in respect of the Reserve Fund Required Amount.

Account Bank:	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, London E14 5AL, United Kingdom, has been appointed to act as an Account Bank to the Issuer pursuant to the Account Bank Agreement.
Onshore Account Bank:	Sumitomo Mitsui Trust Bank, Limited has been appointed to act as Onshore Account Bank to the Issuer to hold the Issuer Domestic Account
Lead Arrangers:	Goldman Sachs International SMBC Nikko Capital Markets Limited
Arrangers:	Barclays Bank PLC BNP Paribas
Relevant Dealers:	To be selected from time to time in accordance with the terms of the Distribution Agreement. As at the date of this Base Prospectus, the Dealers are: Barclays Bank PLC BNP Paribas Crédit Agricole Corporate and Investment Bank Goldman Sachs International HSBC Bank plc HSBC Continental Europe Natixis SMBC Nikko Capital Markets Limited UBS AG London Branch each referred to throughout this Base Prospectus as a “ Dealer ”.
Certain restrictions:	Each issue of Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See “ <i>Subscription and Sale</i> ” below.
Programme size:	Up to €20,000,000,000 (or its equivalent in other currencies calculated as described in the Distribution Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Distribution Agreement.
Distribution:	Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in “ <i>Subscription and Sale</i> ”.
Specified Currency:	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Principal Paying Agent and the Bond Trustee (as set out in the applicable Final Terms).
Maturities:	The Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Please also see “ <i>Redemption</i> ” below.
Issue Price:	Bonds may be issued at par or at a premium or at a discount to par on a fully-paid basis.
Form of Bonds:	The Bonds may be issued in bearer or registered form as described in “ <i>Form of the Bonds</i> ” and set out in the applicable Final Terms. Registered Bonds will not be exchangeable for Bearer Bonds and <i>vice versa</i> .

Initial Delivery of Bonds:	On or before the issue date for each Tranche, if the relevant Global Bond is a NGN or the relevant Global Certificate is held under the NSS, the Global Bond or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Bond is a CGN or the relevant Global Certificate is not held under the NSS, the Global Bond or the Global Certificate may (or, in the case of Bonds listed on the Luxembourg Stock Exchange, shall) be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Global Bonds or Global Certificates relating to Bonds that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer. Registered Bonds that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Fixed Rate Bonds:	Fixed Rate Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as set out in the applicable Final Terms).
Floating Rate Bonds:	<p>Floating Rate Bonds will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer, <p>as set out in the applicable Final Terms.</p> <p>The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each issue of Floating Rate Bonds, as set out in the applicable Final Terms.</p>
Other provisions in relation to Floating Rate Bonds:	Floating Rate Bonds may also have a Maximum Rate of Interest, a Minimum Rate of Interest or both (as indicated in the applicable Final Terms). Interest on Floating Rate Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer.
Use of Proceeds:	In respect of each Series of Bonds, the Issuer will enter into a TRS Facility and will, pursuant to each TRS Transaction thereunder, exchange a net amount up to the net issue proceeds of the Series of Bonds to the TRS Counterparty with RMBS Securities Equivalent to an RO from the TRS Counterparty. It is not intended that there will be any remaining cash following transfer thereof to the TRS Counterparty.
Redemption:	<p><i>Early Redemption Events</i></p> <p>The Bonds may or (in the case of sub-paragraph (iv) below) shall be redeemed prior to their maturity if any of the following early redemption events occur:</p> <ul style="list-style-type: none"> (i) a Tax Event (as defined in the Conditions);

- (ii) the Issuer's obligations under the Bonds become illegal;
- (iii) a Regulatory Event (as defined in the Conditions); and
- (iv) upon termination of the TRS Agreement (other than as a result of a TRS Default Event and Trust Property Bankruptcy).

Following the occurrence of an event specified in (i), (ii) or (iii) above, the Bonds of each Series may be redeemed at the option of the Issuer, in each case at their Early Redemption Amount, including, for the avoidance of doubt, (if relevant) interest accrued to (but excluding) the date fixed for redemption in accordance with the Conditions.

For the avoidance of doubt, any redemption following the occurrence of an early redemption event shall relate to all of the Bonds of each Series outstanding.

TRS Default Event

Following the designation of an early termination date under the TRS Agreement as a result of the occurrence of an Event of Default under Sections 5(a)(i), 5(a)(iii), 5(a)(vii) and 5(a)(viii) of the ISDA Master Agreement (a “**Liquidation Event of Default**”) in respect of the TRS Counterparty (a “**TRS Default Event**”), then:

- (i) the Issuer shall, and if it fails to do so within two General Business Days of a TRS Default Event, the Bond Trustee may, and if directed to do so in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds or by an Extraordinary Resolution of all Bondholders of each Series shall, give notice of the occurrence of a TRS Default Event in accordance with the Conditions, the date of such notice being the Notice Date;
- (ii) from and including the Notice Date up to and excluding the Realisation Period End Date, the Selling Agent, acting on behalf of the Issuer, shall (A) realise the Issuer Assets in accordance with the procedures set out in the Selling Agency Agreement, and (B) notify and instruct RMBS Trustee to initiate the process and take preparatory steps for the realisation of the underlying residential loans of the RMBS Issuer Assets and to appoint the Selling Agent as the RMBS Trustee's agent to realise the underlying residential loans of the RMBS Issuer Assets in accordance with the relevant RMBS Trust Agreements; and
- (iii) each Bond of each Series shall (subject to an Acceleration Notice being delivered during the Realisation Period) be early redeemed at the Realisation Redemption Amount on the date falling seven Business Days following the Realisation Period Final Calculation Date (the “**Realisation Redemption Date**”) together (if applicable) with any accrued but unpaid interest accruing to (but excluding) the Realisation Period End Date, provided that if a Series of Bond has a Scheduled Maturity Date which falls after the Notice Date but prior to the Realisation Redemption Date (such Bonds being “**Extended Maturity Bonds**”), the maturity of such Bond shall be extended to the Realisation Redemption Date (the “**Extended Maturity Date**” of such Series of Bonds, and the period from and including the Scheduled Maturity Date and to but excluding the Realisation Period End Date, in respect of which interest will accrue, the “**Extended Maturity Period**”).

Interest will continue to accrue and be payable on Bonds up to (but excluding) the Realisation Period End Date in accordance with Condition 4 (*Interest and*

other Calculations), provided that Extended Maturity Bonds shall, in addition to the accrual of interest up to, but excluding, the Scheduled Maturity Date, bear interest during the Extended Maturity Period in accordance with the relevant Final Terms, provided further that in all cases, interest shall cease to accrue on (but excluding) the Realisation Period End Date.

On the Realisation Redemption Date, the realisation proceeds of the Issuer Assets during the Realisation Period (as swapped into the currency of the Bonds with the relevant FX Counterparty under the relevant Contingent FX Forward Transaction, if applicable) shall be applied in accordance with the Post-Realisation Priority of Payments to pay the Realisation Redemption Amount in respect of each Bond and any accrued but unpaid interest up to but excluding the Realisation Period End Date. If Bondholders' claims cannot be satisfied in full following application of proceeds in accordance with the Post-Realisation Priority of Payments, then the outstanding principal amount of each Bond as of the Realisation Redemption Date will become immediately due and payable by the Issuer.

For the avoidance of doubt, the termination of the TRS Agreement other than as a result of a TRS Default Event shall not result in the liquidation of the Issuer Assets by the Selling Agent. However, (other than in the case of a Trust Property Bankruptcy) upon the effective designation of an Early Termination Date of the TRS Agreement, the settlement of each TRS Facility and TRS Transaction entered into under the TRS Agreement shall be accelerated by the occurrence of the Facility Termination Date on such Early Termination Date. Upon such termination, in respect of each TRS Transaction, the TRS Counterparty shall pay to the Issuer an amount which is equivalent to the relevant portion of the net issue proceeds of the Bonds which was exchanged at the commencement of the TRS Transaction, taking into account any earlier partial termination payments upon partial payment of principal distributions of the relevant RO or partial removal of the RO. In exchange, the Issuer shall obtain a bid quotation for the sale of the RO to establish a Final Price and shall pay an amount to the TRS Counterparty based on such Final Price (or, to the extent that the bid quotation was provided by the TRS Counterparty, the RMBS Issuer Asset that is Equivalent to such RO may be delivered by the Issuer to the TRS Counterparty in satisfaction of such obligation to pay an amount based on the Final Price of such RO). The termination payments made by the TRS Counterparty to the Issuer are intended to fund the Issuer's payment of the relevant Early Redemption Amount or other amount payable to Bondholders under the Conditions. If the TRS Counterparty fails to make payment of the relevant termination payments which are intended to fund the relevant Early Redemption Amounts, such failure may constitute a TRS Default Event following which the procedures set out in "TRS Default Event" above shall apply.

Final redemption

Unless previously redeemed or purchased and cancelled, each Bond will be redeemed by the Issuer at its Final Redemption Amount as specified in or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Scheduled Maturity Date.

Event of Default

Following the occurrence of an Event of Default, the Bond Trustee may, and if requested to do so in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds or by an Extraordinary Resolution of all Bondholders, shall accelerate the Bonds, by giving notice (an "**Acceleration Notice**") to the Issuer that each Bond shall be immediately due and repayable at its Early Redemption Amount together with

(to the extent not included in the Early Redemption Amount) accrued interest if any of the following events of default occurs and is continuing:

- (a) if default is made for a period of more than 15 days in the payment of principal or more than 30 days in the payment of interest due in respect of any of the Bonds, save for any default in the payment of amounts due (or with respect to which the grace period for payment has expired) in the period from (and including) the Notice Date (if any) up to (but excluding) the Realisation Redemption Date;
- (b) if the Issuer fails to perform or observe any of its other obligations (including, for the avoidance of doubt, the obligation to make any payments other than principal, interest and/or other amounts due on the Bonds, such as fees and expenses) under the Bonds, the Trust Deed or any other Transaction Documents to which the Issuer is a party (other than the Distribution Agreement or any Subscription Agreement), but excluding any obligation of the Issuer to comply with the Asset Coverage Test (which, for the avoidance of doubt, require the TRS Counterparty to provide additional CSA Collateral) and (except where the Bond Trustee, in its absolute discretion, considers such failure to be incapable of remedy when no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied;
- (c) the commencement of any bankruptcy proceeding (*hasan tetsuzuki*) under the Bankruptcy Act (*hasan hou*) of Japan in respect of the Trust Property (*shintaku zaisan no hasan*); or
- (d) an order or notice of pre-judgment attachment (*karisashiosae*) or post-judgment attachment (*sashiosae*) or other court order of enforcement has been issued in respect of the Issuer's rights with respect to the Trust Property.

For the avoidance of doubt, the 30 day grace period referred to in paragraph (b) shall commence only upon service of the relevant notice on the Issuer requiring or demanding remedy of the relevant failure by the Issuer.

Following delivery of an Acceleration Notice, the Security Trustee may, and if directed by the Bond Trustee (acting on direction in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds or by an Extraordinary Resolution of all Bondholders) and having been indemnified, pre-funded or secured to its satisfaction shall, enforce the security over the Mortgaged Property (which, for the avoidance of doubt, shall include the Issuer's rights to claim against the TRS Counterparty). Service of an Acceleration Notice will also cause the TRS Agreement to be accelerated, with the Business Day immediately following the date of the Acceleration Notice deemed to have been designated (without any actual notice being delivered) as the Early Termination Date for each TRS Facility and each TRS Transaction thereunder.

RMBS Issuer Assets:

RMBS Securities that are Equivalent to an RO will be transferred to the Issuer from the TRS Counterparty by way of initial exchange pursuant to each TRS Transaction designating such assets as ROs. Once transferred to the Issuer, such assets will constitute the RMBS Issuer Assets.

During the term of the Bonds the Issuer may use TRS Cash to acquire new RMBS Issuer Assets and/or replacement RMBS Issuer Assets in connection with

the designation or substitution of ROs in accordance with the terms of the TRS Agreement.

The TRS Counterparty may propose to add, remove or substitute ROs, provided that, in respect of any additions or substitutions, any new RO constitutes an Eligible RO (as defined in the TRS Agreement).

Each RMBS Issuer Asset must, at the time of its transfer to the Issuer, satisfy the following Eligibility Criteria (as determined by the TRS Calculation Agent in its sole discretion (acting, if it deems necessary, on the advice of legal counsel)):

- (a) it must be a self-originated senior tranche of the Japanese law governed trust beneficial interests (*yusen juekiken*) (categorised as securities under the FIEA) of an RMBS Trust;
- (b) it must be in respect of residential loans for which SMBC was the original lender and/or which were guaranteed by an affiliated company 100 per cent. owned by SMBC as the underlying assets;
- (c) it is capable of being sold, assigned or participated to the Issuer and is capable of being sold, assigned or participated by the Issuer without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirements and the Issuer does not require any authorisations, consents approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any applicable law, save that the requirement for consent by the RMBS Trustee to any assignment or transfer shall not be deemed to be a breach of this requirement;
- (d) it must be denominated in Japanese Yen; and
- (e) the ownership of such obligation by the Issuer would not violate any applicable law, rule or regulation.

The failure of any asset to satisfy the Eligibility Criteria at any time after the date of its transfer to the Issuer shall not cause any such RMBS Issuer Asset to become ineligible, provided that such obligation was a RMBS Issuer Asset satisfying the Eligibility Criteria on the date of its transfer to the Issuer.

Subject to compliance with the Eligibility Criteria set out above, the RMBS Issuer Assets may have a stated maturity before or after the Scheduled Maturity Date of the relevant Series of Bonds.

Asset Coverage Test:

In the event that, on each Local Business Day (as defined in the Credit Support Annex), the Aggregate Market Related Value of the ACT Issuer Assets (which excludes amounts credited to the Reserve Fund (as described under “Interest and Expenses Reserve Fund” below) or any FX Forward Cash Reserve Balance (as described under “Contingent FX Forward Transaction” below)) has fallen below the product of (i) the sum of 100 per cent. and the Minimum OC Percentage; and (ii) the Total Maximum Aggregate Funded Notional Amount, which is equal to the outstanding aggregate principal amount of all of the Bonds (such shortfall, a “**Shortfall Amount**”), the TRS Counterparty shall, pursuant to the terms of the Credit Support Annex, be required to post an amount of CSA Collateral with a value at least equal to such Shortfall Amount to, or for the account of, the Issuer within two Local Business Days (in respect of any JPY cash to be posted) or within three Local Business Days (in respect of any JGBs to be posted).

Minimum OC Percentage:

The Minimum OC Percentage as of the date of this Base Prospectus is 25 per cent. or such other percentage figure that the TRS Counterparty may designate

(in its sole discretion) as the Minimum OC Percentage, provided that the Minimum OC Percentage (i) must be at least 25 per cent. and (ii) would not have an adverse effect on the current rating of the Bonds or cause such rating to be withdrawn. The TRS Counterparty shall notify any new Minimum OC Percentage the Issuer, the Valuation Agent and the Asset Monitor. The new Minimum OC shall be published in the Asset Monitor Report and the Valuation Investor Report for the relevant period.

Aggregate Market Related Value of ACT Issuer Assets:

The JPY Equivalent of $[A + B + C]$, where:

“A” means the aggregate of the Market Related Value of all RMBS Issuer Assets, multiplied by Adjusted LTV Limit Factor;

“B” means the aggregate of the Market Related Value of all CSA Collateral in the form of JGBs; and

“C” means the face value of all Issuer Cash excluding for these purposes the balance of cash held, from time to time, in the Interest and Expenses Reserve Fund Account and, in respect of each Series of Bonds, the FX Reserve Account.

“JPY Equivalent” means, in respect of an amount which is denominated in (i) a currency other than JPY, such amount converted to JPY in accordance at the applicable spot rate, and (ii) JPY, the applicable amount in JPY.

Notional Amount of RMBS Issuer Assets or JGB Issuer Assets:

In respect of each RMBS Issuer Asset or JGB Issuer Asset, the Notional Amount for the purposes of the Asset Coverage Test shall be the outstanding notional amount of such asset, after any amortisation, by way of payment of principal under the RMBS Trust Agreement (if applicable).

Current Price of RMBS Issuer Assets or JGB Issuer Assets:

In respect of each RMBS Issuer Asset, the clean mark-to-market price of such RMBS Issuer Asset obtained by the Valuation Agent from a dealer in RMBS Securities (which dealer may include SMBC Nikko Securities Inc.).

In respect of each JGB Issuer Asset, the bid price obtained by the Valuation Agent on the relevant date of determination.

Market Related Value of RMBS Issuer Assets:

In respect of each RMBS Issuer Asset, an amount calculated equal to:

Notional Amount x Current Price x Adjustment Factor (corresponding to the Rating Bucket as specified below).

Rating Bucket of RMBS Issuer Assets	Adjustment Factor of RMBS Issuer Assets
A credit rating assigned by Moody's of Aaa	100 per cent.
A credit rating assigned by Moody's of Aa1 to Aa3	80 per cent.
A credit rating assigned by Moody's that is below Aa3 or no credit rating is assigned by Moody's	0 per cent.

Adjusted LTV Limit Factor:

The LTV Threshold divided by Adjusted LTV, subject to a maximum of 100 per cent.

Adjusted LTV:

The aggregate Market Related Value of all RMBS Issuer Assets divided by the aggregate Property Value of all RMBS Issuer Assets.

LTV Threshold:

80 per cent.

Property Value:

In respect of each RMBS Issuer Asset, the aggregate value of the properties the subject of the underlying residential loans of such RMBS Issuer Asset where each such value was determined at the time the relevant underlying residential loan was underwritten.

**Market Related Value of
JGB Issuer Assets:**

In respect of each JGB Issuer Asset, an amount calculated equal to:

Notional Amount x Current Price x Adjustment Factor (corresponding to the Rating Bucket as specified below, provided, however, (x) if the notional amount of JGB Issuer Assets exceeds 10 per cent. of the Principal Amount Outstanding of all of the outstanding Bonds, the Adjustment Factor for the JGBs held in breach of such 10 per cent. threshold shall be deemed to be zero per cent and (y) for so long as the JGB Holding Period is more than 120 calendar days, the Adjustment Factor for all JGB Issuer Assets forming part of the CSA Collateral shall be deemed to be zero).

Rating Bucket of JGB Issuer Assets	Adjustment Factor of JGB Issuer Assets
A credit rating assigned by Moody's of Aaa to Aa3	96 per cent.
A credit rating assigned by Moody's of A1 to A3	50 per cent.
A credit rating assigned by Moody's that is below A3 or no credit rating is assigned by Moody's	0 per cent.

For the purposes of the tables set out above, the “**Rating Bucket**” of each RMBS Issuer Asset or JGB Issuer Asset shall be determined, as at each relevant day, by reference to the long-term credit rating assigned to such RMBS Issuer Asset or JGB Issuer Asset by Moody's.

Moody's is not established in the European Union or in the United Kingdom and is not registered in accordance with CRA Regulation or the UK CRA Regulation. However, Moody's Investor Services Ltd., which is an affiliate of Moody's, is established in the United Kingdom and registered under the UK CRA Regulation indicating an intention to endorse the ratings of certain of its non-UK affiliates. Moody's is registered with the Financial Services Agency of Japan.

JGB Holding Period:

The number of calendar days on which JGBs have formed part of the CSA Collateral, provided that the JGB Holding Period shall be reset to zero on each day on which at least 60 consecutive calendar days have passed during which there have been no JGBs forming part of the CSA Collateral.

Asset Monitor Report:

In accordance with the terms of the Asset Monitor Agreement, the Asset Monitor will, following receipt of reports from the Valuation Agent in respect of the ACT Issuer Assets and the completion of certain agreed upon procedures, provide a limited assurance opinion (constituting an “**Asset Monitor Report**”) on a quarterly basis on (i) the accuracy of the valuation of the Issuer Assets by the Valuation Agent and whether the Asset Coverage Test is passed or failed and (ii) the accuracy of the calculation of the Reserve Fund Required Amount by the TRS Counterparty. The impact of any discrepancies identified by the Asset Monitor in (i) on the Asset Coverage Test shall also be reported. The Asset Monitor will prepare a limited assurance opinion.

Each Asset Monitor Report will be delivered, *inter alios*, to the Cash Manager, the TRS Counterparty, the Bond Trustee, the Security Trustee and the Valuation Agent (who shall use the relevant Asset Monitor Report for the purposes of preparing a Valuation Investor Report to be made available on a quarterly basis). In the event that the Asset Monitor determines that the Asset Coverage Test has failed or its calculation of the Reserve Fund Required Amount is higher than the balance of the Reserve Fund as at the relevant time of calculation, the Asset Monitor shall set out such determination in the Asset Monitor Report.

**Interest and Expenses
Reserve Fund:**

If the TRS Counterparty's long-term senior unsecured debt rating from Moody's falls below A3, the Issuer and the TRS Counterparty have agreed to establish

and maintain a reserve fund in euro within the Issuer Accounts in an amount that is at least equal to the Reserve Fund Required Amount (as defined in the Interest Reserve and Expenses Agreement), being an amount equal to the aggregate of (i) the interest expected to become due and payable on each Series of Bonds in the following nine months; and (ii) the annual scheduled expenses of the Security Trustee, Bond Trustee and the relevant Agents (or, in the case of the Asset Monitor, one-quarter of its annual scheduled expenses), representing the scheduled expenses expected to be payable in the following nine months, in each case calculated after the necessary foreign exchange conversion at the relevant spot rate and on the assumption that the Notice Date was occurred as of the date of calculation and that, in the case of any floating rate interest, the relevant benchmark level as at the date of calculation is maintained for the nine-month period.

Denomination of Bonds:	The Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and set out in the applicable Final Terms, save that the minimum denomination of each Bond will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency or jurisdiction in which the Bonds are offered.
Taxation/Gross up:	All payments of principal and interest will be made without withholding for any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, unless the withholding is required by law whereupon, subject to certain exceptions, the Issuer will pay such additional amounts as will result in the receipt by the payee of such amounts as would have been received by it had no withholding been required, in accordance with the provisions described in Condition 7 (<i>Taxation</i>) of the Terms and Conditions.
Status of the Bonds and Recourse:	<p>The Bonds will constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves.</p> <p>Bondholders will have recourse to the Trust Property from time to time. In addition, Bondholders will also have recourse to the property of SMBC acting in its proprietary capacity (which, for the avoidance of doubt, excludes any property SMBC may hold in its capacity as trustee of any other trust).</p>
Governing law:	<p>The Bonds and the Trust Deed constituting the Bonds will be governed by, and construed in accordance with, English law. The English courts have non-exclusive jurisdiction to settle any action or proceeding arising out of or in connection with the Trust Deed and the Bonds.</p> <p>The TRS Agreement, the FX Cash Reserve Agreement, the Interest Reserve and Expenses Agreement and the Japanese Security Agreement will be governed by Japanese law.</p> <p>In respect of each Series of Bonds, the FX Forward Confirmation entered into with the TRS Counterparty on the Issue Date of such Bonds shall be governed by Japanese law. Following a FX Transaction Trigger, the FX Forward Confirmation and Equivalent FX Master Agreement with the subsequent eligible counterparty may be governed by Japanese law or English law. See “<i>Summary of the Principal Documents - The Contingent FX Forward Transactions</i>”.</p>
Ratings:	Unless otherwise specified in the applicable Final Terms, Bonds to be issued under the Programme are expected, at the time of issue, to be rated Aaa by Moody's.

Listing and admission to trading:	Luxembourg Stock Exchange's Euro MTF Market or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Bonds may be unlisted.
Clearing:	It is anticipated that the Bonds will clear through Euroclear and/or Clearstream, Luxembourg.
Selling Restrictions:	<p>The United States, the European Economic Area, the United Kingdom, Singapore and Japan.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>Bearer Bonds will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (the “D Rules”) unless (i) the relevant Final Terms state that Bonds are issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “C Rules”) or (ii) the Bonds are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Bonds will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p>Other restrictions may apply in connection with the offering and sale of a particular Tranche of Bonds. See “<i>Subscription and Sale</i>”.</p>
Risk factors:	There are certain risks related to any issue of Bonds under the Programme, which investors should ensure they fully understand, a non-exhaustive summary of which is set out under “ <i>Risk Factors</i> ” below.

RISK FACTORS

The Issuer believes that the following are some of the main factors that may affect its ability to fulfil its obligations under the Bonds issued under the Programme. All these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Bonds issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prospective investors should consider carefully the risks and uncertainties described below, together with all other information contained in this Base Prospectus and the information incorporated by reference herein before making any investment decision.

In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds and, as a result, investors could lose some or all of their investment.

1. Risks relating to the structure and the Bonds

1.1 *Payment obligations under the Bonds are dependent (prior to the occurrence of a TRS Default Event) on payments made by the TRS Counterparty under the TRS Agreement*

The Issuer is SMBC acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) and the Trust has been established solely for the purposes of managing the Trust Property. Pursuant to the TRS Agreement, the Issuer shall make payments to the TRS Counterparty of amounts equal to the distributions received on the RMBS Securities and JGBs forming part of the Trust Property and the TRS Counterparty shall make payments to the Issuer equal to the payments of interest and principal required to be made by the Issuer under the Bonds. Therefore, the ability of the Issuer to meet its payment obligations under the Bonds is dependent (prior to the occurrence of a TRS Default Event) on the TRS Counterparty performing its obligations under the TRS Agreement.

1.2 *SMBC acts in a number of capacities in connection with the Bonds and the related transactions and may take actions or refrain from taking actions in acting in one or more capacities that are contrary to the interests of the Bondholders*

The relationship among transaction parties in connection with the Programme may involve conflicts of interest involving circumstances under which such parties may not act in the best interests of Bondholders. In particular, SMBC is the TRS Counterparty, the TRS Calculation Agent, the Valuation Agent and the servicer of loans underlying each of the RMBS Issuer Assets. In addition, SMBC is the initial FX Counterparty and its affiliate, SMBC Nikko Securities Inc. will act as the initial Selling Agent, in each case, prior to their replacement following a credit rating downgrade. Another affiliate of SMBC, SMBC Nikko Capital Markets is a Lead Arranger and Dealer under the Programme. In certain of such capacities, SMBC and/or any of their respective affiliates may receive fees for their own account in accordance with the Transaction Documents or otherwise.

Each transaction party will have only the responsibilities and duties expressly agreed to by it in each of its relevant capacities and will not, by reason of its or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. In particular, in its role as Valuation Agent, SMBC is responsible for the calculations in respect of the Asset Coverage Test, which is tested on each Local Business Day and while such calculations are checked on a quarterly basis by a limited assurance opinion (constituting an Asset Monitor Report) provided by the Asset Monitor, such independent assurance is subject to limitations.

Each transaction party may enter business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents, from which it may derive revenues and profits in addition to any fees stated in various documents, without any duty to account therefor, provided that any such revenue, profits or fees will be paid or received only in accordance with applicable regulations. Save as

otherwise provided, no transaction party shall be deemed to have any fiduciary obligations to the Issuer or to the Bondholders or any other person by reason of its acting in such a capacity.

1.3 ***Compliance with the Asset Coverage Test is monitored and calculated by the Valuation Agent, and the Valuation Agent will have certain discretion with respect to such determinations and calculations***

The Issuer will be required to hold ACT Issuer Assets (being Issuer Assets, excluding cash held in the Reserve Fund or any FX Reserve Account) in respect of all Bonds sufficient to meet the Asset Coverage Test which is tested on each Local Business Day (as defined in the Credit Support Annex). In the event that the Aggregate Market Related Value of the ACT Issuer Assets has fallen below the product of (i) the sum of 100 per cent. and the Minimum OC Percentage; and (ii) the Total Maximum Aggregate Funded Notional Amount, which is equal to the outstanding aggregate principal amount of all of the Bonds (such shortfall, a “**Shortfall Amount**”), the TRS Counterparty shall, pursuant to the terms of the Credit Support Annex, be required to post an amount of CSA Collateral with a value at least equal to such Shortfall Amount.

For such purposes, although any JPY cash posted as CSA Collateral will be valued at its face value, the valuation attributed to (i) RMBS Issuer Assets, shall be subject to discount depending on the rating attributed to such RMBS Issuer Assets and a further adjustment to discount the value attributed to such RMBS Issuer Assets to the extent that the property value underlying the portfolio of RMBS Issuer Assets does not meet an 80 per cent. loan-to-value test; and (ii) JGB Issuer Assets, shall be subject to haircut depending on the rating attributed to such JGB Issuer Assets and, in addition, may be further discounted to the extent that the JGB Posting Test is not met. The valuation of the Issuer Assets involves determinations and calculations to be made by the Valuation Agent, and while the Transaction Documents provide a framework for such determinations and calculations, in certain circumstances, the Valuation Agent may be required to exercise its discretion with respect to such determinations and calculations. In particular, the valuation of RMBS Issuer Assets will be based on the clean mark-to-market price obtained by the Valuation Agent from a dealer in RMBS Securities (which may include SMBC Nikko Securities Inc.) and the valuation of JGB Issuer Assets will be determined based on a bid price offered by a relevant market dealer selected by the Valuation Agent, in each case with no requirement to obtain more than one such bid. Further, there may not be a liquid market for the RMBS Issuer Assets and the RMBS Issuer Assets are expected to be subject to revaluation only on a monthly basis.

Although the calculations of the Valuation Agent for the Asset Coverage Test will be checked by the Asset Monitor, such check will only take place on a quarterly basis and the Asset Monitor will only provide limited assurances with respect to the calculations of the Valuation Agent.

1.4 ***SMBC has an integral role in respect of the Bonds and the TRS Agreement that are critical to the performance of the various contractual obligations***

SMBC is the Issuer (in its capacity as trustee of the specified money trust) and the TRS Counterparty. In addition, Bondholders will have recourse to the property of SMBC acting in its proprietary capacity (which, for the avoidance of doubt, excludes any property SMBC may hold in its capacity as trustee of any other trust). As a result, the performance of the key contractual payment obligations under the Bonds, and by extension, the TRS Agreement, are almost entirely dependent on the performance by SMBC in its various capacities, of its contractual obligations under the Transaction Documents.

1.5 ***Certain elements of the credit structure will only become effective following the credit rating downgrade of SMBC and will not be effective in the event of a default of SMBC prior to such downgrades***

The credit structure supporting the Bonds includes mitigants to cater for any default of SMBC (see the section entitled “Credit Structure” below), including (i) the requirement for over-collateralisation as provided under the Asset Coverage Test, (ii) the requirement for the FX Counterparty and Selling Agent to be replaced by eligible third parties upon a credit rating downgrade of SMBC (iii) the requirement for SMBC as the TRS Counterparty to, upon a credit rating downgrade of SMBC, post cash reserves to fund the expected initial exchange payment obligations of the Issuer under the Contingent FX Forward Transactions and to fund expected interest and expenses payments during the Realisation Period; and

(iv) the requirement to, upon a credit rating downgrade of SMBC or the Onshore Account Bank, cease using the Issuer Domestic Account (which is an unsecured account) to receive distributions under the RMBS Issuer Assets and instead direct the RMBS Trustees to make payments to the Issuer Accounts (which are secured accounts) instead.

However, should a TRS Default Event occur prior to SMBC ceasing to maintain the applicable credit rating downgrade trigger levels, the mitigants described in items (ii), (iii) and (iv) above will not be effective at the time of default, which may significantly limit the protection otherwise intended by such credit structure.

In addition, should the Issuer not for any reason enter into Contingent FX Forward Transactions with third party FX Counterparties following a credit rating downgrade of SMBC, the relevant affected Series of Bonds will not benefit from the protection from foreign exchange movements during or after the Realisation Period that would otherwise have been provided for in the credit structure and the relevant Bondholders may recover less than they otherwise would have as a result.

1.6 *The TRS Counterparty will be responsible for posting additional collateral in the event that the Asset Coverage Test is not met*

The TRS Counterparty is responsible for maintaining compliance with the Asset Coverage Test pursuant to the terms of the Credit Support Annex. To the extent that the TRS Counterparty fails to deliver CSA Collateral in circumstances where it is required to do so under the Credit Support Annex, the realisable value of the relevant Issuer Assets may not be sufficient to redeem the Bonds following the occurrence of a TRS Default Event.

1.7 *A Liquidation Event of Default will result in a liquidation of Issuer Assets and redemption of the Bonds on the Realisation Redemption Date following the end of the Realisation Period and there can be no assurance that realisation proceeds will be sufficient to satisfy the obligations under the Bonds*

In the event that an Early Termination Date is designated under the TRS Agreement as a result of the occurrence of a Liquidation Event of Default in respect of the TRS Counterparty and following notification of such event by the Issuer or the Bond Trustee:

- (i) the Selling Agent will commence the liquidation of the Issuer Assets and will notify the RMBS Trustee to commence preparatory work for the liquidation of the underlying residential loans of the RMBS Securities over the nine-month Realisation Period;
- (ii) the Reserve Fund will fund scheduled interest and expenses during the Realisation Period (once depleted, any further interest and expenses will be deferred to the final distribution date following the end of the Realisation Period and paid in accordance with the Post-Realisation Priority of Payments, with no additional interest or amounts payable in respect of such deferral);
- (iii) the FX Reserve Account for each Series of Bonds will fund the initial exchange amounts payable to the FX Counterparties under each Contingent FX Forward Transactions; and
- (iv) following the end of the Realisation Period, the Cash Manager will determine the allocation of available proceeds on the Realisation Period Final Calculation Date and apply such proceeds in accordance with the Post-Realisation Priority of Payments to (following the payment of any accrued and unpaid expenses of the Security Trustee, Bond Trustee, Agents, Asset Monitor and Selling Agent) make a final exchange payment in JPY under each applicable Contingent FX Forward Transaction, with the final exchange payment to be received by the Issuer in the currency of each Bond used to make payment of Bond principal and interest on the Realisation Redemption Date.

A Liquidation Event of Default occurs if there is a failure to pay or deliver by the TRS Counterparty, the TRS Counterparty fails to comply with the terms of the Credit Support Annex, the TRS Counterparty becomes insolvent or the TRS Counterparty consolidates or amalgamates with another entity and the surviving entity fails to assume the obligations of the TRS Counterparty, each as described in more detail in “*Structure Overview – TRS Default Event*”.

While the Selling Agent or the RMBS Trustee (as applicable) will use reasonable endeavours to sell RMBS Issuer Assets (or the underlying residential loans of such RMBS Issuer Assets) to the highest bidder (or in descending order of bids in the case of an auction), there can be no assurance that there will be an active market with multiple bidders for such assets or that third party bidders will value the assets consistently with bids that were used by the Valuation Agent for the purpose of determining compliance with the Asset Coverage Test.

The Selling Agent may sell RMBS Issuer Assets and JGB Issuer Assets if any bid is received and the Selling Agent or its affiliates may themselves submit bids. If the Selling Agent fails to realise all or part of the relevant Issuer Assets within the Realisation Period, the Selling Agent shall have no obligation to continue to attempt to sell such assets, which remain part of the Trust Property and subject to the security granted in favour of the Security Trustee until the full discharge of Bondholder claims and other secured claims thereunder. The liquidation proceeds from the Issuer Assets may not be sufficient to redeem the Bonds in full.

If the Reserve Fund is insufficient to meet the payment of scheduled expenses of the Security Trustee, Bond Trustee and relevant agents during the Realisation Period, such expenses will need to be satisfied from the liquidation proceeds of the ACT Issuer Assets during the Realisation Period, which represents a claim on such liquidation proceeds which will be paid in priority to Bondholder claims. If the Reserve Fund is insufficient to meet the payment of interest in respect of a Series of Bonds, such unpaid interest will be postponed and satisfied from the liquidation proceeds of the ACT Issuer Assets during the Realisation Period, subject to the Post-Realisation Priority of Payments. See also the risk factor “*The Reserve Fund may not be sufficient to service actual interest and expenses payable during the Realisation Period*” below.

If the amounts credited to each FX Reserve Account are insufficient to pay in full the relevant initial exchange amount payable to the FX Counterparty, such unpaid initial exchange amounts shall represent a claim on the liquidation proceeds of the ACT Issuer Assets which will be paid in priority to the Bondholder claims. See also the risk factor “*Protections in place during the Realisation Period to protect Bondholders from fluctuations in foreign exchange rates may not be effective and are reliant on action taken by the TRS Counterparty*” below.

As a result of the above factors, the Issuer may have insufficient proceeds at the end of the Realisation Period to fully redeem the Bonds and pay all accrued and unpaid interest amounts on the Realisation Redemption Date.

1.8 ***The Reserve Fund may not be sufficient to service actual interest and expenses payable during the Realisation Period***

If the TRS Counterparty’s long-term senior unsecured rating from Moody’s falls below A3, the Issuer and the TRS Counterparty have agreed to establish and maintain a Reserve Fund in an amount that is at least equal to the Reserve Fund Required Amount, being equal to the aggregate of (i) the interest expected to become due and payable on each Series of Bonds in the following nine months; and (ii) the annual scheduled expenses of the Security Trustee, Bond Trustee and the relevant Agents and one quarterly instalment of the scheduled expenses of the Asset Monitor, together representing the scheduled expenses expected to be payable during the Realisation Period following the occurrence of a Liquidation Event of Default, in each case calculated after the necessary foreign exchange conversion at the relevant spot rate and on the assumption that, in the case of any floating rate interest, the relevant benchmark level as at the date of calculation is maintained for the nine-month period. The calculation of the Reserve Fund Required Amount involves estimates and assumptions relating to the expected amount of interest payable on the Bonds then outstanding as well as expenses payable to various parties in connection with the Bonds. There can be no assurances that the Reserve Fund Required Amount shall be sufficient to cover the actual interest and expenses payable during the Realisation Period following the occurrence of a Liquidation Event of Default under the TRS Agreement.

During the Realisation Period, interest on each Series of Bonds continues to accrue up to but excluding the Realisation Period End Date (which, for the avoidance of doubt, falls three General Business Days prior to the Realisation Period Final Calculation Date, which falls seven Business Days prior to the

Realisation Redemption Date on which payment of any unpaid interest amounts will be made). No interest is payable in respect of the period from and including the Realisation Period End Date up to and including the Realisation Redemption Date.

To the extent that the amount allocated to the relevant interest ledger of the Reserve Fund in respect of a particular Series of Bonds is insufficient to meet payments of interest on such Bonds during the Realisation Period, such unpaid amounts are postponed to the end of the Realisation Period and payment will be subject to the Post-Realisation Priority of Payments, with no further interest or other amounts payable in respect of such postponement. No Event of Default under the Conditions will occur as a result of non-payment of interest during the Realisation Period.

During the Realisation Period, the Cash Manager shall apply the Reserve Fund to satisfy Relevant Expenses (including expenses of the Security Trustee, the Bond Trustee, the Agents, the Selling Agent and the Asset Monitor) from the ledger established in respect of such Relevant Expenses. If the Reserve Fund is insufficient to satisfy such expenses, such payments shall be deferred and satisfied on or after the Realisation Period Distribution Date (for the avoidance of doubt, no Event of Default under the Bonds shall occur as a result of such deferment) and satisfied out of the liquidation proceeds of the Issuer Assets in accordance with the Post-Realisation Priority of Payments.

The Reserve Fund Required Amount shall be calculated, and the balance of the Reserve Fund shall be tested against such Reserve Fund Required Amount and, if there is any shortfall, the TRS Counterparty shall be required to provide further amounts so that the balance of the Reserve Fund is at least equal to the Reserve Fund Required Amount calculated at such time. However, any failure by the TRS Counterparty to top up any shortfall does not constitute an Event of Default under the Conditions and in addition is not a termination event under the TRS Agreement. Bondholders therefore do not have recourse to directly enforce the obligations of the TRS Counterparty to establish the Reserve Fund and the failure of the TRS Counterparty to comply with such obligations will adversely affect the recovery of amounts by Bondholders during the Realisation Period and at the end of the Realisation Period. The calculation of the Reserve Fund Required Amount will be checked by the Asset Monitor on a quarterly basis and notified to the TRS Counterparty via the delivery of the Asset Monitor Report.

In addition, although on a Notice Date, the Cash Manager may apply available JPY cash amounts to top up any shortfall in the Reserve Fund as compared to the Reserve Fund Required Amount last determined by the TRS Counterparty prior to the Liquidation Event of Default, any delay in notification of such Liquidation Event of Default by the Issuer or the Bond Trustee may lead to the potential for such Reserve Fund Required Amount no longer being as accurate a calculation of the amounts which will be required during the Realisation Period.

1.9 ***Protections in place during the Realisation Period to protect Bondholders from fluctuations in foreign exchange rates may not be effective and are reliant on action taken by the TRS Counterparty and Issuer.***

The Issuer will enter into a Contingent FX Forward Transaction in respect of each Series of Bonds with the TRS Counterparty, for so long as the TRS Counterparty maintains a long-term senior unsecured debt rating from Moody's above Baa2), or with a third party counterparty maintaining such credit rating if the TRS Counterparty does not maintain such credit rating.

However, if the initial FX Counterparty's credit ratings fall below the levels specified in the FX Forward Confirmation, to avoid the occurrence of an Additional Termination Event under each Contingent FX Forward Transaction, the Issuer is required, in respect of each Series of Bonds, to seek an eligible counterparty with the requisite credit ratings that will enter into an Equivalent FX Transaction.

If the TRS Counterparty remains as the FX Counterparty of a Contingent FX Forward Transaction at the time of a Liquidation Event of Default, the Contingent FX Forward Transaction will be terminated or if the Issuer fails to seek a replacement of FX Counterparty and an Additional Termination Event occurs in relation to FX Transaction, the Contingent FX Forward Transaction may be terminated, and the Bondholders of such Series of Bonds relating to such Contingent FX Forward Transaction may no longer have the protection against movements in foreign exchange rates between JPY and the currency of the Bonds during the Realisation Period.

Even if the FX Counterparty is a third party at the time of a Liquidation Event of Default, there can be no assurances that the FX Counterparty will perform its obligations as required under the Contingent FX Forward Transaction. Bondholders of a Series of Bonds are therefore reliant on the performance of the relevant FX Counterparty of the Contingent FX Forward Transaction in order to benefit from the protection against movements in foreign exchange rates between JPY and the currency of the Bonds during the Realisation Period.

Under the FX Cash Reserve Agreement, the TRS Counterparty is under an obligation to make certain cash reserve payments to the Issuer if the TRS Counterparty's credit ratings fall below the levels specified in the FX Cash Reserve Agreement. If there are shortfalls in the FX Forward Cash Reserve Balances as of the FX Forward Effective Date, the Cash Manager shall make provisions for such shortfalls from available JPY cash shortly after the start of the Realisation Period and any remaining shortfall shall be satisfied from the liquidation proceeds in accordance with the Post-Realisation Priority of Payments. To the extent that the TRS Counterparty does not maintain a sufficient balance in each FX Reserve Account, liquidation proceeds of ACT Issuer Assets will be used to meet such shortfall, which represents additional claims on ACT Issuer Assets which are satisfied in priority to amounts used to satisfy payments to Bondholders.

It should be noted that any failure by the TRS Counterparty to fund the FX Forward Cash Reserve Balance for each Series of Bonds does not constitute an Event of Default under the Conditions and in addition is not a termination event under the TRS Agreement. Bondholders therefore do not have recourse to directly enforce the obligations of the TRS Counterparty to establish and maintain the FX Forward Cash Reserve Balance for each Series of Bonds and the failure of the TRS Counterparty to comply with such obligations will adversely affect the recovery of amounts by Bondholders during the Realisation Period and at the end of the Realisation Period.

1.10 ***The Bonds shall or may be redeemed prior to maturity as a consequence of a number of factors related to changes in taxation or banking and trust regulations or related to illegality and defaults***

The Bonds shall or may be redeemed early by the Issuer in accordance with the Conditions in a number of different circumstances, including it becoming illegal for the Issuer to fulfil its obligations under the Bonds, upon termination of the TRS Agreement, following the occurrence of a Regulatory Event, or if a requirement to gross-up payments for withholding has occurred and the Issuer so elects, each as further detailed in the Conditions.

In addition, upon the commencement of any bankruptcy proceeding (*hasan tetsuzuki*) under the Bankruptcy Act (*hasan ho*) of Japan in respect of the Trust Property (*shintaku zaisan no hasan*) (“**Trust Property Bankruptcy**”) or if an order or notice of pre-judgment attachment (*karisashiosae*) or post-judgment attachment (*sashiosae*) or other court order of enforcement has been issued in respect of the Issuer's rights respect to the Trust Property, the Bond Trustee may accelerate the Bonds, which will cause the Bonds to redeem early and may lead to enforcement of Security.

If the Bonds are redeemed early an investor may not be able to reinvest their redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

1.11 ***The maturity date of the Bonds may be extended or accelerated upon termination under the TRS Agreement***

The maturity date of the Bonds may be extended or accelerated upon the occurrence of certain events relating to the TRS Counterparty or upon termination under the TRS Agreement.

In the event that an Early Termination Date is designated under the TRS Agreement as a result of the occurrence of a Liquidation Event of Default in respect of the TRS Counterparty, and following notification of such event by the Issuer or the Bond Trustee, the Selling Agent will commence the liquidation of the Issuer Assets over the Realisation Period and such liquidation proceeds will fund the redemption of the Bonds on the Realisation Redemption Date. Any delay in notification of such Liquidation Event of Default by the Issuer or the Bond Trustee will delay the occurrence of the Notice

Date and the commencement of the Realisation Period which will also delay the Realisation Redemption Date of the Bonds. The Realisation Redemption Date may fall prior to or after the original scheduled maturity date of the Bonds. If any Series of Bonds has its maturity date extended to the Realisation Redemption Date, such Bonds will bear interest at the rate specified in the applicable Final Terms and there is no assurance that the interest payable on such Bonds following the Scheduled Maturity Date will be adequate compensation for the postponement of the repayment of principal as compared with market rates at the relevant time.

In addition, upon the termination of the TRS Agreement other than as a result of a TRS Default Event and Trust Property Bankruptcy, upon the effective designation of an Early Termination Date of the TRS Agreement, the settlement of each TRS Facility and TRS Transaction entered into under the TRS Agreement shall be accelerated by the occurrence of the Facility Termination Date on such Early Termination Date and certain termination payments are required to be made under the TRS Agreement. The termination payments made by the TRS Counterparty to the Issuer is intended to fund the Issuer's payment of the relevant Early Redemption Amount or other amount payable to Bondholders under the Conditions.

1.12 ***The Bonds do not constitute "legislative covered bonds" pursuant to any law or regulation in any jurisdiction***

Although the Bonds to be issued under the Programme share many of the characteristics of typical "covered bonds", and have contractual recourse as a form of "contractual covered bond" (with recourse to certain trust property as a segregated cover pool as well as to the property of SMBC acting in its proprietary capacity as further described in this Base Prospectus) and may be marketed to highlight such shared characteristics, prospective Bondholders should understand that the Bonds do not constitute "legislative covered bonds" for the purposes of any law or regulation in any jurisdiction or for any other purpose, and therefore should not be regarded as such for any such purposes by any person. In particular, no liability shall attach to the Issuer, the TRS Counterparty, the Arrangers or any Dealer (or, if relevant, any of their respective affiliates) in connection with any purchase of Bonds by an investor on the assumption that they are "covered bonds".

1.13 ***Realisation of Mortgaged Property following the occurrence of an Event of Default and service of an Acceleration Notice may not yield amounts sufficient to repay all amounts due to Secured Creditors***

If an Event of Default occurs and an Acceleration Notice is served on the Issuer, then the Security Trustee will be entitled to enforce the Security created under and pursuant to the Trust Deed and the Japanese Security Agreement and the proceeds from the realisation of the Mortgaged Property will be applied by the Security Trustee towards payment of all secured obligations in accordance with the Conditions. The Mortgaged Property will include, but is not limited to, the Issuer's rights against the TRS Counterparty under the TRS Agreement.

There can be no assurance that the proceeds of realisation of the Mortgaged Property will be in an amount sufficient to repay all amounts due to the Secured Creditors (including the Bondholders) under the Bonds and the Transaction Documents.

The net proceeds of the realisation of the Mortgaged Property may be insufficient to pay all amounts due to the Bondholders after making payments to other Secured Creditors of the Issuer ranking prior thereto or *pari passu* therewith.

If, following the occurrence of an Event of Default, an Acceleration Notice is served on the Issuer, the Bondholders may be repaid sooner or later than expected, in whole or in part, or not at all. In particular, although Bondholders will have additional recourse to the property of SMBC acting in its proprietary capacity, the timing and quantum of recovery for the Bondholders from SMBC in such circumstance will be uncertain and, in the event that SMBC is insolvent, recovery (if any) by the Bondholders could take several years.

- 1.14 ***Proceeds from further issues of Bonds, which may be issued without the consent of existing Bondholders, will be transferred to the TRS Counterparty in exchange for the transfer to the Issuer of additional RMBS Securities***

Proceeds from a further issuance of Bonds are expected to be exchanged by the Issuer with the TRS Counterparty under the TRS Agreement with further RMBS Securities.

As Issuer Assets are held by the Issuer for the benefit of all Series of Bonds, in order to ensure that any exchange of Bond issuance proceeds with further RMBS Securities does not adversely affect existing Bondholders, the TRS Counterparty will be obliged to be in compliance with the Asset Coverage Test both before and immediately after any such exchange.

- 1.15 ***The Issuer Domestic Account is not part of the Issuer Accounts and the Issuer will not grant any security interest over the Issuer Domestic Account in favour of the Security Trustee***

The Issuer has established an Issuer Domestic Account with the Onshore Account Bank for the receipt of distributions from Issuer Assets comprising RMBS Securities, which will be applied on a same-day basis towards the Issuer's obligation under the TRS Agreement to transfer amounts equal to such distributions to the TRS Counterparty.

No security is granted over such account in favour of the Security Trustee, but no credit balances are expected to remain at the end of each day due to the immediate application of any distributions received towards payment to the TRS Counterparty, and upon a credit rating downgrade of the TRS Counterparty or the Onshore Account Bank, the Issuer shall be required to notify the RMBS Trustee to make further distributions to the General Offshore Account (JPY) held with the Account Bank and subject to security granted in favour of the Security Trustee.

- 1.16 ***The Issuer relies on third parties for monitoring and realisation of the Issuer Assets, and failure of such third parties to perform their services could adversely impact the value of the Bonds***

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. In particular, but without limitation, a third-party Asset Monitor has been appointed to check compliance with the Asset Coverage Test on a quarterly basis and the Account Bank has been appointed to provide banking services. In addition, the Issuer is required to appoint a Replacement Selling Agent upon the credit rating downgrade of SMBC Nikko Securities Inc. as the initial Selling Agent. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the ability of the Issuer to make payments under the Bonds and/or the TRS Agreement may be affected.

Bondholders are exposed to credit risk in respect of the performance by the Paying Agents (and any other Agents or persons who receive assets from or on behalf of the Issuer for the purposes of making onward payment or deliveries to Bondholders) of their respective duties. If such person, having received payment or delivery as aforesaid, fails to make the corresponding payment or delivery to the Bondholders when so required under the Conditions, the Bondholders may not have sufficient recourse against the Issuer in respect of such failure.

- 1.17 ***The Calculation Agent will have certain discretion with respect to the Bonds and determinations and calculations by the Calculation Agent will be binding on the Bondholders***

The terms of the Bonds confer on the Calculation Agent certain discretions in making determinations and calculations in relation to the Bonds. Whilst the Calculation Agent will act in good faith, there can be no assurance that the exercise of any such discretion will not affect the market value of the Bonds or the occurrence of an early redemption or the amount payable or deliverable in connection therewith.

