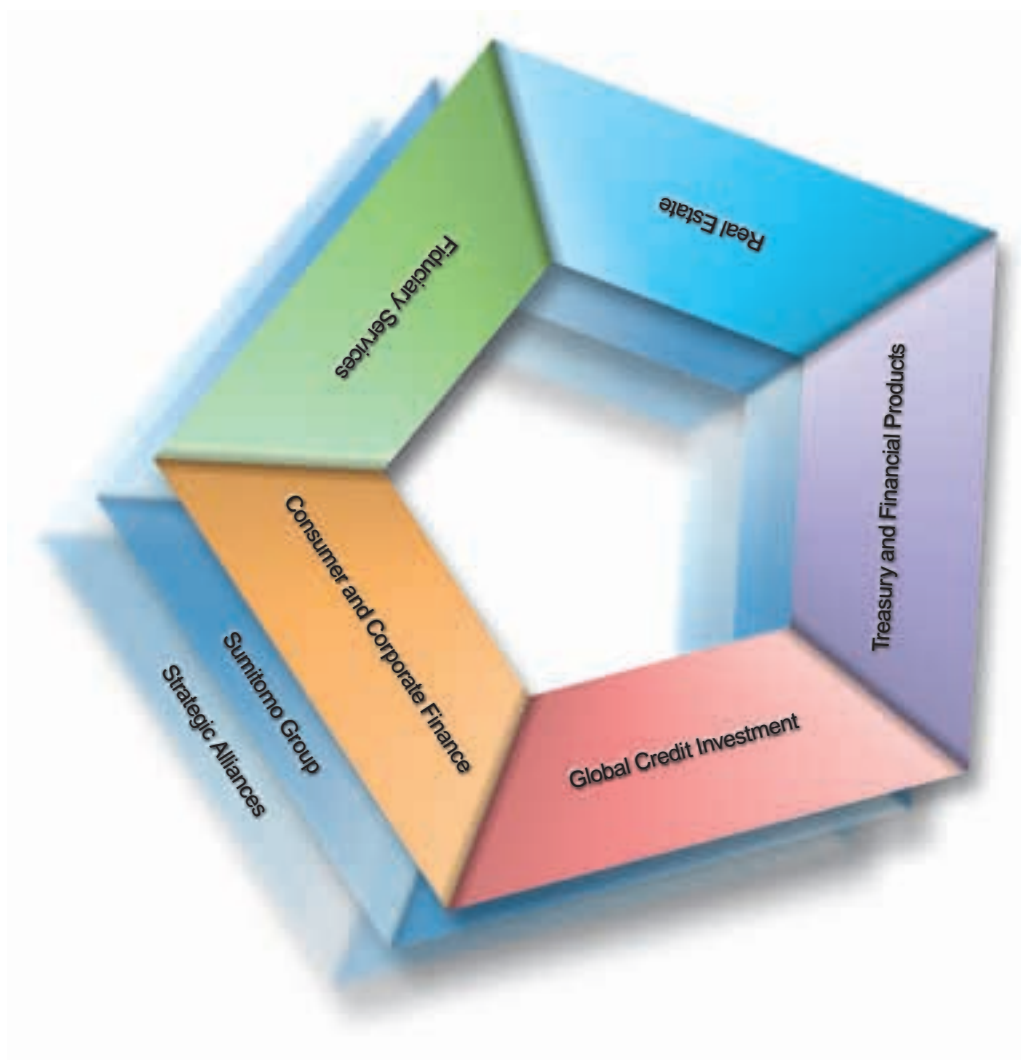


2000 ANNUAL REPORT

Year Ended March 31, 2000

Strengthening Customer Loyalty by Providing Multiple Financial Solutions



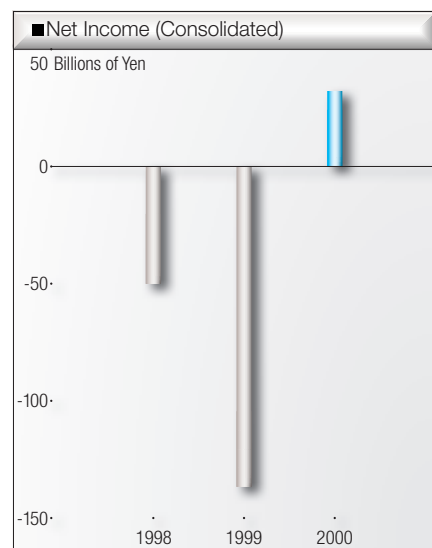
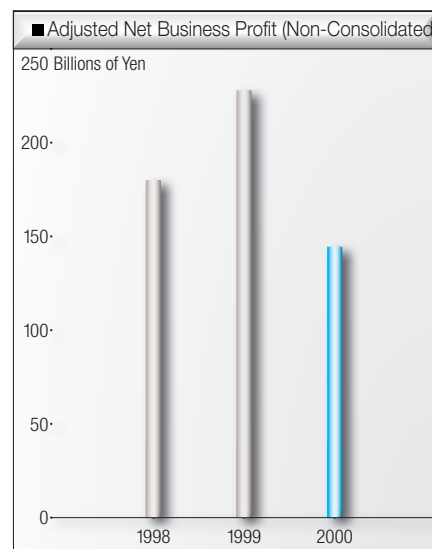
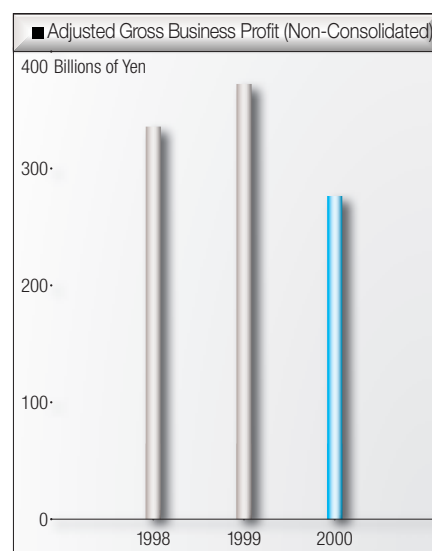
FINANCIAL HIGHLIGHTS

	Billions of Yen		
	FY1999 (4/99-3/00)	FY1998 (4/98-3/99)	Change
(Non-Consolidated)			
Adjusted Gross Business Profit (Loss)	¥ 275.8	¥371.4	¥ (95.6)
General and Administrative Expenses	(131.0)	(143.2)	12.2
Adjusted Net Business Profit (Loss)*	144.7	228.1	(83.4)
Credit Costs (Banking A/C + Trust A/C)	(150.0)	(415.6)	265.6
Net Other non-recurring items	82.1	0.0	82.1
Net Operating Profit (Loss) (<i>Keijo-Rieki</i>)	76.7	(187.4)	264.1
Net Income (Loss)	33.0	(107.1)	140.1
(Consolidated)			
Net Operating Profit (Loss) (<i>Keijo-Rieki</i>)	80.1	(186.8)	266.9
Net Income (Loss)	32.2	(136.7)	168.9

* (Net Business Profit) + (Trust A/C Credit Cost) + (Net Transfer to General Reserve)

	Yen, except for percentages	
	FY1999 (4/99-3/00)	FY1998 (4/98-3/99)
(Non-Consolidated)		
Cash Dividend per Common Share	¥ 7.00	¥ 7.00
Net Income (Loss) per Common Share	22.45	(81.13)
Return (Net Income) on Equity	4.5%	(15.5) %
(Consolidated)		
BIS Capital Adequacy Ratio	11.23%**	12.27 %

** Were it not for the regulatory change in the risk-weight of the principal guaranteed trust, the capital adequacy ratio would be 12.36%.



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Facts About Sumitomo Trust

Setting a course for revolutionary change, Sumitomo Trust -which was established in the pre-war period and supported the economic vigor of the post-war period-has designated the fiscal year 2000 as the beginning of its "Third Era" of accom-

■ Asset Management Services

Sumitomo Trust manages a total of 13 trillion yen of securities investments under its asset management services for corporate pension funds and public institutional funds.

■ Trust and Custody Services

Sumitomo Trust has an investment trust custodial balance of 10.8 trillion yen, with a 38% increase over fiscal 1998 and a pension *tokkin* (specified money trust) balance of 3.8 trillion yen, with a 90% increase over fiscal 1998.

■ Real Estate Services

Sumitomo Trust earned 12.5 billion yen of gross profit from its real estate services, a 50% increase from fiscal 1998. It is the top-ranking manager in real estate securitization, with entrusted assets of 566 billion yen in the real estate management trusts.

plishment. With solid growth in trust business as its core, Sumitomo Trust is making great strides in creating a new business model for trust banking in Japan.

■ Coverage for Classified Assets

As of March 31, 2000, 79% of the unsecured portion of classified non-performing loan assets was covered by loan loss reserves, and 91% of total classified assets was covered by loan loss reserves, guarantees and collateral.