The Calculation Agent shall have no obligations to the Bondholders, and shall only have the obligations expressed to be binding on it pursuant to the Agency Agreement, unless otherwise specified in the applicable Final Terms. All designations and calculations made by the Calculation Agent in respect of any Bonds shall be conclusive and binding on the Bondholders.

1.18 ***Each of the Account Bank, Onshore Account Bank, the Cash Manager and the Custodian are required to satisfy certain rating criteria or be replaced***

The parties to the Transaction Documents who receive and hold moneys pursuant to the terms of such documents (such as the Account Bank, Onshore Account Bank and the Cash Manager) are required to satisfy certain criteria in order that the Issuer can continue to use them to receive and hold moneys.

These criteria include requirements in relation to the short-term, unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria referred to above, then the rights and obligations of that party (including the right or obligation to receive moneys on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. However, it may not be possible to find a suitably rated counterparty to replace the original counterparty. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Bondholders may not be required in relation to such amendments and/or waivers.

1.19 ***Issuer Assets held by the Custodian may be commingled with the assets of other customers of the Custodian or used for the account of other clients of the Custodian***

Prospective investors' attention is drawn to the provisions in the Custody Agreement allowing the Issuer Assets held by the Custodian to be commingled with the assets of other customers of the Custodian in certain circumstances. In such circumstances, in the event of the Custodian's insolvency, the Issuer's assets may not be as well protected from claims made on behalf of the other clients of the Custodian.

The Custodian may hold Issuer Assets at the Custodian or with a Depository or Sub-Custodian. Deposited Issuer Assets held with a Depository shall be held in accordance with, and subject to, the laws and regulations applicable to such Depository and any local market practices and agreements generally adopted in respect of the Depository and any conditions generally imposed by such Depository. In certain markets, it may not be possible under national law for securities belonging to the Issuer and held by a Sub-Custodian, Depository or third party (or the Custodian, where the Custodian is a client of the relevant Sub-Custodian, Depository or third party) to be separately identifiable from the proprietary assets of that Sub-Custodian, Depository or third party (or the Custodian, where the Custodian is a client of the relevant Sub-Custodian, Depository or third party). The Issuer Assets may be held by the Custodian in an omnibus account at a Sub-Custodian or Depository, along with the securities of other customers of the Custodian and will be treated as fungible with all other securities of the same issue held in such account by the Custodian with such Sub-Custodian or Depository. This means that the redelivery rights of the Issuer in respect of the Issuer Assets are not in respect of the Issuer Assets actually deposited with the Custodian from time to time but rather in respect of Issuer Assets of the same number, class, denomination and issue as those Issuer Assets originally deposited with the Custodian in the Accounts from time to time. Such Sub-Custodian or Depository may then hold the Issuer Assets in an omnibus account with a third party that it engages. If the Sub-Custodian or Depository defaulted, and held less securities than it should for the benefit of all of its custody clients, there may be a shortfall. Any shortfall may then have to be shared pro rata among all clients whose securities are held by that Sub-Custodian or Depository and the Issuer may not receive its full entitlement. As a result, in the event of the default of such a Sub-Custodian or Depository, there is a risk that not all Issuer Assets deposited by the Custodian with the Sub-Custodian or Depository will be returned to the Custodian where there is a shortfall at the Sub-Custodian or Depository. In the event of a loss of part or all of the Issuer Assets, the Custodian shall be liable to the Issuer only to the extent that the relevant loss arises as a result of its own negligence, fraud or wilful default or that of its agents or Sub-Custodians. In the event of the insolvency or wind-up of, or occurrence of any other similar event affecting, the Custodian or any of its agents or Sub-Custodians, negligence, fraud and wilful default shall be judged by reference to their acts and omissions in relation to the performance of their duties and not deemed to have occurred solely by virtue of their insolvency. In

addition, the Custodian accepts no liability for the action or inaction of any Depository or for any Losses resulting from the maintenance of Issuer Assets deposited with it or cash with a Depository.

1.20 ***Although the Asset Coverage Test is tested daily, there may be timing lags between the testing of the Asset Coverage Test and additional posting of collateral to cure any breach or timing lags between the occurrence of a Liquidation Event of Default and notification of such event by the Issuer or the Bond Trustee that could create market and FX risk***

Although the Asset Coverage Test is tested daily to determine any shortfall amounts, pursuant to the Credit Support Annex, the TRS Counterparty has up to two Local Business Days (in the case the cash collateral is transferred) or three Local Business Days (in the case that JGBs are to be transferred) following notice of such shortfall to make such transfers of further collateral and, in the event that the TRS Counterparty does not make the required transfers, the TRS Counterparty will have a further three Local Business Days to cure such failure following notification of the failure to transfer to it by the Issuer.

The settlement period for collateral transfer, and grace period to cure a failure to transfer under the Credit Support Annex may lead to larger shortfalls in the Asset Coverage Test if there are significant movements in the value of ACT Issuer Assets during such period.

In addition, there may be a further timing delay between the occurrence of a Liquidation Event of Default and notification of such event by the Issuer or the Bond Trustee (which will postpone the start of the Realisation Period and the start of the foreign exchange hedging provided by the Contingent FX Forward Transactions) which, together with the potential timing lag in collateral posting, may increase the likelihood that the Issuer Assets are insufficient to support the full redemption of the Bonds and payment of all outstanding interest amounts in the event of a Liquidation Event of Default and Realisation Period.

1.21 ***Derivatives transactions between Issuer and TRS Counterparty could in the future be subject to Japanese margin rules requiring both parties to post initial margin to secured accounts held at a third party custodian, and in that case, the parties will need to agree to the amendment of documentation or entry into new arrangements in order to comply with such requirements.***

Depending on the volume of TRS Transactions undertaken by the Issuer with the TRS Counterparty, the parties may become subject to Japanese margin rules under Article 123 of the Cabinet Office Ordinance concerning the Financial Instruments Business Etc. (Cabinet Office Ordinance No. 52 of 2007, as amended, (the “COOFIB”) and the FIEA requiring both parties to put in place arrangements to post collateral as initial margin to segregated accounts at a third party custodian secured in favour of the other party.

The Conditions allow for the Bond Trustee to consent to such modifications and new arrangements without the consent of Bondholders, provided that:

- (i) it would involve the Issuer and the TRS Counterparty entering into an agreement under which each party may transfer collateral to (x) a third-party account bank to be secured in favour of the other party or (y) a trust account which meets the requirement under Paragraph 1, Item (xxi)-11, (d) of Article 123 the COOFIB (such account, an “**Eligible Trust Account**”), in accordance with the requirements of the Japanese margin rules as set forth in Article 123 of the COOFIB and the FIEA (as applicable) in connection with the TRS Agreement and related Transaction Documents;
- (ii) it would have the effect of enabling the TRS Counterparty to deposit, transfer, post or credit cash to (x) an account held with a third-party account bank and secured in favour of the Issuer; or (y) an Eligible Trust Account;
- (iii) it would have the effect of enabling the Issuer to deposit, transfer, post or credit any cash to (x) an account held with a third-party account bank and secured in favour of the TRS Counterparty, including the appointment of such account bank and the granting of such security interest or (y) an Eligible Trust Account, provided that such deposit, transfer, posting or credit of cash by the Issuer:

- (a) does not adversely affect the economic effect of the Bonds (including, for the avoidance of doubt, any payment flows thereunder);
- (b) does not lower the aggregate value or balance of the Trust Property or adversely affect the security interests attaching to the Trust Property; and
- (iv) the Issuer has received a Rating Agency Confirmation in respect of the modifications, waivers, additional documentation or arrangements proposed in connection with the above subparagraphs (i) to (iii).

1.22 *The Trust may terminate for a number of reasons and the nature of the termination event may result in early redemption of, or event of default under the Bonds and/or a termination of the TRS Agreement*

Each of the following events constitutes a trust termination event under the terms of the Money Trust Agreement:

- (i) Maturity of the Money Trust Agreement: This termination event is unlikely to be triggered as the initial term of the Money Trust Agreement is 20 years, and for so long as any Bonds remain outstanding, the term of the Money Trust Agreement will be automatically renewed for another 19 years;
- (ii) Each of the events set out in Items 1 through to 9 of Article 163 of the Trust Act, the most relevant of which includes (without limitation):
 - (a) if it has become impossible to achieve the purpose of the Trust (which is to acquire, invest, manage and dispose the trust property with the initial trust money together with the issue proceeds of the Bonds);
 - (b) if the Trust lacks a trustee and the office has not been filled with a new trustee for one year;
 - (c) if a judicial decision ordering the termination of the Trust has been rendered pursuant to the provisions of Article 165 of the Trust Act (the beneficiary of the Trust has waived such petition right under Article 165 of the Trust Act in the Money Trust Agreement) or Article 166 of the Trust Act (only permitted if the purpose of the Trust is against the public policy of Japan); and
 - (d) if an application has been filed for commencement of any bankruptcy proceeding (*hasan tetsuzuki*) under the Bankruptcy Act (*hasan ho*) of Japan in respect of the Trust Property (*shintaku zaisan no hasan*)); and
- (iii) All the debts in respect of the Bonds are discharged in full and the Issuer has determined that no further Bonds will be issued under the Programme.

The termination of the Trust due to any of the events set out in Items 1 through to 9 of Article 163 of the Trust Act would be an Additional Termination Event under the TRS Agreement with respect to Issuer, giving the TRS Counterparty the right to designate an Early Termination Date under the TRS Agreement. Such designation of an Early Termination Date would lead to the early redemption of the Bonds (see “*Structure Overview - Termination of the TRS Agreement other than as a result of a TRS Default Event*” above).

In addition, if the Trust termination event is the commencement of any bankruptcy proceedings in respect of the Trust Property, this would constitute an Event of Default and the Bond Trustee may, and if requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds or by an Extraordinary Resolution of all Bondholders shall, serve an Acceleration Notice upon the Issuer and in doing so accelerate the obligations of the Issuer under the Bonds (see “*Structure Overview – Events of Default*” above).

If a Trust termination event occurs, the Trust Property will be liquidated to pay all debts owed by the Trust, in accordance with the Money Trust Agreement and the other Transaction Documents to which the Issuer is a party. The liquidation proceeds shall be used to satisfy amounts due under the Transaction

Documents. The Trust will be deemed under the Trust Act to continue to exist until the liquidation of Trust Property and distribution of proceeds have been completed.

1.23 ***There is a risk that the segregation and bankruptcy remoteness of the Trust Property may be subject to challenge***

Under Japanese law, the Trust Property would not be available to the creditors of nor form part of the bankruptcy estate of SMBC acting in its proprietary capacity, or SMBC acting as trustee of any other trusts, provided that if the Issuer fails to properly segregate the Trust Property in accordance with its obligations under the Trust Act and the Trust Business Act of Japan (Act No. 154 of 2004, as amended), there is a possibility that the Trust Property would not be recognised as such.

Following the occurrence of a TRS Default Event, the Issuer may not be in a position to carry out its functions as the trustee of the Trust in a timely manner. However, the occurrence of the Notice Date will trigger obligations of (i) the Selling Agent to undertake certain procedures in relation to the realisation of the RMBS Issuer Assets and JGB Issuer Assets during the Realisation Period; and (ii) the Cash Manager to apply funds in the Reserve Fund and the FX Reserve Accounts during the Realisation Period and distribute the liquidation proceeds after the Realisation Period End Date in accordance with the Post-Realisation Priority of Payments (see "*Structure Overview - TRS Default Event*" above). These obligations and procedures are prescribed in the Selling Agency Agreement, Cash Management Agreement and other Transaction Documents and can be carried out without instruction or action from the Issuer after the Notice Date unless otherwise stated in the Transaction Documents. In certain circumstances, the Bond Trustee or the Security Trustee may instruct the Selling Agent and/or the Cash Manager in accordance with the Transaction Documents. There is a possibility that, the bankruptcy administrator of SMBC may, as part of the liquidation of SMBC, attempt to transfer the role of the trustee of the Trust (including all of the rights and obligations in connection therewith) from the Issuer to another institution. However, as aforementioned, the Transaction Documents prescribe for the realisation of the RMBS Issuer Assets and JGB Issuer Assets during the Realisation Period and the distribution of proceeds thereafter without further action or instruction from the Issuer.

If insolvency proceedings were to commence in respect of SMBC, an Insolvency Administrator of SMBC could attempt to re-characterise the security interests over the Issuer Assets granted in favour of the Security Trustee to secure the Bonds, so that instead of being security granted by the Issuer in its capacity as trustee in respect of the Trust, such Security is claimed by the Insolvency Administrator as having been granted by SMBC in its proprietary capacity. If an Insolvency Administrator were successful in seeking to re-characterise the security interests over the Issuer Assets granted to secure the Bonds, enforcement by the Security Trustee of the security over the Issuer Assets could be subject to the insolvency proceedings, such that the exercise of the security interest could be suspended and/or be delayed, and specifically in the case of corporate reorganisation, the exercise of the security interest could be entirely prohibited and the payment terms of the Bonds could be subject to modification and in such a case, it is not uncommon for the secured creditor to recover less than the principal amount of its secured obligation. The Issuer has been advised by its legal adviser, however, that such re-characterisation is extremely difficult under Japanese law, given the legal, valid and effective establishment of the Trust. However, the possibility of such re-characterisation cannot be ruled out entirely because the structure of the Bonds is new to the market and, as such, there is no applicable judicial precedent.

1.24 ***There is a possibility that the characterisation of the TRS Agreement may be challenged by the Insolvency Administrator***

Upon the occurrence of a TRS Default Event, an Early Termination Date with respect to the TRS Agreement will be automatically designated and the Early Termination Amount with respect to such early termination of the TRS Agreement will be calculated by the Issuer or the Selling Agent in accordance with the relevant provisions of the TRS Agreement, pursuant to which any firm bid quotations received by the Issuer during the Realisation Period in respect of each RMBS Issuer Asset which is Equivalent to a Reference Obligation subject to a TRS Transaction is required to be taken into account. Where the TRS Counterparty is subject to insolvency proceedings, the Automatic Early Termination of the TRS Agreement and the close-out netting under the Act on Close-out Netting of Specified Financial Transactions Conducted by Financial Institutions, etc. of Japan (Act No. 108 of 1998,

as amended, the “**Netting Act**”) would cause the claim(s) and obligation(s) of the TRS Counterparty under the TRS Agreement to be a single claim or a single obligation as a result of such netting.

However, if insolvency proceedings were commenced with respect to SMBC, an Insolvency Administrator of SMBC may seek to re-characterise the effect of the TRS Agreement. An Insolvency Administrator of the TRS Counterparty may try to re-characterise the exchange of cash and RMBS Securities under the TRS Agreement as a loan made by the Issuer to the TRS Counterparty, secured by security interest over the RMBS Issuer Assets which were transferred by the TRS Counterparty to the Issuer. Since such a secured loan is not protected under the Netting Act, if an Insolvency Administrator were successful in convincing a court to accept this alternative characterisation of the TRS Agreement, the enforcement by the Security Trustee of the security over Issuer Assets could be suspended or delayed, and specifically in the case of corporate reorganisation, enforcement of the security interest could be entirely prohibited and the payment terms of the Bonds could be subject to modification and in such a case, it is not uncommon for the secured creditor to recover less than the principal amount of its secured obligation.

However, the Issuer has been advised by its legal adviser that it would be extremely difficult to challenge the enforceability of such netting because the contemplated close-out netting arrangement is clearly protected under the Netting Act and therefore, the effect of such close-out netting arrangement would prevail over a re-characterisation of the exchanges under the TRS Agreement as a secured loan. As a result, it would be very difficult for the reorganisation trustee who is appointed with respect to such corporate reorganisation proceedings in respect of the TRS Counterparty to claim against the Issuer Assets based on the rights held by the TRS Counterparty prior to the close-out netting. However, the possibility of such re-characterisation cannot be ruled out entirely because the structure of the Bonds is new to the market and, as such, there is no applicable judicial precedent.

1.25 ***There is a possibility that the calculation of the Early Termination Amount under the TRS Agreement may be challenged by the Insolvency Administrator***

As described under “*Risk Factors - There is a possibility that the characterisation of the TRS Agreement may be challenged by the Insolvency Administrator*” above, upon the occurrence of a TRS Default Event, an Early Termination Date with respect to the TRS Agreement will be automatically designated and the Early Termination Amount with respect to such early termination of the TRS Agreement will be calculated by the Issuer or the Selling Agent in accordance with the relevant provisions of the TRS Agreement, pursuant to which any firm bid quotations received by the Issuer during the Realisation Period in respect of each RMBS Issuer Asset which is Equivalent to a Reference Obligation subject to a TRS Transaction is required to be taken into account.

An Insolvency Administrator, who is charged with maximising the value of the insolvency estate of the TRS Counterparty, may challenge the calculation by the Issuer (or the Selling Agent on its behalf) of the Early Termination Amount and/or payment timing thereof under the TRS Agreement on the basis that the value attributable to the relevant Reference Obligations should have been based on prices obtained at a different time, from different sources or using different methods or for any other reasons.

The Issuer has been advised by its legal adviser that it would be difficult to challenge the calculation made in good faith and using commercially reasonable procedures by the Issuer (or the Selling Agent on its behalf) of the Early Termination Amount because under the TRS Agreement, it is the Issuer who has the right to carry out the calculation as the non-defaulting party upon occurrence of a TRS Default Event, and unless there is any obvious fault or abuse of rights by the Issuer in calculation of the Early Termination Amount, there would be no due cause for the TRS Counterparty to challenge the calculation.

2. **Risks relating to the Issuer Assets**

2.1 ***Limited disclosure in respect of RMBS Issuer Assets***

Bondholders will receive limited statistics or information in relation to the RMBS Issuer Assets because the RMBS Issuer Assets may change from time to time due to the TRS Counterparty arranging to substitute new RMBS Issuer Assets complying with the Eligibility Criteria or the TRS Counterparty applying the issuance proceeds of further issuances of Bonds in exchange for new RMBS Issuer Assets.

The Asset Coverage Test is intended to ensure that the Issuer is holding an amount of ACT Issuer Assets of a value at least equal to the product of (i) the sum of 100 per cent. and the Minimum OC Percentage; and (ii) the outstanding aggregate principal amount of all of the Bonds (see the risk factor “*Compliance with the Asset Coverage Test is monitored and calculated by the Valuation Agent, and the Valuation Agent will have certain discretion with respect to such determinations and calculations*” above) for so long as Bonds remain outstanding (although there is no assurance that it will do so) and the Asset Monitor will provide quarterly reports, with Valuation Investor Reports prepared by the Valuation Agent and made available by the Issuer on a quarterly basis, in accordance with the terms of the Asset Monitor Agreement that will set out certain information in relation to the Asset Coverage Test. The Eligibility Criteria or the Asset Coverage Test cannot ensure that deterioration in asset quality or other factors affecting the RMBS Issuer Assets will not adversely impact the ability of the Issuer to meet its payment obligations under the Bonds, following an early redemption event in respect of the Bonds, TRS Default Event or Event of Default. The Valuation Investor Reports do not form part of this Base Prospectus.

2.2 ***Selection of Issuer Assets is at the discretion of the TRS Counterparty subject to certain eligibility criteria***

A separate TRS Transaction will be entered into in respect of each new tranche of RMBS Securities to be referenced by a TRS Transaction (an “RO”). Pursuant to each TRS Transaction, the TRS Counterparty will transfer to the Issuer RMBS Securities Equivalent to an RO to form part of the RMBS Issuer Assets and the Issuer shall pay to the TRS Counterparty a net amount up to the net issue proceeds of the Series of Bonds. Although the value of the RO to be transferred to the Issuer may be higher or lower than the portion of the net issuance proceeds to be transferred by the Issuer to the TRS Counterparty a condition to the effectiveness of each such TRS Transaction is that the Asset Coverage Test is satisfied on the effective date of such TRS Transaction after taking into account the settlement of (i) the transfer of the relevant RMBS Issuer Asset from the TRS Counterparty to the Issuer; and (ii) any transfer of collateral under the Credit Support Annex in relation thereto.

During the term of the Bonds the TRS Counterparty may cause the Issuer to use TRS Cash to obtain the transfer of new RMBS Issuer Assets and/or replacement RMBS Issuer Assets in connection with the designation or substitution of ROs in accordance with the terms of the TRS Agreement. The TRS Counterparty will have responsibility for sourcing the relevant RMBS Issuer Assets and will have the on-going right to add, remove or substitute ROs pursuant to the terms of the TRS Agreement (which shall require the addition, removal or substitution of the corresponding RMBS Issuer Assets), as long as they comply with the Eligibility Criteria described in the section “The Portfolio” below. The TRS Counterparty, when designating the addition, removal or substitution of an RO by delivering a revised Annex A under the TRS Agreement, shall be entitled to act in its own interests and shall not be acting as an investment adviser of, or assuming any fiduciary obligation to, the Issuer or any purchaser of Bonds.

Neither the Bond Trustee nor the Security Trustee shall be responsible for monitoring compliance with, nor the monitoring of, any tests, or supervising the performance by any other party of its obligations under any Transaction Document.

2.3 ***Investors could be exposed to risks associated with the Issuer Assets in the event that a TRS Default Event occurs and economic and other conditions may negatively affect the realisable value of the Issuer Assets at the time of sale***

Although the risks associated with the RMBS Issuer Assets and JGBs posted as CSA Collateral are intended to be borne by the TRS Counterparty under the TRS Agreement, assuming failure by the TRS Counterparty to meet its payment obligations under the TRS Agreement, such risks may be relevant for the Bondholders. The RMBS Issuer Assets and JGBs posted as CSA Collateral on which the Bonds and the claims of the Bondholders and other Secured Creditors are secured will be subject to various risks including, without limitation, credit, liquidity, interest rate, settlement and exchange rate risks. Asset concentration within a certain class, currency or jurisdiction could also adversely impact the overall Portfolio if conditions with respect to such assets are unfavourable.

The Issuer Assets which will secure the Bonds will comprise RMBS Securities subject to compliance with the Eligibility Criteria at the time of designation and JGBs and/or JPY cash, subject to limitations

on the proportion and duration of time which JGBs can be utilised as CSA Collateral (as further described in the section “Credit Structure” below). Issuer Assets will also include TRS Cash which is denominated in the currency of the relevant Series of Bonds to which it relates. The financial markets periodically experience substantial fluctuations in prices for obligations of the types that may be Issuer Assets and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the purchase by the Issuer of the relevant Issuer Assets. This risk may be heightened at a time when the TRS Counterparty fails to meet its payment obligations under the TRS Agreement.

During periods of limited liquidity and higher price volatility occurring during the Realisation Period, the ability of the Selling Agent (on behalf of the Issuer) to dispose of RMBS Issuer Assets and JGB Issuer Assets at a price and time that the Selling Agent deems advantageous may be impaired. A decrease in the market value of the RMBS Issuer Assets and/or JGB Issuer Assets during the Realisation Period would also adversely affect the proceeds of sale that could be obtained upon the sale of such assets and could ultimately affect the ability of the Issuer to pay in full or redeem the Bonds. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such RMBS Issuer Assets or JGB Issuer Assets at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Bonds.

2.4 ***Characteristics of, and risks associated with, investing in RMBS Securities***

The Issuer Assets which will secure the Bonds will primarily comprise of RMBS Securities, which are securities that entitle the holder thereof to receive payments that depend on the cashflow from a pool of residential loans. The residential loans underlying an issue of RMBS Securities are not secured by way of mortgage on residential property, but are instead guaranteed by an affiliate of SMBC. Although the guarantor’s subrogation rights will be secured by mortgages over residential property, the RMBS Trustee will bear the credit risk of the guarantor and will not always benefit from any proceeds of enforcement by the guarantor of its mortgages.

The rate of defaults and losses on residential loans will be affected by a number of factors, including natural disasters, general economic conditions in Japan and economic conditions specific to the areas in Japan where the related mortgaged property is located, as well as the financial circumstances of the borrower. The extent of the impact of the COVID-19 pandemic on the rate of defaults and losses on residential loans remains uncertain at this time.

During the global financial crisis in 2008 and 2009, most jurisdictions experienced a severe economic downturn that adversely affected the performance of residential mortgage receivables as unemployment and a lack of availability of credit led to increased delinquency and default rates by residential mortgage borrowers. It is possible that the same impact may be felt as a consequence of the impact of the COVID-19 pandemic and there can be no assurance that any economic turmoil will not have a material adverse effect on the Japanese RMBS market, including delinquencies and losses on receivables.

2.5 ***Issuer Assets may include cash delivered under the Credit Support Annex, and Bondholders will be exposed to credit risk of the Account Bank to which such cash is deposited***

Issuer Assets may include cash delivered to the Issuer under the Credit Support Annex and any cash held in an account with the Account Bank will be held by the Account Bank as banker and not as trustee. Any such cash will therefore not be held as client money in accordance with any client money rules. As a result, if the Account Bank becomes insolvent, the Issuer will only have an unsecured claim against the Account Bank’s estate in respect of any such cash. If the Issuer is unable to recover such cash in full from the Account Bank’s estate, if a Liquidation Event of Default has occurred, it may not have sufficient assets to redeem the Bonds in full.

2.6 ***Changes to tax incentives on Japanese housing loans due to change in legislature may negatively affect the housing loans market and therefore the value of the Issuer Assets***

One of the key characteristics of the Japanese mortgage and RMBS market which underpin the size and growth of the domestic RMBS market are tax incentives in Japan. In Japan, tax credits can be maximized with larger loan amounts, which acts as a powerful incentive for people to borrow larger amounts. In

particular, a borrower of a housing loan can benefit from housing loan tax deductions under certain conditions – such housing loan tax deduction allows a borrower of a housing loan to deduct 1 per cent. of the remaining housing loan from each year's income tax for a period of 10 or 13 years, as the case may be (subject to a maximum amount of deduction of JPY 400,000 per year (or JPY 200,000 per year if purchasing real estate without paying consumption tax) for the first 10 years). There can be no assurances that such tax incentives will not be amended or revised in the future, and any changes in tax legislation and/or regulations which adversely impact such tax incentives may result in decreased appetite for housing loans and a corresponding decrease in the growth of the domestic RMBS market. In addition, significant amendments and/or revisions to such tax incentives may adversely affect the ability of borrowers to repay their housing loans, which in turn may result in an increase in prepayments and delinquencies (which historically have been lower in Japan compared to other developed economies).

3. Risks relating to a particular issue of Bonds

3.1 *Investors must carry out their own independent assessment of and seek advice in respect of any investment in Bonds*

Each prospective purchaser of the Bonds must determine, based on its own independent review (including as to the financial condition and affairs) and its own appraisal of the creditworthiness of the Issuer and the TRS Counterparty and any relevant obligor in respect of the RMBS Issuer Assets and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, to assess the economic, social and political condition of the jurisdiction in which each relevant obligor is located and determine whether an investment in the Bonds is suitable or appropriate in its particular circumstances. Investment in the Bonds may only be suitable for investors who have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Bonds and the rights attaching to the Bonds.

In making its investment decision, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Bonds (i) is fully consistent with its (or if it is acquiring the Bonds in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether it is acquiring the Bonds as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Bonds in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds. None of the Issuer, the TRS Counterparty, the Bond Trustee, the Security Trustee, the Dealers or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Bonds. None of the Issuer, the TRS Counterparty, the Bond Trustee, the Security Trustee, the Dealers or any of their respective affiliates makes any representation as to the status of the Issuer or the treatment of a holding of Bonds under regulations applicable to an investor, including their treatment under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and its implementing regulations, commonly referred to as the Volcker Rule.

This Base Prospectus is not intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or as constituting an invitation or offer that any recipient of this Base Prospectus should purchase any of the Bonds. The Bond Trustee, the Security Trustee and the Dealers expressly do not undertake to review the financial condition, creditworthiness or affairs of any relevant obligor(s).

3.2 *The secondary market generally*

Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds

generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Bonds.

3.3 ***Changes in market interest rates may adversely affect the value of Fixed Rate Bonds***

Investment in Fixed Rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Fixed Rate Bonds.

3.4 ***Bonds linked to LIBOR and other benchmarks***

Reference rates and indices, including interest rate benchmarks, such as LIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments, have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing benchmarks, with further changes anticipated. These reforms and changes may cause a benchmark to perform differently than it has done in the past or to be discontinued.

In March 2021, the United Kingdom Financial Conduct Authority, which has regulatory authority with respect to LIBOR, announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative (i) after 31 December 2021 in the case of all sterling, euro, Swiss franc and Japanese yen settings and the one-week and two-month U.S. dollar settings and (ii) after 30 June 2023 in the case of the remaining U.S. dollar settings.

The Final Terms for Bonds will specify whether a benchmark is applicable. Under the current provisions in the Conditions, in the case of floating rate Bonds where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined, the provisions operates in such a way that if the relevant benchmark is permanently discontinued and cannot be determined under the existing fallback mechanism, the Rate of Interest for the floating rate Bonds will be determined by reference to the prior Interest Period, which may result in Bonds linked to, or referencing a benchmark performing differently (including paying a lower rate of interest) than they would do if such benchmark were to continue to apply in its current form, or result in the effective application of a fixed rate to the floating rate Bonds. Any such consequence could have a material adverse effect on the value and marketability of, and return on, any Bonds linked to a benchmark.

3.5 ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. In addition, as the Issuer Assets are primarily denominated in JPY, following a TRS Default Event, Bondholders are reliant on Contingent FX Forward Transactions to have been entered into with counterparties other than SMBC to hedge foreign exchange movements during the Realisation Period.

Risks relating to currency conversions include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency against JPY or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

3.6 ***The market prices of Bonds issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-

bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

3.7 ***Bearer Bonds and definitive Bonds may be traded in amounts that are not integral multiples of a minimum Specified Denomination may be illiquid and difficult to trade***

In the case of Bonds which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, may not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more Specified Denominations.

3.8 ***The Bonds may be represented by Global Bonds or Global Certificates and holders of a beneficial interest in a Global Bond or Global Certificate must rely on the procedures of the relevant Clearing System(s)***

Bonds issued under the Programme may be represented by one or more Global Bonds or Global Certificates. Such Global Bonds or Global Certificate will be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg, (each of Euroclear and Clearstream, Luxembourg, a “**Clearing System**”). Except in the circumstances described in the relevant Global Bond or Global Certificate, investors will not be entitled to receive definitive Bonds or Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Bonds or Global Certificate. While the Bonds are represented by one or more Global Bonds or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by one or more Global Bonds or Global Certificates, the Issuer will discharge its payment obligations under the Bonds by making payments to the Common Depositary for Euroclear and Clearstream, Luxembourg, for distribution to their account holders. A holder of a beneficial interest in a Global Bond or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds or Global Certificate. Holders of beneficial interests in the Global Bonds or Global Certificate will not have a direct right to vote in respect of the relevant Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

3.9 ***Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds***

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individuals.

The Terms and Conditions of the Bonds also provide that the Bond Trustee may agree, without the consent of the Bondholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds or the Trust Deed or any other Transaction Document, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such. There is a risk that the decision made by the Bond Trustee may be adverse to the interests of the individual holders of the Bonds.

3.10 ***The Bond Trustee and the Security Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances, the Bond Trustee or, as the case may be, the Security Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its

satisfaction before it takes actions on behalf of holders of the Bonds. The Bond Trustee and the Security Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Bond Trustee or, as the case may be, the Security Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

3.11 ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Bonds. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Bonds, but reflect only the view of each rating agency at the time the rating is issued. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Ratings may be affected by a number of factors which can change over time, including the credit rating agency's assessment of: the issuer's strategy and management's capability; the issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the issuer's key markets; the level of political support for the industries in which the issuer operates; and legal and regulatory frameworks affecting the issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region or the ratings methodologies applicable to certain bond issuance structures and credit enhancement features. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of changes to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities.

A downgrade or potential downgrade in these ratings or the assignment of new ratings that are lower than existing ratings could reduce the number of potential investors in the Bonds and adversely affect the prices and liquidity of the Bonds. A security rating is not a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

3.12 ***Change of law***

The conditions of the Bonds are based on English law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

4. ***General risk factors***

4.1 ***Developments in other markets may adversely affect the market price of the Bonds***

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Japan. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

4.2 ***The insolvency laws of Japan may differ from those of another jurisdiction with which the holders of the Bonds are familiar***

As the Issuer is incorporated under the laws of Japan, any insolvency proceeding relating to the Issuer, would likely involve Japanese insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar. Please see "Risk Factor - There is a possibility that the calculation of the Early

Termination Amount under the TRS Agreement may be challenged by the Insolvency Administrator” above.

4.3 ***Deposit Insurance Act of Japan***

Deposit Insurance Act of Japan (the “**Deposit Insurance Act**”) includes provision for a special resolution regime to deal with financial crisis to be caused by Japanese banks and a special resolution regime for orderly resolution of financial institutions, including Japanese banks, to prevent significant disruption in the financial markets or other financial system in Japan from being caused. In cases where each of such resolution regimes is implemented for Japanese banks or financial institutions, as applicable, the Commissioner of the Financial Services Agency of Japan may exercise its power under the Deposit Insurance Act to suspend and stay effectiveness of provisions of termination, termination rights or event of default to be triggered by the implementation of such resolution regimes or related measures stipulated in agreements for certain transactions relating to financial system, including derivative transactions. The Deposit Insurance Act does not explicitly provide the period for which such suspension and stay will continue although it provides that the period will be determined by the Commissioner of the Financial Services Agency of Japan as necessary to take measures to prevent significant disruption in the financial system in Japan from being caused. If such resolution regime is implemented to SMBC and the Commissioner of the Financial Services Agency of Japan exercises its power for such suspension and stay, it may have an impact on various aspects of the transaction, including affecting the ability of SMBC to perform its obligations under the TRS Agreement or delaying the enforcement of such obligations, as a result of which, the ability of the Issuer to meet its obligations under the Bonds may be affected and/or the rights and interests of the Bondholders may be otherwise adversely affected.

FORM OF THE BONDS

The Bonds of each Series will be in bearer form or registered form (respectively “**Bearer Bonds**” and “**Registered Bonds**”), with or without interest coupons attached, in each case as specified in the applicable Final Terms.

Bearer Bonds

The following applies to Bonds specified in the applicable Final Terms to be in bearer form.

Bonds in bearer form will be initially issued in the form of a temporary global bond (a “**Temporary Global Bond**”) or, if so specified in the applicable Final Terms, a permanent global bond (a “**Permanent Global Bond**”, and together with a Temporary Global Bond, each a “**Global Bond**”) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a Common Depositary (in the case of Global Bonds not issued in NGN form (“**CGN**”) or Common Safekeeper (in the case of Global Bonds stated in the applicable Final Terms to be issued in new global note form (“**NGN**”)), as the case may be for Euroclear and Clearstream, Luxembourg.

If the Global Bond is a CGN, upon the initial deposit of a Global Bond with a Common Depositary for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Bonds equal to the nominal amount thereof for which it has subscribed and paid. If the Global Bond is a NGN, the nominal amount of the Bonds shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Bonds represented by the Global Bond and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Whilst any Bearer Bond is represented by a Temporary Global Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bonds due prior to the Exchange Date (as defined below) will, in the absence of provision to the contrary, be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “**Exchange Date**”) which is 40 days after a Temporary Global Bond is issued, interests in such Temporary Global Bond will be exchangeable (free of charge) upon a request as described therein either for (a) definitive Bearer Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached; or (b) interests in a Permanent Global Bond of the same Series (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Bond for an interest in a Permanent Global Bond or for definitive Bearer Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Bond will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be, in the case of a CGN) of the Permanent Global Bond without any requirement for certification. Payments under a NGN will be made to its holder.

The applicable Final Terms will specify that a Permanent Global Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Bonds with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Bond) to the Principal Paying Agent as described therein; or (b) only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee and the Principal Paying Agent is available.

The Issuer will promptly give notice to Bondholders if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an

interest in such Permanent Global Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Bonds, receipts and interest coupons relating to such Bonds:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Bonds, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Bonds, receipts or interest coupons.

Bonds which are represented by a Temporary Global Bond or a Permanent Global Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Bonds

The following applies to Bonds specified in the applicable Final Terms to be in registered form.

Each Tranche of Registered Bonds will initially be represented by a global certificate in registered form (a **“Global Certificate”**).

Global Certificates will be deposited with a Common Depositary (in the case of Global Certificates not held under the New Safekeeping Structure (the **“NSS”**)) or Common Safekeeper (in the case of Global Certificates held under the NSS), as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Bonds in fully registered form.

Payments of principal, interest (if any) and any other amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Global Certificate at the close of business on the Clearing System Business Day immediately prior to the date for payment, where **“Clearing System Business Day”** means Monday to Friday inclusive except 25 December and 1 January. Payments of principal, interest (if any) or any other amount in respect of the Registered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register at the close of business on the fifteenth day before the relevant Record Date (as defined in Condition 5.4 (*Payments in respect of Registered Bonds*)) immediately preceding the due date for payment in the manner provided in Condition 5 (*Payments*).

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Registered Bonds in definitive form without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **“Exchange Event”** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by Registered Bonds in definitive form and a certificate to that effect signed by two Authorised Signatories of the Issuer is given to the Bond Trustee.

The Issuer will promptly give notice to Bondholders if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) or the Bond Trustee may give notice to the Registrar requesting. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

General

Where a further Tranche of Bonds is issued which is intended to form a single Series with an existing Tranche of Bonds, the Bonds of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Bonds of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Bonds of such Tranche.

The following legend will appear on each Bond:

“INTEREST PAYMENTS ON THIS SECURITY WILL BE SUBJECT TO JAPANESE WITHHOLDING TAX UNLESS THE HOLDER ESTABLISHES THAT THE SECURITY IS HELD BY OR FOR THE ACCOUNT OF A HOLDER THAT IS (I) FOR JAPANESE TAX PURPOSES NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS A PERSON HAVING A SPECIAL RELATIONSHIP WITH SMBC AS DESCRIBED IN ARTICLE 6, PARAGRAPH 4 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN (A “SPECIALLY-RELATED PERSON OF SMBC”), (II) A DESIGNATED JAPANESE FINANCIAL INSTITUTION OR A FINANCIAL INSTRUMENTS BUSINESS OPERATOR DESCRIBED IN ARTICLE 6, PARAGRAPH 11 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN WHICH COMPLIES WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER THAT PARAGRAPH, OR (III) A JAPANESE CORPORATION, A FINANCIAL INSTITUTION OR A FINANCIAL INSTRUMENTS BUSINESS OPERATOR, ETC. DESCRIBED IN ARTICLE 3-3, PARAGRAPH 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN WHICH RECEIVES SUCH INTEREST THROUGH A PAYMENT HANDLING AGENT IN JAPAN AS PROVIDED IN PARAGRAPH 1 OF THE SAID ARTICLE AND COMPLIES WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER PARAGRAPH 6 OF THE SAID ARTICLE.

INTEREST PAYMENTS ON THIS SECURITY TO AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION (OTHER THAN THOSE DESCRIBED IN ITEMS (II) AND (III) OF THE PRECEDING PARAGRAPH) OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS A SPECIALLY-RELATED PERSON OF SMBC WILL BE SUBJECT TO WITHHOLDING OF JAPANESE INCOME TAX AT A RATE OF 15 PER CENT. (FROM AND INCLUDING 1 JANUARY 2013 TO AND INCLUDING 31 DECEMBER 2037, A RATE OF 15.315 PER CENT.) OF THE AMOUNT OF SUCH INTEREST.

HOWEVER, INTEREST ON BONDS OF WHICH THE AMOUNT OF INTEREST IS TO BE CALCULATED BY REFERENCE TO CERTAIN INDEXES (AS PRESCRIBED UNDER THE CABINET ORDER RELATING TO ARTICLE 6, PARAGRAPH 4 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN) RELATING TO SMBC OR A SPECIALLY-RELATED PERSON OF SMBC WILL BE SUBJECT TO THE 15 PER CENT. (FROM AND INCLUDING 1 JANUARY 2013 TO AND INCLUDING 31 DECEMBER 2037, A RATE OF 15.315 PER CENT.) WITHHOLDING TAX EVEN IF PAID TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS NOT A SPECIALLY-RELATED PERSON OF SMBC.”

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

A Bond may be declared immediately due and repayable in certain circumstances described in Condition 9 (*Events of Default, Acceleration and Enforcement*). No Bondholder shall be entitled to proceed directly against the Issuer, unless the Bond Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer may agree with any Dealer that Bonds may be issued in a form not contemplated by the Terms and Conditions of the Bonds herein, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Bonds.

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions which will be incorporated by reference into each Global Bond or Global Certificate and each definitive Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Bond or Global Certificate, as applicable, and each definitive Bond.

This Bond is one of a Series (as defined below) of Bonds constituted by a Trust Deed dated 11 October 2018 (as amended and/or supplemented as at the date of issue of the Bonds, the “**Trust Deed**”) between Sumitomo Mitsui Banking Corporation, acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001 (in such capacity, the “**Issuer**”) and BNY Mellon Corporate Trustee Services Limited as the bond trustee and the security trustee (the “**Bond Trustee**” and the “**Security Trustee**”, respectively, which expressions shall include all persons for the time being the bond trustee(s) or security trustee(s) respectively under the Trust Deed). These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes (amongst other things) the form of the Bonds referred to below. An Agency Agreement dated 11 October 2018 (as amended and/or supplemented as at the date of issue of the Bonds, the “**Agency Agreement**”) has been entered into in relation to the Bonds, the Receipts (as defined below) and the Coupons (as defined below) between the Issuer, the Bond Trustee, the Security Trustee, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent and The Bank of New York Mellon, London Branch as principal paying agent, cash manager and calculation agent and the other agents named in it. The principal paying agent, the registrar, the transfer agent, the cash manager and the calculation agent for the time being (if any) are referred to below respectively as the “**Principal Paying Agent**”, the “**Registrar**”, the “**Transfer Agent**” (and together with the Principal Paying Agent and the Registrar, the “**Paying Agents**”), the “**Cash Manager**” and the “**Calculation Agent(s)**”.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Terms and Conditions shall have the meanings given to them in the applicable Final Terms and/or a master definitions and construction agreement dated 11 October 2018 (as amended and/or supplemented and/or restated as at the date of issue of the Bonds, the “**Master Definitions and Construction Agreement**”).

Save as provided for in Conditions 9 (*Events of Default, Acceleration and Enforcement*) and 14 (*Meetings of Bondholders, Modification and Waiver*), references herein to the “**Bonds**” shall be references to the Bonds of this Series and shall mean:

- (i) in relation to any Bonds in bearer form (“**Bearer Bonds**”) represented by a bearer global bond (a “**Global Bond**”), units of the lowest Specified Denomination of the Bonds;
- (ii) in relation to any Bonds in registered form (“**Registered Bonds**”) evidenced by a registered global certificate (a “**Global Certificate**”), units of the lowest Specified Denomination of the Bonds;
- (iii) any Global Bond or Global Certificate;
- (iv) any Bearer Bonds in definitive form issued in exchange for a Global Bond; and
- (v) any Registered Bonds in definitive form (whether or not issued in exchange for a Global Certificate),

in each case for the time being outstanding, or as the context may require or a specific number of them.

Bearer Bonds will be represented on issue by a Global Bond in temporary global form (each a “**Temporary Global Bond**”) or a Global Bond in permanent global form (each a “**Permanent Global Bond**”) as stated in the applicable Final Terms. Global Bonds stated in the applicable Final Terms to be issued in new global note form (such form, “**NGN**” form) will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper for Euroclear Bank SA/NV, or its successors (“**Euroclear**”) and Clearstream Banking, S.A., or its successors (“**Clearstream, Luxembourg**”) (the “**Common Safekeeper**”). Global Bonds not issued in NGN form (such form, “**CGN**” form) will be delivered on or prior to the original issue date of the relevant Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”). Global

Certificates held under the New Safekeeping Structure (the “**NSS**”) will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global Certificates not held under the NSS will be delivered on or prior to the original issue date of the relevant Tranche to a common depositary for Euroclear and Clearstream, Luxembourg.

The Final Terms for the Bonds (or the relevant provisions thereof) completes these Terms and Conditions (the “**Terms and Conditions**”). References to the “**applicable Final Terms**” are to the Final Terms (or the relevant provisions thereof) endorsed on or attached to this Bond.

Interest bearing definitive Bearer Bonds have interest coupons (“**Coupons**”) and, in the case of Bearer Bonds which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Bearer Bonds in definitive form which are repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Bonds, Global Bonds and Global Certificates do not have Receipts, Coupons or Talons attached on issue.

The Bond Trustee acts for the benefit of the holders for the time being of the Bonds (the “**Bondholders**”, or “**holders**”, which expressions shall mean (in the case of Bearer Bonds) the holders of the Bonds and (in the case of Registered Bonds) the persons in whose name the Bonds are registered and shall, in relation to any Bonds represented by a Global Bond or Global Certificate, be construed as provided below), the holders of the Receipts (the “**Receiptholders**”) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons (the “**Talontholders**”)), in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means Bonds which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

In respect of a Series of Bonds, the Issuer will enter into a TRS confirmation documenting a TRS facility (a “**TRS Confirmation**” and a “**TRS Facility**”, respectively) with Sumitomo Mitsui Banking Corporation, acting in its proprietary capacity (the “**TRS Counterparty**”). The Issuer shall exchange the net issue proceeds of the Bonds (as adjusted by the applicable Initial OC Payments (as defined in the relevant TRS Confirmation)) under the relevant transaction which is the subject of such TRS Confirmation (the “**TRS Transaction**”) with certain eligible assets, designated as Reference Obligations (once transferred to the Issuer, the “**RMBS Issuer Assets**”), from the TRS Counterparty.

During the term of each TRS Transaction, the Issuer will pay to the TRS Counterparty all net interest, principal and any other amounts which a hypothetical holder of each Reference Obligation which is the subject of such TRS Transaction that is a company with a tax residence, tax domicile and tax status equivalent to those of the Issuer, would actually have received (such payments to be made on the same day as (or in certain cases, within two Business Days (as defined in the TRS Agreement) following) the date on which such payments would have been so received), in exchange for payments by the TRS Counterparty under the TRS Facility which will match the Issuer's payment obligations in respect of the Bonds.

Cash and government bonds issued by the Government of Japan (“**JGBs**”) received by the Issuer in accordance with the terms of a 2016 ISDA Credit Support Annex for Variation Margin (VM) (Japanese Law) entered into by the Issuer and the TRS Counterparty (the “**Credit Support Annex**”) which collateralises the obligations of the TRS Counterparty under each TRS Transaction (the “**CSA Collateral**”), and the balance of any cash held in the Issuer Accounts and the Issuer Domestic Account (each as defined in Condition 3.3 (*Trust Property*)) from time to time (the “**Issuer Cash**”) shall be held on behalf of the Issuer by The Bank of New York Mellon, London Branch as the custodian and the account bank (the “**Custodian**” and the “**Account Bank**”, respectively), save that the portion of the Issuer Cash held in the Issuer Domestic Account shall be held on behalf of the Issuer by the Onshore Account Bank. The RMBS Issuer Assets, the JGB Issuer Assets and the Issuer Cash (together the “**Issuer Assets**”), along with other assets of the Issuer, comprise the Trust Property (as defined in Condition 3.3 (*Trust Property*)). In addition, the Issuer Assets (other than the Issuer Domestic Account and the cash balance thereof

from time to time) shall be subject to security interests granted to the Security Trustee (for the benefit of the Secured Creditors, which includes the Bondholders) under English or Japanese law (as applicable) pursuant to the Trust Deed and the Japanese Security Agreement. The Issuer Assets will be fungible between each Series of Bonds. These Terms and Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the TRS Agreement and the Agency Agreement.

Copies of the Trust Deed, the TRS Agreement, the Master Definitions and Construction Agreement, the Agency Agreement and each of the other Transaction Documents are available for inspection (A) during normal business hours at the registered office of the Issuer and (B) at all reasonable times during normal business hours (being between 9:30 a.m. and 3:30 p.m.) at the specified office for the time being of the Principal Paying Agent (being at the date hereof One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding of Bonds satisfactory to the Principal Paying Agent. The Bondholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed and the Master Definitions and Construction Agreement and to have notice of those provisions of the Agency Agreement, each of the other Transaction Documents and the applicable Final Terms relating to the Bonds.

1. **Form, Denomination and Title**

The Bonds are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s) and Bearer Bonds may not be exchanged for Registered Bonds and *vice versa*, nor may Bonds of one Specified Denomination be exchanged for Bonds of another Specified Denomination.

This Bond may be denominated in any Specified Currency.

This Bond may, depending upon the Interest Basis specified in the applicable Final Terms, be a Fixed Rate Bond or a Floating Rate Bond or a combination thereof. Bearer Bonds in definitive form are issued with Coupons attached.

Subject as set out below, title to the Bearer Bonds, Receipts and Coupons will pass by delivery and title to the Registered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Agents and the Bond Trustee will (except as ordered by a court of competent jurisdiction or as required by law) deem and treat the bearer of any Bearer Bond, Receipt or Coupon and the registered holder of any Registered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Bond or Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Bonds are represented by a Global Bond or a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's Creation Online system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the Agents and the Bond Trustee as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Bonds, for which purpose the bearer of the relevant Global Bond or the registered holder of the relevant Global Certificate, as applicable, shall be treated by the Issuer, any Agent and the Bond Trustee as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the relevant Global Bond or Global Certificate, and the expressions "**Bondholder**" and "**holder**" of Bonds and related expressions shall be construed accordingly.

Bonds which are represented by a Global Bond or Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context

so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms selected by the Issuer and approved by the Principal Paying Agent, the Bond Trustee and, as the case may be, the Registrar.

2. Transfers of Registered Bonds

2.1 *Transfer of interests in Global Certificates*

Transfers of beneficial interests in Global Certificates will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Bonds in definitive form or for a beneficial interest in another Global Certificate only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed, the Global Certificate and the Agency Agreement.

2.2 *Transfers of Registered Bonds in definitive form*

Subject as provided in Condition 2.3 (*Costs of registration*), upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Bond in definitive form may be transferred in whole or in part in the Specified Denominations set out in the applicable Final Terms. In order to effect any such transfer, the holder or holders must (i) surrender the Registered Bond for registration of the transfer of the Registered Bond (or the relevant part of the Registered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent.

Any such transfer will be subject to detailed regulations (the initial such regulations being set out in the Agency Agreement). The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Bond Trustee, or by the Registrar with the prior written approval of the Bond Trustee.

Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within ten business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Bond in definitive form of a like aggregate nominal amount to the Registered Bond (or the relevant part of the Registered Bond) transferred.

In the case of the transfer of part only of a Registered Bond in definitive form, a new Registered Bond in definitive form in respect of the balance of the Registered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

2.3 *Costs of registration*

Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer, the Registrar or the relevant Transfer Agent may require the payment of a sum sufficient to cover any stamp duty, taxes or any other governmental charge that may be imposed in relation to the registration.

2.4 *Closed Periods*

No Bondholder may require the transfer of a Registered Bond in definitive form to be registered (i) during the period of 7 days ending on the due date for redemption of, or payment of any instalment in respect

of, that Bond, (ii) during the period of 7 days prior to any date on which Bonds may be called for redemption by the Issuer at its option, or (iii) during the period from (and including) the fifteenth day before any Record Date (as defined in Condition 5.4 (*Payments in respect of Registered Bonds*)) to (and including) such Record Date.

3. **Status and Security**

3.1 ***Status of the Bonds***

The Bonds and any related Receipts and Coupons constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable statute, law or legislation, at all times rank at least equally with all other unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

Bondholders will have recourse to (i) the trust property (shintaku zaisan) of the Trust from time to time, and to (ii) the property of the Issuer acting in its proprietary capacity. Trust property is segregated from (a) the property of the Issuer acting in its proprietary capacity, and (b) the property of the Issuer acting in its capacity as trustee in respect of any other trust arrangements other than the Trust.

3.2 ***Issuer Assets***

The Issuer will procure that the Issuer Assets (other than the Issuer Domestic Account, and the cash balance thereof from time to time) are subject to the security interests created by or pursuant to the Trust Deed and the Japanese Security Agreement and that, in the case of cash subject to such security and JGBs, such cash and JGBs will be held by the Account Bank and the Custodian (respectively) segregated on its books and records from its own assets (and those of any third party) on behalf of the Issuer.

3.3 ***Trust Property***

Pursuant to the Money Trust Agreement, the “**Trust Property**” in relation to the Bonds may comprise, at any time:

- (a) the RMBS Issuer Assets, and all sums derived therefrom (including, without limitation, any proceeds of the sale thereof);
- (b) the Issuer's rights, title and interest under the TRS Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;
- (c) the Issuer's rights under each of the FX Cash Reserve Agreement and Interest Reserve and Expenses Agreement, and any sums of money or other property received or receivable by the Issuer thereunder;
- (d) all present and future rights of the Issuer in respect of (i) each bank account in the name of the Issuer maintained with the Account Bank (which, for the avoidance of doubt, excludes the Issuer Domestic Account (as defined below)), subject to the terms of the Account Bank Agreement and the Trust Deed or such additional or replacement accounts as may for the time being be in place with the prior consent of the Security Trustee and designated as such (the “**Issuer Accounts**”), (ii) the JPY cash account opened and maintained with the Onshore Account Bank in the name of the Issuer, subject to the terms of the Onshore Account Bank Agreement or such additional or replacement account with the Onshore Account Bank as may for the time being be in place and designated as such (the “**Issuer Domestic Account**”), and (iii) all moneys from time to time standing to the credit of the Issuer Accounts and the Issuer Domestic Account including the issuance proceeds in respect of the Bonds and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof and, without duplication, the Issuer Assets;
- (e) the Issuer's right to all sums held by any Paying Agent and/or the Custodian and/or the Registrar to meet payments due in respect of any Series of Bonds or the TRS Agreement;

- (f) all of the Issuer's rights, title and interest under the Issuer Agreements and all sums and other property derived therefrom in respect of any Series of Bonds; and
- (g) any other assets that will form part of the Trust Property in accordance with the provisions of the Money Trust Agreement and the Trust Act.

3.4 **Security**

As security for the Issuer's obligations in respect of the Bonds, the Issuer has in the Japanese Security Agreement granted a pledge (*ne-shichi ken*) over the following assets under Japanese law in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors, including the Bondholders):

- (a) the RMBS Issuer Assets (to be identified in the RMBS Notices to be delivered by the TRS Counterparty to the Issuer and the Security Trustee under the TRS Agreement);
- (b) the JGB Issuer Assets held with the Custodian from time to time; and
- (c) all present and future rights, title and interest of the Issuer in or in respect of the TRS Agreement, each FX Forward Confirmation under the TRS Agreement which is governed by Japanese law, the FX Cash Reserve Agreement and the Interest Reserve and Expenses Agreement.

In addition, as further security for the Issuer's obligations in respect of the Bonds, the Issuer has, pursuant to the Trust Deed, created the following security under English law in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors, including the Bondholders), in each case, to the extent not inconsistent with the security created under the Japanese Security Agreement:

- (d) a first fixed charge over all of the Issuer's rights, title and interest in, to and in respect of the RMBS Issuer Assets and the CSA Collateral, and all sums derived therefrom (including, without limitation, any proceeds of the sale thereof);
- (e) an assignment by way of security of all of the Issuer's rights in respect of the CSA Collateral against the Custodian under the Custody Agreement;
- (f) a first fixed charge over all present and future rights of the Issuer in respect of the Issuer Accounts, and all moneys from time to time standing to the credit of the Issuer Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof and, without duplication, the Issuer Assets;
- (g) a first fixed charge over the Issuer's right to all sums held by any Paying Agent and/or the Custodian and/or the Registrar to meet payments due in respect of any Series of Bonds or the TRS Agreement or the Credit Support Annex and any sums of money, securities or other property received or receivable by the Issuer under the TRS Agreement and the Credit Support Annex; and
- (h) without duplication, an assignment by way of security of all of the Issuer's rights, title and interest under the Issuer Agreements governed by English law, and all sums and other property derived therefrom in respect of any Series of Bonds.

In these Conditions and in the Trust Deed, “**Mortgaged Property**” means the Issuer Assets and the other property, assets and/or rights of the Issuer (as described in this Condition 3.4) which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Security Trustee pursuant to the Japanese Security Agreement, the Trust Deed and any Additional Charging Document (as defined below) (which, for the avoidance of doubt, shall include the Issuer's rights to claim against the TRS Counterparty).

The Issuer may also create further security interests in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) under any further security document, subject to the satisfaction of the Security Trustee, entered into by the Issuer and required for the purposes of granting security over any assets (including, for the avoidance of doubt, any ISDA Master Agreement which the Issuer may enter into with a counterparty other than the TRS Counterparty and any FX Forward Confirmation thereunder) forming part of the Trust Property (such further security document, an “**Additional Charging Document**”). Notice of any Additional Charging Document will be given to the Bondholders.

All Series of Bonds issued and outstanding under the Programme from time to time, including each Series of Bonds issued pursuant to Condition 16 (*Further Issues*), shall at all times rank *pari passu*, without any preference among themselves, and the Mortgaged Property will be fungible between all Series of Bonds.

4. **Interest and other Calculations**

4.1 ***Interest on Fixed Rate Bonds***

Subject as set forth in Condition 4.6 (*Interest during a Realisation Period*) and the applicable Final Terms, each Fixed Rate Bond bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest and will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Scheduled Maturity Date.

If the Bonds are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period (as defined in Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Bonds in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to: (i) in the case of Fixed Rate Bonds which are represented by a Global Bond or Global Certificate, the Principal Amount Outstanding (as defined in Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) but subject to Condition 4.3 (*Accrual of interest*)) of the Fixed Rate Bonds represented by such Global Bond or Global Certificate; or (ii) in the case of Fixed Rate Bonds in definitive form, the Calculation Amount; and in each case, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)), and rounding the resultant figure to the nearest sub-unit (as defined in Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Bond shall be the product of the amount (determined in the manner provided above) for each Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

4.2 ***Interest on Floating Rate Bonds***

(a) ***Interest Payment Dates***

Subject as set forth in Condition 4.6 (*Interest during a Realisation Period*) and the applicable Final Terms, each Floating Rate Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

(b) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Bonds will be determined in the manner specified in the applicable Final Terms.

- (i) ***ISDA Determination for Floating Rate Bonds***

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Calculation Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Bonds (the “**ISDA Definitions**”), and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is the period specified in the applicable Final Terms; and
- (C) unless otherwise stated in the applicable Final Terms, the relevant Reset Date is, if the applicable Floating Rate Option is based on LIBOR or EURIBOR for a currency, the first day of that Interest Period.

For the purposes of this sub-paragraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Bonds*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (in the Relevant Financial Centre) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 4.2(b)(ii)(A), no offered quotation appears or if, in the case of Condition 4.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at 11.00 a.m. (in the Relevant Financial Centre), the Issuer shall, if possible, select and request each of the Reference Banks to provide the Issuer and the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (in the Relevant Financial Centre) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer and the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer and the Calculation Agent with an offered quotation as provided in the immediately preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (at the selection and request of the Issuer) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (in the Relevant Financial Centre) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (in the Relevant Financial Centre) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4.2(b) (*Rate of Interest*), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms for a Floating Rate Bond specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) (*Rate of Interest*) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms for a Floating Rate Bond specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) (*Rate of Interest*) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent, in the case of Floating Rate Bonds will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Bonds for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Bonds which are represented by a Global Bond or Global Certificate, the Principal Amount Outstanding (subject to Condition 4.3 (*Accrual of interest*)) of the Bonds represented by such Global Bond or Global Certificate; or
- (ii) in the case of Floating Rate Bonds in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Bond in definitive form is a multiple of the Calculation Amount, the

Interest Amount payable in respect of such Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(e) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified in writing to the Issuer, the TRS Counterparty, the Bond Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent and, in accordance with Condition 13 (*Notices*), the Bondholders as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day (as defined in Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified by the Calculation Agent to the Bond Trustee and to the Bondholders in accordance with Condition 13 (*Notices*).

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 (*Interest on Floating Rate Bonds*) by the Calculation Agent shall (in the absence of wilful default, manifest error, gross negligence or fraud) be binding on the Issuer, the TRS Counterparty, the Bond Trustee, the Registrar, the Principal Paying Agent, the Calculation Agent, the Transfer Agent and all Bondholders and (in the absence of its own wilful default, gross negligence or fraud) no liability to the Issuer, the TRS Counterparty, the Bondholders, the Receipholders, the Couponholders or any other person shall attach to the Principal Paying Agent, the Registrar, the Calculation Agent or the Bond Trustee in connection with the performance and/or exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 *Accrual of interest*

Interest (if any) will cease to accrue on each Bond (or in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption thereof unless, upon due presentation thereof (where presentation is so required) payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest will continue to accrue at the Rate of Interest in the manner provided in this Condition 4 (*Interest and other Calculations*) to (but excluding) the Relevant Date (as defined in Condition 8 (*Prescription*)), provided that, upon the occurrence of a Notice Date, interest (if any) shall accrue on each Bond in accordance with Condition 4.6 (*Interest during a Realisation Period*) up to, but excluding, the Realisation Period End Date. For the avoidance of doubt, no additional or other amount shall be payable for any failure by the Issuer to pay interest during the Realisation Period.

4.4 *Business Day, Business Day Convention, Day Count Fractions and other adjustments*

In these Terms and Conditions:

(a) **“Business Day”** means:

- (i) a day on which (A) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo and London; (B) the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **“TARGET2 System”**) is open; and (C) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign

- exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (ii) in addition to paragraph (i) above, in relation to any sum payable in a Specified Currency (other than JPY, GBP or EUR), a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency;
- (b) if a “**Business Day Convention**” is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:
- (i) in any case where Specified Periods are specified in accordance with paragraph (ii) of Condition 4.2(a) (*Interest Payment Dates - Interest on Floating Rate Bonds*), the “**Floating Rate Convention**”, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis*, or (2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
 - (ii) the “**Following Business Day Convention**”, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
 - (iii) the “**Modified Following Business Day Convention**”, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
 - (iv) the “**Preceding Business Day Convention**”, such Interest Payment Date shall be brought forward to the immediately preceding Business Day;
- (c) “**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:
- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
 - (A) in the case of Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period (as defined in paragraph (d) of Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Bonds where the Accrual Period is longer than one Determination Period, the sum of (I) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (II) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such

Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

- (ii) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D₂** will be 30;

- (viii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Scheduled Maturity Date or (ii) such number would be 31 and **D₂** will be 30; or

- (ix) such other Day Count Fraction as may be specified in the applicable Final Terms;
- (d) “**Determination Period**” means each period from (and including) a Determination Date (as specified in the applicable Final Terms) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
- (e) “**Interest Period**” means the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date;
- (f) “**Interest Period End Date**” means each date specified as such in the applicable Final Terms;
- (g) “**Principal Amount Outstanding**” means in respect of a Bond on any day the principal amount of that Bond on the relevant Issue Date thereof less principal amounts received by the relevant Bondholder in respect thereof on or prior to that day;
- (h) “**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and in the case of a determination of EURIBOR, the principal euro-zone office of four major banks, in each case, selected by the Issuer and notified to the Bond Trustee and the Calculation Agent, or as otherwise specified in the applicable Final Terms;
- (i) if “**adjusted**” is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest

Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as each such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention;

- (j) if “**not adjusted**” is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, but such Interest Payment Dates shall not be adjusted in accordance with any Business Day Convention; and
- (k) “**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, €0.01.

4.5 ***Other Calculations***

Provisions relating to the determination, calculation and/or notification of any Final Redemption Amount, Early Redemption Amount or Realisation Redemption Amount shall be set out in Condition 6 (*Redemption and Purchase*) and the applicable Final Terms.

4.6 ***Interest during a Realisation Period***

- (a) Subject to paragraph (b) below, unless otherwise specified in the applicable Final Terms, upon the occurrence of a Notice Date and notwithstanding anything to the contrary in these Conditions, interest on the Bonds shall continue to accrue and be paid, if the Bonds are Fixed Rate Bonds, in accordance with Condition 4.1 (*Interest on Fixed Rate Bonds*) and, if the Bonds are Floating Rate Bonds, in accordance with Condition 4.2 (*Interest on Floating Rate Bonds*) from, and including, the Notice Date to, but excluding, the Realisation Period End Date.
- (b) Extended Maturity Bonds shall, in addition to the accrual of interest up to, but excluding, the Scheduled Maturity Date, bear interest from, and including, the Scheduled Maturity Date to, but excluding, the Realisation Period End Date (such period, the “**Extended Maturity Period**”). Interest in respect of the Extended Maturity Period shall be determined in accordance with the applicable Final Terms, provided that where the applicable Final Terms do not specify a method for determining the interest payable during the Extended Maturity Period, interest in respect of such period shall be determined on the same basis as the interest payable during the period from, and including, the Interest Commencement Date to, but excluding, the Scheduled Maturity Date, but for these purposes assuming that the Scheduled Maturity Date has been extended to the Extended Maturity Date.

For the purpose of this Condition 4.6(b) and the applicable Final Terms, in respect of any designation in the Final Terms of the method of determination of interest accruing during the Extended Maturity Period, Conditions 4.1 (*Interest on Fixed Rate Bonds*) through to 4.5 (*Other Calculations*) shall be deemed to apply, provided that all references therein shall be deemed to refer instead to the Extended Maturity Period and to Interest Period End Dates specified in respect of the Extended Maturity Period and for such purposes references to (i) the “Interest Commencement Date” shall be deemed to refer to the Scheduled Maturity Date; and (ii) the “Scheduled Maturity Date” shall be deemed to refer to the Extended Maturity Date.

For the avoidance of doubt, the accrual of interest during the Extended Maturity Period (if any) shall be subject always to Condition 4.3 (*Accrual of Interest*).

- (c) Any failure to pay interest during the Realisation Period shall not constitute an Event of Default and no additional or other amount shall be payable by the Issuer in respect of any such failure by the Issuer to pay interest during the Realisation Period.

5. **Payments**

5.1 ***Method of payment***

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in any jurisdiction and, without prejudice to the provisions of Condition 7, the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. References to Specified Currency will include any successor currency under applicable law.

5.2 ***Presentation of definitive Bearer Bonds, Receipts and Coupons***

Payments of principal in respect of definitive Bearer Bonds will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Bonds, and payments of interest in respect of definitive Bearer Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Bearer Bonds, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph of this Condition 5.2 (*Presentation of definitive Bearer Bonds, Receipts and Coupons*). Payment of the final instalment will be made in the manner provided in Condition 5.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Bond in accordance with the immediately preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Bond to which it appertains. Receipts presented without the definitive Bearer Bond to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Bonds in definitive bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Bond in definitive bearer form becoming due and repayable prior to its Scheduled Maturity Date (or, if applicable, the Extended Maturity Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Bond in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Bond.

5.3 ***Payments in respect of Global Bonds***

Payments of principal and interest (if any) in respect of Bearer Bonds represented by any Global Bond will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Bonds or otherwise in the manner specified in the relevant Global Bond against presentation or surrender, as the case may be, of such Global Bond at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Bond by the Paying Agent to which it was presented, in the case of Global Bonds issued in CGN form. The details of any payment shall be entered *pro rata* in the records of the relevant clearing systems in the case of Global Bonds issued in NGN form.

5.4 ***Payments in respect of Registered Bonds***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Bond (whether or not in global form, but subject as provided below) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made in accordance with Condition 5.1 (*Method of payment*) by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Bond appearing in the register of holders of the Bonds maintained by the Registrar (the “**Register**”) at the close of business on the fifteenth day before the Record Date (the “**Record Date**” being the close of business on the Business Day immediately prior to the date on which the relevant payment is due).

Payments of interest in respect of each Registered Bond (whether or not in global form, but subject as provided below) will be made by transfer on the due date in the manner provided in the immediately preceding paragraph.

Payments in respect of each Registered Bond represented by a Global Certificate held by or on behalf of Euroclear or Clearstream, Luxembourg will be made by transfer on the due date in the manner provided in the preceding paragraphs or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Bonds.

None of the Issuer, the TRS Counterparty, the Bond Trustee, the Security Trustee or any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.5 ***General provisions applicable to payments***

The holder of a Global Bond or Global Certificate (or, as provided in the Trust Deed, the Bond Trustee) shall be the only person entitled to receive payments in respect of Bonds represented by such Global Bond or Global Certificate, as applicable, and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Bond or Global Certificate (or the Bond Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Bonds represented by such Global Bond or Global Certificate must look solely to Euroclear and Clearstream, Luxembourg,

for his share of each payment so made by the Issuer to the holder of such Global Bond or Global Certificate. No person other than the registered holder of the relevant Global Certificate (or, as provided in the Trust Deed, the Bond Trustee) shall have any claim against the Issuer in respect of any payments due on that Global Certificate.

Notwithstanding the foregoing provisions of this Condition 5 (*Payments*), if any amount of principal and/or interest in respect of Bearer Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Bonds will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Bonds in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and, adverse Tax consequences to the Issuer.

5.6 ***Payment Day***

If the date for payment of any amount in respect of any Bond, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition 5 (*Payments*) (unless otherwise specified in the applicable Final Terms), “**Payment Day**” means any day which (subject to Condition 8 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) (for definitive Bonds only) the relevant place of presentation; and
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre) or as otherwise specified in the applicable Final Terms or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.7 ***Interpretation of principal***

Any reference in these Terms and Conditions to principal in respect of the Bonds shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the Bonds;
- (b) the Early Redemption Amount of the Bonds but excluding any amount of interest referred to therein;
- (c) the Realisation Redemption Amount of the Bonds but excluding any amount of interest referred to therein; and
- (d) any premium and any other amounts (other than interest) which may be payable under or in respect of the Bonds.

5.8 ***Definitions***

In these Conditions, the following expressions have the following meanings:

“**Calculation Amount**” has the meaning given in the applicable Final Terms; and

“**Rate of Interest**” means the rate of interest payable from time to time in respect of Fixed Rate Bonds and Floating Rate Bonds, as determined in, or as determined in the manner specified in, the applicable Final Terms.

6. **Redemption and Purchase**

6.1 ***Final redemption***

Unless previously redeemed or purchased and cancelled, each Bond will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency on the Scheduled Maturity Date.

6.2 ***Redemption upon the occurrence of a Tax Event***

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice of redemption to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable) at their Early Redemption Amount (together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption) if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*), and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which the Issuer enters into a contract with one or more of the Dealers pursuant to which it becomes bound to issue the first tranche of the Bonds (a “**Tax Event**”); provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

6.3 ***Redemption due to illegality***

- (a) The Bonds may be redeemed at any time at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice of redemption to the Bond Trustee, the Principal Paying Agent, the Registrar (if applicable) and, in accordance with Condition 13 (*Notices*), the Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Bond of any Series, become unlawful for the Issuer to perform its obligations in respect of such Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date, and the Issuer has also delivered an irrevocable notice to redeem all other Series of Bonds outstanding.
- (b) Bonds redeemed pursuant to Condition 6.3(a) will be redeemed at their Early Redemption Amount referred to in Condition 6.8 (*Early Redemption Amounts or Realisation Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.4 ***Redemption upon occurrence of a Regulatory Event***

- (a) Subject to paragraph (b) of this Condition 6.4 (*Redemption upon occurrence of a Regulatory Event*), the Bonds may be redeemed at any time at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice of redemption to the Bond Trustee, the Principal Paying Agent, the Registrar (if applicable) and, in accordance with Condition 13 (*Notices*), the Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that a Regulatory Event has occurred or will occur, and the Issuer has also delivered an irrevocable notice to redeem all other Series of Bonds outstanding.
- (b) Where the Issuer has given notice pursuant to paragraph (a) of this Condition 6.4 (*Redemption upon occurrence of a Regulatory Event*), the Issuer and the TRS Counterparty shall agree with the Bond Trustee to the extent possible to modify (i) the Conditions of the Bonds and/or (ii) the other Transaction Documents or to enter into additional documents and/or arrangements to avoid any such Regulatory

Event, provided that any modification or additional documentation or arrangement in accordance with this paragraph (b):

- (i) must preserve the economic effect of the Bonds; and
- (ii) will be subject to Rating Agency Confirmation.

If such modification cannot be agreed within a period of 20 days from the date on which notice is given pursuant to paragraph (a) of this Condition 6.4 (*Redemption upon occurrence of a Regulatory Event*), the Bonds may be redeemed in accordance with paragraph (a) of this Condition 6.4 (*Redemption upon occurrence of a Regulatory Event*).

- (c) Bonds redeemed pursuant to Condition 6.4(a) will be redeemed at their Early Redemption Amount referred to in Condition 6.8 (*Early Redemption Amounts or Realisation Redemption Amounts*) together (if appropriate) with interest accrued to, but excluding, the date of redemption.
- (d) For the purposes of this Condition 6 (Redemption and Purchase):

“Regulatory Event” means that due to the promulgation, entry into force or expiration of transitional measures of or in respect of any rule, regulation or guideline under Applicable Banking Regulation in Japan, any change in the interpretation thereof or any communication from or with, or determination made by, any relevant regulatory authority (following the Issue Date of the most recently issued tranche of Bonds) in respect of the obligations of the TRS Counterparty or Issuer (as applicable) under these Conditions or any other Transaction Documents (i) it is or will be a breach of such rule, regulation or guideline for the TRS Counterparty or the Issuer to perform such obligations, (ii) continuing to perform such obligations will impose significant unanticipated costs or compliance burdens on the TRS Counterparty or the Issuer (as applicable) or (iii) there is or will be a material restriction on the TRS Counterparty or the Issuer (as applicable) performing such obligations; and

“Applicable Banking Regulation in Japan” means, at any time, any laws, cabinet orders, ordinances, regulations, public ministerial announcements, guidelines and policies of Japan then in effect applicable to Japanese banks including trust banks and bonds issued by such banks or trust banks.

6.5 ***Redemption upon the occurrence of a TRS Default Event***

- (a) Following the designation of an early termination date under a TRS Agreement as a result of the occurrence of a Liquidation Event of Default (as defined below) in respect of the TRS Counterparty (a **“TRS Default Event”**):

- (i) the Issuer shall promptly give notice in writing, or
- (ii) if the Issuer fails to give such notice within two General Business Days of a TRS Default Event, the Bond Trustee may, and if directed to do so in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds or by an Extraordinary Resolution of all Bondholders shall, promptly give notice in writing,

(the date on which such notice (each, a **“TRS Default Event Notice”**) is given, a **“Notice Date”**) to the Issuer or the Bond Trustee (as applicable), the Security Trustee, the Principal Paying Agent, the Cash Manager, the Custodian, the Account Bank, the Asset Monitor, the Selling Agent, each FX Counterparty, the Registrar (if applicable) and, in accordance with Condition 13 (*Notices*), to the Bondholders (which notice shall be irrevocable) that the Bonds shall be redeemed by the Issuer on the date falling seven Business Days following the Realisation Period Final Calculation Date (the **“Realisation Redemption Date”**). The TRS Default Event Notice shall specify, amongst other things, the date on which the TRS Default Event first occurred (the **“TRS Default Event Date”**), the nature of such TRS Default Event, the Realisation Period End Date, the Realisation Redemption Date, and that irrevocable notice has also been given to redeem all other Series of Bonds outstanding.

For the purposes of the Bonds:

“Realisation Period” means the period from, and including, the Notice Date to, and including, the Realisation Period End Date;

“Realisation Period End Date” means the day falling nine calendar months following the Notice Date;

“Realisation Period Final Calculation Date” means the date falling three General Business Days following the Realisation Period End Date;

“General Business Day” means a day on which (A) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo and London; and (B) the TARGET2 System is open; and

“Liquidation Event of Default” has the meaning given to it in the TRS Agreement and will occur in the following circumstances:

- (1) there is a failure by the TRS Counterparty to make, when due, any payment under the TRS Agreement, if such failure is not remedied on or before the 14th day after notice of such failure is given to the TRS Counterparty;
 - (2) there is a failure by the TRS Counterparty to post CSA Collateral to the Issuer in accordance with the terms of the Credit Support Annex which includes, for the avoidance of doubt, the posting of CSA Collateral to meet the requirements of the Asset Coverage Test, if such failure is not remedied on or before the third Local Business Day (as defined in the Credit Support Annex) after notice of such failure is given to the TRS Counterparty;
 - (3) certain insolvency events have occurred in respect of the TRS Counterparty; or
 - (4) the TRS Counterparty consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of the TRS Counterparty under the TRS Agreement and the Credit Support Annex or the benefits of the Credit Support Annex fail to extent to the performance by such resulting, surviving or transferee entity of its obligations under the TRS Agreement.
- (b) Notwithstanding any other provision in the Conditions to the contrary, where the Scheduled Maturity Date of a Series of Bonds is scheduled to occur on a date from and including the Notice Date and to but excluding the Realisation Redemption Date, the date fixed for redemption shall be deemed to be extended to the Realisation Redemption Date instead of on the originally specified date (such Bonds being **“Extended Maturity Bonds”** and the Realisation Redemption Date in respect of such Extended Maturity Bonds, the **“Extended Maturity Date”**). The Issuer shall give notice as soon as practical to the Bond Trustee, the Principal Paying Agent, the Registrar (if applicable) and, in accordance with Condition 13 (Notices), the Bondholders of an extension of the date fixed for redemption.
- (c) Bonds to be redeemed pursuant to this Condition 6.5 (*Redemption upon the occurrence of a TRS Default Event*) shall (subject to an Acceleration Notice being delivered during the Realisation Period) be redeemed at the Realisation Redemption Amount together (if appropriate) with interest accrued to, but excluding, the Realisation Period End Date. Interest on any Bonds shall continue to accrue during the Realisation Period in accordance with Condition 4.6 (*Interest during a Realisation Period*).
- (d) In the Realisation Period:
- (i) the Issuer shall cause the Selling Agent to:
 - (A) realise each Issuer Asset in accordance with the procedures set out in the Selling Agency Agreement; and
 - (B) instruct the RMBS Trustee to undertake any preparatory steps and commence any processes necessary for the realisation of the underlying residential loans of each RMBS Issuer Asset in accordance with the terms and conditions of the relevant RMBS Trust Agreement; and
 - (ii) the Selling Agent is required to, in accordance with the Selling Agency Agreement, notify and instruct the RMBS Trustee to realise the underlying residential loans of each of the RMBS Issuer Assets in accordance with the procedures set out in the applicable RMBS Trust Agreement until further notified by the Selling Agent of the sale of all or a portion of such RMBS Issuer Assets.

In such case, the Selling Agent is required to instruct the RMBS Trustee to appoint the Selling Agent as the RMBS Trustee's agent to realise the underlying residential loans of the RMBS Issuer Assets.

- (e) In the event that, on the Realisation Redemption Date, the liquidation proceeds or redemption proceeds (as applicable) of the relevant Issuer Assets have been insufficient to redeem each Bond of each Series in full, then the Bonds will become immediately due and payable by the Issuer (and failure by the Issuer to pay such amounts shall constitute an Event of Default and the provisions of Condition 9 (*Events of Default, Acceleration and Enforcement*) shall apply). Any failure by the Issuer to pay interest during the Realisation Period shall not constitute an Event of Default and no additional or other amount shall be payable in respect of such failure by the Issuer to pay interest during the Realisation Period.
- (f) Notwithstanding anything to the contrary in these Conditions, a Notice Date may occur after an Acceleration Notice has been delivered or after an event as described under Conditions 6.2 (*Redemption upon the occurrence of a Tax Event*), 6.3 (*Redemption due to illegality*), 6.4 (*Redemption upon occurrence of a Regulatory Event*) or 6.6 (*Redemption upon termination of a TRS Agreement (other than as a result of a TRS Default Event and Trust Property Bankruptcy)*) has occurred and in such case, the provisions of this Condition 6.5 (*Redemption upon the occurrence of a TRS Default Event*) shall apply and any acceleration of the Bonds shall be deemed not to have occurred and instead the date of redemption of the Bonds shall be the Realisation Redemption Date and the provisions of this Condition 6.5 shall apply.

6.6 *Redemption upon termination of a TRS Agreement (other than as a result of a TRS Default Event and Trust Property Bankruptcy)*

The Bonds of each Series shall be redeemed in full upon the designation of an early termination date under the TRS Agreement (other than as a result of a TRS Default Event or as a result of the commencement of any bankruptcy proceeding (*hasan tetsuzuki*) under the Bankruptcy Act (*hasan ho*) of Japan in respect of the Trust Property (*shintaku zaisan no hasan*)). In such circumstance, the Issuer shall on giving not less than 30 nor more than 60 days' notice of redemption to the Bond Trustee, the Principal Paying Agent, the Registrar (if applicable) and, in accordance with Condition 13 (*Notices*), the Bondholders (which notice shall be irrevocable), and redeem the Bonds then outstanding in full at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, provided that the Issuer has also delivered an irrevocable notice to redeem all other Series of Bonds outstanding.

6.7 *General*

- (a) Prior to the publication of any notice of redemption pursuant to Conditions 6.2 (*Redemption upon the occurrence of a Tax Event*), 6.3 (*Redemption due to illegality*), 6.4 (*Redemption upon occurrence of a Regulatory Event*), 6.5 (*Redemption upon the occurrence of a TRS Default Event*) or 6.6 (*Redemption upon termination of a TRS Agreement (other than as a result of a TRS Default Event and Trust Property Bankruptcy)*) the Issuer shall deliver to the Bond Trustee, and in the case of a redemption pursuant to Condition 6.2 (*Redemption upon the occurrence of a Tax Event*) deliver to the Principal Paying Agent, a certificate signed by an Authorised Signatory of the Issuer, stating that the Issuer is entitled or required to effect such redemption in accordance with the relevant Condition and setting forth a statement of facts showing that the relevant conditions precedent to the right of the Issuer so to redeem have occurred.
- (b) Prior to the publication of any notice of redemption pursuant to Conditions 6.2 (*Redemption upon the occurrence of a Tax Event*), 6.3 (*Redemption due to illegality*) or 6.4 (*Redemption upon occurrence of a Regulatory Event*), the Issuer shall (in addition to the certificate referred to in paragraph (a) above) deliver to the Bond Trustee, and in the case of a redemption pursuant to Condition 6.2 (*Redemption upon the occurrence of a Tax Event*) deliver to the Principal Paying Agent, an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amount, as a result of such Tax Event.
- (c) The Bond Trustee, the Security Trustee and the Principal Paying Agent, as the case may be, shall be entitled to accept any certificate and (if relevant) legal opinion delivered to it pursuant to this Condition

6.7 (*General*) as sufficient evidence of the Issuer's rights or obligations (as applicable) to redeem the Bonds, in which event such redemption shall be conclusive and binding on all Bondholders.

6.8 ***Early Redemption Amounts or Realisation Redemption Amounts***

- (a) For the purpose of Conditions 6.2 (*Redemption upon the occurrence of a Tax Event*), 6.3 (*Redemption due to illegality*), 6.4 (*Redemption upon occurrence of a Regulatory Event*) or 6.6 (*Redemption upon termination of a TRS Agreement (other than as a result of a TRS Default Event and Trust Property Bankruptcy)*) and Condition 9 (*Events of Default, Acceleration and Enforcement*), the “**Early Redemption Amount**” at which each Bond will be redeemed shall be (unless otherwise stated in the applicable Final Terms) an amount equal to the Principal Amount Outstanding of such Bond, and shall be paid together with interest accrued to, but excluding, the date fixed for redemption.
- (b) For the purpose of Condition 6.5 (*Redemption upon the occurrence of a TRS Default Event*), the “**Realisation Redemption Amount**” at which each Bond will be redeemed shall be (unless otherwise stated in the applicable Final Terms) an amount equal to the Principal Amount Outstanding of such Bond, and shall be paid together with interest accrued to, but excluding, the Realisation Period End Date.

6.9 ***Purchases***

The Issuer may at any time (but subject to having sufficient funds) purchase (provided that, in the case of definitive Bearer Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) or otherwise acquire Bonds in any manner and at any price. . Such Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation. The Bonds so purchased, while held by or on behalf of the Issuer, the TRS Counterparty or by any subsidiary or affiliate or parent of the TRS Counterparty, shall not entitle the holder to vote at any meetings of the Bondholders nor shall the Bonds be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for certain other purposes, including among other things, for the purposes of Conditions 9 (*Events of Default, Acceleration and Enforcement*) and 14 (*Meetings of Bondholders, Modification and Waiver*).

6.10 ***Cancellation***

All Bonds which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Bonds so cancelled and any Bonds purchased and surrendered for cancellation pursuant to Condition 6.9 (*Purchases*) and cancelled (together with all unmatured Receipts, Coupons and Talons) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7. ***Taxation***

All payments of principal and interest and other amounts in respect of the Bonds, Receipts and Coupons will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority thereof or therein having power to tax (the “**Taxes**”), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the holders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Amounts shall be payable with respect to any Bond or Coupon:

- (a) to, or a third party on behalf of, a holder (i) who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (other than a Designated Financial Institution which does not fall under item (ii) below) or a Japanese non-resident being a specially-related person of Sumitomo Mitsui Banking Corporation or (ii) who fails to comply with the Japanese tax law requirements in respect of the exemption from such withholding or deduction or (iii) who is otherwise subject to such Taxes by reason of its having some connection with Japan other than the mere holding of such Bond or Coupon; or

- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on such thirtieth day.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Bonds and Coupons by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **"FATCA Withholding"**). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

For the purpose of the paragraphs above, unless the context otherwise requires, the following defined terms shall have the meaning set out below:

- (a) **"Japanese non-resident"** means a person that is not an individual resident of Japan or a Japanese corporation for Japanese tax purposes;
- (b) **"Designated Financial Institution"** means a Japanese financial institution or a Japanese financial instruments business operator designated by the Cabinet Order pursuant to Article 6, Paragraph 11 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the **"Special Taxation Measures Act"**); and
- (c) **"specially-related person of Sumitomo Mitsui Banking Corporation"** means a person having a special relationship with Sumitomo Mitsui Banking Corporation as prescribed in Article 6, Paragraph 4 of the Special Taxation Measures Act.

As used in this Condition 7 (*Taxation*), **"Relevant Date"** in respect of any Bond or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Bondholders in accordance with Condition 13 (*Notices*) that, upon further presentation of the Bond (or respective Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) **"principal"** shall be deemed to include any premium payable in respect of the Bonds and all other amounts in the nature of principal payable pursuant to Condition 5 (*Payments*) or any amendment or supplement to it, (ii) **"interest"** shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 4 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) **"principal"** and/or **"interest"** shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*).

8. **Prescription**

Claims in respect of the Bonds (whether in bearer or registered form), Receipts and Coupons will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined below) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 (*Prescription*) or Condition 5.2 (*Presentation of definitive Bearer Bonds, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Bearer Bonds, Receipts and Coupons*).

Save as otherwise indicated, as used herein, the **"Relevant Date"** in respect of any Bond, Receipt or Coupon means the date on which payment in respect of it first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Bond Trustee on or prior to such date, the Relevant Date shall be the date on which such moneys shall have been so received and notice to that effect has been given to Bondholders in accordance with Condition 13 (*Notices*).

9. Events of Default, Acceleration and Enforcement

9.1 Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Bonds (which for the purpose of this Condition 9.1 (*Events of Default*) and the purpose of any Extraordinary Resolution referred to in this Condition 9.1 (*Events of Default*) means the Bonds of this Series together with the Bonds of all other Series (if any) constituted by the Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding of Bonds not denominated in euro converted into euro at the relevant rate of exchange in accordance with the Trust Deed) or if so directed by an Extraordinary Resolution of all the Bondholders shall (subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction), give notice (an “**Acceleration Notice**”) in writing to the Issuer that as against the Issuer each Bond of each Series is, and each such Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not included in the Early Redemption Amount) accrued interest as provided in the Trust Deed if any of the following events (each an “**Event of Default**”) shall occur and be continuing:

- (a) a default is made for a period of more than 15 days in the payment of principal or more than 30 days in the payment of interest due in respect of the Bonds, save for any default in the payment of amounts due (or with respect to which the grace period for payment has expired) in the period from (and including) the Notice Date (if any) up to (but excluding) the Realisation Redemption Date; or
- (b) the Issuer fails to perform or observe any of its other obligations (including, for the avoidance of doubt, the obligation to make any payments other than principal, interest and/or other amounts due on the Bonds, such as fees and expenses) under these Conditions, the Trust Deed or any other Transaction Documents to which the Issuer is a party (other than the Distribution Agreement or any Subscription Agreement), but excluding any obligation of the Issuer to comply with the Asset Coverage Test (which, for the avoidance of doubt, require the TRS Counterparty to provide additional CSA Collateral) and (except where the Bond Trustee, in its absolute discretion, considers such failure to be incapable of remedy when no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) the commencement of any bankruptcy proceeding (*hasan tetsuzuki*) under the Bankruptcy Act (*hasan ho*) of Japan in respect of the Trust Property (*shintaku zaisan no hasan*); or
- (d) an order or notice of pre-judgment attachment (*karisashiosae*) or post-judgment attachment (*sashiosae*) or other court order of enforcement has been issued in respect of the Issuer’s rights with respect to the Trust Property.

For the avoidance of doubt, the 30 day grace period referred to in paragraph (b) above shall commence only upon service of the relevant notice on the Issuer requiring or demanding remedy of the relevant failure by the Issuer.

Following service of an Acceleration Notice, the Bond Trustee and the Security Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 9.2 (*Enforcement*).

9.2 Enforcement

The Bond Trustee may at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings (or, as the case may be, direct the Security Trustee to do so) against the Issuer and/or any other person as it may think fit to enforce the provisions of the Trust Deed, the Bonds, the Receipts, the Coupons or any other Transaction Document to which it is a party, but it shall not be bound to take any such actions and/or steps and/or enforcement proceedings in relation to the Trust Deed, the Bonds, the Receipts, the Coupons or any other Transaction Document (or to give such directions) unless (a) it shall have been so directed by an Extraordinary Resolution of all the Bondholders of all Series (with

the Bonds of all Series taken together as a single Series as aforesaid) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Bonds of all Series then outstanding (taken together as a single Series and (where appropriate) converted into euro at the relevant rate of exchange in accordance with the Trust Deed) and (b) it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions under this Condition 9 (*Events of Default, Acceleration and Enforcement*) the Bond Trustee shall only have regard to the interests of the Bondholders of all Series together as a single Series and shall not have regard to the interests of individual Bondholders or of any other Secured Creditors.

The Security Trustee may at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or any other person as it may think fit to enforce the provisions of the Trust Deed or any other Transaction Document in accordance with its terms and may, at any time after the Security has become enforceable, take such actions and/or steps and/or institute such proceedings or steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings or steps unless (i) it shall have been so directed by the Bond Trustee and (ii) it shall have been indemnified and/or prefunded and/or secured to its satisfaction. In exercising any of its powers, trusts, authorities and discretions under this paragraph the Security Trustee shall only have regard to the interests of the Bondholders of all Series together as a single Series and shall not have regard to the interests of individual Bondholders or of any other Secured Creditors.

No Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or to take any action (including filing proofs of claims to the relevant court of bankruptcy or other insolvency or reorganisation procedures) with respect to the Trust Deed, any other Transaction Document, the Bonds or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing. Any proceeds received by a Bondholder pursuant to any such proceedings brought by a Bondholder shall be paid promptly following receipt thereof to the Security Trustee for application pursuant to Condition 9.3 (*Application of Proceeds*) and Clause 10 (*Enforcement*) of the Trust Deed. For the avoidance of doubt, no Bondholder shall be entitled to proceed if the Bond Trustee or the Security Trustee, as the case may be, has notified the Bondholders that it is considering whether or not to take the relevant action.

For the avoidance of doubt, in enforcing the Security in accordance with the provisions of the Trust Deed, the Security Trustee shall be entitled to exercise the Issuer's rights to claim against the TRS Counterparty under the TRS Agreement.

9.3 ***Application of Proceeds***

All moneys received or recovered by the Security Trustee or any Receiver, following the enforcement or realisation of the Security for the benefit of the Secured Creditors in respect of the Secured Obligations, shall be held by it on trust to be applied (save to the extent required otherwise by law), in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of all amounts due and payable to:
 - (i) the Bond Trustee (or any person appointed by it pursuant to the provisions of the trust presents) under the provisions of the Trust Deed together with interest and applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made (whether payable to the Bond Trustee or to the relevant tax authority) to the extent provided therein; and
 - (ii) the Security Trustee (or any person appointed by it pursuant to the provisions of the trust presents) and/or any Receiver appointed by the Security Trustee under the provisions of the Trust Deed together with interest and applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the

payment is made (whether payable to the Security Trustee or to the relevant tax authority) to the extent provided therein;

- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, any remuneration and any costs, charges, liabilities and expenses then due and payable to (i) the Agents under or pursuant to the Agency Agreement, (ii) the Custodian under the Custody Agreement and (iii) the Account Bank under the Account Bank Agreement, together in each case with applicable VAT (or other similar Taxes) thereon (whether payable to the Agents, the Custodian, the Account Bank (as applicable) or to the relevant tax authority) to the extent provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of amounts in respect of:
 - (i) any remuneration then due payable to the Asset Monitor and any costs, charges, liabilities and expenses then due or to become due and payable to the Asset Monitor under the provisions of the Asset Monitor Agreement, together with applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made (whether payable to the Asset Monitor or to the relevant tax authority) to the extent provided therein; and
 - (ii) any remuneration then due and payable to the Selling Agent and any costs, charges, liabilities and expenses then due or to become due and payable to the Selling Agent, together with applicable amounts in respect of VAT (or other similar Taxes) chargeable on the supply in respect of which the payment is made (whether payable to the Selling Agent or to the relevant tax authority) to the extent provided therein;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts owing to the FX Counterparties (except for any FX Counterparty which is the TRS Counterparty) under the Contingent FX Forward Transactions (if any) as a result of the occurrence of a Notice Date;
- (e) *fifth*, to the Bondholders, Receiptholders or Couponholders, as the case may be, *pro rata* and *pari passu* in respect of interest (including unpaid interest during the Realisation Period) due and payable on each Series of Bonds;
- (f) *sixth*, to the Bondholders, Receiptholders or Couponholders, as the case may be, *pro rata* and *pari passu* in respect of principal due and payable on each Series of Bonds;
- (g) *seventh*, in payment of any amounts owing to the TRS Counterparty under the TRS Agreement;
- (h) *eighth*, in or towards satisfaction to the TRS Counterparty *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable under the Interest Reserve and Expenses Agreement and the FX Cash Reserve Agreement; and
- (i) *ninth*, in payment of the balance (if any) to the Issuer for further application in accordance with the Money Trust Agreement.

10. **Replacement of Bonds, Receipts, Coupons and Talons**

If any Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the of the Principal Paying Agent (in the case of Bearer Bonds, Receipts, Coupons or Talons) or Registrar (in the case of Registered Bonds), or any other place approved by the Bond Trustee of which notice shall have been given to the Bondholders in accordance with Condition 13 (*Notices*) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia* that if the allegedly lost, stolen, mutilated, defaced or destroyed Bond is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Bond) and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons and Talons must be surrendered before replacements will be issued. In addition, the Issuer may require the person requesting delivery of a replacement Bond, Receipts, Coupons and Talons to pay, prior to delivery of

such replacement Bond, Receipt, Coupon or Talon any stamp or other tax or governmental charges required to be paid in connection with such replacement.

11. Principal Paying Agent, Paying Agents, Registrar, Calculation Agent and Transfer Agent

The names of the initial Principal Paying Agent, the initial Registrar, the initial Calculation Agent and the initial Transfer Agent and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar; and
- (b) so long as any Bond is listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Bonds) and a Transfer Agent which may be the Registrar (in the case of Registered Bonds), with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or, as the case may be, other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 5.2 (*Presentation of definitive Bearer Bonds, Receipts and Coupons*). Any such variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice shall have been given to the Bondholders in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bond to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. Notices

All notices regarding the Bonds will be deemed to be validly given (a) to holders of Bearer Bonds if published in a leading English language daily newspaper of general circulation (expected to be the *Asian Wall Street Journal*) and (b) to holders of Registered Bonds if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, so long as the Bonds (whether in bearer or registered form) are listed on the Luxembourg Stock Exchange, all such notices will be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Any such notice will be deemed to have been given on the date of such publication.

Until such time as any definitive Bonds are issued, there may, so long as any Global Bonds or Global Certificate, as applicable, representing the Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or mailing, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Bonds, provided that, in addition, for so long as the Bonds are listed on the Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) (as described above). Any such notice shall be deemed to have been given

to the holders of the Bonds on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together (in the case of any Bond in definitive form) with the relevant Bond or Bonds, with the Principal Paying Agent (in the case of Bearer Bonds) or Registrar (in the case of Registered Bonds). Whilst any of the Bonds are represented by a Global Bond or Global Certificate, such notice may be given by any holder of a Bond to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. **Meetings of Bondholders, Modification and Waiver**

14.1 ***Meetings of Bondholders***

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of modifications to these Terms and Conditions or the provisions of the Bonds, the Receipts, the Coupons, the Trust Deed or any of the other Transaction Documents. Such a meeting may be convened by the Issuer or the Bond Trustee and shall be convened by the Bond Trustee at the request in writing of Bondholders holding or representing in the aggregate not less than 10 per cent. of the Principal Amount Outstanding of the Bonds for the time being outstanding subject to the Bond Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting in respect of Bonds of any Series for the transaction of business other than the passing of an Extraordinary Resolution or a Programme Resolution is one or more persons holding or representing in the aggregate not less than 5 per cent. of the Principal Amount Outstanding of the Bonds of such Series for the time outstanding. The quorum at any such meeting in respect of any Bonds of any Series for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate more than 50 per cent. of the aggregate Principal Amount Outstanding of the Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders of such Series whatever the Principal Amount Outstanding of the Bonds of such Series so held or represented, except that at any meeting the business of which includes the modification of any Series Reserved Matter, the quorum shall be one or more persons holding or representing in the aggregate not less than 66 2/3 per cent. of the Principal Amount Outstanding of the Bonds of such Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing, in the aggregate, not less than 33 1/3 per cent. of the Principal Amount Outstanding of the Bonds of such Series for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders of a Series shall, subject as provided below, be binding on all the Bondholders of such Series, whether or not they are present at the meeting, and on all Receiptholders and Couponholders. A resolution in writing signed by or on behalf of persons holding or representing in the aggregate not less than 75 per cent. of the Principal Amount Outstanding of the Bonds of a Series shall take effect as an Extraordinary Resolution of the holders of the Bonds of such Series.

If and whenever the Issuer shall have issued and have outstanding Bonds of more than one Series the above provisions shall have effect subject to the following modifications:

- (a) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Bonds of that Series;
- (b) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Bonds of all the Series so affected; and
- (c) a resolution which in the opinion of the Bond Trustee affects the interests of the holders of the Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Bonds of one Series or group of Series so affected and the holders of the Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only

if passed at separate meetings of the holders of the Bonds of each Series or group of Series so affected,

and the above provisions concerning quorum and voting shall apply *mutatis mutandis* to such meeting or meetings.

Notwithstanding the provisions of the immediately preceding paragraphs, any Extraordinary Resolution (A) (i) to direct the Bond Trustee to accelerate the Bonds pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*), (ii) to direct the Bond Trustee or the Security Trustee to take any actions and/or steps and/or enforcement action pursuant to Condition 9 (*Events of Default, Acceleration and Enforcement*), or (iii) to direct the Bond Trustee to make any such determination as is referred to in Clause 28.1(b)(B) of the Trust Deed, or (B) in relation to the appointment of a new Bond Trustee or Security Trustee or the removal of the Bond Trustee or Security Trustee (each a “**Programme Resolution**”) shall only be capable of being passed at a single meeting of the holders of the Bonds of all Series then outstanding (with the Bonds of all Series taken together as a single Series as provided in Clause 2.7 (*Separate Series*) of the Trust Deed and, if applicable, converted into euro at the relevant rate of exchange in accordance with the Trust Deed). Any such meeting to consider a Programme Resolution may be convened by the Issuer or the Bond Trustee or by the Bond Trustee at the request in writing of Bondholders holding or representing in the aggregate at least 25 per cent. of the Principal Amount Outstanding of the Bonds of all Series then outstanding. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing in the aggregate more than 50 per cent. of the Principal Amount Outstanding of the Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Bonds of any Series whatever the Principal Amount Outstanding of the Bonds of such Series so held or represented. A Programme Resolution passed at any meeting of the Bondholders of all Series shall be binding on all Bondholders of all Series, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

In connection with any meeting of the holders of Bonds of more than one Series where such Bonds are not denominated in euro, the Principal Amount Outstanding of the Bonds of any Series not denominated in euro shall be converted into euro at the relevant rate of exchange in accordance with the Trust Deed.

The Trust Deed contains similar provisions to those described above in this Condition 14.1 (*Meetings of Bondholders*) in relation to requests in writing from Bondholders upon which the Bond Trustee or, as the case may be, the Security Trustee is bound to act (including in relation to the matters described in Conditions 9.1 (*Events of Default*), 9.2 (*Enforcement*) and 14.2 (*Modifications and Waivers*)).

14.2 ***Modifications and Waivers***

The Bond Trustee may (but for the avoidance of doubt, shall not be obliged to, unless directed by the Bondholders, Receiptholders or Couponholders as described below) in the case of paragraphs (a) and (b) of this Condition 14.2 (*Modifications and Waivers*), and the Bond Trustee shall in the case of paragraphs (c), (d) and (e) of this Condition 14.2 (*Modifications and Waivers*), agree (and, where necessary, direct the Security Trustee to agree), without the consent of the Bondholders, Receiptholders or Couponholders of any Series and without the consent of the other Secured Creditors (other than any Secured Creditor that is party to any Transaction Documents being modified), at any time and from time to time concur with the Issuer and any other party (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter):

- (a) to any modification of the terms and conditions applying to Bonds of one or more Series (including these Terms and Conditions) or any Transaction Document, provided that in the sole opinion of the Bond Trustee such modification is not materially prejudicial to the interests of any of the Bondholders of any Series; or
- (b) to any modification of the terms and conditions applying to Bonds of one or more Series (including these Terms and Conditions) or any Transaction Document which is in the sole opinion of the Bond Trustee of a formal, minor or technical nature or is to correct a manifest error or an error or is to comply with mandatory provisions of law; or

- (c) to any modification of the terms and conditions applying to Bonds of one or more Series (including these Terms and Conditions) or any Transaction Document necessary to avoid a Regulatory Event in accordance with Condition 6.4 (*Redemption upon occurrence of a Regulatory Event*); or
- (d) to any modification of the terms and conditions applying to Bonds of one or more Series (including these Terms and Conditions) or any Transaction Document necessary to enable the Issuer or the TRS Counterparty (as applicable) to comply with its obligations under the Japanese margin rules as set forth in Article 123 of the Cabinet Office Ordinance concerning the Financial Instruments Business Etc. (Cabinet Office Ordinance No. 52 of 2007, as amended, (the “**COOFIB**”) and the Financial Instruments and Exchange Act of Japan (as applicable) in connection with the TRS Agreement and the related Transaction Documents, provided that for the purpose of this paragraph (d), any modification or waiver or additional documentation or arrangement shall be deemed to be “necessary” to enable such compliance if:
 - (i) it would involve the Issuer and the TRS Counterparty entering into an agreement under which each party may transfer collateral to (x) a third-party account bank to be secured in favour of the other party or (y) a trust account which meets the requirement under Paragraph 1, Item (xxi)-11, (d) of Article 123 the COOFIB (such account, an “**Eligible Trust Account**”), in accordance with the requirements of the Japanese margin rules as set forth in Article 123 of the COOFIB and the Financial Instruments and Exchange Act of Japan (as applicable) in connection with the TRS Agreement and related Transaction Documents;
 - (ii) it would have the effect of enabling the TRS Counterparty to deposit, transfer, post or credit cash to (x) an account held with a third-party account bank and secured in favour of the Issuer or (y) an Eligible Trust Account;
 - (iii) it would have the effect of enabling the Issuer to deposit, transfer, post or credit any cash to (x) an account held with a third-party account bank and secured in favour of the TRS Counterparty, including the appointment of such account bank and the granting of such security interest or (y) an Eligible Trust Account, provided that such deposit, transfer, posting or credit of cash by the Issuer:
 - (A) does not adversely affect the economic effect of the Bonds (including, for the avoidance of doubt, any payment flows thereunder);
 - (B) does not lower the aggregate value or balance of the Trust Property or adversely affect the security interests attaching to the Trust Property; and
 - (iv) the Issuer has received a Rating Agency Confirmation in respect of the modifications, waivers, additional documentation or arrangements proposed in connection with the above sub-paragraphs (i) to (iii); or
- (e) to any modification of the terms and conditions applying to Bonds of one or more Series (including these Terms and Conditions) or any Transaction Document which is required to facilitate a rating of the Bonds by additional credit rating agencies, provided that a Rating Agency Confirmation has been received,

provided that neither the Bond Trustee nor the Security Trustee shall be obliged to agree to any modification or additional arrangements which, in its sole opinion, would have the effect of imposing further obligations on it or removing or altering any power, discretion, protection or indemnity in its favour.

The Bond Trustee may also agree (and, where necessary, direct the Security Trustee to agree), without the consent of the Bondholders, Receiptholders or Couponholders of any Series, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Bonds of any Series or any of the provisions of any of the Transaction Documents, or determine, without any such consent as aforesaid, that any Event of Default, Potential Event of Default or TRS Default Event shall not be treated as such, provided that, in any such case, it is not, in the opinion of the Bond Trustee, materially prejudicial

to the interests of any of the Bondholders of any Series and provided always that the Bond Trustee shall not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution.

The Bond Trustee or, as the case may be, the Security Trustee shall be bound to agree to any modification of the terms and conditions applying to Bonds of one or more Series (including these Terms and Conditions) or any Transaction Document if it is (i) directed by Extraordinary Resolution of the relevant Bondholders or (ii) requested to do so in writing by the persons holding or representing in the aggregate more than 50 per cent. of the Principal Amount Outstanding of the relevant Bonds then outstanding and, in each case, only if it shall first be indemnified and/or prefunded and/or secured to its satisfaction against all Liabilities to which in its opinion it may thereby render itself liable or which in its opinion it may incur by so doing, provided that neither the Bond Trustee nor the Security Trustee shall be obliged to agree to any modification which, in its sole opinion, would have the effect of imposing further obligations on it or removing or altering any power, discretion, protection or indemnity in its favour.

The Bond Trustee or, as the case may be, the Security Trustee shall be bound to (i) waive or authorise any breach or proposed breach of any of the provisions of the Bonds of any Series or any of the provisions of the Transaction Documents or (ii) in the case of the Bond Trustee, determine that any Event of Default, Potential Event of Default or TRS Default Event, shall not be treated as such if it is so directed by Extraordinary Resolution of the relevant Bondholders or requested to do so in writing by the persons holding or representing in the aggregate more than 50 per cent. of the Principal Amount Outstanding of the relevant Bonds then outstanding (in the case of any such determination as is referred to in (ii) above in this paragraph, with the Bonds of all Series taken together as a single Series as provided in Clause 2.7 (*Separate Series*) of the Trust Deed and, if applicable, converted into euro at the relevant rate of exchange in accordance with the Trust Deed) and, in each case, only if it shall first be indemnified and/or prefunded and/or secured to its satisfaction against all liabilities to which in its opinion it may thereby render itself liable or which in its opinion it may incur by so doing.

In relation to any such modification, waiver, authorisation or determination, the Trust Deed contains provisions (which are described in Condition 14.1 (*Meetings of Bondholders*)) for determining which Series of Bonds are relevant in any particular case and for determining whether separate Extraordinary Resolutions or requests of each relevant Series or a single Extraordinary Resolution or request of all relevant Series are/is required.

Any such modification, waiver, authorisation or determination shall be binding on all Bondholders of all Series of Bonds and the other Secured Creditors, and any such modification, waiver, authorisation or determination shall be notified by the Issuer to the Rating Agencies and, unless the Security Trustee and the Bond Trustee otherwise agree, the Bondholders of all Series of Bonds for the time being outstanding and the other Secured Creditors in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Bond Trustee and (where it is required to have regard to the interests of the Bondholders) the Security Trustee shall have regard to the general interests of the Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders, Receipholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders, Receipholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee and the Security Trustee shall not be entitled to require, nor shall any Bondholder, Receipholder or Couponholder be entitled to claim, from the Issuer, the Bond Trustee or any other person any indemnification or payment in respect of any tax or stamp duty consequences of any such exercise upon individual Bondholders, Receipholders or Couponholders.

For the purposes hereof and the Trust Deed, “**Potential Event of Default**” means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification,

declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

15. **Indemnification of the Bond Trustee and/or Security Trustee and Bond Trustee and/or Security Trustee Contracting with the Issuer**

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Bond Trustee or the Security Trustee is of the opinion that the interests of the holders of the Bonds of any one or more Series would be materially prejudiced thereby, the Bond Trustee or the Security Trustee, as the case may be, shall not exercise such power, trust, authority or discretion without the approval of such Bondholders by Extraordinary Resolution or by a direction in writing of such Bondholders holding or representing in the aggregate at least 25 per cent. or more than 50 per cent. (as the case may be) of the Principal Amount Outstanding of Bonds of the relevant Series then outstanding.

The Trust Deed contains provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, *inter alia*, (i) to enter into contracts, financial or other transactions with the Issuer or any person or body corporate associated with the Issuer and to act as trustee, agent, depositary or custodian for the holders of any other securities issued by, or relating to the Issuer (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship or agency, custody or depositary role without regard to the interests of, or consequences for, the Bondholders, Receipholders or Couponholders or any other Secured Creditors, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability, which may be suffered as a result of any RMBS Issuer Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for (i) monitoring or supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and each of the Bond Trustee and the Security Trustee will be entitled to assume, until it has received written notice to the contrary, that all such persons are fully and properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Portfolio, including, without limitation, compliance with the Asset Coverage Test; or (iv) monitoring, checking or verifying whether RMBS Issuer Assets satisfy the Eligibility Criteria. Neither the Bond Trustee nor the Security Trustee will be liable to any Bondholder, Receipholder or Couponholder, other Secured Creditor or any other person for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Security and neither of them shall have any responsibility or liability in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

16. **Further Issues**

16.1 **Further Bonds**

The Issuer shall be at liberty from time to time (but subject always to the provisions of the Trust Deed) without the consent of the Bondholders, the Receipholder, the Couponholder (but subject to having received a Rating Agency Confirmation) to create and issue further Bonds having terms and conditions the same as the Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or issue price and so that the same shall be consolidated and form a single Series with the outstanding Bonds of such Series.

16.2 ***Further Series***

The Issuer shall be at liberty from time to time (subject always to the provisions of the Trust Deed and subject further to Condition 16.3 (*Rating Agency Confirmation*) below) to create and issue further Series of Bonds.

16.3 ***Rating Agency Confirmation***

The issuance of each Series of Bonds by the Issuer pursuant to Condition 1.6 (*Further Series*) above shall be conditional upon the Issuer having received a Rating Agency Confirmation.

17. ***Ratings Confirmations***

17.1 ***Assessment of credit risk***

By subscribing for or purchasing Bond(s), each Bondholder shall be deemed to have acknowledged and agreed that a credit rating of a Series of Bonds is an assessment of credit risk and does not address other matters that may be of relevance to Bondholders, including, without limitation, in the case of a confirmation by a Rating Agency that any action proposed to be taken by the Issuer, the Bond Trustee, the Security Trustee or any other party to a Transaction Document will not have an adverse effect on the then current rating of the Bonds or cause such rating to be withdrawn (a “**Rating Agency Confirmation**”), whether such action is either (a) permitted by the terms of the relevant Transaction Document or (b) in the best interests of, or not prejudicial to, some or all of the Bondholders.

17.2 ***No extension or imposition of liability***

In being entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the relevant Series of Bonds would not be adversely affected or withdrawn, each of the Issuer, the Bond Trustee, the Security Trustee and the Secured Creditors (including the Bondholders) is deemed to have acknowledged and agreed that a Rating Agency Confirmation does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Bondholders) or any other person whether by way of contract or otherwise.

17.3 ***Deemed acknowledgement***

By subscribing for or purchasing Bond(s) each Bondholder shall be deemed to have acknowledged and agreed that:

- (a) a Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency;
- (b) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;
- (c) a Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Bond forms a part; and
- (d) a Rating Agency Confirmation represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any Bondholder or any other party.

17.4 ***Condition to the issue and sale***

It is a condition of the issue and sale of each Series of Bonds that such Bonds are assigned a credit rating (as to the timely payment of interest and the ultimate payment of principal) by Moody's. Any credit rating, if so assigned by Moody's, shall correspond with the credit rating assigned by Moody's to prior Series of Bonds which remain outstanding under the Programme.

17.5 ***Third party rights***

The Contracts (Rights of Third Parties) Act 1999 applies to this Condition 17 (*Ratings Confirmations*) for the benefit of the Rating Agencies.

18. **Contracts (Rights of Third Parties) Act 1999**

No person (other than the Rating Agencies in respect of Condition 17 (*Ratings Confirmations*)) shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. **Governing Law, Jurisdiction and Non-Petition**

19.1 ***Governing law***

The Trust Deed, the Agency Agreement, the Bonds, the Receipts, the Coupons and the other Transaction Documents (and, in each case, all non-contractual obligations arising out of or in connection therewith) are governed by, and shall be construed in accordance with, English law unless specifically stated to the contrary.

19.2 ***Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Receipts, the Coupons or the Trust Deed and accordingly any action or proceedings arising out of or in conjunction with the Bonds, the Receipts, the Coupons or the Trust Deed may be brought in such courts (“**Proceedings**”). The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

19.3 ***Service of process***

The Issuer has irrevocably appointed the person specified in the Trust Deed as its agent for service of process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any Proceedings in England.

19.4 ***Petition for bankruptcy***

None of the Bondholders or the persons acting on behalf of any of them may, at any time (i) until one year and one day has passed since all Secured Obligations have been discharged in full, file a petition for bankruptcy or any other proceedings similar thereto in relation to the Trust Property or (ii) enforce any compulsory execution, provisional attachment, pre-judgment attachment (*karisashiosae*) or post-judgment attachment (*sashiosae*), provisional disposition, or security interest on or conduct an auction of any of the Trust Property, and none of them may file a petition for any such proceedings; provided that this Condition 19.4 shall not restrict the Security Trustee from enforcing security interests or other rights against the Trust Property pursuant to the Transaction Documents. The provision of this Condition 19.4 shall survive notwithstanding any redemption of any Series of Bonds and the termination or expiration of the Trust Deed.

USE OF PROCEEDS

The net proceeds from each Series of Bonds will be exchanged by the Issuer (as adjusted by an amount equal to the Initial OC Payments) under the relevant TRS Transaction for RMBS Securities that are Equivalent to an RO from the TRS Counterparty. Any remaining cash after such exchanges shall be held by the Issuer with the Account Bank.

RMBS Securities that are Equivalent to ROs, once transferred to the Issuer, will constitute RMBS Issuer Assets and will comprise only of residential loan-backed securities in the form of Japanese law governed senior trust beneficial interests as described further in “*The Portfolio*”.

SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation is a joint stock company incorporated with limited liability under the laws of Japan. SMBC is one of the world's largest commercial banks with ¥228 trillion in consolidated total assets as of 31 March 2021. SMBC Group, which includes SMBC as its main banking subsidiary, is one of the three largest banking groups in Japan, with an established presence across all of the consumer and corporate banking sectors. Other SMBC Group companies include SMBC Trust Bank Ltd. ("**SMBC Trust Bank**") in the commercial banking business, Sumitomo Mitsui Finance and Leasing Company, Limited ("**SMFL**") in the leasing business, SMBC Nikko Securities Inc. ("**SMBC Nikko Securities**") in the securities business, and Sumitomo Mitsui Card Company, Limited ("**Sumitomo Mitsui Card**"), SMBC Finance Service Co., Ltd. (formerly known as Cedyna Financial Corporation) and SMBC Consumer Finance Co., Ltd. ("**SMBC Consumer Finance**") in the consumer finance business as well as The Japan Research Institute, Limited ("**JRI**") and Sumitomo Mitsui DS Asset Management Company, Limited (formerly known as Sumitomo Mitsui Asset Management) ("**SMDAM**"). SMBC's parent SMFG had consolidated total assets of ¥243 trillion as of 31 March 2021. SMFG had consolidated ordinary profit and profit attributable to owners of parent of ¥711.0 billion and ¥512.8 billion in the fiscal year ended 31 March 2021.

SMBC provides an extensive range of corporate and consumer banking services in Japan and wholesale banking services overseas. In Japan, SMBC has solid franchises in both corporate and consumer banking. SMBC has long-standing and close business relationships with many companies listed on the First Section of the Tokyo Stock Exchange and long historical relationships with Sumitomo group and Mitsui group companies. SMBC's strong, well-established relationships with its customers have helped it to build a significant commercial banking base that has the highest domestic loan-to-deposit interest spread and the lowest overhead ratio among Japan's three largest banking groups. For the fiscal year ended 31 March 2021, SMBC's non-consolidated domestic loan-to-deposit interest spread was 0.84 per cent. SMBC recorded net income of ¥338.0 billion on a non-consolidated basis in the fiscal year ended 31 March 2021 and ¥317.4 billion on a non-consolidated basis in the fiscal year ended 31 March 2020.

SMBC's domestic loan portfolio is well diversified among small-sized companies, mid-sized companies, large corporations and individuals, and it is increasing its geographic diversity by investing in its overseas operations. SMBC has maintained a sound loan portfolio, managed interest rate fluctuation risks and maintained stability of funding through its large domestic deposit base, as demonstrated by its NPL ratio of 0.65 per cent., its average yen-bond duration of 2.5 years, and its loan-to-deposit ratio of 55.6 per cent., all on a non-consolidated basis as of 31 March 2021. SMBC is also expanding and diversifying its non-yen funding in order to develop its international business. SMBC has been managing its regulatory capital ratios by focusing on controlling its risk-weighted assets while increasing profitability. SMFG's Common Equity Tier 1 risk-weighted capital ratio as of 31 March 2021 was 16.0 per cent on a fully-loaded basis.

SMBC plans to continue promoting its business collaborations with other SMBC Group companies and affiliates, including SMBC Trust Bank, SMFL, SMBC Nikko Securities, JRI and SMDAM in the corporate solutions business and SMBC Trust Bank, SMBC Nikko Securities, Sumitomo Mitsui Card, SMBC Finance Service Co., Ltd., SMBC Consumer Finance and SMDAM in providing financial consulting services to individuals.

Selected Financial and Other Information

The table below sets forth SMBC's selected consolidated financial data as of and for the fiscal years ended 31 March 2020 and 2021, derived from its audited consolidated financial statements. The selected consolidated financial data should be read together with the notes accompanying such audited consolidated financial statements incorporated by reference in this Base Prospectus.

	Fiscal year ended and as of 31 March	
	2020	2021
	(Billions of yen)	
Selected consolidated income statement information:		
Net business profit.....	¥1,817	¥1,858
Net interest income	1,052	1,091
Trust fees.....	5	5
Net fees and commissions.....	434	456
Net trading income.....	158	71
Net other operating income.....	168	235
General and administrative expenses.....	(1,058)	(1,068)
Equity in gains (losses) of affiliates.....	25	8
Total credit cost ⁽¹⁾	(66)	(285)
Net gains (losses) on stocks.....	76	74
Others	(23)	(53)
Ordinary profit.....	770	535
Net extraordinary gains (losses)	(60)	(4)
Income before income taxes.....	710	530
Income taxes.....	(183)	(116)
Profit.....	528	415
Profit attributable to non-controlling interests.....	(10)	(9)
Profit attributable to owners of parent.....	¥518	¥406
Selected consolidated balance sheet information:		
Total assets	¥206,090	¥228,067
Loans and bills discounted.....	84,281	86,595
Reserve for possible loan losses ⁽²⁾	(335)	(526)
Securities	26,283	35,494
Deposits (including negotiable certificates of deposit).....	137,954	155,247
Net assets.....	8,368	9,256

Notes:

- (1) Total credit cost = Provision for reserve for possible loan losses + Write-off of loans + Losses on sales of delinquent loans – Gains on reversal of reserve for possible loan losses – Recoveries of written-off claims.
- (2) Reserve for possible loan losses includes a general reserve, a specific reserve and a reserve for specific overseas countries.

Supplemental Non-Consolidated Information

The table below sets forth certain of SMBC's non-consolidated financial information.

	Fiscal year ended 31 March	
	2020	2021
	(Billions of yen, except percentages)	
Selected income statement information:		
Gross banking profit ⁽¹⁾	¥1,412	¥1,482
Net interest income	878	936
Trust fees.....	2	2
Net fees and commissions.....	323	331
Net trading income (losses).....	112	17
Net other operating income (expenses).....	97	196
Net gains (losses) on bonds	74	80
Expenses ⁽²⁾	(808)	(816)
Personnel expenses.....	(320)	(327)
Non-personnel expenses.....	(438)	(440)
Taxes	(50)	(50)
Banking profit (before provision for general reserve for possible loan losses) ⁽³⁾	604	665
Total credit cost ⁽⁴⁾	(50)	243
Net gains (losses) on stocks.....	52	64
Other non-recurring gains (losses).....	(122)	(50)
Ordinary profit.....	484	436
Net income.....	317	338
Selected other financial information:		
Interest rate earned on loans and bills discounted	0.91%	0.84%
Interest rate paid on deposits, etc.....	0.00%	0.00%
Interest spread.....	0.91%	0.84%
Overhead ratio ⁽⁵⁾	57.2%	55.1%

Notes:

- (1) Gross banking profit (*gyoumu ararieki*) is the sum of net interest income, trust fees, net fees and commissions, net trading income (losses) and net other operating income (expenses). The Banking Act of Japan (Act No. 59 of 1981, as amended) (the “**Banking Act**”) requires Japanese banks to disclose gross banking profit on a non-consolidated basis.
- (2) Expenses do not include non-recurring losses (credit costs and losses on stocks, etc.).
- (3) Banking profit (before provision for general reserve for possible loan losses) (*gyoumu jun-eki*), a commonly used indicator of the profitability of banking operations among Japanese banks, is calculated as follows: net interest income + trust fees + net fees and commissions + net trading income (losses) + net other operating income (expenses) – expenses on a non-consolidated basis.
- (4) Total credit cost = Provision for reserve for possible loan losses + Write-off of loans + Losses on sales of delinquent loans – Gains on reversal of reserve for possible loan losses – Recoveries of written-off claims.
- (5) Overhead ratio is SMBC's expenses divided by gross banking profit.

Capitalisation and Indebtedness

The following table sets forth the consolidated capitalisation and indebtedness of SMBC as of 31 March 2021, based on numbers extracted from SMBC's audited consolidated financial statements as of the same date:

	As of 31 March 2021
	<i>(Millions of yen)</i>
Indebtedness:⁽¹⁾	
Senior borrowings.....	¥16,658,240
Senior bonds	789,447
Subordinated borrowings.....	8,403,181
Subordinated bonds	326,049
Total indebtedness	26,176,918
Net assets:	
Capital stock	1,770,996
Preferred stock:	
Authorised – 634,001 shares	
Issued – 70,001 fully paid shares	
Common stock:	
Authorised – 240,000,000 shares	
Issued and outstanding – 106,248,400 fully paid shares	
Capital surplus	1,966,300
Retained earnings	3,676,110
Treasury stock	(210,003)
Net unrealised gains (losses) on other securities	1,748,263
Net deferred gains (losses) on hedges.....	28,751
Land revaluation excess.....	36,251
Foreign currency translation adjustments	12,494
Accumulated remeasurements of defined benefit plans	125,380
Non-controlling interests	101,823
Total net assets	9,256,369
Total capitalisation and indebtedness⁽²⁾	¥35,433,288

Notes:

- (1) Figures for indebtedness do not include contingent liabilities or guarantees.
- (2) Except as disclosed above, there has been no material change in the consolidated capitalisation and indebtedness since 31 March 2021.

Funding

SMBC derives funding for its operations both from domestic and international sources. SMBC's domestic funding is derived primarily from deposits placed by corporate and individual customers, and also from call money (inter-bank), bills sold (inter-bank promissory notes), repurchase agreements, borrowings, and negotiable certificates of deposit issued to domestic and international customers. SMBC's international sources of funds are principally from deposits, from corporate customers and foreign central banks, negotiable certificates of deposit, bonds, commercial paper, and also from repurchase agreements and cash collateral on securities lent. SMBC closely monitors maturity gaps and foreign exchange exposure in order to manage its liquidity profile.

The following table illustrates the composition of SMBC's funding (interest-bearing liabilities) by average balances and related interest and average interest rates for the fiscal years ended 31 March 2020 and 2021.

	Fiscal year ended 31 March					
	2020			2021		
	Average balance ⁽¹⁾	Interest	Average rate	Average balance ⁽¹⁾	Interest	Average rate
<i>(Millions of yen, except percentages)</i>						
Interest-bearing liabilities						
Deposits:						
Domestic.....	¥101,639,537	¥51,779	0.05%	¥112,820,016	¥16,497	0.01%
Overseas.....	22,539,322	406,428	1.80	27,115,974	145,064	0.53
Elimination	(1,271,872)	(16,796)	—	(1,506,075)	(9,196)	—
Total.....	122,906,987	441,411	0.36	138,429,914	152,365	0.11
Negotiable certificates of deposit:						
Domestic.....	5,444,548	409	0.01	3,776,204	236	0.01
Overseas.....	6,424,927	131,442	2.05	7,190,389	35,641	0.50
Elimination	—	—	—	—	—	—
Total.....	11,869,475	131,851	1.11	10,966,594	35,878	0.33
Call money and bills sold:						
Domestic.....	462,338	(32)	(0.01)	477,464	(203)	(0.04)
Overseas.....	727,834	10,573	1.45	701,190	2,003	0.29
Elimination	—	—	—	—	—	—
Total.....	1,190,173	10,540	0.89	1,178,654	1,800	0.15
Payables under repurchase agreements:						
Domestic.....	4,051,775	37,754	0.93	4,391,943	1,991	0.05
Overseas.....	5,240,834	100,259	1.91	5,363,717	13,659	0.25
Elimination	(98,826)	(2,090)	—	(48,547)	(69)	—
Total.....	9,193,783	135,924	1.48	9,707,113	15,581	0.16
Payables under securities lending transactions:						
Domestic.....	864,536	941	0.11	906,974	(60)	(0.01)
Overseas.....	—	—	—	—	—	—
Elimination	—	—	—	—	—	—
Total.....	864,536	941	0.11	906,974	(60)	(0.01)
Commercial paper:						
Domestic.....	100,091	11	0.01	62,175	9	0.02
Overseas.....	1,811,251	31,513	1.74	1,697,621	6,019	0.35
Elimination	—	—	—	—	—	—
Total.....	1,911,343	31,525	1.65	1,759,796	6,029	0.34

Fiscal year ended 31 March

	2020			2021		
	Average balance ⁽¹⁾	Interest	Average rate	Average balance ⁽¹⁾	Interest	Average rate
<i>(Millions of yen, except percentages)</i>						
Borrowed money:						
Domestic	16,673,018	200,322	1.20	22,748,383	188,100	0.83
Overseas	490,519	18,937	3.86	474,767	16,279	3.43
Elimination	(145,714)	(3,975)	—	(84,601)	(1,242)	—
Total	17,017,823	215,283	1.27	23,138,549	203,137	0.88
Bonds:						
Domestic	2,449,786	64,314	2.63	1,407,674	42,111	2.99
Overseas	69,728	2,891	4.15	50,117	2,235	4.46
Elimination	—	—	—	—	—	—
Total	2,519,514	67,206	2.67	1,457,791	44,347	3.04
Total interest-bearing liabilities:						
Domestic	132,944,006	488,323	0.37	147,840,434	263,391	0.18
Overseas	37,754,490	723,389	1.92	43,443,225	277,213	0.64
Elimination	(1,653,402)	(25,707)	—	(1,641,302)	(10,851)	—
Total	¥169,045,094	¥1,186,005	0.70%	¥189,642,357	¥529,752	0.28%

Note:

- (1) Average balances are based on a combination of daily averages on a non-consolidated basis and weekly, monthly or quarterly averages (for some consolidated subsidiaries).

Deposits

SMBC offers a wide range of standard banking accounts through its offices in Japan, including non-interest-bearing demand deposits, interest-bearing demand deposits, deposits at notice, time deposits and negotiable certificates of deposit. Domestic deposits are its principal source of funds for SMBC's domestic operations. SMBC's deposits in its domestic offices are principally from individuals and private corporations, with the balance from governmental bodies (including municipal authorities) and financial institutions.

SMBC's foreign offices accept deposits mainly in U.S. dollars, but also in yen and other currencies, and are active participants in the Euro-currency market as well as the United States domestic money market. Foreign deposits mainly consist of stable types of deposits, such as deposits at notice, time deposits, and negotiable certificates of deposit.

The following table shows a breakdown of SMBC's domestic and overseas deposits as of the dates indicated:

	As of 31 March	
	2020	2021
<i>(Millions of yen)</i>		
Domestic deposits		
Liquid deposits	¥80,651,604	¥90,621,511
Time deposits	17,782,431	17,849,916
Other deposits	7,207,251	8,588,536
Subtotal	105,641,287	117,059,964
Negotiable certificates of deposit	4,231,740	5,793,153
Total domestic deposits	109,873,027	122,853,118

	As of 31 March	
	2020	2021
Overseas deposits		
Liquid deposits	14,626,335	17,323,786
Time deposits.....	7,288,271	8,005,625
Other deposits	68,101	97,291
Subtotal.....	21,982,708	25,426,704
Negotiable certificates of deposit	6,098,695	6,967,463
Total overseas deposits	28,081,404	32,394,167
Total deposits	¥137,954,431	¥155,247,286

Assets

The following table shows SMBC's average asset balances and related interest and average interest rates for the fiscal years ended 31 March 2020 and 2021.

	Fiscal year ended 31 March					
	2020			2021		
	Average balance ⁽¹⁾	Interest	Average rate	Average balance ⁽¹⁾	Interest	Average rate
<i>(Millions of yen, except percentages)</i>						
Interest-earning assets:						
Loans and bills discounted:						
Domestic	¥53,436,866	¥568,589	1.06%	¥57,919,773	¥506,603	0.87%
Overseas.....	27,120,195	920,531	3.39	30,689,543	662,984	2.16
Elimination	(145,714)	(3,975)	—	(84,601)	(1,242)	—
Total	80,411,348	1,485,144	1.85	88,524,716	1,168,345	1.32
Securities:						
Domestic	17,989,408	244,886	1.36	22,375,145	197,328	0.88
Overseas.....	5,507,688	117,254	2.13	6,602,380	99,150	1.50
Elimination	—	(21,588)	—	—	(21,783)	—
Total	23,497,097	340,553	1.45	28,977,526	274,694	0.95
Call loans and bills bought:						
Domestic	209,079	118	0.06	831,704	(74)	(0.01)
Overseas.....	1,575,530	15,746	1.00	1,867,078	12,106	0.65
Elimination	—	—	—	—	—	—
Total	1,784,610	15,865	0.89	2,698,783	12,031	0.45
Receivables under resale agreements:						
Domestic	2,711,351	(1,146)	(0.04)	2,127,009	(1,410)	(0.07)
Overseas.....	2,580,540	57,573	2.23	2,998,992	22,992	0.77
Elimination	(98,826)	(2,090)	—	(48,547)	(69)	—
Total	5,193,065	54,336	1.05	5,077,454	21,513	0.42
Receivables under securities borrowing transactions:						
Domestic	955,889	975	0.10	1,005,886	388	0.04
Overseas.....	24,706	72	0.29	26,337	62	0.24
Elimination	—	—	—	—	—	—
Total	980,596	1,047	0.11	1,032,224	450	0.04

Fiscal year ended 31 March

	2020			2021		
	Average balance ⁽¹⁾	Interest	Average rate	Average balance ⁽¹⁾	Interest	Average rate
<i>(Millions of yen, except percentages)</i>						
Deposits with banks:						
Domestic	1,170,334	19,042	1.63	1,411,149	10,821	0.77
Overseas.....	4,071,134	76,822	1.89	5,097,684	15,385	0.30
Elimination	(1,271,872)	(16,796)	—	(1,506,075)	(9,196)	—
Total	<u>3,969,596</u>	<u>79,068</u>	<u>1.99</u>	<u>5,002,758</u>	<u>17,010</u>	<u>0.34</u>
Total interest-earning assets⁽²⁾:						
Domestic	80,913,276	910,696	1.13	89,952,451	776,983	0.86
Overseas.....	45,123,324	1,374,225	3.05	52,001,174	876,769	1.69
Elimination	(1,653,695)	(47,295)	—	(1,641,579)	(32,635)	—
Total	<u>¥124,382,905</u>	<u>¥2,237,626</u>	<u>1.80%</u>	<u>¥140,312,046</u>	<u>¥1,621,117</u>	<u>1.16%</u>

Notes:

- (1) Average balances are based on a combination of daily averages on a non-consolidated basis and weekly, monthly or quarterly averages (for some consolidated subsidiaries)
- (2) Interest-earning assets are shown after deduction of the average balance of non-interest-earning deposits, which were ¥51,641,993 million in the fiscal year ended 31 March 2020 and ¥57,899,427 million in the fiscal year ended 31 March 2021.

Loans

SMBC's main operating activity is its lending business. SMBC makes loans and extends other types of credit principally to corporate and individual customers in Japan and to corporate and sovereign customers in foreign countries. In the domestic market, through SMBC and other SMBC Group companies, SMBC makes loans to a broad range of industrial, commercial and individual customers in Japan.

Credit Risk Management System

Credit risk is the most significant risk to which SMBC is exposed. The purpose of credit risk management is to keep the credit risk exposure to a permissible level relative to capital, to maintain the quality of assets and to ensure returns commensurate with risk.

At the SMBC Group, the Group CRO (the chief risk officer) formulates credit risk management policies each year on the basis of SMBC Group-wide basic policies for risk management. The Credit & Investment Planning Department, responsible for the comprehensive management of credit risk, drafts and administers credit risk regulations including the SMBC Group credit policies, manages non-performing loans ("NPLs"), and performs other aspects of credit portfolio management. Also, the Credit Risk Committee deliberates on matters related to SMBC Group-wide credit portfolios. SMBC Group companies follow the fundamental principles established by the SMBC Group to assess and manage credit risk. Each of SMBC Group companies manages credit risk according to the nature of its business and assesses and manages the credit risks of individual loans and credit portfolios quantitatively, using consistent standards.

At SMBC, the Credit & Investment Planning Department within the Risk Management Unit is responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, and credit application guidelines, and manages NPLs, including impaired loans, and other aspects of credit portfolio management. The department also cooperates with the Corporate Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls SMBC's entire credit risk. Further, the Credit Portfolio Management Department within the Credit &

Investment Planning Department strives to stabilise the credit portfolio and manage the risk through credit derivatives, loan asset sales and other instruments.

The credit departments of SMBC within each business unit conduct credit risk management for loans handled by its unit and manage portfolios of its unit. The credit limits they use are based on the baseline amounts that the Credit & Investment Planning Department establishes for each grading category, with particular attention paid to evaluating and managing customers or loans perceived to have particularly high credit risk. The Corporate Research Department engages in research on industries and analyses the business and financial conditions of borrower enterprises to detect early signs of problems or growth potential. The Credit Administration Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, and formulates plans for workouts, including write-offs, and corporate rehabilitation. The department closely liaises with SMBC Servicer Co., Ltd., an SMBC Group company, which engages in related services to efficiently reduce the amount of NPLs, including through the sale of loans.

The Internal Audit Unit of SMBC, operating independently of the business units, audits asset quality, accuracy of grading and state of credit risk management, and reports the results directly to the board of directors and the Management Committee.

SMBC has established the Credit Risk Committee to undertake control of credit risk and to ensure the overall soundness of the loan operations.

Self-Assessment, Write-Offs and Provisions, NPLs Disclosure

Self-Assessment

Self-assessment is a preparatory task for ensuring SMBC Group's asset quality and calculating the appropriate level of write-offs and provisions. Each asset is assessed individually for its security and collectability. Depending on the borrower's current situation, the borrower is assigned to one of five categories: (i) Normal Borrowers, (ii) Borrowers Requiring Caution, (iii) Potentially Bankrupt Borrowers, (iv) Effectively Bankrupt Borrowers, and (v) Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees.

Borrower Categories, Defined

Normal Borrowers	-	Borrowers with good earnings performances and no significant financial problems
Borrowers Requiring Caution	-	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	-	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	-	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	-	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined

Classification I	-	Assets not classified under Classifications II, III, or IV
Classification II	-	Assets perceived to have an above-average risk of uncollectibility
Classification III	-	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	-	Assets assessed as uncollectible or worthless

SMBC conducts rigorous self-assessments of asset quality using criteria based on the Financial Inspection Manual of the Financial Services Agency of Japan and the Practical Guideline published by the Japanese Institute of Certified Public Accountants. Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfil debt obligations, and the obligor grade criteria are consistent with the categories

used in self-assessment. As part of its efforts to bolster risk management throughout SMBC Group, consolidated subsidiaries carry out self-assessment in substantially the same manner.

Write-Offs and Provisions

In cases in which claims have been determined to be uncollectible or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision for the reserve for possible loan losses.

As part of our overall measures to strengthen credit risk management throughout SMBC Group, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

The following table shows an analysis of SMBC's credit costs for each of the periods indicated:

	Fiscal year ended 31 March	
	2020	2021
	<i>(Billions of yen)</i>	
Credit costs	¥(67.6)	¥(286.1)
Write-off of loans	(22.0)	(24.0)
Provision for reserve for possible loan losses	(38.4)	(240.0)
Other	(7.2)	(22.1)
Recoveries of written-off claims.....	1.7	1.3
Total credit cost	¥(65.9)	¥(284.8)

Note:

Figures in parentheses indicate costs.

Disclosure of NPLs under the Financial Reconstruction Act

NPLs are loans and other claims of which recovery of either principal or interest appears doubtful and are disclosed in accordance with the Financial Reconstruction Act. NPLs are classified based on the borrower categories assigned during self-assessment.

Management

As of the date of this Base Prospectus, the names and titles of SMBC's directors and certain other senior management members are as follows:

Name	Title
Koichi Miyata	Chairman of the Board
Makoto Takashima ⁽¹⁾⁽²⁾	President and CEO
Manabu Narita ⁽¹⁾⁽³⁾	Deputy Chairman
Gotaro Michihiro ⁽¹⁾⁽³⁾	Deputy Chairman
Masahiko Oshima ⁽¹⁾⁽²⁾	Director, Deputy President
Toshikazu Yaku ⁽¹⁾⁽²⁾	Director, Deputy President
Keiji Kakumoto	Director, Deputy President
Toru Nakashima ⁽¹⁾	Director, Senior Managing Executive Officer
Tetsuro Imaeda ⁽¹⁾	Director, Senior Managing Executive Officer

Name	Title
Shoji Masuda ⁽¹⁾	Director, Senior Managing Executive Officer
Teiko Kudo ⁽¹⁾	Director, Senior Managing Executive Officer
Paul Yonamine ⁽⁴⁾	Director
Isao Teshirogi ⁽⁴⁾	Director
Toshiaki Nakai	Director, Member of the Audit and Supervisory Committee
Shuji Yabe	Director, Member of the Audit and Supervisory Committee
Hiroshi Takahashi ⁽⁴⁾	Director, Member of the Audit and Supervisory Committee
Sonosuke Kadonaga ⁽⁴⁾	Director, Member of the Audit and Supervisory Committee
Masaaki Oka ⁽⁴⁾	Director, Member of the Audit and Supervisory Committee
Michiko Kuboyama ⁽⁴⁾	Director, Member of the Audit and Supervisory Committee
Atsuhiko Inoue ⁽¹⁾	Director, Member of the Audit and Supervisory Committee

Notes:

- (1) Holds positions both with SMBC and SMFG.
- (2) Representative Director.
- (3) Does not serve as a director as defined under the Companies Act of Japan (Act No. 86 of 2005, as amended) (the “**Companies Act**”).
- (4) Outside director as defined under the Companies Act.

SMBC has elected a substitute director who is a member of the Audit and Supervisory Committee, Daiken Tsunoda, as a substitute for any of the directors who are members of the Audit and Supervisory Committee in case the number of directors who are members of the Audit and Supervisory Committee falls short of the number required by applicable laws and regulations.

SMBC’s board of directors has ultimate responsibility for the administration of SMBC’s affairs and SMBC’s board of directors and its Audit and Supervisory Committee provides effective oversight of operations. SMBC’s board of directors, however, may delegate by resolution some or all of its decision-making authority in respect of the execution of operational matters (excluding certain matters specified in the Companies Act) to individual directors. In order to distinguish between operational management and oversight functions, SMBC has a Management Committee that is the highest decision-making body responsible for operational matters and is under the direct supervision of the board of directors and the Audit and Supervisory Committee. The President chairs the Management Committee and appoints executive officers to it and has the authority to make the final decision after considering the Management Committee’s recommendations. The President designates members of the Management Committee to oversee the operations of certain head office departments and business units. The Chairman of the board of directors is prohibited from assuming direct responsibility for operational duties and his primary duty is to oversee and control the performance of operations.

In addition, SMBC operates an Internal Audit Unit that has responsibility for conducting internal audits on an objective basis in a process that is separate from the oversight provided by the board of directors and the Audit and Supervisory Committee. The Internal Audit Unit also acts independently from the business units.

The directors who are members of the Audit and Supervisory Committee are not required to be certified public accountants. They may not serve concurrently as executive directors, managers or any other type of employee for SMBC or for any of its subsidiaries, or as accounting advisors or corporate executive officers for any of the SMBC’s subsidiaries. In addition, more than half of the directors who are members of the Audit and Supervisory Committee at any one time must be outside directors as defined under the Companies Act.

The Audit and Supervisory Committee members (who are not required to be and are not certified public accountants) has a statutory duty to audit the administration of the SMBC’s affairs by its directors, to examine the financial statements and business reports submitted to the shareholders by a representative director, to prepare an audit report each year and to determine details of proposals concerning the appointment and dismissal of

independent auditors and the refusal to reappoint independent auditors for submission to general meetings of shareholders.

All directors are elected by the SMBC's shareholders at general shareholders' meetings, with directors who are members of the Audit and Supervisory Committee elected separately from other directors. The term of office for directors who are not members of the Audit and Supervisory Committee expires at the close of the ordinary general shareholders' meeting held with respect to the last fiscal year ended within one year after their election, and the term of office for directors who are members of the Audit and Supervisory Committee expires at the close of the ordinary general shareholders' meeting held with respect to the last fiscal year ended within two years after their election, but any directors may serve any number of consecutive terms.

SMBC is required to appoint an independent auditor, whose appointment is approved at a general shareholders' meeting. The independent auditor has the statutory duty to examine the financial statements prepared in accordance with the Companies Act and approved by the board of directors, and report its opinion thereon to the designated members of the Audit & Supervisory Committee and to the designated directors for notification to the shareholders. Examination by an independent auditor of SMBC's financial statements is also required for the purpose of the securities report filed through the Kanto Local Finance Bureau to the Prime Minister for public inspection in accordance with the FIEA. SMBC's independent auditor for these purposes is KPMG AZSA LLC.

SUMMARY OF THE PRINCIPAL DOCUMENTS

Trust Deed

The Trust Deed, made between the Issuer, the Bond Trustee and the Security Trustee, is the principal agreement governing the Bonds. The Trust Deed contains provisions relating to, *inter alia*:

- the constitution of the Bonds and the terms and conditions of the Bonds (as more fully set out under “*Terms and Conditions of the Bonds*” above);
- the covenants of the Issuer;
- the enforcement procedures relating to the Bonds; and
- the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may retire or be removed.

As security for the Issuer's obligations in respect of the Bonds and the other Secured Obligations, the Issuer has in the Trust Deed created the following security under English law in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors), in each case, to the extent not inconsistent with the security created under the Japanese Security Agreement:

- (i) a first fixed charge over all of the Issuer's rights, title and interest in, to and in respect of the RMBS Issuer Assets and the CSA Collateral and all sums derived therefrom (including, without limitation, any proceeds of the sale thereof);
- (ii) an assignment by way of security of all of the Issuer's rights in respect of the CSA Collateral against the Custodian under the Custody Agreement;
- (iii) a first fixed charge over all present and future rights of the Issuer in respect of the Issuer Accounts and all moneys from time to time standing to the credit of the Issuer Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof and, without duplication, the Issuer Assets;
- (iv) a first fixed charge over the Issuer's right to all sums held by any Paying Agent and/or the Custodian and/or the Registrar to meet payments due in respect of any Series of Bonds or the TRS Agreement or the Credit Support Annex and any sums of money, securities or other property received or receivable by the Issuer under the TRS Agreement and the Credit Support Annex; and
- (v) without duplication, an assignment by way of security of all of the Issuer's rights, title and interest under the Transaction Documents governed by English law and all sums and other property derived therefrom in respect of any Series of Bonds.

Such Security is granted in addition to the security interests granted by the Issuer in favour of the Security Trustee under and pursuant to the Japanese Security Agreement.

The Issuer may also create further security interests in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) under an Additional Charging Document, being any further security document entered into by the Issuer and required for the purposes of granting security over any assets forming part of the Trust Property. Notice of any Additional Charging Document will be given to the Bondholders.

Release of Security

Security over amounts credited to the Issuer Accounts may be deemed released when the Issuer or the Cash Manager or Principal Paying Agent, on behalf of the Issuer, is permitted to withdraw from the Issuer Accounts to apply them pursuant to the Transaction Documents.

Without limitation, the Security Trustee shall be deemed to release (automatically and without action) from the Security any cash delivered to the Issuer by the TRS Counterparty pursuant to the terms of the Credit Support Annex prior to the TRS Default Event and which are subject to the rights of the TRS Counterparty, pursuant to the terms of the Credit Support Annex, to request redelivery.

Enforcement

If an Acceleration Notice is served on the Issuer, the Security Trustee shall be entitled to, and shall if so directed by the Bond Trustee (for so long as any Bonds are outstanding), appoint a Receiver and/or enforce the Security constituted by the Trust Deed, and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction. All proceeds received by the Security Trustee or any Receiver from the enforcement or realisation of the Security will be applied in accordance with Condition 9.3 (*Application of Proceeds*) of the Terms and Conditions.

Fees and expenses

The Issuer shall pay or discharge all costs, charges, liabilities and expenses which each of the Bond Trustee and the Security Trustee may incur in relation to the preparation and execution of the trust presents and the other Transaction Documents and the exercise of the powers and the execution of the trusts vested in it by or pursuant to the trust presents or any Transaction Document.

The Issuer shall indemnify and/or secure and/or pre-fund the Bond Trustee and the Security Trustee on an after tax basis in full in respect of all expenses and liabilities to which it may be or become liable or which may be incurred by it in the execution or purported execution of any of its trusts, powers, authorities and discretions under the Trust Deed or its functions under any such appointment.

The Bond Trustee and the Security Trustee may, in certain circumstances undertake duties of an exceptional nature or otherwise outside the scope of its normal duties as set out in the Trust Deed, in which case the Issuer shall pay to the Bond Trustee and/or the Security Trustee (as the case may be) such additional remuneration as shall be agreed between the Security Trustee and the Issuer.

The Issuer will not be responsible under the Trust Deed for any expenses or liabilities resulting from the fraud, gross negligence or wilful default on the part of the Security Trustee or the Bond Trustee or any of their respective officers, and employees.

Retirement and removal

The Bond Trustee or the Security Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer and the Bond Trustee or Security Trustee, as the case may be, without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement.

The Bondholders may by Extraordinary Resolution of the Bondholders of all Series taken together as a single Series remove the Bond Trustee or Security Trustee.

The retirement or removal of the Bond Trustee or the Security Trustee, as the case may be, shall not become effective until a successor bond trustee or security trustee, as the case may be, is appointed which satisfies the criteria set out in the Trust Deed. If, in such circumstances, no appointment of such new bond trustee or security trustee, as the case may be, has become effective within 60 days of the date of such notice or Extraordinary Resolution, the Bond Trustee or Security Trustee, as the case may be, shall be entitled to appoint a Trust Corporation as bond trustee or security trustee, as the case may be, but no such appointment shall take effect unless previously approved by an Extraordinary Resolution.

Governing law

The Trust Deed is governed by English law.

Japanese Security Agreement

Pursuant to the terms of the Japanese Security Agreement between the Issuer and the Security Trustee and the Custodian, the Issuer has granted (or in the case of (i) and (ii) below, agrees to grant once the relevant assets become part of the Trust Property) a Japanese law pledge (*ne-shichiken*) over the following assets in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors, including the Bondholders):

- (i) the RMBS Issuer Assets (to be identified in the RMBS Notices to be delivered by the TRS Counterparty to the Issuer and the Security Trustee under the TRS Agreement from time to time);
- (ii) the JGB Issuer Assets held with the Custodian from time to time; and

- (iii) all present and future rights and claims of the Issuer under the TRS Agreement, the FX Cash Reserve Agreement and the Interest Reserve and Expenses Agreement.

Release of Security

In the event of any assignment or disposal of RMBS Issuer Assets by the Issuer pursuant to and in accordance with the Transaction Documents, the Security Trustee has agreed not to object to such assignment or disposal and the pledge created over such RMBS Issuer Assets shall be deemed terminated upon the completion of such disposal. Following completion of such assignment or disposal, the Issuer shall provide written notice to the Security Trustee of the completion of such assignment or disposal.

In the event of any assignment or disposal of JGB Issuer Assets by the Issuer pursuant to and in accordance with the Transaction Documents, the Security Trustee has agreed not to object to such assignment or disposal and the pledge created over such JGB Issuer Assets shall be deemed terminated upon the completion of such disposal. Following completion of such assignment or disposal, the Security Trustee shall promptly apply to the Custodian for book-entry transfer of such JGB Issuer Assets to the Ownership Column in the Issuer's account in accordance with the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No.75 of 2001) of Japan.

Governing law

The Japanese Security Agreement is governed by Japanese law.

The TRS Agreement

Pursuant to the terms of the TRS Confirmation entered into (on the Issue Date of each Series of Bonds) between the Issuer and the TRS Counterparty, supplementing and forming part of an ISDA Master Agreement, Schedule and Credit Support Annex thereto (together, the “**TRS Agreement**”) entered into between such parties, the Issuer will enter into a series of transactions (each a “**TRS Transaction**”) under which the Issuer shall exchange the portion of net issue proceeds of the Bonds together with the relevant portion of an Initial OC Payment provided by the TRS Counterparty pursuant to the terms of the TRS Confirmation with eligible RMBS Securities designated as Reference Obligations (or ROs) (the relevant RMBS Security, once so transferred to the Issuer, shall be a RMBS Issuer Asset for the purposes of the Bonds).

During the term of each TRS Transaction, the Issuer will swap all net interest, principal and any other amounts which a hypothetical holder of each Reference Obligation subject to such TRS Transaction that is a company with a tax residence, tax domicile and tax status equivalent to those of the Issuer actually would have received (such payments to be made on the same business day as which such payments would have been so received or, to the extent that the account to which the RMBS Issuer Assets pay net distribution payments has been changed to the Account Bank, shortly after payment would have been received), in exchange for fixed or floating payments to be paid by the TRS Counterparty in accordance with the terms of the TRS Confirmation which effectively match the Issuer's payment obligations in respect of the relevant Series of Bonds.

In the event that the TRS Counterparty delivers a revised version of Annex A to the TRS Agreement (each, a “**Revised Annex A**”) to the Issuer and the TRS Calculation Agent in accordance with the relevant TRS Confirmation, one or more Portfolio Adjustments specified therein (being any one or combination of an addition, removal or substitution of ROs) reflected in the differences between the then Annex A and the Revised Annex A shall take effect. In the case of a Removal, the Security Trustee will release a RMBS Issuer Asset which is Equivalent to the RO specified in such Portfolio Adjustment which is a Removal. Any RMBS Issuer Asset to be removed from the Portfolio as part of such Portfolio Adjustment will be sold on the basis of Firm Bids provided to the Issuer by the TRS Counterparty or an independent third party and if such sale is to the TRS Counterparty, such sale may be net settled by delivery of the RMBS Issuer Asset to the TRS Counterparty, which will discharge the Issuer and the TRS Counterparty's respective obligations in respect of such sale and purchase of the RMBS Issuer Asset as well as the payments to be made in respect of such Removal under the applicable TRS Transaction.

The form of TRS Confirmation is set out in the next section of this Base Prospectus. The TRS Agreement shall be governed by Japanese law.

The Credit Support Annex

Under the Credit Support Annex, the TRS Counterparty is required to post eligible collateral (being either JPY cash or JGBs) to the Issuer in accordance with the Asset Coverage Test, which runs on each Valuation Date (essentially, each Business Day).

To meet the Japanese margin rules under the Financial Instruments and Exchange Act of Japan with respect to variation margin, both the Issuer and the TRS Counterparty are required to post collateral to each other to cover the mark-to-market value of transactions under the TRS Agreement. So that there is no net transfer out of Trust Property caused by any requirement on the Issuer to post variation margin to the TRS Counterparty, the Credit Support Annex provides for the TRS Counterparty to have an obligation to post an ‘independent amount’ which is equal to the relevant variation margin which is required to be posted by the Issuer to the TRS Counterparty from time to time – such independent amount and the Issuer’s variation margin posting obligations are net settled against each other. If the transactions under the TRS Agreement are in-the-money for the Issuer, the TRS Counterparty will need to post JPY cash or JGBs to meet such exposure. Such postings of margin to meet the variation margin rules are taken into account when the Valuation Agent determines whether any additional amounts are required to be posted to meet the Asset Coverage Test.

The transfer of eligible collateral is made on a title transfer basis by way of loan for consumption (*shibi taishaku*), with any such collateral transferred to the Issuer being subject to security created under the Japanese Security Agreement and/or the Trust Deed (and released when required to be returned under the Credit Support Annex to the TRS Counterparty).

When an amount of collateral is determined to be required to be posted, the TRS Counterparty has two Local Business Days (in respect of any JPY cash to be posted) or three Local Business Days (in respect of any JGBs to be posted) to settle such posting. If the TRS Counterparty does not meet such posting obligations and the Issuer notifies the TRS Counterparty of such failure, the TRS Counterparty has three Local Business Days to make such transfers or an Event of Default (as such term is used in the TRS Agreement) will occur with respect to the TRS Counterparty. Such event is also a TRS Default Event and, upon such event being notified in accordance with the Terms and Conditions, will cause the commencement of the Realisation Period.

The Contingent FX Forward Transactions

The Issuer will, in respect of each Series of Bonds, enter into a contingent FX forward transaction (each, a “**Contingent FX Forward Transaction**”) in respect of such Series of Bonds with the TRS Counterparty, for so long as the TRS Counterparty maintains a long-term senior unsecured debt rating from Moody’s above Baa2, or with a third party counterparty maintaining such credit rating if the TRS Counterparty does not maintain such credit rating. The purpose of such Contingent FX Forward Transactions is to hedge the risk of foreign exchange movements between the Specified Currency of each Series of Bonds and the currency of the Issuer Assets during the Realisation Period, should a TRS Default Event occur.

If the initial FX Counterparty does not subsequently maintain a long-term senior unsecured debt rating from Moody’s above Baa2 (a “**FX Transaction Trigger**”), to avoid the occurrence of an Additional Termination Event under the relevant Contingent FX Forward Transaction, the Issuer is required, in respect of the related Series of Bonds, to use commercially reasonable efforts to seek an eligible counterparty that will enter into a contingent FX forward transaction with the Issuer that is substantially equivalent to the Contingent FX Forward Transaction for that Series (the “**Equivalent FX Transaction**”), under an ISDA Master Agreement substantially equivalent to the Master Agreement between such initial FX Counterparty and the Issuer (the “**Equivalent FX Master Agreement**”), and to which the initial FX Counterparty will novate its rights and obligations under the Contingent FX Forward Transaction. The FX Transaction Trigger will continue to apply to each successor FX Counterparty to a Contingent FX Forward Transaction. If a Contingent FX Forward Transaction between the Issuer and an FX Counterparty is terminated prior to the FX Forward Effective Date, no amount shall be payable by either party in respect of the termination of such transaction. Each confirmation evidencing a Contingent FX Forward Transaction with the TRS Counterparty as initial FX Counterparty is governed by Japanese Law. Following a FX Transaction Trigger, a confirmation evidencing an Equivalent FX Transaction may be governed by Japanese law or English law, subject to negotiations between the Issuer, the incoming FX Counterparty and the outgoing FX Counterparty.

During the period from and including the trade date of the Contingent FX Forward Transaction to and including the FX Forward Effective Date (as defined below, if any) (but excluding the period where the TRS Counterparty's long-term senior unsecured debt rating from Moody's is rated A3 or higher), the FX Counterparty, in its role as FX Calculation Agent (the "**FX Calculation Agent**") may, from time to time at its discretion and must, on the FX Forward Effective Date and within one Business Day of a request by the Issuer, notify the Issuer of its determination of (i) the FX Forward Cash Reserve Rate; and (ii) the FX Forward Cash Reserve Amount. The FX Forward Cash Reserve Amount fluctuates depending on the applicable FX Spot Rate and FX Forward Rate from time to time, and the FX Forward Rate includes a premium amount agreed with each FX Counterparty.

For these purposes:

- The "**FX Forward Cash Reserve Amount**" means, in respect of the relevant calculation date, an amount in JPY equal to the product of (a) the FX Forward Cash Reserve Rate; and (b) the outstanding principal amount of the relevant Series of Bonds, in each case as of such date.
- The "**FX Forward Cash Reserve Rate**" is the FX Forward Rate *plus* the premium agreed between the Issuer and the relevant FX Counterparty multiplied by the FX Spot Rate *minus* the FX Spot Rate, subject to a minimum of zero.
- The "**FX Spot Rate**" is the JPY / Specified Currency foreign exchange rate (expressed as the number of JPY required to purchase one of the Specified Currency) by reference to the mid spot rate as displayed on Bloomberg Screen Page "BFIX" at approximately 11:00 a.m. Tokyo time.
- The "**FX Forward Rate**" is the JPY / Specified Currency foreign exchange rate (expressed as the number of JPY required to purchase one of the Specified Currency) by reference to the mid 9 month forward rate as displayed on Bloomberg Screen Page "BFIX" at approximately 11:00 a.m. Tokyo time.

If the FX Calculation Agent determines that the Bloomberg Screen Page "BFIX" is not available, or the relevant exchange rate is not shown on such page at the relevant time, then the FX Spot Rate and/or FX Forward Rate shall be determined by the FX Calculation Agent, in accordance with the terms of the FX Forward Confirmation. The FX Calculation Agent shall first, use mid-market quotations for the relevant spot rate and forward rate obtained from leading dealers in the relevant foreign exchange market. However, if no such quotations are provided and no suitable dealers who are prepared to quote are available, the FX Calculation Agent may determine the FX Spot Rate and/or FX Forward Rate (as the case may be), in its sole discretion, acting in good faith and in a commercially reasonable manner. The calculations and determinations of the FX Calculation Agent shall (save in the case of manifest error) be final and binding upon all parties and all determinations made by the FX Calculation Agent shall be made in good faith and in a commercially reasonable manner.

Each Contingent FX Forward Transaction only becomes effective on the Notice Date, or if the notice of the occurrence of the TRS Default Event has been delivered to the relevant FX Counterparty (other than the TRS Counterparty) after 11:00 a.m. Tokyo time, the immediately following Business Day (the "**FX Forward Effective Date**"). On the day falling three Business Days following the FX Forward Effective Date, the Issuer shall pay to the FX Counterparty the last determined FX Forward Cash Reserve Amount, subject to a maximum of the FX Forward Cash Reserve Balance in relation to such Series of Bonds (see "*FX Cash Reserve Agreement*" below for more information on how the FX Forward Cash Reserve Balance is maintained and calculated). If there is a shortfall between the FX Forward Cash Reserve Balance and the FX Forward Cash Reserve Amount, such shortfall (the "**Initial Exchange Shortfall Amount**") may be satisfied from the balance standing to the credit of the General Offshore Account (JPY) shortly after the beginning of the Realisation Period or the liquidation proceeds received during the Realisation Period and will, in each case, form part of the payments on the FX Forward Termination Date. For the avoidance of doubt, if no TRS Default Event occurs, the Contingent FX Forward Transactions shall not become effective and no payments shall become payable under such Contingent FX Forward Transactions.

The termination date of a Contingent FX Forward Transaction which has become effective is the day falling five Business Days following the Realisation Period Final Calculation Date (the "**FX Forward Termination Date**"). On the FX Forward Termination Date, the following payments shall be made by way of final exchange:

- (i) the Issuer shall pay to the FX Counterparty an amount equal to the Initial Exchange Shortfall Amount (if any);

- (ii) the Issuer shall pay to the FX Counterparty an amount equal to the portion of the proceeds of the liquidation and/or redemption of the Issuer Assets during the Realisation Period attributable to the relevant Series of Bonds, subject to a maximum of the amount in JPY (converted from the Specified Currency of the Bonds using the FX Spot Rate as of the FX Forward Effective Date) equal to the Principal Amount Outstanding of such Series of Bonds, less the balance of the Series General Account and plus accrued but unpaid interest accrued to (but excluding) the Realisation Period End Date (such amount, the **“Issuer FX Final Exchange Amount”**); and
- (iii) the FX Counterparty shall pay to the Issuer an amount in the Specified Currency (converted from JPY using the FX Spot Rate as of the FX Forward Effective Date) equal to the Issuer FX Final Exchange Amount.

Such exchange is intended to provide the Issuer with proceeds in the Specified Currency of each Series of Bonds to repay principal and accrued but unpaid interest of the Bonds on the Realisation Redemption Date. As the Issuer FX Final Exchange Amount has an accrued but unpaid interest element (in respect of the relevant Series of Bonds) which is uncertain and cannot be determined as of the FX Forward Effective Date, the FX Forward Rate contains a premium which is intended to compensate the FX Counterparty for this uncertainty.

FX Cash Reserve Agreement

Under the FX Cash Reserve Agreement between the Issuer, the TRS Counterparty, the Cash Manager and the Account Bank, the TRS Counterparty is under an obligation to make certain cash reserve payments to the Issuer if the TRS Counterparty’s long-term senior unsecured debt rating from Moody’s falls below A3.

On or prior to the date falling five Business Days following the first day on which the TRS Counterparty has an obligation to make such a payment (the **“FX Reserve Trigger Start Date”**), the TRS Counterparty is required to transfer, separately in respect of each Series of Bonds, an amount that is at least equal to the FX Forward Cash Reserve Amount as at the FX Reserve Trigger Start Date relating to such Series of Bonds. From time to time, the TRS Counterparty will be requested by the Issuer to provide further amounts so that the FX Forward Cash Reserve Balance (as defined in the FX Cash Reserve Agreement) is at least equal to the FX Forward Cash Reserve Amount calculated at such time. The TRS Counterparty may also request a return of amounts in respect of such cash reserve to the extent that the FX Forward Cash Reserve Balance exceeds the FX Forward Cash Reserve Amount calculated at such time or request a return of the full balance if the TRS Counterparty’s long-term senior unsecured debt rating from Moody’s is A3 or higher. The FX Forward Cash Reserve Balance is returned to the TRS Counterparty in the event that the relevant Bonds are redeemed in full on an early redemption date or on the scheduled maturity date. Under the Cash Management Agreement, if there are shortfalls in the FX Forward Cash Reserve Balances as of the FX Forward Effective Date, the Cash Manager shall make provisions for such shortfalls from the balance of the General Offshore Account (JPY) and any remaining shortfall shall be satisfied from the liquidation proceeds in accordance with the Post-Realisation Priority of Payments. The FX Cash Reserve Agreement also requires the Account Bank to provide same-day closing balance of the FX Forward Cash Reserve Balance on a daily basis for so long as the TRS Counterparty’s long-term senior unsecured debt rating from Moody’s is rated below A3.

The FX Cash Reserve Agreement is governed by Japanese law.

Interest Reserve and Expenses Agreement

The Interest Reserve and Expenses Agreement between the Issuer, the TRS Counterparty, the Cash Manager and the Account Bank sets out (i) payment obligations in relation to the establishment and maintenance of the Reserve Fund; and (ii) the costs and expenses arrangements in relation to the Bonds and the Transaction Documents.

Under the Interest Reserve and Expenses Agreement, if the TRS Counterparty’s long-term senior unsecured rating from Moody’s falls below A3, the Issuer and the TRS Counterparty have agreed to establish and maintain a reserve fund in euro within the Issuer Accounts (the **“Reserve Fund”**) in an amount that is at least equal to the Reserve Fund Required Amount (as defined in the Interest Reserve and Expenses Agreement), being an amount equal to the aggregate of (i) the interest expected to become due and payable on each Series of Bonds in the following nine months; and (ii) the annual scheduled expenses of the Security Trustee, Bond Trustee and the relevant Agents (or, in the case of the Asset Monitor, one-quarter of its annual scheduled expenses) (the **“Relevant Expenses”**), representing the scheduled expenses expected to be payable in the following nine months, in each case calculated

after the necessary foreign exchange conversion at the relevant spot rate and on the assumption that the Notice Date has occurred as of the date of calculation and that, in the case of any floating rate interest, the relevant benchmark level as at the date of calculation is maintained for the nine-month period.

Pursuant to the terms of the Interest Reserve and Expenses Agreement, following the establishment of the Reserve Fund, the Reserve Fund Required Amount shall be calculated and the balance of the Reserve Fund shall be tested against such Reserve Fund Required Amount, in each case, on each Business Day up to and including the Notice Date and, if there is any shortfall, within five Business Days of each identification of a shortfall in the balance of the Reserve Fund, the TRS Counterparty shall be required to provide further amounts so that the balance of the Reserve Fund is at least equal to the Reserve Fund Required Amount calculated at such time. The TRS Counterparty may also request a return of amounts in the Reserve Fund to the extent that the balance of the Reserve Fund exceeds the Reserve Fund Required Amount calculated at such time or request a return of the full balance if the TRS Counterparty's long-term senior unsecured debt rating from Moody's is A3 or above. The remaining balance of the Reserve Fund is returned to the TRS Counterparty in the event that all Series of Bonds are redeemed in full and the Issuer has satisfied its obligations in relation to expenses under the Interest Reserve and Expenses Agreement. The Interest Reserve and Expenses Agreement also requires the Account Bank to provide same-day closing balance of the Reserve Fund on a daily basis for so long as the TRS Counterparty's long-term senior unsecured debt rating is below A3.

If the TRS Counterparty is required to but fails to transfer additional amounts to cure a shortfall in the Reserve Fund on the Notice Date, the Cash Manager shall on behalf of the Issuer and in accordance with the Cash Management Agreement apply the balance standing to the credit of the General Offshore Account (JPY) to satisfy shortfalls in the Reserve Fund but only if provisions for the shortfalls in the FX Forward Cash Reserve Balances (if any) have been made in full.

In addition, the Interest Reserve and Expenses Agreement also provides that, if and to the extent the Issuer incurs certain costs, expenses and fees in connection with the Bonds and the Transaction Documents (as further described in the Interest Reserve and Expenses Agreement), the TRS Counterparty shall pay or procure payment to the Issuer of an amount equal to such costs or expenses or make direct payment or procure direct payment of such costs or expenses, subject to the TRS Counterparty having been properly invoiced (or having had sight of an invoice properly submitted to the Issuer).

The Interest Reserve and Expenses Agreement is governed by Japanese law.

Agency Agreement

Pursuant to the terms of the Agency Agreement entered into between the Issuer, the Registrar, the other Agents, the Bond Trustee, the TRS Counterparty and the Security Trustee, the Agents are appointed to provide agency services to the Issuer, the Bond Trustee, the TRS Counterparty and the Security Trustee on the terms and subject to the conditions contained therein.

The Agency Agreement contains the appointment of the Principal Paying Agent, the Registrar and the Transfer Agent and the Calculation Agent in respect of the Bonds and sets out their responsibilities in respect of the Bonds.

The Agency Agreement is governed by English law.

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement entered into between the Issuer, the TRS Calculation Agent, the Account Bank and the Security Trustee, the Issuer will maintain with the Account Bank Issuer Accounts, which will be operated in accordance with the Trust Deed. The Account Bank Agreement is governed by English law.

Pursuant to the Account Bank Agreement, the Issuer has instructed the Account Bank to establish the Issuer Accounts and under such agreement, the procedures for instructing the withdrawal of cash and which parties may be entitled to instruct the Account Bank on behalf of the Issuer from time to time are set out.

Onshore Account Bank Agreement

Pursuant to the Onshore Account Bank Agreement between the Issuer and the Onshore Account Bank, the Issuer has established the Issuer Domestic Account at the Onshore Account Bank.

The Onshore Account Bank Agreement is governed by Japanese law.

Custody Agreement

Pursuant to the terms of the Custody Agreement entered into between, amongst others, the Issuer, the Custodian, the Bond Trustee and the Security Trustee, the Issuer will maintain with the Custodian a cash account and a CSA collateral securities account pursuant to which JGBs (together with amounts received in respect thereof) deposited in accordance with the terms of the Credit Support Annex will be held. Such CSA Collateral will be dealt with, and held by, the Custodian in accordance with the terms set out therein.

The Custody Agreement is governed by English law.

Cash Management Agreement

Pursuant to the terms of the Cash Management Agreement entered into between, amongst others, the Issuer, the TRS Counterparty, the Valuation Agent, the Security Trustee, the Cash Manager, the Account Bank, the Custodian and the Selling Agent, the Cash Manager is appointed to provide cash management services to the Issuer and shall act for the Security Trustee (if notified to such effect from the Security Trustee following an Event of Default, delivery of an Acceleration Notice by the Bond Trustee or the Security Trustee has elected to take control of the Issuer Accounts in connection with security enforcement under the Trust Deed) all on the terms and subject to the conditions contained therein. As part of its cash management services, the Cash Manager shall in accordance with the Cash Management Agreement:

- (i) from (and including) the Notice Date, operate the Issuer Accounts and instruct the Account Bank to make transfers, withdrawals or payments to and from the Issuer Accounts;
- (ii) on the First Calculation Date following the Notice Date (being the date falling one General Business Day after the Notice Date), the Cash Manager shall arrange for payment of the Initial Exchange Amount under each Contingent FX Forward Transactions from the relevant FX Reserve Account;
- (iii) on the Second Calculation Date following the Notice Date (being the date falling ten General Business Day after the Notice Date), the Cash Manager shall determine the shortfalls in the FX Forward Cash Reserve Balances and the Reserve Fund (if any) and thereafter apply the balance standing to the credit of the General Offshore Account (JPY) to top-up shortfalls, (i) first, in the FX Forward Cash Reserve Balances (*pro rata* and *pari passu* amongst each Series of Bonds) (and such top-up amounts would be kept in the relevant FX Reserve Account for that Series and form part of the payments at final exchange on the FX Forward Termination Date) and (ii) second, in the Reserve Fund;
- (iv) on the Reserve Allocation Date following the Notice Date (being the date falling sixteen General Business Days after the Notice Date), create and maintain ledgers on the Interest and Expenses Reserve Fund Account to segregate (X) the portions of the Reserve Fund set aside for the payment of Relevant Expenses; and (Y) (if the provisions for (X) have been made in full) the portions of the Reserve Fund set aside for each Series of Bonds to meet interest payments of each such Series of Bonds (together with any gross-up tax amounts) which will become due and payable during the Realisation Period. If any amounts in (Y) are payable in a currency other than euro, the Cash Manager or the Account Bank shall convert such amounts from euro to the Specified Currency at the prevailing market spot rate.
- (v) during the Realisation Period, pay the expenses and interest which have been reserved and allocated for as described in paragraph (v) above on their due date for payment and make the corresponding debits to the relevant ledger;
- (vi) on the Realisation Period Final Calculation Date (being the date falling three General Business Days after the Realisation Period End Date), determine the amount of proceeds (including Realisation Proceeds) available for distribution and the final exchange amount of the Issuer under the relevant Contingent FX Forward Transaction;
- (vii) on the Realisation Period Distribution Date (being the date falling three Business Days after the Realisation Period Final Calculation Date) and the Realisation Redemption Date in respect of each Series of Bonds (as the case may be), apply the available proceeds for distribution in accordance with the Post-Realisation Priority of Payments.

Under the Post-Realisation Priority of Payments, the Cash Manager on behalf of the Issuer shall apply the balance then standing to the credit of the Issuer Accounts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *pro rata* and *pari passu*, to satisfy unpaid fees and expenses and other amounts due and payable to the Bond Trustee and Security Trustee;
- (ii) *pro rata* and *pari passu*, to satisfy unpaid fees and expenses and other amounts due and payable to the Principal Paying Agent, the Cash Manager, the Custodian and the Account Bank;
- (iii) *pro rata* and *pari passu*, to satisfy unpaid fees and expenses and other amounts due and payable to the Asset Monitor and the Selling Agent;
- (iv) in respect of each Series of Bonds, apply an amount equal to the Available Series Proceeds (supplemented by the relevant portion of the Residual Available Balance) to (i) for each Series which has a Contingent FX Forward Transaction in place, pay the final exchange amount to the relevant FX Counterparty in exchange for an amount in the Specified Currency of the Bonds and apply that amount to satisfy Bondholders' claims; (ii) for each Series which do not have a Contingent FX Forward Transaction in place, convert such amount to the Specified Currency of the Bonds at the relevant spot rate and apply that converted amount to satisfy Bondholders' claims;
- (v) *pro rata* and *pari passu*, to satisfy the claims of the TRS Counterparty and FX Counterparties (if any); and
- (vi) any balance shall be paid to the Issuer.

For such purposes, “**Available Series Proceeds**” means the portion of the realisation proceeds of the Issuer Assets available to that Series of Bonds, determined by dividing the remaining realisation proceeds after satisfaction of senior claims between each Series of Bonds on a *pro rata* basis based on their JPY-equivalent aggregate Principal Amount Outstanding. The Cash Manager will also determine whether, after determining the Available Series Proceeds for each Series (and, in respect of any Series without a Contingent FX Forward Transaction, after determining the actual spot rate at which the Cash Manager is able to convert such Available Series Proceeds to the Specified Currency, which may differ from the rate used for calculating the JPY-equivalent amounts to determine the Available Series Proceeds) there are any Series of Bonds for which the Available Series Proceeds will exceed the amount required in order to discharge in full the claims of Bondholders in respect of such Series of Bonds (the aggregate of any such excess amounts, the “**Residual Available Balance**”), and such Residual Available Balance shall be apportioned between any Series of Bonds for which the Available Series Proceeds would not be sufficient to satisfy all claims of Bondholders. Such apportionment of the Residual Available Balance will be on a *pro rata* basis based on the JPY-equivalents of the relevant shortfall in satisfaction of the Principal Amount Outstanding such Series.

The conversion of the aggregate (or remaining) Principal Amount Outstanding into JPY for the purposes of dividing the realisation proceeds (or the Residual Available Balance) amongst Series will be based on (a) in the case of any Series which has a Contingent FX Forward Transaction, the FX Spot Rate as of the FX Forward Effective Date; or (b) otherwise, the Bloomberg Screen Page “BFIX” (or, if unavailable, quote provided by a leading dealer selected by the Issuer) at approximately 11:00 a.m. London time on the Realisation Period Final Calculation Date. In respect of any Series which does not have a Contingent FX Forward Transaction, the actual spot rate at which the Cash Manager is able to convert realisation proceeds in JPY to the Specified Currency may differ from the rate obtained from the Bloomberg Screen Page “BFIX”.

Under the Cash Management Agreement, the Issuer has agreed to procure that all net distributions of profit and principal and any other amounts received in respect of all RMBS Issuer Assets be paid into (i) the Issuer Domestic Account (for same-day payment to the TRS Counterparty); and (ii) for so long as the TRS Counterparty or the Onshore Account Bank's long-term senior unsecured debt rating from Moody's is below A3 or from and including the Notice Date, to the General Offshore Account (JPY).

The Cash Management Agreement is governed by English law.

Asset Monitor Agreement

Pursuant to the terms of the Asset Monitor Agreement entered into between the Issuer, the TRS Counterparty, the Bond Trustee, the Security Trustee, the Cash Manager, the Account Bank, the Asset Monitor and the Valuation Agent, the Asset Monitor will provide a limited assurance opinion (constituting an Asset Monitor Report) in relation to the valuation of the Issuer Assets provided by the Valuation Agent and the calculation of the Reserve Fund Required Amount by the TRS Counterparty. This will be achieved by performing specific procedures that are set out in the Asset Monitor Agreement. Any discrepancies identified by the Asset Monitor in the course of preparing such limited assurance opinion will be reported (together with confirmation as to whether the Asset Coverage Test has been passed or failed) in the Asset Monitor Report.

In the event that, the Asset Monitor determines that the value of one or more ACT Issuer Asset is less than as determined by the Valuation Agent or the Asset Coverage Test is failed, the TRS Counterparty and the Valuation Agent shall (subject to completion of an agreed upon arbitration process where the value of one or more ACT Issuer Asset as determined by the Asset Monitor differs from that determined by the Valuation Agent by more than the agreed materiality thresholds) be required to alter its valuation so it is the same as the valuation of the Asset Monitor for the purposes of determining any additional amount of CSA Collateral under the Credit Support Annex or the amount of Interest Reserve Shortfall that it needs to post or transfer to or for the account of the Issuer.

Save as expressly provided by the Asset Monitor Agreement, no person other than the Issuer, the TRS Counterparty, the Valuation Agent, the Bond Trustee, the Security Trustee and the Cash Manager may rely on any Asset Monitor Report, or any advice and/or information derived from them. The Asset Monitor has no responsibility or liability to any other party to whom any Asset Monitor Report or related advice is disclosed.

The Asset Monitor Agreement is governed by English law.

Selling Agency Agreement

Pursuant to the terms of the Selling Agency Agreement entered into between, amongst others, the Issuer, the Bond Trustee, the Security Trustee, the Selling Agent, the Principal Paying Agent, the Account Bank, the Cash Manager and the Custodian, the Selling Agent is appointed to provide selling agency services to the Issuer.

Under the Selling Agency Agreement, the Selling Agent shall use reasonable endeavours to realise the Issuer Assets in the form of RMBS Securities or JGBs by way of sale. The Selling Agent may sell Issuer Assets (excluding Issuer Cash) to any counterparty providing a firm bid quotation, provided that if more than one firm bid quotations are received in respect of a single Issuer Asset at the relevant time, the Selling Agent shall sell such Issuer Asset at the highest bid quotation received (or in descending order of bids in the case of an auction). The Selling Agent shall procure that all realisation proceeds payable or received are paid or transferred to the General Offshore Account (JPY).

The Selling Agency Agreement also provides that from and including the Notice Date, the Selling Agent shall (a) deliver a notice to the RMBS Trustee instructing it (on behalf of the Issuer as holder of the senior trust beneficiary interest therein) to (1) undertake any preparatory steps and commence any processes necessary for the realisation of the underlying residential loans of each of the RMBS Issuer Assets in accordance with the relevant RMBS Trust Agreements, and (2) appoint the Selling Agent as agent of the RMBS Trustee for the purposes of conducting such preparation work for the realisation of underlying residential loans, and on and following the date falling six calendar months following the Notice Date, and for so long as the Issuer is the sole holder of the senior trust beneficiary interests in respect of any RMBS Issuer Asset (b) deliver a notice to the RMBS Trustee instructing it (on behalf of the Issuer as the holder of the senior trust beneficiary interest therein) to (1) realise the underlying residential loans of each of the RMBS Issuer Assets in accordance with the relevant RMBS Trust Agreements, and (2) appoint the Selling Agent as agent of the RMBS Trustee for the purposes of realising the underlying residential loans. If any RMBS Securities are sold in whole or in part, the Selling Agent shall, on behalf of the Issuer, direct the relevant RMBS Trustee to suspend realisation of the underlying residential loans of such RMBS Securities.

If the Selling Agent ceases to have a long-term senior unsecured debt rating from Moody's of Baa3 or above or a Selling Agent Replacement Event (as defined in the Selling Agency Agreement) occurs, the Issuer shall or the Security Trustee, if directed by the Bond Trustee acting on a request in writing from the holders of at least 25 per cent. of the then principal amount of all outstanding Series of Bonds or by an Extraordinary Resolution of the Bondholders of all outstanding Series shall, appoint an Eligible Selling Agent with the minimum credit rating to

act as the Selling Agent, provided that in the event of conflicting instructions the direction by the Security Trustee shall prevail.

In addition, the Selling Agent shall determine the close-out amount payable in respect of the early termination of the TRS Agreement in accordance with Section 6(e) (*Payments on Early Termination*) of the Master Agreement.

The Selling Agency Agreement is governed by English law.

Money Trust Agreement

Pursuant to the Money Trust Agreement entered into between SMBC Nikko Securities Inc. (in its capacity as the settlor and the initial beneficiary of the Trust) and the Issuer (in its capacity as the trustee of the Trust), the Trust has been established for the purposes of managing the Trust Property. Under the Money Trust Agreement, the Issuer is required to enter into and perform the Transaction Documents and shall manage the Trust Property in accordance with the provisions of the Transaction Documents.

The Trust Property (as assets of the Trust) belongs to, and is held in the name of, the Issuer as the trustee. Pursuant to the Money Trust Agreement, the Trust Property in relation to the Bonds may comprise, at any time:

- (i) the RMBS Issuer Assets, and all sums derived therefrom (including, without limitation, any proceeds of the sale thereof);
- (ii) the Issuer's rights, title and interest under the TRS Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;
- (iii) the Issuer's rights under each of the FX Cash Reserve Agreement and Interest Reserve and Expenses Agreement, and any sums of money or other property received or receivable by the Issuer thereunder;
- (iv) all present and future rights of the Issuer in respect of (a) each Issuer Account, (b) the Issuer Domestic Account or such additional or replacement accounts as may for the time being be in place and designated as such, and (c) all moneys from time to time standing to the credit of the Issuer Accounts and the Issuer Domestic Account including the issuance proceeds in respect of the Bonds and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof and, without duplication, the Issuer Assets;
- (v) the Issuer's right to all sums held by any Paying Agent and/or the Custodian and/or the Registrar to meet payments due in respect of any Series of Bonds or the TRS Agreement;
- (vi) all of the Issuer's rights, title and interest under the Issuer Agreements and all sums and other property derived therefrom in respect of any Series of Bonds; and
- (vii) any other assets that will form part of the Trust Property in accordance with the provisions of the Money Trust Agreement and the Trust Act.

The Trust may terminate as a result of a trust termination event under the terms of the Money Trust Agreement (please see "*Risk Factor - The Trust may terminate for a number of reasons and the nature of the termination event may result in early redemption of, or event of default under the Bonds and/or a termination of the TRS Agreement*" above).

Any amendment to the Money Trust Agreement must be agreed to in writing by the beneficiary of the Trust and the Issuer and requires the prior written consent of (i) the Bondholders or the Bond Trustee and (ii) TRS Counterparty.

The Money Trust Agreement is governed by Japanese law.

FORM OF TRS AGREEMENT

This Form of TRS Agreement comprises the forms of TRS Confirmation (Part 1 below) and the ISDA Schedule (Part 2 below), each supplementing, being subject to, and forming part of a 1992 ISDA Master Agreement, as supplemented by the Credit Support Annex (Paragraph 13 of which is set out in Part 3 below), to be entered into between, the Issuer and the TRS Counterparty. Capitalised terms used but not otherwise defined in this Form of TRS Agreement shall have the respective meanings given to them in the Master Agreement.

Please note that page numbers in each of Part 1 through to Part 3 below are from the relevant form of document.

PART 1

FORM OF TRS CONFIRMATION

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FORM OF TRS CONFIRMATION

DATE: [●]
TO: Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001
FROM: Sumitomo Mitsui Banking Corporation
SUBJECT: Total Return Swap Facility [●] in relation to Series [●] [*insert description of relevant Bonds*] due [●] issued pursuant to the €20,000,000,000 SMBC Covered Bond Programme
REFERENCE [●]
NUMBER:

The purpose of this communication is to set forth the terms and conditions of each total return swap facility (a “**TRS Facility**”) entered into between Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001 (the “**Issuer**”) and Sumitomo Mitsui Banking Corporation (the “**TRS Counterparty**”) in relation to each series of bonds (each a “**Series**” of “**Bonds**”) issued pursuant to the €20,000,000,000 SMBC Covered Bond Programme (the “**Programme**”) established pursuant to the Trust Deed (the “**Trust Deed**”) entered into between the Issuer and BNY Mellon Corporate Trustee Services Limited (as Bond Trustee and Security Trustee) on 11 October 2018.

Without prejudice to the condition precedent set out under "Effective Date (of the TRS Facility)" below, it shall be a condition precedent to the occurrence of any Effective Date with respect to any TRS Facility and the obligations of the parties hereunder that:

- (i) the TRS Counterparty has been provided with true and complete copies of the proposed terms and conditions of the Programme, including the Trust Deed and related programme transaction documentation not less than two Business Days prior to the first Effective Date to occur in respect of any TRS Facility (the “**Initial Facility Effective Date**”); and
- (ii) the TRS Counterparty has not notified the Issuer in writing by close of business on the Business Day prior to the Initial Facility Effective Date that it does not consent to the terms of the Programme, the Trust Deed or the occurrence of the Initial Facility Effective Date.

This communication constitutes a “**Confirmation**” as referred to in the Master Agreement specified below.

This Confirmation is subject to, and incorporates, the 2006 ISDA Definitions (the “**Definitions**”), as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”).

This Confirmation supplements, forms part of, and is subject to the 1992 ISDA Master Agreement and schedule thereto, as supplemented by a 2016 ISDA Credit Support Annex for Variation Margin (VM) (Japanese Law) (“**CSA**”), each dated as of 11 October 2018 (as the same may be amended, modified or supplemented from time to time, the “**Master Agreement**”). This Confirmation will be read and construed as one with the Master Agreement, so that this Confirmation and the Master Agreement constitute a single agreement between the parties.

In signing this Confirmation, Sumitomo Mitsui Banking Corporation hereby agrees to act as TRS Calculation Agent and as Valuation Agent upon and subject to the terms set out below and in the Master Agreement.

All provisions contained in, or incorporated by reference into the Master Agreement, will govern this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation, the Definitions and the Master Agreement or another Confirmation, as the case may be, this Confirmation will prevail for the purpose of the TRS Facility and each Transaction to which this Confirmation relates.

Following this paragraph, this communication shall constitute and shall be read as a separate agreement in relation to each particular Series of Bonds, and references in the remainder of this communication to, without limitation, the “**Bonds**” shall be construed as the Bonds of such Series, the “**TRS Facility**” shall be construed as the TRS Facility entered into in respect of such Series of Bonds and to any term not otherwise defined herein or in the Master Agreement or the Definitions shall be construed as such term is defined in the series deed entered into by the Issuer in connection with such Series of Bonds or the terms and conditions of such Series of Bonds.

This Confirmation, signed in respect of the Series [●] [*insert description of relevant Bonds*] due [●] (the “**Series of Bond**”), evidences the TRS Facility and a separate total return swap transaction (each a “**TRS Transaction**” and each TRS Transaction and the TRS Facility, a “**Transaction**”) with respect to each RO specified in respect of Facility [●] in Annex A (or prior to the revision of such Annex A in respect of a TRS Transaction, specified in the RMBS Notice for such TRS Transaction, and all references herein to “**Annex A**” or “**Revised Annex A**” herein shall be construed to be, prior to the relevant update of Annex A in respect of the applicable TRS Transaction, deemed to include reference to the details of the relevant TRS Transaction specified in such RMBS Notice) from time to time (which may be updated and/or exchanged in electronic form between the parties) as if the details specified in Annex A with respect to that RO were set out in the Confirmation in full.

Capitalised terms not otherwise defined herein or in the Master Agreement shall have the respective meanings given to them in the terms and conditions of the Bonds, as modified and/or supplemented by the Final Terms in relation to the Bonds (the “**Conditions**”). The terms of the TRS Facility and each TRS Transaction are as follows:

Part I: Terms relating to the TRS Facility

1. General Terms

Total Return Payer Issuer.

Total Return Receiver TRS Counterparty.

Effective Date (of the TRS Facility) The Issue Date of the first Tranche of the Bonds.

It shall be a condition precedent to the occurrence of the Effective Date (of the TRS Facility) and the obligations of the parties hereunder that the Bonds shall have been issued and subscribed for in full by the Dealer(s).

Facility Termination Date The earlier of:

- (a) the Scheduled Maturity Date; and
- (b) the date on which the Bonds are redeemed following an early redemption event under Conditions 6.2 (*Redemption upon the occurrence of a Tax Event*), 6.3 (*Redemption due to illegality*), 6.4 (*Redemption upon occurrence of a Regulatory Event*) or 6.6 (*Redemption upon termination of a TRS Agreement (other than as a result of a TRS Default Event)*) of the Bonds,

provided that the Facility Termination Date may be deemed to occur pursuant to paragraph (n)(a) (*Payments on Early Termination*) of Part 5 of the Schedule to the Master Agreement.

Portfolio On each Business Day, the portfolio of the then outstanding TRS Transactions and related ROs with respect to Facility [●] as specified in Annex A as deemed to be amended from time to time to reflect Portfolio Adjustments as contained in each Revised Annex A (as defined below) with effect from the date on which such Portfolio Adjustments are effective.

Substantially the following terms in relation to each TRS Transaction may be specified in Annex A:

- Transaction Number
- Reference Obligation (“**RO**”), which is specified by reference to the “Bloomberg ID” and/or “Description” specified for such Transaction Number
- Effective Date

- Initial Notional Amount (which, for the avoidance of doubt, will be the face amount of the RO without taking into account any amortisation)
- Initial Price (which, for the avoidance of doubt, will be the price of the RO as of the Business Day immediately prior to the Effective Date, expressed as a percentage and excluding accrued interest)
- Initial Factor
- Initial FX Rate
- OC Percentage (the percentage which is elected by the TRS Counterparty from time to time and set out in Annex A as amended from time to time)

RMBS Notices

The Issuer hereby irrevocably appoints the TRS Counterparty as its attorney to create, on the Issuer's behalf from time to time, one or more pledges (*ne-shichiken*) in favour of the Security Trustee pursuant to the Japanese Security Agreement by the delivery of RMBS Notices to the Issuer and the Security Trustee, the subject of each such pledge being all of the Issuer's rights, title and interest in and to (i) on the first Effective Date of a TRS Transaction under this TRS Facility, the RO specified in respect of Facility [●] in the RMBS Notice in respect of such Effective Date; and (ii) on the Effective Date of a TRS Transaction relating to an Addition of an RO, such RO subject to such Addition.

“**RMBS Notice**” means, for the purposes of this Confirmation, the notice from the TRS Counterparty to the Issuer and the Security Trustee in writing (including by email), so far as it describes an RO to be added to the Portfolio under this TRS Facility.

TRS Counterparty Notifications

- (i) By 4:00 p.m. Tokyo time on each Business Day (such day, a “**Reporting Date**”), the TRS Counterparty shall provide the TRS Calculation Agent, the Issuer, the Cash Manager (as defined in the Master Definitions and Construction Agreement), the Bond Trustee, the Security Trustee, the Asset Monitor, the Selling Agent and each FX Counterparty by e-mail a spreadsheet containing an updated version of Annex A (each, a “**Revised Annex A**”) containing updated values in respect of each outstanding TRS Transaction as of the Business Day immediately prior to the Reporting Date.

On the first Reporting Date of each Calendar Month, the TRS Counterparty shall provide a copy of the Revised Annex A to each Rating Agency then providing a rating in respect of the Bonds.

Annex A, as revised from time to time, shall have effect in respect of the TRS Facility and the TRS Transaction under the TRS Facility, provided that to the extent that any values specified therein are inconsistent with the requirements as set out in this Confirmation, this Confirmation shall prevail to the extent of the inconsistency.

- (ii) The TRS Counterparty shall notify the Issuer, the Cash Manager and, as applicable, the Account Bank and/or the Onshore Account Bank prior to each date on which the Issuer is required to make a payment under this TRS Facility (with at least two Business Days' notice provided to the Account Bank of any transfer required to be made by the Account Bank, to the extent reasonably practicable).

Portfolio Adjustment TRS Counterparty may, by sending a Revised Annex A or RMBS Notice to Issuer and TRS Calculation Agent, designate any Business Day to adjust the Portfolio (any such adjustment, a **"Portfolio Adjustment"**) and such Portfolio Adjustments shall be reflected in the differences between the then Annex A and the Revised Annex A or, in respect of an RMBS Notice, reflected in the details specified in such RMBS Notice, and shall be any one or combination of the following:

- (i) inclusion of a new Eligible RO in the Portfolio (an **"Addition"**); or
- (ii) removal in whole or in part of an RO from the Portfolio (a **"Removal"**); or
- (iii) substitution of in whole or in part a new Eligible RO for one or more existing ROs (a **"Substitution"**).

The effect of such Portfolio Adjustment shall be: (a) in the case of (i) and (iii) above, to cause an Effective Date to occur in respect of a new TRS Transaction in accordance with the terms specified in the related Revised Annex A or RMBS Notice with respect to such TRS Transaction (as of the "Effective Date" specified in respect of such Addition or Substitution in the relevant Revised Annex A or RMBS Notice); and (b) in the case of (ii) and (iii) above, to cause a Removal Date to occur in relation to the relevant RO (as of the "Removal Date" specified in respect of such Removal or Substitution in the relevant Revised Annex A and in whole or in part, as the case may be).

The effectiveness of a Portfolio Adjustment in accordance with (i) or (iii) above shall be subject to satisfaction of the "Condition to Effectiveness" specified at Part II of this Confirmation in respect of the relevant new TRS Transaction.

The TRS Counterparty may not effect a Portfolio Adjustment if it would result in the Aggregate Funded Notional Amount exceeding the Maximum Aggregate Funded Notional Amount.

Eligible RO As defined in the Schedule to the ISDA Master Agreement.

Maximum Aggregate Funded Notional Amount An amount equal to the Interim Facility Payment Calculation Amount.

Aggregate Funded Notional Amount On any day, the sum of the Funded Notional Amounts relating to each TRS Transaction at the close of business on that day (and for the avoidance of doubt, the Funded Notional Amount in respect of any TRS Transaction in respect of which a TRS Termination Date occurs on such day shall be zero).

Current FX Rate On any date, the Specified Currency/Relevant Currency exchange rate as of the date of such calculation, expressed as an amount of the Specified Currency per unit of Relevant Currency, as determined by the TRS Calculation Agent by reference to the mid spot rate as displayed on Bloomberg Screen Page "BFIX" at approximately 11:00 a.m. Tokyo time. For the avoidance of doubt, where the Relevant Currency is the Specified Currency, the Current FX Rate shall be equal to one.

If the TRS Calculation Agent determines that the Bloomberg Screen Page "BFIX" is not available, or such exchange rate is not shown on such page, at approximately 11:00 a.m. Tokyo time, then the Current FX Rate shall be determined by the TRS Calculation Agent by requesting each of the Reference Dealers (as defined below) to provide a mid-market quotation for

the Specified Currency/Relevant Currency spot foreign exchange rate at approximately 11:00 a.m. Tokyo time, on such date.

After disregarding the highest such quotation and the lowest such quotation (provided that, if two or more such quotations are the highest quotations, then only one of such highest quotations shall be disregarded, and if two or more such quotations are the lowest quotations, then only one of such lowest quotations shall be disregarded), the Current FX Rate shall be the arithmetic mean of the remaining such quotations for such rate. If only four such quotations are provided as requested (before disregarding any quotations as described above), the Current FX Rate will be determined as described above. If only two or three such quotations are provided as requested (before disregarding any quotations as described above), the Current FX Rate will be determined as described above except that the highest and lowest quotations will not be disregarded. If only one quotation is provided as requested, the TRS Calculation Agent may determine that such quotation shall be the Current FX Rate. If no such quotations are provided as requested, and the TRS Calculation Agent determines in its sole discretion that no suitable Reference Dealers who are prepared to quote are available, the TRS Calculation Agent will determine the Current FX Rate, in its sole discretion, acting in good faith and in a commercially reasonable manner.

The calculations and determinations of the TRS Calculation Agent shall (save in the case of manifest error) be final and binding upon all parties and all determinations made by the TRS Calculation Agent shall be made in good faith and in a commercially reasonable manner.

Where:

"Reference Dealers" means five leading dealers in the relevant foreign exchange market, as determined by the TRS Calculation Agent.

Initial FX Rate

The rate equal to the Current FX Rate as of the close of business on the Business Day immediately prior to (i) in respect of any TRS Transaction specified in the Annex A as of the Effective Date of the TRS Facility, the date of such Annex A; or (ii) in respect of any TRS Transaction specified in relation to an Addition, the date of the relevant Revised Annex A in which such TRS Transaction is first specified. For the avoidance of doubt, where the Relevant Currency is the Specified Currency, the Initial FX Rate shall be equal to one.

Specified Currency

The currency of the Bonds (of the relevant Series).

Relevant Currency

JPY.

2. Interim Facility Payments

Interim Facility Payments

On each Interim Facility Payment Date, the TRS Counterparty shall pay to the Issuer an amount (the **"Interim Facility Payment Amount"**) in the Specified Currency equal to the product of (i) the Interim Facility Payment Calculation Amount; (ii) the Interim Facility Payment Rate and (iii) the Interim Facility Payment Day Count Fraction, in each case in respect of the Calculation Period ending on the Interim Facility Payment Period End Date corresponding with such Interim Facility Payment Date.

Interim Facility Payment Calculation Amount

The aggregate principal amount outstanding of the Series of Bonds from time to time, which is [●] in the Specified Currency on the date of this Confirmation, provided that the Interim Facility Payment Calculation Amount will only be increased by any issuance of a further Tranche of such

	Series of Bonds if the further Tranche of Bonds have been issued and subscribed for in full by the Dealer(s).
<i>Interim Facility Payment Date</i>	Each date falling two Business Days prior to an Interim Facility Payment Period End Date.
<i>Interim Facility Payment Period End Date.</i>	[[●] and [●]] in each year commencing on [●], through and including the Facility Termination Date and the Facility Termination Date shall be the final Interim Facility Payment Period End Date.
<i>Interim Facility Payment Rate</i>	[●]
<i>Interim Facility Payment Day Count Fraction</i>	[●], which is the Day Count Fraction applicable to the Series of Bonds
<i>TRS Cash</i>	The balance from time to time of the Series General Account relating to the Series of Bonds to which the TRS Facility relates.
3. Difference Payments	
<i>Difference Amount Payments</i>	On the Difference Amount Payment Date, if the Difference Amount is positive, the TRS Counterparty shall pay such amount to the Issuer, and if the Difference Amount is negative, the Issuer shall pay the absolute value of such amount to the TRS Counterparty.
<i>Difference Amount</i>	An amount in the Specified Currency equal to (i) the Aggregate Principal Amount of the Bonds (as set out in the Final Terms), minus (ii) the product of Issue Price (as set out in the Final Terms) and the Aggregate Principal Amount of the Bonds, minus (in respect of the issuance of a further Tranche of the Series of Bonds where the Issue Date of such further Tranche does not fall on an Interim Facility Payment Period End Date) (iii) the accrued interest determined in respect of such further Tranche, calculated in respect of the Aggregate Principal Amount of such further Tranche and in respect of the period commencing on (and including) the Interim Facility Payment Period End Date immediately prior to the Issue Date of such further Tranche (or if none, the Effective Date (of the TRS Facility)) and ending on (but excluding) the Issue Date of such further Tranche.
<i>Difference Amount Payment Date</i>	The Effective Date (of the TRS Facility) and any date on which the Interim Facility Payment Calculation Amount is adjusted by reason of the issuance of a further Tranche of the Series of Bonds.
4. Termination Note Payments	
<i>Termination Note Amount</i>	On the Termination Note Amount Payment Date, the TRS Counterparty shall pay to the Issuer an amount (if any) in the Specified Currency equal to the result of (a) the Maximum Aggregate Funded Notional Amount plus any accrued but unpaid Interim Facility Payment less (b) the balance of TRS Cash after taking into account payment of the Floating Rate Termination Payment on such date under each relevant TRS Transaction, provided that (i) the Termination Note Amount may not be less than zero; and (ii) the Termination Note Amount shall be deemed to be zero if the Transaction constituted by the TRS Facility is terminated prior to the Facility Termination Date.
<i>Termination Note Amount Payment Date</i>	The date falling two Business Days prior to the Facility Termination Date.

5. Tax Payments

Tax Amount Payments The TRS Counterparty shall pay to the Issuer (i) the Tax Amount I on the Tax Amount I Payment Date and (ii) the Tax Amount II on the Tax Amount II Payment Date.

Tax Amount I Any stamp duty or other tax incurred by the Issuer upon acquisition or sale of RMBS Issuer Assets (as defined in the Conditions) Equivalent to any Eligible RO pursuant to the terms of this Confirmation.

Tax Amount I Payment Date 10 Business Days following the date on which the Issuer notifies the TRS Counterparty that it has incurred a liability for a Tax Amount.

Tax Amount II If the Issuer has or will become obliged to pay Additional Amounts following a Tax Event (each as defined in the Conditions) under Condition 7 (*Taxation*) of the Bonds, amounts which are equal to the Additional Amounts in respect of all Bonds of such Series, provided that:

- (a) the Issuer has notified the Tax Amount Payer of such Tax Event and the Additional Amounts and such notice is given at least 30 Business Days prior to the Tax Amount II Payment Date; and
- (b) the Tax Amount Payer has elected to pay such Additional Amounts by written notice to the Issuer no later than 10 Business Days following the date on which the Issuer notifies the Tax Amount Payer of such Tax Event and Additional Amounts under sub-paragraph (a) above.

If the Tax Amount Payer has elected to pay such Additional Amounts by written notice to the Issuer under sub-paragraph (b) above, the Issuer shall not deliver any notice of redemption referred to under Condition 6.2 (*Redemption upon the occurrence of a Tax Event*) of the Bonds in respect of such Tax Event unless Tax Amount Payer has notified the Issuer that it will not pay any future Additional Amount.

Tax Amount II Payment Date The next Interim Facility Payment Date immediately following the Tax Event.

Part II: Terms relating to each TRS Transaction

1. General Terms

Condition to Effectiveness

The occurrence of the Effective Date shall be subject to:

- (i) the settlement of the transfer of the TRS Counterparty Exchange Amount from the TRS Counterparty to the Issuer on the Initial Exchange Date; and
- (ii) there being no Delivery Amount (Independent Amount I) applicable to the TRS Counterparty under the CSA determined as of such date pursuant to the CSA, provided that for this purpose, such amount shall be calculated (i) after taking into account the settlement of the transfer of the TRS Counterparty Exchange Amount on the Initial Exchange Date; and (ii) assuming that the settlement of any transfer of collateral under the CSA which has been instructed by the TRS Counterparty on or prior to such date has settled and constitutes part of Issuer Assets.

For the avoidance of doubt, the obligation of Issuer or TRS Counterparty to pay amounts under the TRS Transaction exists regardless of whether either of them suffers a loss or is exposed to the risk of loss on the relevant RO at any time.

<i>Reference Entity</i>	In respect of the RO specified for the TRS Transaction as described in Annex A, the RMBS Trustee of such RO.
<i>Notional Amount</i>	An amount in the Relevant Currency, being initially the Initial Notional Amount, as reduced by each Terminated Notional Amount from time to time (with effect from the settlement date of the related Firm Bid) with such result multiplied by the Factor.
<i>Factor</i>	<p>In respect of the Effective Date, the Initial Factor designated for the relevant TRS Transaction in respect of Facility [●] as set out in Annex A from time to time (being equal to the aggregate principal amount of the RO outstanding as of the Effective Date, divided by the aggregate principal amount of the RO originally issued on the date of issuance of such RO).</p> <p>In respect of any date after the Effective Date, including a Removal Date, the aggregate principal amount of the RO outstanding as of such date, divided by the aggregate principal amount of the RO originally issued on the date of issuance of such RO.</p>
<i>Funded Notional Amount</i>	An amount in the Specified Currency, on any day, equal to the Notional Amount at the close of business on that day multiplied by the Initial Price multiplied by the Initial FX Rate less the OC Balance (if positive) or plus the absolute value of the OC Balance (if negative).
<i>Termination Date</i>	The earlier of: (i) the Facility Termination Date; (ii) any Defaulted RO Termination Date; and (iii) any date on which the Notional Amount of the TRS Transaction equals zero (the “ TRS Termination Date ”).
<i>Removal Date</i>	The Business Day specified by TRS Counterparty for early termination, in whole or in part, of a TRS Transaction in accordance with a Portfolio Adjustment (including, without limitation, pursuant to a Substitution), provided that, for the avoidance of doubt, no Removal Date shall be permitted to fall after the Termination Date.

2. **OC Payments**

<i>Initial OC Payment</i>	On the Initial Exchange Date, TRS Counterparty shall pay to Issuer an amount in the Specified Currency equal to the product of: (i) [Notional Amount x Initial FX Rate x Initial Price]; and (ii) $[1 - [1 / [1 + \text{OC Percentage}]]]$, provided that if such amount is a negative amount, the Issuer shall pay the absolute value of such amount to the TRS Counterparty on such date.
<i>Interim OC Payments</i>	<p>On each Principal Payment Date, Issuer shall pay to TRS Counterparty an amount in the Specified Currency equal to the product of: (a) Initial FX Rate x Initial Price x the reduction in the Notional Amount occurring as a result of the relevant Actual Principal Repayment; and (b) $[1 - [1 / [1 + \text{OC Percentage}]]]$ as at such date, provided that if such amount is a negative amount, the TRS Counterparty shall pay the absolute value of such amount to the Issuer on such date.</p> <p>On each Termination Payment Date, Issuer shall pay to TRS Counterparty an amount in the Specified Currency equal to the product of: (a) Initial FX Rate x Initial Price x Terminated Notional Amount x Factor; and (b) $[1 - [1 / [1 + \text{OC Percentage}]]]$, provided that if such amount is a negative amount, the TRS Counterparty shall pay the absolute value of such amount to the Issuer on such date.</p>
<i>Additional OC Payments</i>	If the OC Percentage changes, TRS Counterparty shall pay to Issuer an amount equal to the Additional OC Adjustment Amount (if positive) or

Issuer shall pay to TRS Counterparty an amount equal to the absolute value of the Additional OC Adjustment Amount (if negative).

Such payment is to be made no later than two Business Days after the date of the Revised Annex A specifying a change in the OC Percentage applicable to the RO.

***Additional OC
Adjustment Amount***

An amount in the Specified Currency equal to:

- (i) $[[\text{Notional Amount} \times \text{Initial FX Rate} \times \text{Initial Price}] / [1 + \text{previous OC Percentage}]]$; minus
- (ii) $[[\text{Notional Amount} \times \text{Initial FX Rate} \times \text{Initial Price}] / [1 + \text{new OC Percentage}]]$.

For the purpose of the formula above, the new OC Percentage means the OC Percentage immediately following the relevant change in the OC Percentage and the previous OC Percentage means the OC Percentage immediately prior to the relevant change in the OC Percentage.

OC Balance

In relation to any TRS Transaction, and as of any date, an amount in the Specified Currency equal to:

- (i) the Initial OC Payment paid by TRS Counterparty to Issuer (if any); less
- (ii) the Initial OC Payment paid by Issuer to TRS Counterparty (if any); plus
- (iii) the aggregate of Additional OC Payments paid by TRS Counterparty to Issuer; less
- (iv) the aggregate of Additional OC Payments paid by Issuer to TRS Counterparty; plus
- (v) the aggregate of all Interim OC Payments paid by TRS Counterparty to Issuer (if any); less
- (vi) the aggregate of all Interim OC Payments paid by Issuer to TRS Counterparty (if any).

OC Percentage

In respect of each RO, the percentage elected by the TRS Counterparty from time to time and specified in a Revised Annex A, provided that:

- (i) if any new OC Percentage specified in a Revised Annex A would result in the Aggregate Funded Notional Amount exceeding the Maximum Aggregate Funded Notional Amount, the OC Percentage shall be deemed to have been adjusted to such level as would cause the Aggregate Funded Notional Amount to be equal to the Maximum Aggregate Funded Notional Amount; and
- (ii) no change to an OC Percentage shall be deemed effective unless the TRS Calculation Agent or the Valuation Agent has confirmed to the Issuer and the TRS Counterparty that there would be no Delivery Amount (Independent Amount I) applicable to the TRS Counterparty under the CSA determined as of the date of notification, provided that for this purpose, such amount shall be calculated (i) assuming that the new OC Percentage will have taken effect; and (ii) assuming that the settlement of any transfer of collateral under the CSA which has been instructed by the TRS Counterparty on or prior to such date has settled and constitutes part of Issuer Assets.

3. **Initial Exchange**

Issuer Exchange Amount

On the Initial Exchange Date, Issuer shall pay to TRS Counterparty an amount in the Specified Currency equal to the Initial Notional Amount multiplied by the Initial Factor multiplied by the Initial Price multiplied by the Initial FX Rate.

For the avoidance of doubt, Section 2(c) of the ISDA Master Agreement shall apply to the payment of the Issuer Exchange Amount and the payment of the Initial OC Payment, each on the Initial Exchange Date.

TRS Counterparty Exchange Amount

On the Initial Exchange Date (determined for such purposes without reference to the Condition to Effectiveness), TRS Counterparty shall deliver an asset Equivalent to the RO, the face amount of which (without taking into account any amortisation) is equal to the Initial Notional Amount, to the Issuer.

Initial Exchange Date

Effective Date.

4. **Total Return Payer Payments**

Total Return Coupon Payments

On each Total Return Coupon Payment Date, Issuer shall pay to TRS Counterparty an amount in the Relevant Currency equal to the Actual Coupon Payments, provided that if, pursuant to the Cash Management Agreement, Issuer is required to procure that the distributions from RMBS Issuer Assets are paid to an Issuer Account with the Account Bank, the Issuer may make such payment on the second Business Day following each Total Return Coupon Payment Date (each capitalised term not otherwise defined herein having the meaning as set out in the Master Definitions and Construction Agreement).

Total Return Coupon Payment Dates

Each date on which a Holder of the RO receives an Actual Coupon Payment.

5. **Principal Payments**

Floating Rate Principal Payments

On each Principal Payment Date, TRS Counterparty shall pay to Issuer an amount in the Specified Currency equal to:

Principal amount of the RO satisfied by the Actual Principal Repayment \times Initial Price \times Initial FX Rate.

For the avoidance of doubt, Section 2(c) of the ISDA Master Agreement shall apply to the payment of the Floating Rate Principal Payment and the payment of the associated Interim OC Payment, each on the Principal Payment Date.

Total Return Principal Payments

On each Principal Payment Date, Issuer shall pay to TRS Counterparty an amount in the Relevant Currency equal to the Actual Principal Repayment, provided that from (and including) an Interest Reserve Rating Downgrade Notification Date to (but excluding) an Interest Reserve Rating Upgrade Notification Date (each as defined in the Master Definitions and Construction Agreement), the Issuer shall make such payment on the second Business Day following each Principal Payment Date.

Principal Payment Dates

Each RO Principal Payment Date. If a date is both a Principal Payment Date and a Termination Payment Date, then the provisions of "Principal Payments" shall apply before the provisions of "Termination Payment".

RO Principal Payment Dates

Each date on which a Holder of the RO receives an Actual Principal Repayment.

6. Termination Payment

<i>Total Return Termination Payment</i>	<p>On each Termination Payment Date, Issuer shall pay to TRS Counterparty an amount in the Relevant Currency equal to:</p> <p>Terminated Notional Amount \times Factor \times Final Price,</p> <p>provided that if the Final Price is determined on the basis of a Firm Bid provided by the TRS Counterparty, the obligation of the Issuer to pay such Total Return Termination Payment may, at the option of the Issuer (the “Physical Settlement Option”), be satisfied in lieu of payment of such amount by delivery to the TRS Counterparty on the Termination Payment Date of an asset Equivalent to the RO, the face amount of which is equal to the Terminated Notional Amount, such delivery being deemed to discharge in full the obligation of the Issuer to pay the Total Return Termination Payment.</p>
<i>Sale of asset Equivalent to RO at Final Price</i>	<p>Subject to the election of the Physical Settlement Option by the Issuer, the Issuer agrees that it shall accept the relevant Firm Bid used to determine the Final Price and shall settle the sale of an asset Equivalent to the relevant RO with the provider of such Firm Bid on the terms of such Firm Bid such that the Issuer will receive an amount equal to the Final Price on the applicable settlement date.</p>
<i>Floating Rate Termination Payment</i>	<p>On each Termination Payment Date, TRS Counterparty shall pay to Issuer an amount in the Specified Currency equal to:</p> <p>Terminated Notional Amount \times Factor \times Initial Price \times Initial FX Rate.</p> <p>For the avoidance of doubt, Section 2(c) of the ISDA Master Agreement shall apply to the payment of the Floating Rate Termination Payment and the payment of the associated Interim OC Payment, each on the Termination Payment Date.</p>
<i>Termination Payment Date</i>	<p>Each Removal Date, each Defaulted RO Termination Date or the date falling two Business Days prior to the Facility Termination Date.</p>

7. Defaulted RO Termination Settlement

<i>Defaulted RO Termination Event</i>	<p>Upon the TRS Calculation Agent delivering to the Issuer a notice of RO Default Event, the TRS Transaction will terminate in whole on the Defaulted RO Termination Date and the applicable Termination Payment will be made in accordance with paragraph 6 above.</p>
<i>Defaulted RO Termination Date</i>	<p>Any Business Day designated by the TRS Counterparty falling on or before the date which falls 30 Business Days after the occurrence of an RO Default Event.</p>
<i>RO Default Event</i>	<p>The occurrence of any of the following shall constitute an RO Default Event:</p> <ul style="list-style-type: none">(i) termination of the trust agreement in respect of the RO; or(ii) a petition for a bankruptcy proceeding has been filed with respect to trust property (<i>shintaku zaisan no hasan</i>) concerning the trust agreement in respect of the RO.

8. Definitions

<i>Actual Coupon Payments</i>	<p>In respect of ROs, all payments including, without limitation, interest and fees, if any, paid by the Reference Entity in respect of the RO to a Holder (other than Final Price proceeds or Actual Principal Repayments), net of any</p>
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withholding or deduction for or on account of taxes or duties applicable to a Holder of the RO.

Actual Principal Repayments

In respect of ROs, all payments in redemption of the principal amount of the RO including principal payments on the maturity date and make-whole or premium payments, if any, paid by the Reference Entity to a Holder, net of any withholding or deduction for or on account of taxes or duties applicable to a Holder of the RO. In no event shall a Termination Payment be payable by either party in connection with an Actual Principal Repayment.

Actual Principal Repayments shall exclude any payments which can be redrawn.

Final Price

With respect to a Termination Payment Date, the price (expressed as a percentage and including accrued interest) determined prior to the Termination Payment Date on the basis of a firm bid submitted by the TRS Counterparty or any third party (and executable by the Issuer) (the “**Firm Bid**”) for a face amount of the RO equal to the Terminated Notional Amount for settlement on the Termination Payment Date provided by TRS Counterparty or an independent third party.

In the event that no Firm Bid is available in respect of an RO, the Final Price for the relevant RO shall be deemed to be zero and, in respect of such RO, a new TRS Transaction shall be deemed to be entered under the Master Agreement and a new TRS Facility with an Initial Price of zero and a scheduled termination date of the earlier of (i) the date on which a Firm Bid is received and (ii) the maturity date of the RO.

The TRS Calculation Agent will be entitled to disregard as invalid any Firm Bid submitted by the TRS Counterparty if, in the reasonable opinion of the TRS Calculation Agent:

- (i) either (a) the TRS Counterparty is ineligible to accept assignment or transfer of the relevant RO or portion thereof, as applicable, substantially in accordance with the then current market practice in the principal market for the RO, as determined by the TRS Calculation Agent, or (b) the TRS Counterparty would not, through the exercise of its commercially reasonable efforts, be able to obtain any consent required under any agreement or instrument governing or otherwise relating to the RO to the assignment or transfer of the RO or portion thereof, as applicable, to it; or
- (ii) such Firm Bid is not *bona fide*, including, without limitation, due to the inability, failure or refusal of the TRS Counterparty to settle the purchase of the RO or portion thereof, as applicable, or otherwise settle transactions in the relevant market or perform its obligations generally, or is off market or otherwise does not reflect market conditions; or
- (iii) any Potential Event of Default, Event of Default or Termination Event has occurred and is continuing in relation to the TRS Counterparty.

Holder

In respect of an RO, a hypothetical holder of a nominal amount of the RO equal to the Notional Amount which is a company with a tax residence, tax domicile and status equivalent to the tax residence, tax domicile and status of the Issuer.

Terminated Notional Amount

In respect of a Termination Payment Date which is:

- (i) a Removal Date, the portion of the Notional Amount (determined, for such purposes, disregarding any multiplication by the Factor) of the RO to be removed from the Portfolio pursuant to the related Portfolio Adjustment; or
- (ii) a Defaulted RO Termination Date or the date falling two Business Days prior to the Facility Termination Date, the Notional Amount (determined, for such purposes, disregarding any multiplication by the Factor).

Part III: Common Terms

<i>Business Days</i>	<i>[To match the business days of the Bonds, but at a minimum including [Tokyo, London and TARGET2]].</i>
<i>Business Day Convention</i>	<i>[Not Applicable]/[To match the business day convention of the Bonds].</i>
<i>Calculation Agent</i>	TRS Calculation Agent
<i>TRS Calculation Agent</i>	Sumitomo Mitsui Banking Corporation.
<i>Payment Details</i>	
<i>Payments to TRS Counterparty</i>	<p><i>[Specified Currency account to be inserted before execution].</i></p> <p><i>[JPY account to be inserted before execution].</i></p> <p>Provided that such account details may be varied in accordance with TRS Counterparty's written instructions as delivered to Issuer.</p>
<i>Payments to Issuer</i>	<p><i>[Series General Account details to be inserted before execution].</i></p> <p>Provided that such account details may be varied in accordance with Issuer's written instructions as delivered to TRS Counterparty.</p>

Signed on behalf of **Sumitomo Mitsui Banking Corporation, acting as trustee on behalf of a specified money trust (tokutei kinsen shintaku) No. 0010-377600-0001**

(as Issuer):

By:

Signed on behalf of **Sumitomo Mitsui Banking Corporation**
(as TRS Counterparty):

By:

Signed on behalf of **Sumitomo Mitsui Banking Corporation**
(as TRS Calculation Agent):

By:

Annex A

Date: [●]

[To insert latest Annex A or form of latest Annex A at the date of signing]

PART 2

FORM OF SCHEDULE TO THE ISDA MASTER AGREEMENT

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**Schedule
to the ISDA
Master Agreement**

dated as of 11 October 2018

between

**Sumitomo Mitsui Banking Corporation
("Party A")**

and

**Sumitomo Mitsui Banking Corporation (the "Trust Bank")
acting as trustee on behalf of a specified money trust
(*tokutei kinsen shintaku*) No. 0010-377600-0001 ("Trust Fund")
("Party B")**

**Part 1
Termination Provisions**

- (a) **"Specified Entity"** means in relation to Party A for the purposes of:-

Section 5(a)(v),	None
Section 5(a)(vi),	None
Section 5(a)(vii),	None
Section 5(b)(iv),	None

and in relation to Party B for the purposes of:-

Section 5(a)(v),	None
Section 5(a)(vi),	None
Section 5(a)(vii),	None
Section 5(b)(iv),	None

- (b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement provided that it will not include any transaction entered into by Party B in respect of any trust fund other than the Trust Fund.
- (c) The **"Cross Default"** provisions of Section 5(a)(vi) of this Agreement will not apply to Party A and Party B.
- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(iv) of this Agreement will apply to Party A but will not apply to Party B.
- (e) The **"Bankruptcy"** provisions of Section 5(a)(vii) of this Agreement will apply to Party A but will not apply to Party B except for Section 5(a)(vii)(4), (7), (8), and (9) and, in respect of Party B and Section 5(a)(vii):
- (i) the word "assets" in Section 5(a)(vii)(7) and the words "it" and "its" in Section 5(a)(vii)(4) shall be deemed to mean the "Trust Property" (as defined below);
 - (ii) the words "clauses (1) to (7) (inclusive)" in Section 5(a)(vii)(8) shall be deemed replaced by the words "clauses (4) and (7)"; and
 - (iii) the words "the foregoing acts" in Section 5(a)(vii)(9) shall be deemed replaced by the words "the acts specified in clauses (4), (7) and (8)".
- (f) The **"Automatic Early Termination"** provision of Section 6(a) of this Agreement will

apply to Party A and will apply to Party B and, in the case of Party B, will apply solely in respect of the filing of an application for commencement of any bankruptcy proceeding (*hasan tetsuzuki*) under the Bankruptcy Act (*hasan ho*) of Japan in respect of the Trust Property (*shintaku zaisan no hasan*). For the avoidance of doubt, Automatic Early Termination will not apply to Party B in respect of any Bankruptcy (as defined in Section 5(a)(vii) of this Agreement) in respect of the Trust Bank in its proprietary capacity.

(g) **Payments on Early Termination.** For the purposes of Section 6(e) of this Agreement:-

- (i) **Loss** will apply.
- (ii) **The Second Method** will apply.

(h) **“Termination Currency”** will mean the currency which is a freely available contract currency in respect of at least one current Transaction and selected by the party which is not the Defaulting Party nor the Affected Party, as the case may be or, in circumstances where there are two Affected Parties, agreed by Party A and Party B; *provided, however*, that if no such agreement can be reached or no such contract currency is freely available, the Termination Currency shall be Japanese Yen.

(i) **“Additional Termination Event”** Each of the following shall constitute an Additional Termination Event with respect to Party B in respect of which Party B shall be the sole Affected Party and all Transactions shall be Affected Transactions:-

- (i) at any time Party B is in material breach of any of the provisions of the Money Trust Agreement (as defined below);
- (ii) the Money Trust Agreement is amended or modified without the prior consent of Party A;
- (iii) the Money Trust Agreement is terminated as a result of the application of Items 1 through 9 of Article 163 of the Trust Act;
- (iv) an Acceleration Notice (as defined in the Conditions) is delivered to Party B in accordance with the Conditions (other than as a result of an event set out in Condition 9.1(c) or (d)); and
- (v) an order or notice of pre-judgment attachment (*“karisashiosae”*) or post-judgment attachment (*“sashiosae”*) or other court order of enforcement has been issued in respect of any of Party B’s rights with respect to the Trust Property.

(j) **Automatic Designation of Early Termination Dates:** Notwithstanding Sections 6(a) or 6(b), an Early Termination Date may be designated in accordance with the following provisions without any actual notice being delivered:

- (i) If a Liquidation Event of Default has occurred in respect of which Party A is the Defaulting Party, other than in respect of any such event for which Automatic Early Termination applies, Party B shall be deemed to have designated an Early Termination Date upon becoming aware that the relevant Event of Default has occurred and the Early Termination Date for such purposes shall be the date on which Party B becomes so aware.
- (ii) If an Additional Termination Event has occurred pursuant to Part 1(i)(iv) or (v) above, Party A shall be deemed to have designated, in respect of each TRS Facility, the date falling three Business Days (as defined in the Confirmation relating to such TRS Facility) following the date on which such Additional Termination Event has first occurred as the Early Termination Date for the Transactions constituted by such TRS Facility and each TRS Transaction thereunder.

- (k) **Modification of grace period for Failure to Pay or Deliver:** Section 5(a)(i) (*Failure to Pay or Deliver*) of the Agreement shall be amended such that reference to “third Local Business Day” in the third line thereof shall be deleted and replaced with “14th calendar day”.

Part 2

Tax Representations

- (a) **Payer Representations.** For the purposes of Section 3(e) of this Agreement, Party A and Party B will make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:-

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement;
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) of this Agreement by reason of material prejudice to its legal or commercial position.

- (b) **Payee Tax Representations.**

- (i) For the purposes of Section 3(f) of this Agreement, Party A makes the following representation:

It is a corporation organised or formed under the laws of Japan and is tax resident in Japan.

- (ii) For the purposes of Section 3(f) of this Agreement, Party B makes the following representation:

It is a corporation organised under the laws of Japan and is tax resident in Japan.

Part 3
Agreement to Deliver Documents

For the purposes of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(a) **Tax forms, documents or certificates to be delivered are:**

None.

(b) **Other documents to be delivered are:**

Party required to Deliver document	Form / Document / Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	A copy of the Base Prospectus	Upon or prior to the delivery of this Agreement and upon reasonable demand by Party A	Yes
Party B	A copy of the Final Terms in respect of an issuance of Bonds	Upon or prior to the issue date of the relevant Series of Bonds	Yes
Party B	An electronic file of the Money Trust Agreement (without signatures of the Settlor).	Upon or prior to the delivery of this Agreement and upon reasonable demand by Party A	Yes
Party B	A copy of any supplement, revision or amendment to the Money Trust Agreement	Promptly upon any supplement, revision or amendment being made to the Money Trust Agreement	Yes
Party A and Party B	Copies of the relevant pages of the authorised signatures book, or if it is unavailable, any certificate or document reasonably requested by the other party to evidence or certify that the execution, delivery and performance of the Agreement and any Confirmation by the party requested is legal, valid and binding.	Upon reasonable demand by the other party	Yes

Party A and Party B	Any United States tax form (including United States Internal Revenue Service Form W-8BEN-E (with all parts fully completed), or any successor form)	(i) on a date which is before the first scheduled payment date under this Agreement, and every three years thereafter, (ii) promptly upon reasonable demand by Party A or Party B (as the case may be), and (iii) promptly upon learning that any such form previously provided by Party A or Party B (as the case may be) has become obsolete, incorrect, or ineffective.	No
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Part 4
Miscellaneous

- (a) **Addresses for Notices.** For the purposes of Section 12(a) of this Agreement, the addresses for notices and communications shall be as follows:

(Party A)

Name: **Sumitomo Mitsui Banking Corporation**
Address: 3-2, Marunouchi1-chome, Chiyoda-ku, Tokyo 100-0005
Attention: Planning Dept., Treasury Unit
Telephone No.: +81-3-6706-8070
Email: SMFG_corporate_treasury@dn.smbc.co.jp

(Party B)

Name: **Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001**
Address: 3-2, Marunouchi1-chome, Chiyoda-ku, Tokyo 100-0005
Attention: Trust Services Department
Telephone No.: +81-3-6706-6870
Email: SMBC-CB-Issuer@dn.smbc.co.jp

- (b) **Process Agent.** For the purposes of Section 13(c) of this Agreement:-

Party A appoints as its Process Agent: None
Party B appoints as its Process Agent: None

- (c) **Offices.** The provisions of Section 10(a) of this Agreement will apply to Party A and to Party B.

- (d) **Multibranch Party.** For the purposes of Section 10(c) of this Agreement:-

Party A is not a Multibranch Party.
Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.

- (f) **Credit Support Document.**

Credit Support Document means in relation to Party A: the 2016 ISDA Credit Support Annex for Variation Margin (VM) (Japanese law) dated 11 October 2018 between Party A and Party B.

Credit Support Document means in relation to Party B: None.

- (g) **Credit Support Provider.**

Credit Support Provider means in relation to Party A: None.
Credit Support Provider means in relation to Party B: None.

- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with Japanese law.

- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions.
- (j) **Affiliate** In respect of Party A, “Affiliate” will have the meaning specified in Section 14 of this Agreement. In respect of Party B, “Affiliate” will not be applicable.

Part 5

Other Provisions

(a) Scope of Agreement.

In respect of Party B, this Agreement shall not be construed in any circumstances to form a single agreement with one or more confirmations relating to transactions for Trust Bank's own account or for the account of any trust funds other than the Trust Fund with respect to which the Trust Bank is acting as trustee.

(b) Definitions.

- (i) All capitalised terms used in this Agreement but not otherwise defined shall have the meanings given to them in the master definitions and construction agreement made between, *inter alios*, Party A and Party B on or about the date hereof (as amended and/or supplemented and/or restated from time to time, the “**Master Definitions and Construction Agreement**”) unless the context requires otherwise.
- (ii) For the purposes of this Agreement, the following terms shall have the following meanings respectively:

“**Base Prospectus**” means the base prospectus for the €20,000,000,000 SMBC Covered Bond Programme of Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001 dated 11 October 2018.

“**Beneficiaries**” means beneficiaries of the Trust Fund.

“**Conditions**” means the terms and conditions of the Bonds as modified and/or supplemented by the Final Terms in relation to a particular Series of Bonds, as the same may from time to time be modified in accordance with the Trust Deed.

“**Eligible RO**” means an RO that satisfies the following eligibility criteria (as determined by the TRS Calculation Agent in its sole discretion (acting, if it deems necessary, on the advice of legal counsel)):

- (a) it must be a self-originated senior tranche of RMBS Securities;
- (b) it must be RMBS Securities with residential loans for which Sumitomo Mitsui Banking Corporation was the original lender and/or which were guaranteed by an affiliated company 100 per cent. owned by Sumitomo Mitsui Banking Corporation as the underlying assets;
- (c) it is capable of being sold, assigned or participated to the Issuer and is capable of being sold, assigned or participated by the Issuer without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirements and the Issuer does not require any authorisations, consents approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any applicable law, save that the requirement for consent by the RMBS Trustee to any assignment or transfer shall not be deemed to be a breach of this requirement;
- (d) it must be denominated in Japanese Yen; and
- (e) the ownership of such obligation by the Issuer would not violate any applicable law, rule or regulation.

The failure of any asset to satisfy the above eligibility criteria at any time after the date of its transfer to the Issuer shall not cause any obligation which would otherwise be an Eligible RO not to be an Eligible RO so long as such obligation was an Eligible RO satisfying the above eligibility criteria on the date of its transfer to the Issuer.

Subject to compliance with the eligibility criteria set out above, the RO may have a stated maturity or term of trust (as applicable) before or after the Scheduled Maturity Date of the relevant Series of Bonds.

“TRS Facility” means a total return swap facility entered into between Party A and Party B in relation to a Series of Bonds as documented under a Confirmation.

“Liquidation Event of Default” means an Event of Default under Sections 5(a)(i), 5(a)(iii), 5(a)(vii) and 5(a)(viii) of this Agreement.

“Money Trust Agreement” means the trust agreement (*tokutei kinsen shintaku keiyaku shousho*) dated 11 October 2018 between the Trust Bank and the Settlor for the purposes of establishing the Trust Fund.

“Settlor” means SMBC Nikko Securities Inc. (or its successor) in its capacity as the settlor of the Trust Fund.

“Trust Property” means the trust property (*hon shintaku zaisan*) as defined in the Money Trust Agreement.

(c) **Regulatory Event**

If Party A determines that a Regulatory Event (as defined in the Conditions of the Bonds) has occurred or will occur with respect of its obligations under this Agreement or the Transaction Documents, Party A may, by notice to Party B, require Party B to (and Party B shall) notify the Bond Trustee and seek the satisfaction of the Bond Trustee that such Regulatory Event has occurred or will occur, following which Party B shall deliver a notice under Condition 6.4(a) in respect of the early redemption of the Bonds.

(d) **Representations.** Section 3(a) of this Agreement is hereby amended by the deletion of “and” at the end of sub-clause (iv), the substitution of a semi-colon for the full-stop at the end of sub-clause (v) and the addition of the following at the end thereof:-

“(vi) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction;

(vii) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction;

(viii) **Status of Parties.** The other party is not acting as a fiduciary for or adviser to it in respect of that Transaction;

(ix) **Non-Agency.** It is entering into this Agreement, any Credit Support Document to which it is a party, each Transaction and any other documentation relating to this Agreement or any Transaction as principal (and not as agent or in any other capacity, fiduciary or otherwise save, in respect of the Trust Bank, as trustee of the Trust Fund): and

(x) **Eligible Contract Participant.** It is an "eligible contract participant" as that term is defined in Section 1a(18) of the Commodity Exchange Act, as amended (CEA) and applicable regulations."

(e) **Telephonic Recording.**

Each party (i) consents to the recording of the telephone conversations of trading and marketing personnel of the parties, with or without the use of a warning tone, in connection with this Agreement or any potential Transaction, (ii) agrees that any such tape recordings may be submitted in evidence to any proceedings and (iii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, such personnel of it.

(f) **Jurisdiction.** Section 13(b) of this Agreement shall be replaced by the following:-

"If any judicial action is required in relation to this Agreement, the Tokyo District Court shall have the exclusive jurisdiction as the court of first instance."

(g) **Severability.**

In the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable, such invalidity, illegality and unenforceability shall not affect the validity, legality and enforceability of any other provisions hereof, unless such severance shall substantially impair the benefits of the remaining portions of this Agreement or change the reciprocal obligations of the parties. The parties hereto shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provision with a valid, legal and enforceable provision, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision; provided, however, that this severability provision shall not be applicable if any provision of Sections 1(c), 2, 5, 6 or 13 (or any definition or provision in Section 14 to the extent it relates to, or is used in or in connection with any such Section) of this Agreement shall be so held to be invalid or unenforceable.

(h) **Limited Recourse Obligation.**

(i) Party B's obligations under this Agreement shall be limited recourse obligations and Party A shall not have recourse to the Trust Bank's own assets or any trust property other than the Trust Property with respect to which the Trust Bank is acting as trustee. The assets of Party B to which Party A shall have recourse under this Agreement are limited to the Trust Property. Upon the enforcement of rights under this Agreement and any other related agreement (including any security agreement) and the enforcement of any security or collateral created thereby and related thereto, and the distribution of the net proceeds thereof to Party A, Party A will not be entitled to take any further steps against Party B to recover any sums still unpaid in respect of this Agreement, and all claims against Party B in respect of such sums unpaid will be extinguished and will not revive thereafter.

(ii) Notwithstanding the foregoing, if there should occur any loss or damage to the Trust Property arising out of the material breach of the Money Trust Agreement to which Party B is a party, or any gross negligence or willful misconduct of Party B, Party B shall compensate the Trust Property for such loss or damage by Trust Bank's own assets.

(i) **Non-petition.**

Party A hereby agrees that Party A shall not at any time (i) until one year and one day has passed since all Secured Obligations have been discharged in full file a petition for bankruptcy or any other proceedings similar thereto in relation to the Trust Property or (ii) enforce any compulsory execution, provisional attachment, pre-judgment attachment (*karisashiosae*) or post-judgment attachment (*sashiosae*) provisional disposition, or security interest on or conduct an auction of any of the Trust Property, or file a petition for any such proceedings.

In the event that any claims against Party B under this Agreement, except (ii) under Part 5(h), still remain after the appropriation of the Trust Property for the payment of Party B, such claims shall be extinguished.

(j) [Reserved]

(k) **Segregation of Trust Property**

Party B shall segregate the Trust Property (including, but not limited to, securities) from the Trust Bank's own assets and the trust property (including the securities investment trusts managed by the Trust Bank, if any) (other than the Trust Property) or other customers' assets to the extent legally required (depending on the asset class), so that the Trust Property will be perfected as trust property of the Trust Fund in accordance with all applicable laws and regulations of Japan.

(l) **Confirmations.**

Party A will deliver to Party B a Confirmation in respect of each TRS Facility.

(m) **Calculations of Payments on Early Termination**

If the Early Termination Date under this Agreement has occurred as a result of the occurrence of a Liquidation Event of Default in respect of Party A, the calculations to be made by Party B as the Non-Defaulting Party shall be made by the Selling Agent on behalf of Party B.

(n) **Payments on Early Termination**

- (a) Notwithstanding anything to the contrary in this Agreement, the parties hereby agree that, upon the occurrence or effective designation of the Early Termination Date under this Agreement (other than as a result of the occurrence of a Liquidation Event of Default (as defined below) in respect of Party A or an event which causes an Automatic Early Termination in respect of Party B), paragraphs (i) and (ii) of Section 6(e) of the Agreement shall not apply and instead such Early Termination Date shall be deemed to be the Facility Termination Date for the purposes of each TRS Facility entered into under this Agreement, provided that if Party A fails to make, when due, full payment in respect of the Floating Rate Termination Payment and (if any) the Termination Note Amount required to be made by it under any Confirmation as a result of such deemed occurrence of the Facility Termination Date, the Early Termination Date shall be deemed not to have occurred and instead an Event of Default under Section 5(a)(i) shall be deemed to have occurred in respect of Party A on the day immediately following the relevant due date for which payment failed to have been made and such date shall be deemed to be the new Early Termination Date in respect of all Transactions and subparagraph (b) below shall apply as a result of the occurrence of a Liquidation Event of Default on such date.
- (b) Upon the effective designation or deemed designation of the Early Termination Date under this Agreement as a result of the occurrence of a Liquidation Event of Default in

respect of Party A, paragraphs (i) and (ii) of Section 6(e) of the Agreement shall apply and for such purpose, the "Loss" of Party B shall take into account the Termination Currency Equivalent of any firm bid quotations received during the Realisation Period by, or on behalf of, Party B in respect of each RMBS Issuer Asset held by Party B which is Equivalent to an RO subject to a TRS Transaction under this Agreement as of the Early Termination Date.

- (c) For the avoidance of doubt, if the amount calculated pursuant to Part 5 (n)(b) above is payable by Party A to Party B, the claim of Party B against Party A in respect of such amount shall remain outstanding until the date on which such amount, together with interest accruing thereon pursuant to Section 6(d) of the Agreement (provided, that the reference in the eighth line thereof to "the Early Termination Date" shall be deemed to be replaced by "the date on which such payment is due pursuant to this Section 6(d)"), is paid by Party A in full.
- (o) **Notices under Section 5 or 6:** Section 12(a) (*Effectiveness*) of the Agreement shall be amended by deleting the wording "(except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system)".
- (p) **Principal Paying Agent Payment:** Party A hereby undertakes with Party B that, unless otherwise provided in the Confirmation or the other Transaction Documents and until duly requested, it will make payment of all sums payable to Party B under the Confirmation direct to the Account Bank in respect of the Series of Bonds to which such Confirmation relates.
- (q) **Contingent FX Forward:** Party B agrees that it shall enter into a Contingent FX Forward Transaction in respect of a Series of Bonds on or prior to the first issue date of such Series of Bonds.
- (r) **ISDA Illegality/Force Majeure Protocol:** The parties agree that the provisions of the ISDA Illegality/Force Majeure Protocol including Schedule 1 thereto published by the International Swaps and Derivatives Association, Inc. on 11 July 2012 (the **Protocol**) and all definitions contained in clause 5 of the Protocol are incorporated into and apply to this Agreement with the same effect as if the parties had complied with the provisions of section 2 of the Protocol. In this respect "the parties", as used in the Protocol shall be construed as referring to Party A and Party B.
- (s) **Foreign Account Tax Compliance Act:** (a) For the purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 and 1472 of the Internal Revenue Code of 1986, as amended (or the United States Treasury regulations or other guidance issued or any agreements entered into thereunder) (**FATCA Withholding Tax**); and (b) for the avoidance of doubt the parties agree that for the purposes of Section 2(d) of this Agreement the deduction or withholding of FATCA Withholding Tax is required by applicable law.
- (t) **Transfer:** For the purposes of Section 7, Party A hereby agrees and consents to the pledge by Party B of its rights and interests under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Agreement) to the Security Trustee to be held subject to and in accordance with the terms of the Japanese Security Agreement and, in addition, Party A and Party B agree that Section 7 shall be amended by inserting:
 - (a) **Third line:** In the third line, "which consent will not be arbitrarily withheld or delayed" immediately before the word "except"; and
 - (b) **Third line:** In the third line, ", and a Rating Agency Confirmation, " shall be added immediately following the words "withheld or delayed";

(c) **Clause (a):** In clause (a), "or reorganisation, incorporation, reincorporation or reconstitution in to or as," immediately before the word "another".

(d) **New provision:** Immediately before the last sentence in Section 7, the following sentence:

"Upon any transfer by Party B pursuant to Section 7, Party B agrees to provide Party A with the name and address of the transferee so that Party A may fulfil its requirements to record the transfer on its books and records."

(u) **Amendments:** Section 9(b) is amended as follows:

"No amendment, modification or waiver in respect of this Agreement will be effective unless (i) in writing (including a writing evidenced by facsimile transmission or electronic messaging system) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system and (ii) subject to a Rating Agency Confirmation."

(v) **Survival**

The provisions of Part 5(h) and (i) shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorised officers as of the date hereof:

Sumitomo Mitsui Banking Corporation

**Sumitomo Mitsui Banking Corporation
acting as trustee on behalf of a specified
money trust (*tokutei kinsen shintaku*) No.
0010-377600-0001**

By: _____
Name: Masaki Sasai
Title: Head of Debt Strategy & Issuance
Group, Planning Dept., Treasury Unit
Date:

By: _____
Name: Yasuo Taniguchi
Title: Head of Trust Risk Control Group, Trust
Services Dept
Date:

PART 3

FORM OF CREDIT SUPPORT ANNEX (PARAGRAPH 13)

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Paragraph 13. Elections and Variables

(a) ***Base Currency and Eligible Currency.***

- (i) “***Base Currency***” means Japanese Yen.
- (ii) “***Eligible Currency***” means the Base Currency.

(b) ***Custodian (VM).***

- (i) Initially, the Custodian (VM) for Party A is : Not applicable.
- (ii) Initially, the Custodian (VM) for Party B is : Not applicable.

(c) ***Covered Transactions ; Obligations ;Exposure.***

- (i) The term “***Covered Transactions***” as used in this Annex only includes any TRS Transaction under the Agreement.
- (ii) The term “***Obligations***” as used in this Annex includes the following additional obligations:

With respect to Party A: Not applicable
With respect to Party B: Not applicable

- (iii) “***Exposure***” has the meaning specified in Paragraph 12.

(d) ***Credit Support Obligations.***

(i) ***Delivery Amount (VM) and Return Amount (VM).***

(A) “***Delivery Amount (VM)***” has the meaning specified in Paragraph 3(a), provided, however, that Party A and Party B hereby agree that unless otherwise notified by Party A or Party B, the demand for transfer of a Delivery Amount (VM) to be made by the Obligee on or promptly following a Valuation Date, shall be deemed to have been made by the Obligee and received by the Obligor upon the Obligee’s receipt of a notification made by the Valuation Agent under Paragraph 4(c) indicating that a Delivery Amount (VM) is due.

(B) “***Return Amount (VM)***” has the meaning specified in Paragraph 3(b), provided, however, that (1) Party A and Party B hereby agree that unless otherwise notified by Party A or Party B, the demand for transfer of a Return Amount (VM) to be made by the Obligor on or promptly following a Valuation Date shall be deemed to have been made by the Obligor and received by the Obligee upon Obligee’s receipt of a notification made by the Valuation Agent under Paragraph 4(c) indicating that a Return Amount (VM) is due and (2) to the extent that the Posted Credit Support (VM) of Party A is comprised of any cash, such cash shall be used to first satisfy any Return

Amount (VM).

(ii) **Eligible Collateral (VM).** Subject to Paragraph 11(g) (if applicable) and each Credit Support Eligibility Condition (VM) applicable to it specified in Paragraph 13 if any, the following items will qualify as “**Eligible Collateral (VM)**” for the party specified (as the Obligor):

		Party A	Valuation Percentage	Party B	Valuation Percentage
(A)	cash in Eligible Currency	Yes	100%	Yes	100%
(B)	Negotiable debt obligations issued by Japanese Government which are held in a book-entry system named “ <i>Kokusai Furikae Kessai</i> ” and denominated in Japanese Yen (“ JGBs ”) with a credit rating assigned by Moody’s of Aaa to Aa3:	Yes	96%	Yes	96%
(C)	JGBs with a credit rating assigned by Moody’s of A1- to A3	Yes	50%	Yes	50%
(D)	JGBs with a credit rating assigned by Moody’s of below A3	Yes	0%	Yes	0%
(E)	JGBs not rated by Moody’s	Yes	0%	Yes	0%

provided, however, that:

(x) if the notional amount of JGBs forming part of the Posted Credit Support (VM) and Posted Collateral (Independent Amount I) exceeds 10% of the Principal Amount Outstanding of all of the outstanding Bonds of all Series of Bonds, the Valuation Percentage for the relevant Posted Credit Support (VM) and Posted Collateral (Independent Amount I) assets held in breach of such requirement shall be deemed to be zero; and

(y) JGBs forming part of Posted Credit Support (VM) and Posted Collateral (Independent Amount I) shall be deemed to have a Valuation Percentage of zero for so long as the JGB

Holding Period is more than 120 calendar days,

where:

“JGB Holding Period” means the number of calendar days on which JGBs have formed part of Posted Credit Support (VM) or Posted Collateral (Independent Amount I) assets, provided that the JGB Holding Period shall be reset to zero on each day on which at least 60 consecutive calendar days have passed during which there have been no JGBs forming part of the Posted Credit Support (VM) or Posted Collateral (Independent Amount I) assets.

(iii) ***Legally Ineligible Credit Support (VM)***. The provisions of Paragraph 11(g) will apply to each party (as the Obligee).

(A) ***“Total Ineligibility Date”*** has the meaning specified in Paragraph 11(g).

(B) ***“Transfer Ineligibility Date”*** has the meaning specified in Paragraph 11(g).

(iv) ***Credit Support Eligibility Conditions (VM)***. The following conditions will each be a “Credit Support Eligibility Condition (VM)” for the party specified. Any item will not qualify as the Eligible Collateral (VM) for a party (as the Obligor) if such item does not satisfy each Credit Support Eligibility Condition (VM) applicable to it.

Party A: Not applicable.

Party B: Not applicable.

(v) ***“Valuation Percentage”; “FX Haircut Percentage”; “FX Haircut Benchmark Currency (VM)”***

(A) ***“Valuation Percentage”*** means, with respect to each party (as the Obligor) and item of Eligible Collateral (VM), the percentage (expressed as a decimal) specified in Paragraph 13(d)(ii); *provided* that if nothing is specified in Paragraph 13(d)(ii), the Valuation Percentage will be 100%; *provided further* that, if at any time the Valuation Percentage assigned to an item of the Eligible Collateral (VM) with respect to a party (as the Obligor) under this Annex is greater than the maximum permitted valuation percentage (prescribed or implied) for such item of collateral under any law requiring the collection of variation margin applicable to the other party (as the Obligee), then the Valuation Percentage with respect to such item of Eligible Collateral (VM) and such party (as the Obligor) will be such maximum permitted valuation percentage.

(B) ***“FX Haircut Percentage”*** means, with respect to each party (as the Obligor) and item of Eligible Collateral (VM), 8%, unless Eligible Collateral (VM) or Posted Collateral (VM) is in the form of cash or is denominated in a currency that matches the FX Haircut Benchmark Currency (VM) with respect to a party as the Obligee, in which case the FX Haircut Percentage will be 0%:

(C) ***“FX Haircut Benchmark Currency (VM)”*** means, with respect to each of Party A and Party B, the Base Currency which has been specified as a currency which is referred to for the purpose of determining the applicability of the 8% additional FX haircut for

both parties for the purposes of the Japan margin rules.

(vi) ***Other Eligible Support (VM)***. The following items will qualify as “Other Eligible Support (VM)” for the party specified (as the Obligor): Not applicable

(vii) ***Minimum Transfer Amount***.

(A) “***Minimum Transfer Amount***” means with respect to Party A: JPY 0.
“***Minimum Transfer Amount***” means with respect to Party B: JPY 0.

Provided, however, if on any Valuation Date, an Event of Default or a Potential Event of Default has occurred and is continuing with respect to a party, Minimum Transfer Amount applicable to such party on that Valuation Date is zero, provided further that, if the Exposure with respect to a Obligor on a Valuation Date is zero, then for the purpose of determining a Return Amount (VM) due to the Obligor, the Minimum Transfer Amount applicable to the Obligor shall be zero and Rounding shall not apply.

(B) ***Rounding***. The Delivery Amount (VM) and the Return Amount (VM) will be rounded up and down to the nearest integral multiple of JPY 1,000,000, respectively.

(e) ***Valuation and Timing***.

(i) “***Valuation Agent***” means Party A.

(ii) “***Valuation Date***” means each Local Business Day.

(iii) “***Valuation Time***” has the meaning specified in Paragraph 12.

(iv) “***Notification Time***” means 4:00 p.m., Tokyo time, on a Local Business Day.

(v) “***Cash Settlement Day***” means the second Local Business Day following the date of demand for the Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM).

(vi) “***Securities Settlement Day***” means the third Local Business Day following the date of demand for the Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM).

(f) ***Conditions Precedent and Obligor's Rights and Remedies***.

(i) The provisions of Paragraph 4(a) will apply.

(ii) If the provisions of Paragraph 4(a) are applicable, the following Termination Event(s) will be a “***Specified Condition***” for the party specified (that party being the Affected Party if the Termination Event occurs with respect to that party):

	Party A	Party B
Illegality	Not applicable	Not applicable
Force Majeure Event	Not applicable	Not applicable
Tax Event	Not applicable	Not applicable
Tax Event Upon Merger	Not applicable	Not applicable
Credit Event Upon Merger	Not Applicable	Not Applicable
Additional Termination Event(s) (if any):	Not Applicable	Not Applicable

(g) ***Substitution.***

(i) “***Cash Substitution Date***” means the second Local Business Day following the date on which the Obligee receives the Substitute Credit Support (VM).

(ii) “***Securities Substitution Date***” means a day that is not later than the third Local Business Day following the date of notice to the Obligee specifying the items of Posted Credit Support (VM) to be exchanged.

(iii) ***Consent.*** If specified here as applicable, then the Obligor must obtain the Obligee's consent for any substitution pursuant to Paragraph 4(d): Not Applicable.

(iv) Paragraph 4(d)(i) will be amended as follows:

“(i) By giving a notice to the Obligee specifying the items of Posted Credit Support (VM) to be exchanged, the Obligor may, in the case of cash, on the Cash Substitution Date; and in the case of securities, on the Securities Substitution Date, Transfer to the Obligee substitute Eligible Credit Support (VM) (the “***Substitute Credit Support (VM)***”); and”

(v) Paragraph 4(d)(ii) is hereby amended by deleting in its entirety and inserting the following in lieu thereof:

“(ii) subject to Paragraph 4(a), the Obligee will Transfer to the Obligor the items of Posted Credit Support (VM) specified by the Obligor in its notice, in the case of cash, on the Cash Substitution Date; and in the case of securities, on the Securities Substitution Date (provided that the Substitute Credit Support (VM) should have been Transferred to the Obligee);

provided that the Obligee will only be obligated to Transfer Posted Credit Support (VM) with a Value as of the date of the Transfer of that Posted Credit Support (VM) equal to the Value as of that date of the relevant Substitute Credit Support (VM). However, solely for the purpose of this Paragraph 4(d)(ii), the Obligee's right to repay any cash equivalent of any Posted Collateral (VM) is subject to the prior consent of the Obligor.”

(h) ***Dispute Resolution.***

(i) “***Resolution Time***” means 1:00 p.m., Tokyo time, on the Local Business Day following the date on which the notice of a dispute under Paragraph 5 is given.

(ii) **Value.** For the purpose of Paragraphs 5(iv)(A)(3) and 5(iv)(B), the Value of Posted Credit Support (VM), the definition of Value in Paragraph 12 shall be amended as follows:

None specified

(iii) **Alternative.** The provisions of Paragraph 5 will apply.

(i) ***Distributions and Interest Payment (VM).***

(i) **Interest Rate (VM).** The “**Interest Rate (VM)**” in relation to each Eligible Currency shall be zero.

(ii) ***Transfer of Interest Payment (VM) or application of Interest Amount (VM).***

Interest Transfer: Not Applicable

Interest Payment Netting: Not Applicable

Interest Adjustment: Not Applicable

(iii) ***Other Interest Elections.***

Negative Interest: Not Applicable

Daily Interest Compounding: Not Applicable

(iv) ***Alternative to Interest Amount (VM) and Interest Payment (VM).*** The provision of Paragraph 6(b)(ii) will apply.

(j) ***Credit Support Offsets.*** If specified here as applicable, then the “**Credit Support Offsets**” provisions in Paragraph 11(j) of this Annex will apply: Not applicable.

(k) ***Additional Representation(s).*** Each party represents to the other party (which representation(s) will be deemed to be repeated as of each date on which it, as the Obligor, Transfers Eligible Collateral (VM)) that: Not applicable.

(l) ***Other Eligible Support (VM) and Other Posted Support (VM).***

(i) **“Value”** with respect to Other Eligible Support (VM) and Other Posted Support (VM) means: Not applicable.

(ii) **“Transfer”** with respect to Other Eligible Support (VM) and Other Posted Support (VM) means: Not applicable.

(m) ***Demands and Notices.*** All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of the Agreement, unless otherwise specified here:

Party A:

Sumitomo Mitsui Banking Corporation

Address: 3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Attention: Planning Dept., Treasury Unit

Telephone: 81-3-6706-8070

E-mail: SMFG_corporate_treasury@dn.smbc.co.jp

Party B:

Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (tokutei kinsen shintaku) No. 0010-377600-0001

Address: 3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Attention: Trust Services Department

Telephone: 81-3-6706-6870

E-mail: SMBC-CB-Issuer@dn.smbc.co.jp

(n) ***Addresses for Transfers.***

Party A: To be notified separately to this.

Party B: To be notified separately to this.

(o) ***Other CSA and Other Japanese Law CSA.***

(i) ***“Other CSA”*** has the meaning specified in Paragraph 12.

(ii) ***“Other Japanese Law CSA”*** has the meaning specified in Paragraph 12.

(p) ***Other Provisions.***

(i) ***Interpretation and Additional Definitions.***

(1) Interpretation

The terms used but not defined here shall have the meaning given to such terms in the Master Definitions and Construction Agreement dated 11 October 2018 between, amongst others, the Party A as TRS Counterparty, TRS Calculation Agent and Valuation Agent and Party B as Issuer.

(2) Modifications to Paragraph 12 Definitions

For the purposes of determining any Local Business Day, the definition of “Local Business Day” in Paragraph 12 shall be deemed to be supplemented by requiring any Local Business Day to also be a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo and London and which is a TARGET Settlement Day.

(3) Additional Definitions

“TARGET Settlement Day” means any day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for the settlement of payments in euro.

(ii) **Modifications**

- (1) The first paragraph of the preamble of this Annex shall be deleted and replaced with the following:

“This Annex supplements, forms part of, and is subject to the above referenced ISDA Master Agreement (as amended and supplemented from time to time, the “Agreement”), is part of its Schedule and is a Credit Support Document under the Agreement with respect to Party A.”

For the purpose of the foregoing modification, any reference in this Annex to “the Agreement” shall be construed as a reference to “this Agreement”.

(2) **Automatic Early Termination**

Notwithstanding Paragraph 8 of this Annex and any other provisions in this Annex to the contrary, if as a result of an application of Automatic Early Termination with respect to a party or the occurrence of an Event of Default pursuant to Sections 5(a)(i), 5(a)(iii), 5(a)(vii) or 5(a)(viii) in respect of which Party A is the Defaulting Party an Early Termination Date is deemed to have been designated, the credit support arrangements set out in the Annex shall be deemed to constitute a Transaction (for which this Annex constitutes the Confirmation) which is governed by this Agreement, including Sections 1(c), 2(a), 5 and 6 to the extent required or permissible pursuant to applicable law, and the parties agree that, in such case, the credit support arrangements under this Annex will be regarded as a Specified Financial Transaction (*tokutei kinyuu torihiki*) as defined in Article 2 of the Law concerning Close-out Netting of Specified Financial Transactions conducted by Financial Institutions, Etc. (Law No. 108 of 1998) as may be amended from time to time. In the case of an Automatic Early Termination or an Event of Default pursuant to Sections 5(a)(i), 5(a)(iii), 5(a)(vii) or 5(a)(viii) of this Agreement which has occurred in respect of which Party A is the Defaulting Party, Paragraph 8 will not apply, and an amount equal to the Value of the aggregate of Posted Collateral (VM), Posted Collateral (Independent Amount I) and Posted Collateral (Independent Amount II), determined as though the Early Termination Date were a Valuation Date, will be included as an Unpaid Amount due to the Obligor for the purposes of the calculations of the amount payable under Section 6(e) of this Agreement; provided, however, that the Valuation Percentage shall be 100% for the purpose of such determination. For the avoidance of doubt, (i) the Settlement Amount determined under Section 6(e) of this Agreement in relation to the Transaction constituted by this Annex will be deemed to be zero and (ii) no other amounts will be calculated with respect to the Transaction constituted by this Annex for the purposes of Section 6(e) of this Agreement.

(q) ***Independent Amount I.***

(i) ***Security Transaction (Loan).***

As a separate and independent obligation, separate from Paragraphs 2, 3 and 13(r), Party A, as the Obligor, in accordance with sub-paragraphs (ii) and (iii), lends Eligible Collateral (VM) to Party B, as the Obligee, as credit support for its Obligations, and grants to Party B right of the Set-off as set forth in Paragraph 8(a)(iii). If an Early Termination Date has been designated or deemed to occur as a result of an Event of Default or a Specified Condition, subject to the provisions of sub-paragraphs (iii)(2) and Paragraphs 4(d) and 8, Party B shall return Posted Collateral (Independent Amount I), free and clear of any lien, charge, mortgage, encumbrance or other security interest to Party A; provided, however, that where such Posted Collateral (Independent Amount I) is held in the form of securities, Party B may repay the cash equivalent thereof in the currency in which such securities are denominated or in the Termination Currency at the option of Party B. For the avoidance of doubt, except as provided in sub-paragraphs (v)(3) and (vi), nothing in this Paragraph 13(q) will affect the rights and obligations of either party with respect to posting and collecting variation margin under Paragraphs 2 and 3 with respect to Transactions that are Covered Transactions.

(ii) ***Initial Exchange.***

Subject to Paragraphs 4 and 5, on the date on which the first Transfer of Eligible Collateral (VM) occurs pursuant to Paragraph 3, Party A will Transfer to Party B Eligible Collateral (VM) having a Value as of the date of Transfer at least equal to the Independent Amount I applicable to Party A.

(iii) ***Mark to Market.***

(1) ***Delivery Amount (Independent Amount I).*** Subject to Paragraphs 4 and 5, and as a separate and independent obligation from Paragraphs 3 and 13(r), upon a demand made by Party B on or promptly following a Valuation Date (Independent Amount I), Party A will Transfer to Party B Eligible Collateral (VM) having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (Independent Amount I) (rounded pursuant to Paragraph 13). The “***Delivery Amount (Independent Amount I)***” applicable to Party A for any Valuation Date (Independent Amount I) will be equal to the Independent Amount I; provided, however, that Party A and Party B hereby agree that unless otherwise notified by Party A or Party B, the demand for transfer of a Delivery Amount (Independent Amount I) to be made by Party B on or promptly following a Valuation Date (Independent Amount I), shall be deemed to have been made by Party B and received by Party A upon Party B’s receipt of a notification made by the Valuation Agent under Paragraph 4(c) (as deemed amended by Paragraph 13(q)(v) for the purposes of interpreting such provisions) indicating that a Delivery Amount (Independent Amount I) is due.

(2) ***Return Amount (Independent Amount I).*** Subject to Paragraphs 4 and 5, and as a separate and independent obligation from Paragraphs 3 and 13(r), upon a demand made by the Obligor on or promptly following a Valuation Date (Independent Amount I), Party B will Transfer to Party A Posted Collateral (Independent Amount I) as specified by Party A in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return

Amount (Independent Amount I) (rounded pursuant to Paragraph 13); provided, however, that where such Posted Collateral (Independent Amount I) consists of securities, Party B may Transfer to the Obligor Equivalent Collateral (VM) or repay cash equivalent thereof in the currency in which such securities are denominated or in the Termination Currency. For this purpose, the Transfer of the cash equivalent of any Posted Collateral (Independent Amount I) shall be deemed to be a return of such Posted Collateral (Independent Amount I). However, solely for the purpose of this sub-paragraph (iii)(2), the Party B's right to repay any cash equivalent is subject to the prior consent of the Obligor. The “**Return Amount (Independent Amount I)**” applicable to Party B for any Valuation Date (Independent Amount I) will equal the amount by which:

(A) the Aggregate Market Related Value of the ACT Issuer Assets as of such Valuation Date (Independent Amount I) exceeds

(B) the product of the Total Maximum Aggregate Funded Notional Amount and the sum of 100 per cent. and the Minimum OC Percentage as of such Valuation Date (Independent Amount I);

provided that the Return Amount (Independent Amount I) shall be subject to the maximum of the amount of the Posted Collateral (Independent Amount I).

(iv) **No Offset.** Except as otherwise provided in Paragraph 8, Paragraph 11(j) or Paragraph 13(q)(vi), if either party is required to make a Transfer of Eligible Credit Support (VM) as Delivery Amount (VM) or Posted Credit Support (VM) as Return Amount (VM), then that Transfer will be made free of any Set-off or withholding whatsoever, including in respect of any Delivery Amount (Independent Amount I) or Return Amount (Independent Amount I) to be Transferred on any date or any Posted Collateral (Independent Amount I) held by either party.

(v) **Replacement and Amendment.**

(1) The following modifications shall be deemed made to Paragraphs 4, 5, 6, 7, 10, 11(a), 11(b), 11(c), 11(h), the definitions of “Distributions”, “Interest Amount (VM)”, “Interest Period”, “Transfer” and “Value” in Paragraph 12 and Paragraphs 13(d)(v)(B), 13(d)(vii)(B), 13(h)(ii), 13(i)(ii) and 13(p) (collectively, the “**Relevant Provisions**”) solely for the purposes of construing the obligations of the parties under this Paragraph 13(q):

(a) The words “Posted Collateral (VM)” and “Posted Credit Support (VM)” in the Relevant Provisions are replaced with the words “Posted Collateral (Independent Amount I)”.

(b) The words “Delivery Amount (VM)” in the Relevant Provisions are replaced with the words “Delivery Amount (Independent Amount I)”.

(c) The words “Return Amount (VM)” in the Relevant Provisions are replaced with the words “Return Amount (Independent Amount I)”.

(2) The following provisions are hereby deemed amended solely for the purposes of construing the obligations of the parties under this Paragraph 13(q):

(a) Paragraph 4(a) is amended by adding the words “, 13(q)(ii), 13(q)(iii)(1)”

- immediately after the words “Paragraphs 3(a), 5” and by adding the words “, 13(q)(iii)(2)” immediately after the words “Paragraphs 3(b), 4(d)(ii), 5, 6(b)”.
- (b) Paragraph 4(c) is amended by adding the words “, 13(q)(iii)” immediately after the words “Paragraphs 3”.
 - (c) Paragraph 5(iv)(A) is deleted and replaced with the following:
“(A) In the case of a dispute involving a Delivery Amount (Independent Amount I) or Return Amount (Independent Amount I), unless otherwise specified in Paragraph 13, the Valuation Agent shall recalculate the Value as of the Recalculation Date by utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Collateral (Independent Amount I).”
 - (d) Paragraph 6(a) is amended by adding the words “, 13(q)(ii), 13(q)(iii)” immediately after the words “Paragraphs 3, 5”.
 - (e) Paragraph 11(b) is amended by replacing the words “Paragraph 2” with the words “Paragraphs 2 and 13(q)(i)”.
 - (f) Paragraph 13(i)(ii) is amended by replacing the words “Paragraph 3(b)” with the words “Paragraph 13(q)(iii)(2)” and by replacing the words “Paragraph 3(a)” with the words “Paragraph 13(q)(iii)(1)”.
- (3) The following provisions and definitions are hereby amended (for the avoidance of doubt, such amendment to take effect with general application):
- (a) References in Paragraph 8 to “Posted Collateral (VM)” or “Posted Credit Support (VM)” shall in each case be deemed to include “Posted Collateral (Independent Amount I)”.
 - (b) Paragraph 8(a) is amended by replacing the words “Paragraph 2” with the words “Paragraphs 2 and 13(q)(i)”.
 - (c) Paragraph 8(a)(iii)(1) is amended by inserting the words “and Posted Collateral (Independent Amount I) held by Party A” after the words “the Obligor with respect to any Obligations (if any)”.
 - (d) Paragraph 8(a)(iii)(3) is amended by inserting the words “and Posted Collateral (Independent Amount I) held by Party A” after the words “the Obligor with respect to all of the Obligations (if any)”.
 - (e) Paragraph 9 is amended by replacing the words “Paragraph 2” with the words “Paragraphs 2 and 13(q)(i)”.
 - (f) The definition of “Obligee” in Paragraph 12 is deemed deleted and replaced with the following:
““Obligee” means either party, when that party (i) makes a demand for or is entitled to receive the Eligible Credit Support (VM) under Paragraph 3(a), 13(q)(ii) or 13(q)(iii)(1) (as applicable) or (ii) holds or is deemed to hold Posted Credit Support (VM) or Posted Collateral (Independent Amount I) (as applicable).”

- (g) The definition of “Obligor” in Paragraph 12 is deemed deleted and replaced with the following:

“**Obligor**” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support (VM) under Paragraph 3(a), 13(q)(ii) or 13(q)(iii)(1) (as applicable) or (ii) has Transferred Eligible Credit Support (VM) under Paragraph 3(a), 13(q)(ii) or 13(q)(iii)(1) (as applicable).”

- (h) The definition of “Valuation Agent” in Paragraph 13 is amended by adding the words “, 13(q)(iii)” immediately after the words “Paragraphs 3” and by replacing the words “Paragraph 3” with the words “Paragraph 3 or 13(q)(iii) (as applicable)”.

(vi) ***VM/Independent Amount I Offsets.***

VM/Independent Amount I Offset: Not applicable.

(vii) ***Definitions for Independent Amount I.***

As used in this Annex:

“Independent Amount I” means, with respect to Party A and a Valuation Date (Independent Amount I), the Base Currency Equivalent of the amount by which (A) the product of the Total Maximum Aggregate Funded Notional Amount and the sum of 100 per cent. and the Minimum OC Percentage as of such Valuation Date (Independent Amount I) exceeds (B) the Aggregate Market Related Value of the ACT Issuer Assets as of such Valuation Date (Independent Amount I) ; provided that for the purposes of calculating the Value of the ACT Issuer Assets, it shall be deemed that (1) the ACT Issuer Assets include any prior Delivery Amount (Independent Amount I) and exclude any prior Return Amount (Independent Amount I) the Transfer of which, in either case, has not yet been completed pursuant to Paragraph 13(q)(iii)(1) or (2) respectively and for which the relevant Cash Settlement Day or Securities Settlement Day falls after such Valuation Date (Independent Amount I) and (2) the ACT Issuer Assets include any Delivery Amount (VM) or Return Amount (VM) the Transfer of which has not yet been completed but is due from Party A to Party B on such Valuation Date (Independent Amount I) and exclude any Delivery Amount (VM) or Return Amount (VM) the Transfer of which has not yet been completed but is due from Party B to Party A due on such Valuation Date (Independent Amount I).

“Posted Collateral (Independent Amount I)” means all Eligible Collateral (VM), Equivalent Collateral (VM), Distributions, and all proceeds thereof that have been Transferred to or received by Party B in accordance with Paragraphs 13(q)(ii) and 13(q)(iii) and not Transferred to Party A pursuant to Paragraph 13(q)(iii), 4(d)(ii), 6(b)(i) or 11(h) (in each case, as deemed amended by Paragraph 13(q)(v) for the purposes of interpreting such provisions) or released by Party B under Paragraph 8. With respect to any Interest Amount (VM) in respect of any Interest Payment (VM) or relevant part thereof not Transferred pursuant to Paragraph 6(b)(ii)(A) or Paragraph 6(b)(ii)(B), as applicable (in each case, as deemed amended by Paragraph 13(q)(v) for the purposes of interpreting such provisions), if such Interest Amount (VM) is a positive number, such Interest Amount (VM) will constitute Posted Collateral (Independent

Amount I) in the form of cash in the Base Currency. Except as provided in Paragraph 13(q)(v), Posted Collateral (Independent Amount I) shall not be deemed to be included in Posted Collateral (VM) or Posted Credit Support (VM).

“**Valuation Date (Independent Amount I)**” means each Valuation Date.

(r) ***Independent Amount II.***

(i) ***Security Transaction (Loan).***

When Party B is required to make a Transfer of Eligible Credit Support (VM) as Delivery Amount (VM) pursuant to Paragraph 3(a), Party A, as the Obligor, may lend to Party B, as the Oblige, Eligible Collateral (VM) which is cash in Eligible Currency whose amount equal to such Delivery Amount (VM) as credit support for its Obligations. If Party A provides a notice to Party B stating that Party A is lending Eligible Collateral (VM) as credit support corresponding to the Delivery Amount (VM) for the relevant Valuation Date, subject to Paragraphs 4 and 5, and as a separate and independent obligation from Paragraphs 3 and 13(q), Party A will Transfer to Party B Eligible Collateral (VM) having a Value equal to the Delivery Amount (VM) and grant to Party B right of the Set-off as set forth in Paragraph 8(a)(iii). If an Early Termination Date has been designated or deemed to occur as a result of an Event of Default or a Specified Condition, subject to the provisions of sub-paragraph (ii) and Paragraphs 4(d) and 8, Party B shall return Posted Collateral (Independent Amount), free and clear of any lien, charge, mortgage, encumbrance or other security interest to Party A. For the avoidance of doubt, except as provided in sub-paragraphs (iii)(3) and (iv), nothing in this Paragraph 13(r) will affect the rights and obligations of either party with respect to posting and collecting variation margin under Paragraphs 2 and 3 with respect to Transactions that are Covered Transactions.

(ii) ***Return Amount (Independent Amount).***

Subject to Paragraphs 4 and 5, and as a separate and independent obligation from Paragraph 3, when Party A is required to make a Transfer of Posted Credit Support (VM) as Return Amount (VM) pursuant to Paragraph 3(b), Party B will, on the same day as the day on which Party A is required to make such Transfer of Posted Credit Support (VM) as Return Amount (VM), Transfer to Party A Posted Collateral (Independent Amount) whose amount is equal to the amount of such Posted Credit Support (VM).

(iii) ***Replacement and Amendment.***

- (1) The following modifications shall be deemed made to Paragraphs 6, 10, 11(b), 11(c), 11(h), the definitions of “Distributions”, “Interest Amount (VM)”, “Interest Period”, “Transfer” and “Value” in Paragraph 12 and Paragraphs 13(d)(v)(B), 13(d)(vii)(B), 13(h)(ii), 13(i)(ii) and 13(p) (collectively, the “Relevant Provisions”) solely for the purposes of construing the obligations of the parties under this Paragraph 13(r):
 - (a) The words “Posted Collateral (VM)” and “Posted Credit Support (VM)” in the Relevant Provisions are replaced with the words “Posted Collateral (Independent Amount)”.
- (2) The following provisions are hereby deemed amended solely for the purposes of construing the obligations of the parties under this Paragraph 13(r):
 - (a) Paragraph 4(c) is amended by adding the words “, 13(r)(i)” immediately after the words “Paragraphs 3”.
 - (b) Paragraph 6(a) is amended by adding the words “, 13(r)(ii), 13(r)(ii)”

- immediately after the words “Paragraphs 3, 5”.
- (c) Paragraph 11(b) is amended by replacing the words “Paragraph 2” with the words “Paragraphs 2 and 13(r)(i)”.
- (3) The following provisions and definitions are hereby amended (for the avoidance of doubt, such amendment to take effect with general application):
- (a) References in Paragraph 8 to “Posted Collateral (VM)” or “Posted Credit Support (VM)” shall in each case be deemed to include “Posted Collateral (Independent Amount)”.
 - (b) Paragraph 8(a) is amended by replacing the words “Paragraph 2” with the words “Paragraphs 2 and 13(r)(i)”.
 - (c) Paragraph 8(a)(iii)(1) is amended by inserting the words “and Posted Collateral (Independent Amount) held by the Obligor” after the words “the Obligor with respect to any Obligations (if any)”.
 - (d) Paragraph 8(a)(iii)(3) is amended by inserting the words “and Posted Collateral (Independent Amount) held by the Obligor” after the words “the Obligor with respect to all of the Obligations (if any)”.
 - (e) Paragraph 9 is amended by replacing the words “Paragraph 2” with the words “Paragraphs 2 and 13(r)(i)”.
 - (f) The definition of “Obligee” in Paragraph 12 is deemed deleted and replaced with the following:
 “**“Obligee”** means either party, when that party (1) makes a demand for or is entitled to receive the Eligible Credit Support (VM) under Paragraph 3(a) or 13(r)(i) (as applicable) or (2) holds or is deemed to hold Posted Credit Support (VM) or Posted Collateral (Independent Amount) (as applicable).”
 - (g) The definition of “Obligor” in Paragraph 12 is deemed deleted and replaced with the following:
 “**“Obligor”** means either party, when that party (1) receives a demand for or is required to Transfer Eligible Credit Support (VM) under Paragraph 3(a) or 13(r)(i) (as applicable) or (2) has Transferred Eligible Credit Support (VM) under Paragraph 3(a) or 13(r)(i) (as applicable).”
 - (h) The definition of “Valuation Agent” in Paragraph 13 is amended by adding the words “, 13(r)(i)” immediately after the words “Paragraphs 3” and by replacing the words “Paragraph 3” with the words “Paragraph 3 or 13(r)(i) (as applicable)”.

(iv) ***VM/Independent Amount Offsets.***

If, on any date, (1) a Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM) is due under this Annex to satisfy a Delivery Amount (VM) or a Return Amount (VM) obligation, and a Transfer of Eligible Collateral (VM) or Posted Collateral (Independent Amount) is also due under Paragraph 13(r)(i) or (ii) and (2) each party intends to Transfer one or more types of the Fungible Credit Support Type, then, on such date and in respect of each such Fungible Credit Support Type, each party’s obligation to make a Transfer of any such Fungible Credit Support Type under this Annex or under Paragraph 13(r)(i) or (ii) will be automatically satisfied and discharged and, if the aggregate amount that would have otherwise been Transferred by one party exceeds the aggregate amount that would have otherwise been Transferred by the other party, replaced by an obligation under this Annex or under Paragraph 13(r)(i) or (ii), as applicable, upon the party which would have Transferred the larger aggregate amount to transfer to the other party the excess of the larger aggregate amount over the smaller aggregate amount. If a party’s obligation to make a Transfer of credit support under this Annex

or Paragraph 13(r)(i) or (ii) is automatically satisfied and discharged pursuant to this Paragraph 13(r)(iv), then, for purposes of this Annex or Paragraph 13(r)(iv), as applicable, the other party will be deemed to have received credit support of the applicable Fungible Credit Support Type in the amount that would otherwise have been required to be Transferred, in each case on the day on which the relevant Transfer was due. Accordingly, each party shall make the relevant entries to its books and records to reflect the relevant Transfer of Eligible Credit Support (VM), Posted Credit Support (VM), Eligible Collateral (VM) or Posted Collateral (Independent Amount), as applicable.

(v) *Definitions for Independent Amount.*

As used in this Annex:

“Posted Collateral (Independent Amount)” means all Eligible Collateral (VM), Equivalent Collateral (VM), Distributions, and all proceeds thereof that have been Transferred to or received by Party B in accordance with Paragraphs 13(r)(i) and not Transferred to Party A pursuant to Paragraph 13(r)(ii), 4(d)(ii), 6(b)(i) or 11(h) (in each case, as deemed amended by Paragraph 13(r)(iii) for the purposes of interpreting such provisions) or released by Party B under Paragraph 8. With respect to any Interest Amount (VM) in respect of any Interest Payment (VM) or relevant part thereof not Transferred pursuant to Paragraph 6(b)(ii)(A) or Paragraph 6(b)(ii)(B), as applicable (in each case, as deemed amended by Paragraph 13(r)(iii) for the purposes of interpreting such provisions), if such Interest Amount (VM) is a positive number, such Interest Amount (VM) will constitute Posted Collateral (Independent Amount) in the form of cash in the Base Currency. Except as provided in Paragraph 13(r)(iii), Posted Collateral (Independent Amount) shall not be deemed to be included in Posted Collateral (VM) or Posted Credit Support (VM).

(Bilateral Form – Loan)

ISDA Agreements Subject to Japanese Law

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

Sumitomo Mitsui Banking Corporation

By: _____
Name: Masaki Sasai
Title: Head of Debt Strategy & Issuance Group,
Planning Dept., Treasury Unit
Date:

**Sumitomo Mitsui Banking Corporation acting
as trustee on behalf of a specified money trust
(tokutei kinsen shintaku) No. 0010-377600-
0001**

By: _____
Name: Yasuo Taniguchi
Title: Head of Trust Risk Control Group, Trust
Services Dept.
Date:

CREDIT STRUCTURE

The Bonds will be secured obligations of the Issuer. The Issuer will use payments by the TRS Counterparty under the TRS Agreement or, upon the occurrence of a Liquidation Event of Default by the TRS Counterparty, the Realisation Proceeds from the Issuer Assets (as converted into the Specified Currency) and any amounts credited to the Reserve Fund to pay interest or repay principal under the Bonds.

There are a number of features of the Programme and the Bonds which enhance the likelihood of timely and, as applicable, ultimate payments to Bondholders, as follows:

- (i) the Asset Coverage Test which is intended to ensure sufficient overcollateralisation of the Issuer Assets in respect of the Bonds outstanding at all times (excluding reserves) and ensure that, following a TRS Default Event, the Issuer could meet its payment obligations on the Realisation Redemption Date in respect of all of the Bonds outstanding from the liquidation proceeds from the sale of the Issuer Assets during the Realisation Period, compliance with which is independently checked on a quarterly basis by the Asset Monitor;
- (ii) the Reserve Fund, which is established if the TRS Counterparty's long-term senior unsecured debt rating from Moody's falls below A3, pursuant to which the TRS Counterparty shall, pursuant to the terms of the Interest Reserve and Expenses Agreement, be required to post, amounts of cash which would cause the Reserve Fund to be credited with an amount at least equal to the Reserve Fund Required Amount (as defined in the Interest Reserve and Expenses Agreement), being an amount equal to the aggregate of (a) the interest due and payable on each Series of Bonds in the following nine months (which, for the avoidance of doubt, in the case of an Extended Maturity Bond includes any interest which has accrued in the Extended Maturity Period); and (b) the scheduled annual Relevant Expenses (as defined in the Interest Reserve and Expenses Agreement) (or, in the case of the Asset Monitor, one-quarter of its annual scheduled expenses), in each case calculated assuming that the Notice Date has occurred as of such date of calculation and after the necessary foreign exchange conversion at the relevant spot rate, which is intended to ensure that, following a TRS Default Event, the Issuer could meet its obligations to pay expenses to, amongst others, the Bond Trustee, the Security Trustee and the Agents and interest amounts due on all of the Bonds outstanding during the Realisation Period;
- (iii) the Contingent FX Forward Transactions, which become effective on the date on which the Issuer or the Bond Trustee by 25 per cent. bondholder's request (as the case may be) gives notice in writing of a TRS Default Event in accordance with the Conditions (or the immediately following Business Day if such notice is delivered after 11:00 (Tokyo time) on such day), and which hedge the risk of foreign exchange movements between the Specified Currency of the Bonds and the currency of the Issuer Assets during the Realisation Period and the FX Forward Cash Reserve Balances which are maintained to support the making of initial exchange payments which may be required if such Contingent FX Forward Transactions become effective; and
- (iv) the Bondholders have recourse to the Trust Property and, the general property of SMBC acting in its proprietary capacity (which, for the avoidance of doubt, excludes any property it holds in its capacity as trustee of any other trust) as general creditors of SMBC.

Moody's is not established in the European Union or in the United Kingdom and is not registered in accordance with CRA Regulation or the UK CRA Regulation. However, Moody's Investor Services Ltd., which is an affiliate of Moody's, is established in the United Kingdom and registered under the UK CRA Regulation indicating an intention to endorse the ratings of certain of its non-UK affiliates. Moody's is registered with the Financial Services Agency of Japan.

Certain of these factors are considered more fully in the remainder of this section.

Asset Coverage Test

In order to ensure that there remains sufficient over-collateralisation for the Bonds at all times, in the event that the Aggregate Market Related Value of ACT Issuer Assets falls below the product of (i) the sum of 100 per cent. and the Minimum OC Percentage; and (ii) the Total Maximum Aggregate Funded Notional Amount (such shortfall, a "**Shortfall Amount**"), the TRS Counterparty shall, pursuant to the terms of the Credit Support Annex, be required to post an amount of CSA Collateral (with a Value equal to such Shortfall Amount) (which is posted

as an “Independent Amount I” under the Credit Support Annex) to, or for the account of, the Issuer. The calculation of the Aggregate Market Related Value of ACT Issuer Assets and other terms in respect of the Asset Coverage Test is set out under “*Overview – Structure Overview – Asset Coverage Test*”.

JGB Posting Test

The JGB Posting Test, which may cause the value of certain JGB Issuer Assets to be disregarded when determining compliance with the Asset Coverage Test, is determined on a daily basis by the Valuation Agent under the Credit Support Annex and is part of the determination of Asset Coverage Test which is checked by the Asset Monitor on a quarterly basis. The JGB Posting Test consists of each of the following requirements:

- (i) The Notional Amount of each JGB Issuer Asset may not at any time be more than 10 per cent. of the Principal Amount Outstanding of all of the outstanding Bonds and to the extent that such requirement is not met, the Market Related Value of JGB Issuer Assets exceeding such limit shall be deemed to be zero for the purposes of the Credit Support Annex and the Asset Coverage Test; and
- (ii) If the JGB Holding Period is more than 120 calendar days, the Market Related Value of all JGB Issuer Assets shall be deemed to be zero for the purposes of the Credit Support Annex and the Asset Coverage Test, for which purpose the “**JGB Holding Period**” is the number of calendar days on which JGBs have formed part of the CSA Collateral, provided that the JGB Holding Period shall be reset to zero on each day on which at least 60 consecutive calendar days have passed during which there have been no JGBs forming part of the CSA Collateral.

Failure by the TRS Counterparty to deliver CSA Collateral to, or for the account of, the Issuer, within two Local Business Days (in respect of any JPY cash to be posted) or within three Local Business Days (in respect of any JGBs to be posted) of such transfer obligation arising under the Credit Support Annex will constitute, to the extent not remedied on or before the third Local Business Day after notice of such failure is given to the TRS Counterparty, an Event of Default under the TRS Agreement which will constitute a TRS Default Event and, upon such event being notified in accordance with the Terms and Conditions, will cause the commencement of the Realisation Period.

THE PORTFOLIO

Introduction

The Issuer will receive by way of initial exchange under the relevant TRS Transactions a portfolio of assets (the “**Portfolio**”) comprising of only RMBS Securities in the form of Japanese law governed senior trust beneficial interests Equivalent to Reference Obligations specified and substituted by the TRS Counterparty from time to time pursuant to the terms of the TRS Agreement. Each of such RMBS Securities Equivalent to an RO transferred to the Issuer shall constitute a RMBS Issuer Asset for the purposes of the Bonds. The TRS Counterparty may propose to add, remove or substitute Reference Obligations to and from each TRS Facility, provided that, in respect of any additions or substitutions, any new RO constitutes an Eligible RO (as defined in the TRS Agreement, and as set out below). In respect of each such Portfolio Adjustment by a TRS Counterparty, the Issuer shall add, remove or substitute a RMBS Issuer Asset corresponding with such Reference Obligation, subject to compliance with the Eligibility Criteria set out below.

The Portfolio composition is expected to vary throughout the duration of Programme and issuance of Bonds. Changes in market valuation, foreign exchange rates and other factors will result in variations in the percentages of the Portfolio composition. The Issuer does not intend to update or supplement this Base Prospectus in the event of any changes in the Portfolio composition.

Eligibility Criteria

Each RMBS Issuer Asset must, at the time of its transfer to the Issuer, satisfy the following Eligibility Criteria (as determined by the TRS Calculation Agent in its sole discretion (acting, if it deems necessary, on the advice of legal counsel)):

- (i) it must be a self-originated senior tranche of the Japanese law governed trust beneficial interests (*yusen juekiken*) (categorised as securities under the FIEA) of an RMBS Trust;
- (ii) it must be in respect of residential loans for which SMBC was the original lender and/or which were guaranteed by an affiliated company 100 per cent. owned by SMBC as the underlying assets;
- (iii) it is capable of being sold, assigned or participated to the Issuer and is capable of being sold, assigned or participated by the Issuer without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirements and the Issuer does not require any authorisations, consents approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any applicable law, save that the requirement for consent by the RMBS Trustee to any assignment or transfer shall not be deemed to be a breach of this requirement;
- (iv) its principal amount must be denominated in Japanese Yen; and
- (v) the ownership of such obligation by the Issuer would not violate any applicable law, rule or regulation.

The failure of any asset to satisfy the Eligibility Criteria at any time after the date of its transfer to the Issuer shall not cause any obligation which would otherwise be a RMBS Issuer Asset not to be a RMBS Issuer Asset so long as such obligation was a RMBS Issuer Asset satisfying the Eligibility Criteria on the date of its transfer to the Issuer.

Subject to compliance with the Eligibility Criteria set out above, the RMBS Issuer Assets may have a stated maturity or term of trust (as applicable) before or after the Scheduled Maturity Date of the relevant Series of Bonds.

Residential loans are subject to certain eligibility criteria in order to form part of the RMBS Securities, as specified in the documentation through which the RMBS are created, and including but not limited to below criteria:

- (i) the obligor is a private individual with permanent residency status in Japan;
- (ii) the purpose of the loan is for the purchase, building or renovation of the borrower’s own residence, or for refinancing such purposes, but not for the purchase of a second house or vacation home;
- (iii) the repayment term does not exceed 35 years;
- (iv) the loan is guaranteed by SMBC Guarantee Co., Ltd.;

- (v) SMBC Guarantee Co., Ltd.'s subrogation rights as guarantor under the guarantee are secured by a registered 1st ranking mortgage on the borrower's residential property;
- (vi) the then current principal balance is not more than ¥200 million;
- (vii) the loan contract has a monthly principal repayment schedule;
- (viii) the loan is not a delinquent or in default;
- (ix) payments on the loan are made via automatic debit transfers from the obligor's bank account; and
- (x) the obligor has contracted with an insurer who will cover the unpaid principal balance in case of the obligor's death.

Characteristics of SMBC's Residential Housing Loans

SMBC provides housing loans with a variety of terms and interest rates, including fixed rate loans with 2- to 35-year terms, to meet diversified customer needs. Housing loans are supported by guarantees. Operations are mainly conducted through a large and well-developed branch network. SMBC Group had a domestic network consisting of 452 SMBC branch offices, 41 Consumer Loan Promotion Offices, 46 SMBC Trust Bank branch offices, 129 SMBC Nikko Securities branch offices and 825 SMBC Consumer Finance staffed and unstaffed branch offices at March 31, 2021.

The following are some of the key features of SMBC's residential housing loans products:

- (i) the obligor will be personally liable for repaying the outstanding balance on the loan;
- (ii) the purpose of the loan must be for the purchase, building or renovation of the borrower's own residence, or for refinancing such purposes;
- (iii) the principal balance of the loan will be not more than ¥200 million;
- (iv) interest rates may be variable, fixed for life or a contractual rate applicable for a set number of years (typically 2, 3, 5, 7 or 10 years);
- (v) the obligors are required to take out insurance to cover the unpaid principal balance in case of the obligor's death. In addition, obligors are entitled to apply disability income insurance under which a lump sum is paid in the event the obligor suffers one of a specified list of diseases or injuries which has caused disability. Obligor may also obtain insurance coverage in respect of natural disasters, which provides reimbursement of scheduled payments for a specified period of time when the property is damaged through natural disaster;
- (vi) the obligor is required to obtain a guarantee for the principal amount of the loan from SMBC Guarantee Co., Ltd.;
- (vii) the loan term will not exceed 35 years and, in the case of a refinancing an existing loan, will be a term less than the original loan being refinanced; and
- (viii) loans will be repaid on annuity or through equal monthly payments. SMBC does not currently provide interest only or balloon loans. There are typically no prepayment charges levied for both full pre-payment or partial prepayment.

Characteristics of SMBC's Housing Loan Underwriting and Risk Management Framework

When assessing housing loans for individuals, SMBC employs a credit assessment model based on credit data amassed and analysed by SMBC over many years, taking into account various relevant factors including proportion of the repayment to revenue, proportion of down payment to the value and past due information.

Some of the key steps undertaken by SMBC in the evaluation process include, but are not limited to, the following:

- (i) SMBC reviews the applicant's ability to repay the loan from salary income using a debt to income ratio and will obtain written confirmation of the applicant's annual income;
- (ii) background checks at credit bureau are conducted to ensure that full information on the applicant is available to SMBC;

- (iii) a full valuation of the property is undertaken using a standardised appraisal methodology; and
- (iv) a credit underwriting review is undertaken by credit officers at SMBC Guarantee Co., Ltd.

Arrears and default are managed by SMBC taking into account the following factors:

- (i) early arrears are reported to the local lending branch on a daily basis;
- (ii) prompt action is taken to contact the obligor and remind them of the amounts falling due; and
- (iii) upon repeated defaulted payments, asset management is transferred to a centralised team within SMBC for further handling.

At a late stage in the defaulted process, SMBC Guarantee Co., Ltd. will perform its guarantee obligation, including the payment of the unpaid balance to SMBC. Servicing of defaulted loans is then centralised at SMBC Guarantee Co., Ltd. or a defaulted loan servicer who determines a recovery strategy together with the obligor, which strategy may include enforcement and/or legal action to recover the amounts due.

FORM OF FINAL TERMS

[Date]

SUMITOMO MITSUI BANKING CORPORATION

(incorporated with limited liability in Japan)

acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001

Issue of [Aggregate Nominal Amount of Tranche] [title of Bonds] (the “Bonds”)

under the

€20,000,000,000

SMBC Covered Bond Programme

PART A— CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Terms and Conditions**”) set forth in the Base Prospectus dated [●] [and the supplement(s) to it dated [●]]. This document constitutes the Final Terms of the Bonds described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the TRS Counterparty, the FX Counterparty and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Terms and Conditions**”) set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Bonds described herein and must be read in conjunction with such Base Prospectus dated [●] [and the supplement(s) to it dated [●]] save in respect of the Terms and Conditions which are extracted from the Base Prospectus dated [●] and are attached hereto.]

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospective Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of United Kingdom domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UNITED KINGDOM MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Bonds (a “distributor”)/distributor] should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are (A) capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Notwithstanding any provision in these Final Terms suggesting the contrary, the Bonds issued hereby will not be admitted to the register of regulated covered bonds pursuant to Regulation 14 of the Regulated Covered Bonds Regulations 2008 (SI 2008/346) and do not constitute legislative covered bonds in any jurisdiction.

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs.]

1. Issuer: Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001
2. (i) Series Number: [●]
(ii) [Tranche Number: [●]]
[If fungible with an existing Series, details of that Series, including the date on which the Bonds become fungible]
3. Specified Currency: [●]
4. Aggregate Nominal Amount: [●]
(i) Series: [●]
(ii) [Tranche: [●]]
5. Issue Price: [●] per cent. of the aggregate nominal amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●]

For Bearer Bonds: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Bonds in definitive form will be issued with a denomination above [€199,000]"

For Registered Bonds: "[€100,000] and integral multiples of [€1,000] in excess thereof"

- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●]/[Issue Date]/[Not Applicable]
8. Scheduled Maturity Date: [●]
- (The redemption date of the Bonds may be extended to the Extended Maturity Date if a Notice Date occurs under Condition 6.5 (Redemption upon the occurrence of a TRS Default Event) and the Scheduled Maturity Date occurs prior to the Realisation Redemption Date)*
9. Interest Basis: [[●] per cent. Fixed Rate]
- [[●]/[●] +/- [●] per cent. Floating Rate]
- (further particulars specified in paragraphs 11, 13, 14 and 15 below)
10. Redemption/Payment Basis: [100] per cent. of the nominal amount
11. Change of Interest or Redemption/Payment Basis: [In accordance with paragraphs 13, 14 and 15 below]/[Applicable for the period from and including the Scheduled Maturity Date to but excluding the Realisation Period End Date as follows:
- Interest Basis: [●]
- Interest Period(s): [●]
- Business Day Convention: [●]
- Day Count Fraction: [●]]
12. Date of decision of the President and CEO for issuance of Bonds obtained: [Not Applicable]/[●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Bond Provisions** [Applicable]/[Not Applicable]
- (i) Rate(s) of Interest: [●] per cent. per annum payable [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] up to and including the Scheduled Maturity Date
- (iii) Interest Period End Date(s): [Each Interest Payment Date]
- (iv) Business Day Convention: [Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Not Applicable]
- (v) Business Day(s): [●]

(vi)	Additional Business Centre(s):	[●]/[Not Applicable]
(vii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
(viii)	Initial Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
(ix)	Final Broken Amount:	[●]/[Not Applicable]
(x)	Day Count Fraction:	[●]
(xi)	Determination Dates:	[[●] in each year]/[Not Applicable]
14.	Floating Rate Bond Provisions	[Applicable]/[Not Applicable]
(i)	Specified Period(s) / Specified Interest Payment Date(s):	[●] (provided however that [the Specified Interest Payment Date shall be no more frequent than quarterly]. The first Interest Payment Date shall be [●].
(ii)	Business Day Convention:	[Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Other] (<i>give details</i>)
(iii)	Additional Business Centre(s):	[Not Applicable]/[●]
(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination]/[ISDA Determination]
(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[●]
(vi)	Screen Rate Determination:	[Applicable]/[Not Applicable]
	– Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [●] in respect of the Specified Currency Relevant Financial Centre: [London]/[Brussels]/[Stockholm]/[Hong Kong]/[Singapore]/[Tokyo]/[New York]/[Dublin]/[Frankfurt]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	– Reference Banks:	[●]
(vii)	ISDA Determination:	[Applicable]/[Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(viii)	Margin(s):	[+/-][●] per cent. per annum
(ix)	Minimum Rate of Interest:	[●] per cent. per annum

(x) Maximum Rate of Interest: [●] per cent. per annum

(xi) Day Count Fraction: [Actual/Actual (ICMA)

Actual Actual

Actual/Actual (ISDA)

Actual/365 (Fixed)

Actual/365 (Sterling)

Actual/360

30/360

360/360

Bond Basis

30E/360

Eurobond Basis

30E/360 (ISDA)]

15. **Extended Maturity Period Provisions** Applicable

Provisions to be specified based on Fixed Rate Bond Provisions or Floating Rate Bond Provisions, applicable during the Extended Maturity Period

[●]/[Determined on the same basis as set out in paragraph [13]/[14] above, but for these purposes the Scheduled Maturity Date shall be deemed extended to the Extended Maturity Date]

PROVISIONS RELATING TO REDEMPTION

16. **Final Redemption Amount** [Nominal amount]/[●]

17. **Early Redemption Amount and Realisation Redemption Amount**

Early Redemption Amount(s) and Realisation Redemption Amount payable on early redemption pursuant to Condition 6 (*Redemption and Purchase*) or on acceleration following an Event of Default:

[Principal Amount Outstanding]/[●]

GENERAL PROVISIONS APPLICABLE TO THE BONDS

18. Form of Bonds:

(a) Temporary or Permanent Global Bond/Global Certificate:

[Bearer Bonds:

[Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Bearer Bonds in definitive form [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Bond exchangeable for Bearer Bonds in definitive form on and after the Exchange Date]

[Permanent Global Bond exchangeable for Bearer Bonds in definitive form [on 60 days' notice given at any time/only upon an Exchange Event]]

[Registered Bonds:

- Global Certificate exchangeable for Registered Bonds in definitive form only upon an Exchange Event]
- (b) New Global Note or New Safekeeping Structure: [Not applicable]
[New Global Note]
[The Global Certificate will be registered in the name of a nominee for a Common Safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the new safekeeping structure)]
19. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Bonds are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper (and registered in the name of a nominee of one of Euroclear or Clearstream, Luxembourg acting as Common Safekeeper) and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met]/
[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper (and registered in the name of a nominee of one of Euroclear or Clearstream, Luxembourg acting as Common Safekeeper). Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]
20. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable]/[●]

DISTRIBUTION

21. Method of Distribution: [Syndicated]/[Not Syndicated]
22. (a) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable]/[give names]
(b) Date of Subscription Agreement: [Not Applicable]/[●]
(c) Stabilising Manager (if any): [Not Applicable]/[give name]
23. If non-syndicated, name and address of Dealer: [Not Applicable]/[give name]
24. U.S. Selling Restrictions: [Regulation S Category 2, [TEFRA C]/[TEFRA D]/[TEFRA not applicable]]
25. Additional selling restrictions: [Not Applicable]/[●]

Listing Application

These Final Terms comprise the final terms required to list the issue of Bonds described herein pursuant to the €20,000,000,000 SMBC Covered Bond programme.

[Stabilising

In connection with this issue, *[insert name of Stabilising Manager[(s)]]* (the “**Stabilising Manager[(s)]**”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager[(s)] or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of allotment of the relevant Tranche.]

[Material Adverse Change Statement

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Issuer, or of the Issuer and its subsidiaries and affiliates taken as a whole, since *[insert date of last audited consolidated finance statements or unaudited interim consolidated financial statements (if later)]* and no material adverse change in the financial position or prospects of the Issuer, or of the Issuer and its subsidiaries and affiliates taken as a whole, since *[insert date of last published annual accounts.]*

Responsibility

The Issuer accepts responsibility for the information contained in the Final Terms which, when read together with the Base Prospectus [and the supplemental Base Prospectus] referred to above, contains all information that is material in the context of the issue of the Bonds.

Signed on behalf of

SUMITOMO MITSUI BANKING CORPORATION, acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001

By: _____

Duly authorised

PART B — OTHER INFORMATION

1. LISTING

- | | | |
|------|---|--|
| (i) | Admission to trading: | [[Application [is expected to/has] been made by the Issuer (or on its behalf) for the Bonds to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market /[Not Applicable]] |
| (ii) | Estimate of total expenses related to admission to trading: | €[●] |

2. RATINGS

- | | |
|----------|--|
| Ratings: | <p>The Bonds have been initially rated:</p> <p>[Moody's Japan K.K.] ([Moody's]) [●]</p> <p>[Moody's is not established in the European Union or in the United Kingdom and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended) on credit ratings (the "CRA Regulation") or Regulation (EC) No. 1060/2009 (as amended) on credit ratings as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation"). However, [Moody's Investor Services Ltd.]/[●], which is an affiliate of Moody's, is established in the [United Kingdom]/[the European Union] and registered under the [UK] CRA Regulation indicating an intention to endorse the ratings of certain of its non-[EU]/[UK] affiliates. Moody's is registered with the Financial Services Agency of Japan]</p> <p><i>[Insert the legal name of any additional relevant credit rating agency entity(ies) and relevant ratings. If applicable, include applicable credit rating agency regulation disclosure.]</i></p> |
|----------|--|

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with and may perform other services for the Issuer in the ordinary course of business.]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | | |
|-------|---------------------------|---|
| (i) | Reasons for the offer: | See section " <i>Use of Proceeds</i> " of the Base Prospectus |
| (ii) | Estimated net proceeds: | [●] |
| (iii) | Estimated total expenses: | [●] |

5. OPERATIONAL INFORMATION:

- | | | |
|-------|--|----------------------|
| (i) | ISIN Code: | XS[●] |
| (ii) | Common Code: | [●] |
| (iii) | Legal Entity Identifier: | 5U0XI89JRFVHWIBS4F54 |
| (iv) | Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): | |
| (v) | Names and addresses of additional Paying Agents | [●] |

6. **YIELD (Fixed Rate Bonds only)** [●]
 Indication of yield: The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield
7. **GENERAL**
 The aggregate principal amount of Bonds issued has been translated into euro (“**EUR**”) at the rate of [●], producing a sum of (for Bonds not denominated in euro): [Not Applicable/euro [●]]
8. **[STATEMENT ON BENCHMARKS:** Amounts payable under the Bonds may be calculated by reference to [specify benchmark], which is provided by [administrator legal name]][repeat as necessary]. As at the date of these Final Terms, [[administrator legal name] [appears]][does not appear]][repeat as necessary] on the register of administrators and benchmarks established and maintained by the [European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”)]/[the United Kingdom Financial Conduct Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”)]])

TAXATION

Japan

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest and the redemption gain, meaning any difference between the acquisition cost of the Bonds bearing interest at the Bondholder and the amount which the Bondholder receives upon redemption of such interest-bearing Bonds issued outside Japan and payable outside Japan. It is not intended to be exhaustive and Bondholders are recommended to consult their tax advisers as to their exact tax position.

Interest payments on the Bonds to (a) an individual resident of Japan or a Japanese corporation (except for (1) a Japanese financial institution or a Japanese financial instruments business operator designated by the Cabinet Order relating to the Special Taxation Measures Act Enforcement Order (Cabinet Order No. 43 of 1957, as amended) (the “**Cabinet Order**”) pursuant to Article 6 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (“**Special Taxation Measures Act**”) which has complied with the requirements under Article 6 of the Special Taxation Measures Act and (2) a Japanese corporation, a Japanese financial institution or a Japanese financial instruments business operator, etc. designated by Article 3-3, Paragraph 6 of the Special Taxation Measures Act which has complied with the Japanese tax exemption requirements under the said paragraph 6, receiving the interest payment through its payment handling agent in Japan as provided in the Article 3-3, Paragraph 1 of the Special Taxation Measures Act) or (b) an individual non-resident of Japan or a non-Japanese corporation that is in either case a person having a special relationship with SMBC, as described in Article 6, Paragraph 4 of the Special Taxation Measures Act (a “specially-related person”) will be subject to withholding of Japanese income tax at a rate of 15 per cent. under the Income Tax Law of Japan (Act No. 33 of 1965, as amended) (the “**Income Tax Law**”) plus 0.315 per cent. of Special Reconstruction Income Tax that will be imposed until 31 December 2037, on the amount of such interest.

It should be noted that if the recipient of interest on the Bonds is a Japanese corporation, the amount of such interest will be included in the recipient’s income which is subject to Japanese corporate tax under the Corporate Tax Law of Japan (Act No. 34 of 1965, as amended); provided that the amount of Japanese income tax withheld under the Income Tax Law of Japan will be generally credited against the amount of Japanese corporate tax.

Under the Special Taxation Measures Act, payment of interest on the Bonds outside Japan to a non-resident of Japan or a non-Japanese corporation (not being specially-related persons of SMBC) for Japanese tax purposes will not be subject to withholding of Japanese income tax, if such recipient of interest establishes that it is a non-resident of Japan or a non-Japanese corporation (not being specially-related persons of SMBC) in compliance with the requirements under the Special Taxation Measures Act as summarised below:

- (1) If the Bonds are deposited with an agent which handles the interest payments on the Bonds as defined in the Cabinet Order (the “**payment handling agent**”) in accordance with the Cabinet Order, (A) the recipient of the interest provides such payment handling agent which holds the Bonds in its custody (the “**payment handling custodian**”) with information including, inter alia, its name and address and obtains confirmation from the payment handling custodian of the correctness of such information by presenting certain documentary or other evidence to such payment handling custodian; (B) such payment handling custodian notifies “**Interest Recipient Information**” (providing, inter alia, (i) that all recipients are non-residents of Japan or non-Japanese corporations (not being specially-related persons of SMBC) (if applicable); (ii) the amount of the interest payable to the recipients which are non-residents of Japan or non-Japanese corporations (not being specially-related persons of SMBC)) which is prepared by such payment handling custodian based on the information provided by the recipient, to the Issuer or (if the Bonds are further sub-deposited with another payment handling agent including a clearing organisation (the “**sub-depository**”) by such payment handling custodian) through such sub-depository to the Issuer, at the latest one day prior to the date on which such payment handling custodian receives from the Issuer the amount of the interest for the payment to the recipients; and (C) the Issuer prepares “**Interest Recipient Confirmation**” based upon Interest Recipient Information and submits it to the competent Japanese tax authority (the “**tax authority**”); or
- (2) If the Bonds are held otherwise than through a payment handling custodian, upon each payment of the interest on the Bonds, the Bondholder files a “Claim for Exemption from Taxation” (providing, inter alia, the name and address of the recipient of the interest) with the tax authority through the Issuer or (if

payment of interest is made through the payment handling agent) through the payment handling agent and the Issuer.

If the recipient of interest on the Bonds is a non-resident of Japan or a non-Japanese corporation (not being specially-related persons of SMBC), failure by such non-resident or non-Japanese corporation to comply with the above requirements will result in the withholding of Japanese income tax.

The above exemption from the withholding of Japanese income tax on the interest payments of the Bonds is also applied to a Japanese financial institution or a Japanese financial instruments business operator designated by the Cabinet Order pursuant to Article 6, Paragraph 11 of the Special Taxation Measures Act which receives the interest on the Bonds outside of Japan (i.e., receives the interest otherwise than through the payment handling agent in Japan), if certain procedural requirements are met.

However, in all cases mentioned above, interest on Bonds issued by the Issuer of which the amount of interest is to be calculated by reference to certain indexes (as prescribed in the Cabinet Order relating to Article 6, Paragraph 4 of the Special Taxation Measures Act) relating to SMBC, or a specially-related person of SMBC will be subject to the 15 per cent. (from and including 1 January 2013 to and including 31 December 2037, a rate of 15.315 per cent.) withholding tax even if paid to an individual non-resident of Japan or a non-Japanese corporation that is not a specially-related person of SMBC.

If the recipient of interest on the Bonds is a non-resident of Japan or a non-Japanese corporation (not being specially-related persons of SMBC) which complies with the above requirements and if such non-resident or non-Japanese corporation has a permanent establishment within Japan and the receipt of interest is attributable to the business of such non-resident or non-Japanese corporation (not being specially-related persons of SMBC) carried on within Japan through such permanent establishment, such interest will be subject to Japanese income tax or corporate tax, as appropriate, payable other than by way of withholding.

If the recipient of the redemption gain is a non-resident of Japan or a non-Japanese corporation (not being specially-related persons of SMBC) having no permanent establishment within Japan or having a permanent establishment within Japan but the receipt of such redemption gain is not attributable to the business carried on within Japan by such non-resident or non-Japanese corporation (not being specially-related persons of SMBC) through such permanent establishment, no income tax or corporate tax is payable with respect to such redemption gain. If the receipt of such redemption gain is attributable to the business of any such non-resident or non-Japanese corporation (not being specially-related persons of SMBC) carried on within Japan through a permanent establishment maintained by it within Japan, such redemption gain will be subject to Japanese income tax or corporate tax, as appropriate, payable other than by way of withholding.

Each purchaser of Bonds in the initial distribution of such Bonds is deemed to represent that it is, for Japanese tax purposes, a Gross Recipient (as defined in “Subscription and Sale”).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. Each of the Issuer and the TRS Counterparty are a foreign financial institution for these purposes. A number of jurisdictions (including Japan) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until issuance of final regulations. Additionally, Bonds issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after

such date (including by reason of a substitution of the issuer). Bondholders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Dealers have, pursuant to an Amended and Restated Distribution Agreement dated 31 August 2021 (as the same may be amended and/or supplemented and/or restated as at the Issue Date, the “**Distribution Agreement**”), agreed with the Issuer a basis upon which such Dealer may from time to time agree to purchase Bonds. Such Bonds may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Distribution Agreement also provides for Bonds to be issued in Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer may pay each relevant Dealer commissions as agreed in connection with the sale of any Bonds. In the Distribution Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Bonds under the Programme.

Any agreement between the relevant Issuer and relevant Dealer(s) for the issue and subscription of Bonds under the Distribution Agreement will be subject to certain conditions, and in certain circumstances the relevant Dealer(s) will be entitled to be released and discharged from their obligations in relation to any agreement to purchase Bonds under the Distribution Agreement in certain circumstances prior to payment to the Issuer.

Selling Restrictions

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Bonds (other than Bonds having a maturity of one year or less issued by the Issuer) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), and regulations thereunder.

Where the D Rules are specified in the relevant Final Terms as being applicable in relation to any Tranche of Bonds, each Dealer will be required to represent, undertake and agree that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the “**D Rules**”) that it has not offered or sold and during the restricted period it will not offer or sell, Bearer Bonds to a person who is within the United States or its possessions or to a United States person and it has not delivered and that it will not deliver within the United States or its possessions definitive Bearer Bonds that are sold during the restricted period;
- (b) it has, and throughout the restricted period, it will have in effect, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Bonds are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Bonds for purposes of resale in connection with their original issuance and if it retains Bearer Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code); and
- (d) with respect to each affiliate that acquires Bonds from it for the purpose of offering or selling such Bonds during the restricted period, it either: (i) repeats and confirms the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph on such affiliate’s behalf; or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph.

Bearer Bonds issued in accordance with the D Rules with a maturity of more than one year, and any Coupons, Talons and Receipts with respect to such Bearer Bonds will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code of the United States”.

Where the “**C Rules**” are specified in the relevant Final Terms as being applicable in relation to any Tranche of Bonds, the Bonds must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer represents, warrants and undertakes to the Issuer that, in connection with the original issuance of the Bonds:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Bonds within the United States or its possessions; and
- (b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it or such prospective purchaser is within the United States or its possessions and will not otherwise involve its United States office in the offer and sale of Bonds.

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Bonds of any identifiable Tranche (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Prohibition of sales to United Kingdom Retail Investors

Each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or
- (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Each Dealer has further represented and agreed that:

1. In relation to any Bonds which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any such Bonds other than to persons:
 - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Bonds would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.
2. It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom; and
3. It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Japan

The Bonds have not been and will not be registered under the FIEA. Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

In addition, the Bonds will be subject to requirements under the Special Taxation Measures Act. Accordingly, each of the Dealers has represented and agreed that it (i) has not, directly or indirectly, offered or sold any Bonds to, or for the benefit of, any person other than a Gross Recipient (as hereinafter defined); and (ii) will not, directly or indirectly, offer or sell any Bonds, as part of the Dealer’s distribution at any time, to, or for the benefit of, any person other than a Gross Recipient. A “**Gross Recipient**” means (a) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation; nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a party having a special relationship with SMBC as described in Article 6, Paragraph 4 of the Special Taxation Measures Act (except for an individual non-resident of Japan or a non-Japanese corporation who has an underwriting agreement with the Issuer in relation to the Bonds and subscribes the Bonds from other underwriter(s) which Bonds have remained unsubscribed at such other underwriter who is also subject to the underwriting agreement); (b) a Japanese financial institution, designated in Article 3-2-2, Paragraph 29 of the Cabinet Order relating to the Special Taxation Measures Act (Cabinet Order No. 43 of 1957, as amended) (the “**Cabinet Order**”) that will hold Bonds for its own proprietary accounts; or (c) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act.

Italy

The offering of the Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Bonds be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Bonds or distribute any copy of this Base Prospectus or any other document relating to the Bonds in Italy except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 as amended (the “**Italian Financial Act**”) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and Regulation No. 11971.

In addition, any offer, sale or delivery of the Bonds or distribution of copies of this Base Prospectus or any other document, including any offering material, relating to the Bonds issued in Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Financial Act, the Italian Banking Act and CONSOB Regulation No. 20307 of 15 February 2018, all as amended;
- (b) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations, including any requirement or limitation which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy or other Italian authority.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Bonds, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), as defined in Section 309A(1) of the SFA), that the Bonds are (A) capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes the Base Prospectus or any other offering material and, that it will, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Bonds under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sale or deliveries, in all cases at its own expense, and none of the Issuer, the TRS Counterparty, the Bond Trustee, the Security Trustee the Arrangers nor any of the Dealers shall have any responsibility therefor.

None of the Issuer, the TRS Counterparty, the Bond Trustee, the Security Trustee or any of the Dealers represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional or modified restrictions (if any) as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Final Terms.

This Base Prospectus may be used by the Dealers for offers and sales related to market-making transactions in the Bonds. Any or each of the Dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the Dealers has any obligation to make a market in the Bonds, and any market-making may be discontinued at any time without notice. The Dealers are participating in the initial distribution of the Bonds.

Other Relationships

SMBC Nikko Securities Inc., affiliated with SMBC Nikko Capital Markets Limited, will act as the initial Selling Agent and in such capacity may receive fees in accordance with the Transaction Documents or otherwise and will not have any duty to account therefor.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to SMBC, and/or its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of SMBC or its affiliates. Certain of the Dealers or their affiliates that have lending relationships with SMBC routinely hedge their credit exposure to SMBC consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in SMBC's securities, including potentially any Bonds to be

offered under the Programme. Any such short positions could adversely affect future trading prices of the Bonds. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

Authorisation

The update, implementation and operation of the Programme were authorised by resolutions of the Board of Directors of SMBC dated 27 June 2019 and a decision of the President and CEO of SMBC dated 1 April 2021.

SMBC

SMBC was formed in March 2003 through the merger of the former Sumitomo Mitsui Banking Corporation with Wakashio Bank, which was established in 1996 as a subsidiary of Sakura Bank.

Listing of Bonds

Application has been made to the Luxembourg Stock Exchange in its capacity as the market operator of the Euro MTF Market for Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and to be listed on the Official List of the Luxembourg Stock Exchange.

Litigation

There are no, nor have there been any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the financial position of the SMBC and its subsidiaries.

Significant or Material Change

Save as disclosed herein, since 31 March 2021, there has been no material adverse change in the financial position or prospects and no significant change in the financial or trading positions of SMBC and its subsidiaries (if any) taken as a whole.

Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Bonds will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

Documents Available

For so long as Bonds may be issued pursuant to this Base Prospectus, physical copies of the following documents will be available, following prior written request and satisfactory proof of holding, at all reasonable times during usual business hours (being 9:00 a.m. to 3:00 p.m.) on any weekday at the registered office of the Issuer and (in the case of items (i) to (v)) at the specified office of the Principal Paying Agent at One Canada Square, London E14 5AL, United Kingdom:

- (i) the Trust Deed;
- (ii) the Agency Agreement;
- (iii) the TRS Agreement;
- (iv) each Final Terms (save that terms relating to a Bond that is not listed on a stock exchange will only be available for inspection by a holder of such Bond and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Bonds and identity);
- (v) a copy of this Base Prospectus together with any Supplemental Prospectus or further Base Prospectus and any documents incorporated by reference;
- (vi) a copy of the Articles of Incorporation and the Regulations of the Board of Directors of SMBC; and
- (vii) the audited annual consolidated financial statements of SMBC as of and for the fiscal years ended 31 March 2020 and 2021 and any unaudited interim consolidated financial statements of the Issuer produced semi-annually as soon as they are available.

The Base Prospectus, any Supplemental Prospectus and the Final Terms for Bonds that are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange will also be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Reports

The Trust Deed provides that the Bond Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person. The Valuation Agent will prepare Valuation Investor Reports in respect of the Issuer Assets on a quarterly basis. Each Valuation Investor Report shall be made available by the Issuer on the website of SMBC or SMFG or by sending a copy of such report to the Bondholders.

Auditor

KPMG AZSA LLC, independent auditor of SMBC, has audited the consolidated financial statements of SMBC as of and for the three years ended 31 March 2021, prepared in accordance with Japanese GAAP.

DEFINITIONS

Interpretation and Construction

In this Base Prospectus:

- (i) words denoting the singular number only shall include the plural number also and vice versa;
- (ii) words denoting one gender only shall include the other genders;
- (iii) words denoting persons only shall include firms and corporations and vice versa;
- (iv) references to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
- (v) references to any agreement or other document (including any of the Transaction Documents) shall be deemed also to refer to such agreement or document as amended, varied, supplemented or novated from time to time;
- (vi) clause, paragraph and schedule headings are for ease of reference only;
- (vii) reference to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted to the extent such amendment or re-enactment is substantially to the same effect as such statute on the date hereof;
- (viii) reference to a time of day shall be construed as a reference to London time;
- (ix) unless the contrary intention appears, a reference to the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Bonds; and
- (x) references to any person shall include references to his successors, transferees and assigns and any person deriving title under or through him.

Definitions

In this Base Prospectus:

“Acceleration Notice” shall have the meaning given to such term in Condition 9.1 (*Events of Default*) of the Programme Conditions;

“Account Bank” means The Bank of New York Mellon, London Branch acting in its capacity as account bank and any other financial institution which accedes to the Account Bank Agreement as an Account Bank;

“Account Bank Agreement” means the account bank agreement dated 11 October 2018 between, amongst others, the Issuer, the Account Bank, the Cash Manager and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“Account Mandate” means a mandate addressed to the Account Bank in or substantially in the form set out in Schedule 1 (*Form of Account Mandate*) to the Account Bank Agreement relating to the one or more accounts to be opened with and operated by the Account Bank in accordance with the Account Bank Agreement;

“ACT Issuer Assets” means Issuer Assets excluding any Issuer Cash held, from time to time, in the Interest and Expenses Reserve Fund Account and, in respect of each Series of Bonds, the FX Reserve Account.

“Additional Business Centre” shall have the meaning (if any) given to such term in the applicable Final Terms;

“Additional Charging Document” means any further security document, subject to the satisfaction of the Security Trustee, entered into by the Issuer and required for the purposes of granting security over any assets (including, for the avoidance of doubt, any Equivalent FX Master Agreement and any FX Forward Confirmation thereunder) forming part of the Trust Property;

“Additional Financial Centre” shall have the meaning (if any) given to such term in the applicable Final Terms;

“Additional Termination Event” shall have the meaning given to such term in the Master Agreement or, as the case may be, the ISDA Master Agreement;

“Agency Agreement” means the agency agreement dated 11 October 2018 between the Issuer, the Principal Paying Agent, the Transfer Agent, the Cash Manager, the Calculation Agent, the Registrar, the Bond Trustee and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time);

“Agents” means the Principal Paying Agent, the Transfer Agent, the Cash Manager, the Calculation Agent and the Registrar;

“Aggregate Funded Notional Amount” means, in respect of any day, the sum of the Funded Notional Amounts relating to each TRS Transaction at the close of business on that day (and for the avoidance of doubt, the Funded Notional Amount in respect of any TRS Transaction in respect of which a TRS Termination Date occurs on such day shall be zero);

“Arrangers” means Goldman Sachs International, SMBC Nikko Capital Markets Limited, Barclays Bank PLC and BNP Paribas and references to **“Arranger”** means any one of them, as the context may require, and includes any additional Dealer(s) appointed as Arranger and excludes any Arranger whose appointment has been terminated pursuant to Clause 14 (*Termination and Appointment*) of the Distribution Agreement;

“Asset Coverage Test” means the test as to whether, on each Valuation Date, (A) the Aggregate Market Related Value of the ACT Issuer Assets is at least equal to (B) the product of the Total Maximum Aggregate Funded Notional Amount and the sum of 100 per cent. and the Minimum OC Percentage, and if so, the Asset Coverage Test is passed and if not, the Asset Coverage Test is failed.

“Asset Monitor Agreement” means the asset monitor agreement dated 11 October 2018 between the Issuer, the Valuation Agent, the TRS Counterparty, the Asset Monitor, the Cash Manager, the Account Bank, the Bond Trustee and the Security Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“Asset Monitor Test Date” means each date falling one Business Day following an Asset Monitor Test Fixing Date and any other dates as may be agreed between the Issuer, the Valuation Agent and the Asset Monitor from time to time, provided that no Asset Monitor Test Date shall occur following the occurrence of a TRS Default Event or service of an Acceleration Notice.

“Asset Monitor Test Fixing Date” means the 10th Valuation Date of every February, May, August and November in a year.

“Bearer Bond” means a Bond in bearer form;

“Benchmarks Regulation” means (Regulation (EU) 2016/1011, as amended);

“Bloomberg” means Bloomberg Financial Markets;

“Bond” means each bond issued or to be issued pursuant to the Distribution Agreement and which is or is to be constituted under the Trust Deed, which bond may be represented by a Global Bond or Global Certificate or any definitive Bonds and includes any replacements for a Bond or Certificate issued pursuant to Condition 10 (*Replacement of Bonds, Receipts, Coupons and Talons*) of the Programme Conditions, and the expression **“Bonds”** and related expressions shall be construed accordingly;

“Bondholders” means the several persons who are for the time being holders of outstanding Bonds (being, in the case of Bearer Bonds, the holders of the Bonds, and in the case of Registered Bonds, the several persons whose names are entered in the register of holders of the Registered Bonds as the holders thereof) save that, for so long as any of the Bonds are represented by a Global Bond or a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's Creation Online system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the Agents and the Bond Trustee as the holder of such nominal amount of such Bonds for all purposes

other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Bonds, for which purpose the bearer of the relevant Global Bond or the registered holder of the relevant Global Certificate, as applicable, shall be treated by the Issuer, any Agent and the Bond Trustee as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the relevant Global Bond or Global Certificate, and the expressions “**Bondholder**” and “**holder**” and related expressions shall be construed accordingly;

“**Bond Trustee**” means BNY Mellon Corporate Trustee Services Limited in its capacity as bond trustee for the Bondholders, the Receiptholders and the Couponholders under the Trust Deed together with any successor or additional bond trustee appointed from time to time thereunder;

“**Broken Amount**” shall have the meaning (if any) given to such term in the applicable Final Terms;

“**Business Day**” shall have the meaning given to such term in the Programme Conditions;

“**Business Day Convention**” means, in respect of a Series of Bonds, the business day convention specified in the applicable Final Terms and determined in accordance with Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions;

“**Cabinet Order**” means the Cabinet Order relating to the Special Taxation Measures Act (Cabinet Order No. 43 of 1957, as amended);

“**Calculation Agent**” means, in respect of calculations relating to the Bonds pursuant to the Programme Conditions, The Bank of New York Mellon, London Branch or, if applicable, any successor calculation agent in relation to such Bonds;

“**Calculation Amount**” shall have, in respect of any Series of Bonds, the meaning given to such term in the applicable Final Terms;

“**Cash Management Agreement**” means the cash management agreement dated 11 October 2018 between, amongst others, the Issuer, the Valuation Agent, the TRS Counterparty, the Cash Manager, the Custodian, the Account Bank, the Security Trustee and the Selling Agent (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“**Cash Manager**” means The Bank of New York Mellon, London Branch or, if applicable, any successor cash manager in relation to such Bonds;

“**CGN**” means a Global Bond which is not issued in NGN form;

“**Chairman**” means the chairman appointed from time to time for a meeting of Bondholders;

“**Clearing Systems**” means Euroclear and/or Clearstream, Luxembourg;

“**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January;

“**Clearstream, Luxembourg**” means Clearstream Banking, S.A. or its successors;

“**Common Code**” shall have the meaning (if any) given to such term in the applicable Final Terms;

“**Common Depositary**” means the common depositary for Euroclear and Clearstream, Luxembourg;

“**Common Equity Tier 1**” means a measurement of a bank's core equity capital compared with its total risk-weighted assets;

“**Common Safekeeper**” shall have the meaning given to such term in the Agency Agreement and the Programme Conditions, respectively;

“**Companies Act**” means Companies Act of Japan (Act No. 86 of 2005, as amended);

“**Contingent FX Forward Transaction**” means, in respect of each Series of Bonds, a contingent FX forward transaction evidenced by an FX Forward Confirmation;

“**CRA Regulation**” means Regulation (EC) No. 1060/2009 (as amended) on credit ratings;

“**Credit Support Annex**” or “**CSA**” means the 2016 ISDA Credit Support Annex for Variation Margin (VM) (Japanese Law) dated 11 October 2018 between the TRS Counterparty and the Issuer;

“CSA Collateral” means the eligible collateral received by the Issuer pursuant to the Credit Support Annex;

“Custodian” means The Bank of New York Mellon, London Branch or any replacement custodian appointed in accordance with the terms of the Custody Agreement;

“Custody Agreement” means the English law-governed custody agreement dated 11 October 2018 between, amongst others, the Issuer, the Bond Trustee, the Security Trustee and the Custodian (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“Day Count Fraction” means, in respect of a Series of Bonds, the day count fraction specified in the applicable Final Terms and determined in accordance with Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions;

“Dealers” means, collectively, each dealer appointed from time to time in accordance with the Distribution Agreement, which appointment may be for a specific issue or on an on-going basis and **“Dealer”** shall mean any of them;

“Depository” means the Federal Reserve/Treasury book entry system for receiving and delivering securities, the Depository Trust Company, Euroclear, Clearstream, Luxembourg, Japan Securities Depository Center, Inc., BOJ-NET of the Bank of Japan and any other securities depository, securities settlement system, book-entry system or clearing agency (and their respective successors and nominees) authorised to act as a central securities depository, securities settlement system, book-entry system or clearing agency pursuant to applicable law;

“Designated Financial Institution” means a Japanese financial institution or a Japanese financial instruments business operator designated by the Cabinet Order pursuant to Article 6, Paragraph 11 of the Special Taxation Measures Act;

“Designated Maturity” shall have the meaning given to such term in the ISDA Definitions;

“Distribution Agreement” means the Amended and Restated Distribution Agreement dated 31 August 2021 between the Issuer, the Arrangers and the Dealers relating to the Programme (together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto);

“Early Redemption Amount” shall have the meaning given to such term in Condition 6.8 (*Early Redemption Amounts or Realisation Redemption Amounts*) of the Programme Conditions;

“Early Termination Amount” means the amount payable in respect of a termination of a swap transaction or group of swap transactions in respect of an Early Termination Date under the ISDA Master Agreement, as determined pursuant to Section 6(e) of the ISDA Master Agreement;

“Early Termination Date” has the meaning given to it in the TRS Agreement and refers to the date designated for the termination of a swap transaction or group of swap transactions;

“EEA” means the European Economic Area;

“Eligibility Criteria” means, in respect of an RO, the following criteria for determining whether such RO is an Eligible RO (as determined by the TRS Calculation Agent in its sole discretion (acting, if it deems necessary, on the advice of legal counsel)):

- (a) it must be a self-originated senior tranche of the Japanese law governed trust beneficial interests (*yusen juekiken*) (categorised as securities under the FIEA) of an RMBS Trust;
- (b) it must be in respect of residential loans for which SMBC was the original lender and/or which were guaranteed by an affiliated company 100 per cent. owned by SMBC as the underlying assets;
- (c) it must be capable of being sold, assigned or participated to the Issuer and is capable of being sold, assigned or participated by the Issuer without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirements and the Issuer does not require any authorisations, consents approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any applicable law, save that the requirement for consent by the RMBS Trustee to any assignment or transfer shall not be deemed to be a breach of this requirement;

- (d) it must be denominated in Japanese Yen; and
- (e) the ownership of such obligation by the Issuer would not violate any applicable law, rule or regulation;

“Eligible RO” means an RO that satisfies the Eligibility Criteria (as determined by the TRS Calculation Agent in its sole discretion (acting, if it deems necessary, on the advice of legal counsel));

“Eligible Selling Agent” means a reputable financial institution of good standing with a credit rating of (i) where the Selling Agent is SMBC Nikko Securities Inc, a long-term senior unsecured debt rating from Moody’s of Baa3 or above; or (ii) otherwise, a long-term senior unsecured debt rating from Moody’s of Baa3 or above, from Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. of BBB- or above, from Rating and Investment Information, Inc. of BBB- or above, from Japan Credit Rating Agency, Ltd. of BBB- or above, or from Fitch Ratings Ltd. of BBB- or above, and which is approved in writing by the Security Trustee, which approval shall not be unreasonably withheld, provided that no such person shall be an Eligible Selling Agent unless it holds the applicable Licences at the time of its appointment;

“Equivalent” means, in respect of an RO, an asset that is (i) of the same issuer, trustee or other obligor, (ii) part of the same issue, trust or borrowing and (iii) of an identical type, nominal value, description and amount of the RO;

“Equivalent FX Master Agreement” shall have the meaning given to such term in the relevant FX Forward Confirmation;

“Equivalent FX Transaction” shall have the meaning given to such term in the relevant FX Forward Confirmation;

“ESMA” means the European Securities and Markets Authority;

“EU” means the European Union;

“EURIBOR” means the Euro-zone inter-bank offered rate;

“Euroclear” means Euroclear Bank SA/NV, or its successors;

“EUWA” means the European Union (Withdrawal) Act 2018;

“Event of Default” shall have the meaning given to such term in Condition 9.1 (*Events of Default*) of the Programme Conditions;

“Extended Maturity Bond” shall have the meaning given to such term in Condition 6.5 (*Redemption upon the occurrence of a TRS Default Event*) of the Programme Conditions;

“Extended Maturity Date” shall have the meaning given to such term in Condition 6.5 (*Redemption upon the occurrence of a TRS Default Event*) of the Programme Conditions;

“Extended Maturity Period” means, in respect of the Bonds which are Extended Maturity Bonds, the period from, and including, the Scheduled Maturity Date of such Extended Maturity Bonds to, but excluding, the Realisation Period End Date;

“Extraordinary Resolution” shall have the meaning given to such term in Schedule 3 (Provisions for Meetings of Bondholders) to the Trust Deed;

“Facility Termination Date” shall have the meaning given to such term in each TRS Confirmation;

“Factor” shall have, in respect of a TRS Transaction, the meaning given to such term in the relevant TRS Confirmation;

“FATCA” means sections 1471 through 1474 of the Code;

“Final Price” shall have the meaning given to such term in each TRS Confirmation;

“Final Redemption Amount” shall have the meaning given to such term in the applicable Final Terms;

“Final Terms” means the final terms supplementing the Base Prospectus and specifying the relevant issue details which for a Tranche or Series of Bonds, with respect to each Tranche of Bonds to be admitted to the Luxembourg

Stock Exchange's Euro MTF Market, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the applicable Tranche or Series of Bonds;

"Financial Instrument" shall have the meaning ascribed to it in MiFID II;

"Financial Instruments and Exchange Act" or **"FIEA"** means the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended);

"Firm Bid" shall have, in respect of a TRS Transaction, the meaning given to such term in the relevant TRS Confirmation;

"Fitch" means Fitch Ratings Ltd. or its successors;

"Fixed Rate Bonds" means Bonds paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) as indicated in the applicable Final Terms;

"Floating Rate" shall have the meaning given to such term in the ISDA Definitions;

"Floating Rate Convention" shall have the meaning given to such term in Condition 4.4(b) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions;

"Floating Rate Bonds" means Bonds which bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as set out in the applicable Final Terms;

"Floating Rate Option" shall have the meaning given to such term in the ISDA Definitions;

"Following Business Day Convention" shall have the meaning given to such term in Condition 4.4(b) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions;

"FSMA" means the Financial Services and Markets Act 2000 of the United Kingdom;

"Funded Notional Amount" has the meaning given to it in the relevant TRS Confirmation;

"FX Calculation Agent" means the FX Counterparty, in its role as FX Calculation Agent;

"FX Cash Reserve Agreement" means the FX cash reserve agreement dated 11 October 2018 between the Issuer, the TRS Counterparty, the Cash Manager and the Account Bank (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

"FX Counterparty" means, in respect of a Series of Bonds and the related Contingent FX Forward Transaction or Equivalent FX Transaction (as the case may be), the TRS Counterparty or the Moody's Eligible Counterparty (and its successors or assignees) which enters into such Equivalent FX Transaction with the Issuer;

"FX Forward Confirmation" means, in respect of each Series of Bonds, a confirmation evidencing a contingent FX forward transaction under the TRS Agreement or an Equivalent FX Master Agreement;

"FX Forward Effective Date" shall mean, in respect of a Series of Bonds and the Contingent FX Forward Transaction in relation thereto, the effective date of such transaction as defined in the relevant FX Forward Confirmation;

"FX Forward Premium" shall have the meaning given to such term in the relevant FX Forward Confirmation;

"FX Forward Termination Date" means, in respect of any Contingent FX Forward Transaction which has become effective, the date falling five Business Days after the Realisation Period Final Calculation Date;

"FX Reserve Account" means, in respect of a Series of Bonds and the related Contingent FX Forward Transaction, a cash account opened and maintained with the Account Bank in the name of the Issuer and

designated as such in respect of such Series of Bonds, subject to the terms of the Account Bank Agreement and the relevant Account Mandate;

“**FX Spot Rate**” shall have the meaning given to such term in the relevant FX Forward Confirmation;

“**General Business Day**” means a day (other than a Saturday or Sunday) (A) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Tokyo; (B) on which the TARGET2 System is open;

“**General Offshore Account (JPY)**” means the JPY cash account opened with the Account Bank in the name of the Issuer, subject to the terms of the Account Bank Agreement and the relevant Account Mandate;

“**Global Bond**” means a bearer global bond;

“**Global Certificate**” means a registered global certificate;

“**Initial OC Payment**” shall have, in respect of a TRS Transaction, the meaning given to such term in the relevant TRS Confirmation;

“**Insolvency Administrator**” means any of an insolvency administrator, a reorganization trustee, a rehabilitation trustee, a bankruptcy trustee or a debtor-in-possession;

“**Interest**” means, in respect of a Series of Bonds, the interest amounts payable in respect of such Series of Bonds pursuant to Condition 4 (*Interest and other Calculations*) of the Programme Conditions;

“**Interest Amount**” shall have the meaning given to such term in Condition 4.2 (*Interest on Floating Rate Bonds*) of the Programme Conditions;

“**Interest and Expenses Reserve Fund Account**” means the cash account designated as such in the name of the Issuer held with the Account Bank in respect of the Programme, in which the Reserve Fund shall be held and amounts shall be credited to and debited from in accordance with the Interest Reserve and Expenses Agreement and the Cash Management Agreement, with the euro sub-account to be operative on or before the first Issue Date of Bonds and additional sub-accounts for the relevant Specified Currencies (other than euro) to be opened and maintained, in each case, in accordance with the Account Bank Agreement and the relevant Account Mandate.

“**Interest Commencement Date**” means, in respect of interest-bearing Bonds, the date specified as such in the applicable Final Terms as being the date from (and including) which such interest-bearing Bonds start accruing interest;

“**Insurance Distribution Directive**” means Directive (EU) 2016/97;

“**Interest Payment Date**”, in respect of a Series of Bonds, shall have the meaning (if any) given to such term in the applicable Final Terms;

“**Interest Period**”, in respect of a Series of Bonds, shall have the meaning (if any) given to such term in the applicable Final Terms;

“**Interest Reserve and Expenses Agreement**” means the interest reserve and expenses agreement dated 11 October 2018 between the Issuer, the TRS Counterparty, the Cash Manager and the Account Bank (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“**Interest Reserve Shortfall**” shall have the meaning given to such term in the Interest Reserve and Expenses Agreement and refers to the amount by which the Reserve Fund Required Amount exceeds the balance of the Reserve Fund after adjusting for any nominated transfers to be made to or from such Reserve Fund;

“**Interim Facility Payment Calculation Amount**” shall have, in respect of a TRS Facility, the meaning given to such term in the relevant TRS Confirmation;

“**Internal Revenue Code**” or “**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Investor’s Currency**” means the currency or currency unit, other than the Specified Currency, which the investor’s financial activities are denominated principally in;

“**ISDA**” means the International Swaps and Derivatives Association, Inc.;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of the Bonds;

“ISDA Determination” means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Bonds is to be determined in accordance with in Condition 4.2(b)(i) (*ISDA Determination for Floating Rate Bonds*) of the Programme Conditions;

“ISDA Master Agreement” means the 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA;

“ISDA Rate” shall have the meaning given to such term in Condition 4.2 (*Interest on Floating Rate Bonds*) of the Programme Conditions;

“Issue Date” means each date on which the Issuer issues a Tranche or Series of Bonds under the Programme, as specified in the applicable Final Terms;

“Issue Price” means the price, generally expressed as a percentage of the nominal amount of the Bonds, at which a Series or Tranche of Bonds will be issued;

“Issuer” means Sumitomo Mitsui Banking Corporation acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001;

“Issuer Accounts” means each bank account in the name of the Issuer maintained with the Account Bank (which, for the avoidance of doubt, excludes the Issuer Domestic Account), subject to the terms of the Account Bank Agreement and the Trust Deed or such additional or replacement accounts as may for the time being be in place with the prior consent of the Security Trustee and designated as such;

“Issuer Agreements” means the Transaction Documents to which the Issuer is a party;

“Issuer Assets” means, together, the RMBS Issuer Assets, the JGB Issuer Assets and the Issuer Cash;

“Issuer Cash” means the balance of any cash held in the Issuer Accounts and the Issuer Domestic Account from time to time;

“Issuer Domestic Account” means the JPY cash account opened and maintained with the Onshore Account Bank in the name of the Issuer, subject to the terms of the Onshore Account Bank Agreement;

“Japanese GAAP” means accounting principles generally accepted in Japan;

“Japanese Government Bonds” or **“JGBs”** means securities which are issued under Japanese law in the form of book-entry transfer bonds and which are government bonds issued by the Government of Japan;

“Japanese Security Agreement” means the pledge agreement (*neshichiken settei keiyakusho*) governed by Japanese law dated 11 October 2018 between the Issuer, the Security Trustee, the Custodian and the TRS Counterparty (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time) in respect of JGB Issuer Assets, RMBS Issuer Assets and certain contractual rights of the Issuer under the TRS Agreement, the FX Cash Reserve Agreement and the Interest Reserve and Expenses Agreement;

“JGB Issuer Assets” means CSA Collateral in the form of JGBs;

“JGB Posting Test” means the requirements with regard to the composition of JGBs in CSA Collateral which may cause their value to be disregarded for the purposes of the Asset Coverage Test, as described under “*Credit Structure – JGB Posting Test*”;

“JPY Equivalent” means, in respect of an amount which is denominated in (i) a currency other than JPY, the JPY equivalent of such amount ascertained using the then prevailing market spot rate obtainable by the TRS Counterparty, Asset Monitor, Account Bank or Cash Manager or any other person performing the calculation or foreign currency conversion, and (ii) JPY, the applicable amount in JPY;

“Lead Arrangers” means Goldman Sachs International and SMBC Nikko Capital Markets Limited and references to **“Lead Arranger”** means any one of them, as the context may require;

“Lead Manager” means, in relation to any Tranche of Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or, when only one Dealer signs such Subscription Agreement, such Dealer;

“LIBOR” means the London Inter-Bank Offered Rate;

“Licences” means the governmental and regulatory permits, licences, approvals, consents, registrations and other authorisations (including, but not limited to, a “Type I Financial Instruments Business”, a “Type II Financial Instruments Business” licence (each as defined in and granted pursuant to the Financial Instruments and Exchange Act) and a “Money Lender” licence (as defined in and granted pursuant to the Money Lending Business Act)) necessary for the Selling Agent to sell the Realisation Assets.

“Liquidation Event of Default” means an Event of Default under Sections 5(a)(i), 5(a)(iii), 5(a)(vii) and 5(a)(viii) of the ISDA Master Agreement and will occur in the following circumstances:

- (a) there is a failure by the TRS Counterparty to make, when due, any payment under the TRS Agreement, if such failure is not remedied on or before the 14th day after notice of such failure is given to the TRS Counterparty;
- (b) there is a failure by the TRS Counterparty to post CSA Collateral to the Issuer in accordance with the terms of the Credit Support Annex (which includes, for the avoidance of doubt, the posting of CSA Collateral to meet the requirements of the Asset Coverage Test), if such failure is not remedied on or before the third Local Business Day (as defined in the Credit Support Annex) after notice of such failure is given to the TRS Counterparty;
- (c) certain insolvency events have occurred in respect of the TRS Counterparty; or
- (d) the TRS Counterparty consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of the TRS Counterparty under the TRS Agreement and the Credit Support Annex or the benefits of the Credit Support Annex fail to extent to the performance by such resulting, surviving or transferee entity of its obligations under the TRS Agreement;

“Local Business Day” shall have the meaning given to such term in the Credit Support Annex;

“Margin” means, in respect of a Floating Rate Bond, the percentage rate per annum (if any) specified in the applicable Final Terms;

“Market Related Value” shall have the meaning given to such term in the Asset Monitor Agreement and is determined as described in “*Summary of the Programme – Market Related Value of RMBS Issuer Assets*” and “*Summary of the Programme – Market Related Value of JGB Issuer Assets*”;

“Master Agreement” means the 1992 ISDA Master Agreement and Schedule thereto, as supplemented by a 2016 ISDA Credit Support Annex for Variation Margin (VM) (Japanese Law), entered into between the Issuer and the TRS Counterparty and dated 11 October 2018, as the same may be amended, modified or supplemented from time to time;

“Master Definitions and Construction Agreement” means the master definitions and construction agreement made between the parties to the Transaction Documents and dated 31 August 2021 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time and together with any accession letters and/or agreements supplemental thereto);

“Maximum Aggregate Funded Notional Amount” means, in respect of each TRS Facility, an amount equal to the JPY Equivalent of the Interim Facility Payment Calculation Amount;

“Maximum Rate of Interest” means in respect of Floating Rate Bonds, the percentage rate per annum (if any) specified in the applicable Final Terms;

“MiFID II” means the Markets in Financial Instruments Directive (EU Directive 2014/65, as amended) and the associated EU regulatory and technical standards and implementing laws and regulations in the EEA states;

“MiFID Product Governance Rules” means the MiFID Product Governance rules under EU Delegated Directive 2017/593;

“MiFIR” means the Markets in Financial Instruments Regulation (EU Regulation 600/2014, as amended);

“Minimum OC Percentage” shall have the meaning given to such term in the Asset Monitor Agreement;

“Minimum Rate of Interest” means, in respect of Floating Rate Bonds, the percentage rate per annum (if any) specified as such in the applicable Final Terms, provided that where no such percentage rate per annum is specified the Minimum Rate of Interest shall be deemed to be zero;

“Money Trust Agreement” means the Money Trust Agreement dated 11 October 2018 and entered into between SMBC Nikko Securities Inc. (in its capacity as the settlor and the initial beneficiary of the Trust) and the Issuer (in its capacity as the trustee of the Trust), for the purposes of managing the Trust Property;

“Moody's” means Moody's Japan K.K. or its successors;

“Moody's Eligible Counterparty” shall have the meaning given to such term in the relevant FX Forward Confirmation;

“Mortgaged Property” shall have the meaning given to such term in Condition 3 (*Status and Security*) of the Programme Conditions;

“NGN” means a Global Bond issued in new global note form;

“NPLs” means non-performing loans;

“Notice Date” means the date on which a TRS Default Event Notice is given;

“NSS” means the New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;

“Onshore Account Bank Agreement” means the onshore account bank agreement between the Issuer and the Onshore Account Bank (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“Onshore Account Bank” means Sumitomo Mitsui Trust Bank, Limited or, if applicable, any other financial institution which is appointed as a replacement or successor Onshore Account Bank;

“Paying Agents” means the Principal Paying Agent, the Registrar and the Transfer Agent;

“Permanent Global Bond” means a Bearer Bond represented by a permanent Global Bond;

“Portfolio” means the portfolio of ROs specified under all TRS Transactions from time to time;

“Portfolio Adjustment” means an adjustment of the Portfolio on the Business Day designated for such adjustment as set out in the relevant Revised Annex A;

“Post-Realisation Priority of Payments” shall have the meaning given to such term in the Cash Management Agreement and refers to the priority of payments as described under “*Summary of the Principal Documents – Cash Management Agreement*”;

“Potential Event of Default” shall have the meaning given to such term in Condition 14.2 (*Modification and Waivers*) of the Programme Conditions;

“PRA” means the United Kingdom's Prudential Regulation Authority (and any successor regulatory authority);

“Preceding Business Day Convention” shall have the meaning given to such term in Condition 4.4(b) (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions;

“PRIIPs Regulation” means Regulation (EU) No 1286/2014, as amended;

“Principal Amount Outstanding” means, in accordance with Condition 4.4 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Programme Conditions, in respect of a Bond on any day, the principal amount of that Bond on the relevant Issue Date thereof less principal amounts received by the relevant Bondholder in respect thereof on or prior to that day;

“Principal Paying Agent” means The Bank of New York Mellon, London Branch, or, if applicable, any successor principal paying agent;

“Programme” means the €20,000,000,000 SMBC covered bond programme;

“Programme Resolution” shall have the meaning given to such term in Condition 14 (*Meetings of Bondholders, Modification and Waiver*) of the Programme Conditions;

“Property Value” shall have the meaning given to such term in the Asset Monitor Agreement;

“Prospectus Regulation” means Regulation (EU) 2017/1129;

“qualified investors” shall have the meaning given to such term in the Prospectus Regulation;

“Rate of Interest” means, in respect of Fixed Rate Bonds and Floating Rate Bonds, the rate of interest payable from time to time as determined in, or as determined in the manner specified in, the applicable Final Terms;

“Rating Agencies” means Moody’s and any other credit rating agency that assigns a credit rating to Bonds issued under the Programme (each a **“Rating Agency”**);

“Rating Agency Confirmation” means a confirmation in writing by the Rating Agencies that the then current ratings of the Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter;

“Rating Bucket” means the rating bucket of each RMBS Issuer Asset or JGB Issuer Asset, determined as at each relevant day, by reference to the credit rating assigned to such RMBS Issuer Asset or JGB Issuer Asset by Moody’s;

“Realisation Assets” means the JGB Issuer Assets and the RMBS Issuer Assets;

“Realisation Period” means the period from, and including, the Notice Date to, and including, the Realisation Period End Date;

“Realisation Period Distribution Date” means the date falling three Business Days following the Realisation Period Final Calculation Date;

“Realisation Period End Date” means the date falling nine months after the Notice Date;

“Realisation Period Final Calculation Date” means the date falling three General Business Days following the Realisation Period End Date;

“Realisation Proceeds” means the liquidation proceeds or redemption proceeds (as applicable) of the Issuer Assets received by the Selling Agent, RMBS Trustee or by or on behalf of the Issuer during the Realisation Period;

“Realisation Redemption Amount” shall have the meaning given to such term in Condition 6.8 (*Early Redemption Amounts or Realisation Redemption Amounts*) of the Programme Conditions;

“Realisation Redemption Date” means the date falling seven Business Days following the Realisation Period Final Calculation Date;

“Receiver” means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Mortgaged Property by the Security Trustee pursuant to the Trust Deed;

“Receipts” shall have the meaning given to such term in the Programme Conditions;

“Record Date” shall have the meaning given to such term in Condition 5.4 (*Payments in respect of Registered Bonds*) of the Programme Conditions;

“Reference Obligation” and **“RO”** shall mean, in respect of a TRS Transaction, the reference obligation identified as such in Annex A (or, if applicable, the Revised Annex A) of the relevant TRS Confirmation;

“Reference Rate” shall have, in respect of Floating Rate Bonds to which Screen Rate Determination applies, the meaning given to such term in the applicable Final Terms;

“Register” means the register of holders of the Registered Bonds maintained by the Registrar;

“Registered Bond” means a Bond in registered form;

“Registrar” means The Bank of New York Mellon SA/NV, Luxembourg Branch (and any successor registrar appointed in accordance with the Agency Agreement);

“Regulation S” means Regulation S under the U.S. Securities Act;

“Relevant Expenses” shall have the meaning given to such term in the Interest Reserve and Expenses Agreement;

“Relevant Screen Page” shall have, in respect of Floating Rate Bonds to which Screen Rate Determination applies, the meaning given to such term in the applicable Final Terms;

“Removal” means a removal, in whole or in part, of an RO from the Portfolio;

“Replacement Selling Agent” means the Eligible Selling Agent which has been appointed in accordance with the Selling Agency Agreement to be the Selling Agent in replacement of the existing such selling agent;

“Reserve Fund” means the reserve fund that the Issuer will be required to establish in the Interest and Expenses Reserve Fund Account up to an aggregate amount equal to the Reserve Fund Required Amount;

“Reserve Fund Required Amount” shall have the meaning given to such term in the Interest Reserve and Expenses Agreement and refers to the amount equal to the aggregate of (i) the interest expected to become due and payable on each Series of Bonds in the following nine months; and (ii) the annual scheduled expenses of the Security Trustee, Bond Trustee and the relevant Agents (or, in the case of the Asset Monitor, one-quarter of its annual scheduled expenses), representing the scheduled expenses expected to be payable in the following nine months, in each case calculated after the necessary foreign exchange conversion at the relevant spot rate and on the assumption that the Notice Date has occurred as of the date of calculation and that, in the case of any floating rate interest, the relevant benchmark level as at the date of calculation is maintained for the nine-month period;

“Reset Date” shall have the meaning given to such term in the ISDA Definitions;

“Revised Annex A” means, in respect of a TRS Confirmation, a revised version of Annex A to such TRS Confirmation;

“RMBS Issuer Assets” means RMBS Securities Equivalent to the ROs specified for the relevant TRS Transaction transferred to the Issuer from the TRS Counterparty in exchange for the relevant portion of the net issue proceeds of the Bonds and those received by the Issuer following a Portfolio Adjustment in accordance with the terms of the relevant TRS Confirmation;

“RMBS Notice” means, in respect of each TRS Facility, the notice from the TRS Counterparty to the Issuer and the Security Trustee in writing (including by email), so far as it describes an RO to be added to the Portfolio under such TRS Facility.

“RMBS Securities” means Japanese law governed senior trust beneficial interests (*yusen juekiken*) (categorised as securities under the FIEA) of an RMBS Trust that entitle the holder thereof to receive payments that depend on the cashflow from a pool of residential loans originated by SMBC;

“RMBS Trust” means a trust created under a RMBS Trust Agreement;

“RMBS Trust Agreement” means each of the trust agreements between SMBC as the settlor and the relevant RMBS Trustee;

“RMBS Trustee” means the trustee of a RMBS Trust, as provided in the relevant RMBS Trust Agreement;

“S&P” means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or its successors;

“Screen Rate Determination” means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Bonds is to be determined in accordance with Condition 4.2 (*Interest on Floating Rate Bonds*) of the Programme Conditions;

“Scheduled Maturity Date” means, in respect of each Series of Bonds, the date specified as such in the applicable Final Terms;

“Secured Creditors” means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Bond Trustee (in its own capacity and on behalf of the Bondholders), the Bondholders, the TRS Counterparty, the FX Counterparties (if any), the Account Bank, the Agents, the Custodian, the Selling Agent, the Asset Monitor and any other person (other than the Issuer) to whom payments may be made in accordance with the priority of the application of the proceeds of enforcement or realization of the Security in accordance with Clause 10 (*Enforcement*) of the Trust Deed;

“Secured Obligation” means any and all moneys, obligations and liabilities, whether actual or contingent, from time to time due or owing by the Issuer to the Secured Creditors under Bonds and/or the Transaction Documents which the Issuer covenants and undertakes in the Trust Deed to pay and discharge and all claims, demands or damages for breach of any such covenant, and references to **“Secured Obligations”** includes references to any of them;

“Security Trustee” means BNY Mellon Corporate Trustee Services Limited, in its capacity as security trustee under the Trust Deed together with any successor security trustee appointed from time to time;

“Selling Agency Agreement” means the selling agency agreement dated 11 October 2018 between the Issuer, the Selling Agent, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Account Bank, the Cash Manager and the Custodian (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“Selling Agent” means SMBC Nikko Securities Inc. or its successor, or any Replacement Selling Agent and/or Successor Selling Agent, as the case may be, appointed pursuant to the Selling Agency Agreement;

“Selling Agent Replacement Event” means each of the events listed in paragraphs (a) to (d) of Clause 10.4 (*Changes to the Selling Agent*) of the Selling Agency Agreement, which includes the failure by the Selling Agent to maintain a specified credit rating, failure by the Selling Agent to perform its obligations under the Selling Agency Agreement, insolvency of the Selling Agent or the Selling Agent determining that it is no longer able to liquidate relevant Realisation Assets;

“Series” means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **“Bonds of the relevant Series”**, **“holders of Bonds of the relevant Series”** and related expressions shall be construed accordingly;

“Series General Account” means; in respect of a Series of Bonds, a cash account in the Specified Currency of that Series of Bonds opened and maintained with the Account Bank in the name of the Issuer, subject to the terms of the Account Bank and the relevant Account Mandate;

“Shortfall Amount” means the amount by which the Aggregate Market Related Value of the ACT Issuer Assets has fallen below the product of (i) the sum of 100 per cent. and the Minimum OC Percentage; and (ii) the Total Maximum Aggregate Funded Notional Amount;

“SMBC” means Sumitomo Mitsui Banking Corporation acting in its proprietary capacity;

“SMBC Group” means SMFG and SMFG’s subsidiaries and affiliates taken as a whole;

“Special Taxation Measures Act” means the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended);

“Specified Currency” means:

- (a) in respect of any Series of Bonds, subject to any applicable legal or regulatory restrictions, euro, Yen, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms and, for the avoidance of doubt, will include any successor currency under applicable law; and
- (b) in respect of any Transaction, the currency of the Series of Bonds corresponding to such Transaction;

“Specified Denomination” means, in respect of a Series of Bonds, the denomination or denominations of such Bonds specified in the applicable Final Terms;

“Specified Interest Payment Date” shall have, in respect of a Series of Bonds, the meaning (if any) given to such term in the applicable Final Terms;

“Specified Period” shall have, in respect of a Series of Bonds, the meaning (if any) given to such term in the applicable Final Terms;

“**Stabilising Manager(s)**” means, in respect of a Series of Bonds, one or more relevant Dealer(s) designated to act as the stabilising manager(s) as specified in the applicable Final Terms;

“**Subscription Agreement**” means an agreement supplemental to the Distribution Agreement (by whatever name called) in or substantially in the form set out in Schedule 6 (*Form of Subscription Agreement*) to the Distribution Agreement or in such other form as may be agreed between the Issuer and the Lead Manager;

“**Sub-custodian**” means a financial institution with an office in any jurisdiction (including any financial institution in the same group as the Custodian) appointed to act as sub-custodian in respect of securities (and, for the avoidance of doubt, shall not include any depository);

“**Talons**” shall have the meaning given to such term in the Programme Conditions;

“**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 (TARGET2) System or any successor system thereto;

“**Tax Event**” shall have the meaning given to such term in Condition 6.2 (*Redemption upon the occurrence of a Tax Event*) of the Programme Conditions;

“**TEFRA**” means the United States Tax Equity and Fiscal Responsibility Act of 1982;

“**Temporary Global Bond**” means a Bearer Bond represented by a temporary Global Bond;

“**Terms and Conditions**”, “**Conditions**” or “**Programme Conditions**” means, collectively, the terms and conditions of the Bonds (as set out in Schedule 1 (*Terms and Conditions of the Bonds*) to the Trust Deed) as modified and/or supplemented by the Final Terms in relation to a particular Series of Bonds, as the same may from time to time be modified in accordance with the Trust Deed;

“**Total Maximum Aggregate Funded Notional Amount**” means the sum of the JPY Equivalent of each Maximum Aggregate Funded Notional Amount in respect of each TRS Facility outstanding between the Issuer and the TRS Counterparty;

“**Tranche**” means an issue of Bonds (whether in global or definitive form or both) which are identical in all respects (including as to listing and admission to trading);

“**Transaction**” shall have the meaning given to such term in the TRS Agreement;

“**Transaction Documents**” means:

- (a) the Account Bank Agreement;
- (b) the Agency Agreement;
- (c) the Asset Monitor Agreement;
- (d) the Cash Management Agreement;
- (e) the Custody Agreement;
- (f) the Distribution Agreement;
- (g) the FX Cash Reserve Agreement;
- (h) the Interest Reserve and Expenses Agreement;
- (i) the Japanese Security Agreement;
- (j) the Master Definitions and Construction Agreement;
- (k) the Money Trust Agreement;
- (l) the Onshore Account Bank Agreement;
- (m) the Selling Agency Agreement;
- (n) the Trust Deed;
- (o) the TRS Agreement;

- (p) each FX Forward Confirmation (and the ISDA Master Agreement which it supplements and forms part of);
- (q) the Final Terms (as applicable in the case of each issue of listed Bonds subscribed for pursuant to a subscription agreement);
- (r) each Subscription Agreement (as applicable in the case of each issue of listed Bonds subscribed for pursuant to a subscription agreement);
- (s) each Additional Charging Document; and
- (t) any other agreement or document from time to time designated as such by the Issuer and the Bond Trustee and/or the Security Trustee;

“Transfer Agent” means, in relation to all or any Series of Registered Bonds, The Bank of New York Mellon SA/NV, Luxembourg Branch, in its capacity as transfer agent or, if applicable, any successor transfer agent in relation to all or any Series of Registered Bonds;

“TRS Agreement” means the ISDA Master Agreement, Schedule, Credit Support Annex and each relevant TRS Confirmation entered into between the Issuer and the TRS Counterparty;

“TRS Calculation Agent” means SMBC acting as calculation agent under the TRS Agreement;

“TRS Cash” means, in respect of a Series of Bonds, the balance from time to time of the Series General Account in respect of such Series of Bonds;

“TRS Confirmation” means the confirmation evidencing each TRS Facility and each TRS Transaction;

“TRS Counterparty” means SMBC;

“TRS Default Event” shall have the meaning given to such term in Condition 6.5 (*Redemption upon the Occurrence of a TRS Default Event*) of the Programme Conditions;

“TRS Default Event Notice” means a notice of TRS Default Event given under Condition 6.5 (*Redemption upon the Occurrence of a TRS Default Event*) of the Programme Conditions;

“TRS Facility” means a total return swap facility entered into between the TRS Counterparty and the Issuer in relation to a Series of Bonds as documented under the relevant TRS Confirmation;

“TRS Termination Date” shall have the meaning given to such term in the TRS Agreement;

“TRS Transaction” means a total return swap transaction entered into under a TRS Facility;

“Trust” means the specified money trust (*tokutei kinsen shintaku*) No. 0010-377600-0001;

“Trust Act” means the Trust Act (*shintaku hou*) of Japan (Act No. 108 of 2006, as amended);

“Trust Corporation” means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

“Trust Deed” means the trust deed dated 11 October 2018 between the Issuer, the Security Trustee and the Bond Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

“Trust Property” means the trust property (*honken shintaku zaisan*) of the Trust from time to time;

“Trust Property Bankruptcy” means bankruptcy proceedings (*hasan tetsuzuki*) in respect of the Trust Property (*shintaku zaisan no hasan*);

“UK Benchmarks Regulation” means the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of United Kingdom domestic law by virtue of the EUWA;

“UK CRA Regulation” means Regulation (EC) No. 1060/2009 (as amended) on credit ratings as it forms part of United Kingdom domestic law by virtue of the EUWA;

“UK MiFIR Product Governance Rules” means the FCA Handbook Product Intervention and Product Governance Sourcebook;

“UK PRIIPs Regulation” means Regulation (EU) No 1286/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA;

“UK Prospectus Regulation” means the Prospectus Regulation as it forms part of United Kingdom domestic law by virtue of the EUWA;

“U.S. Securities Act” and **“Securities Act”** means the United States Securities Act of 1933, as amended;

“Valuation Agent” means SMBC acting as valuation agent under or in respect of the Credit Support Annex; and

“Valuation Date” shall have the meaning given to such term in the Credit Support Annex.

ISSUER

Sumitomo Mitsui Banking Corporation
acting as trustee on behalf of a specified money trust
(tokutei kinsen shintaku) No. 0010-377600-0001
3-2, Marunouchi 1-chome
Chiyoda-ku
Tokyo 100-0005

TRS COUNTERPARTY

Sumitomo Mitsui Banking Corporation
3-2, Marunouchi 1-chome
Chiyoda-ku
Tokyo 100-0005

BOND TRUSTEE AND SECURITY TRUSTEE

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL
United Kingdom

CUSTODIAN

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

CASH MANAGER, ACCOUNT BANK, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

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United Kingdom

REGISTRAR AND TRANSFER AGENT

**The Bank of New York Mellon SA/NV,
Luxembourg Branch**
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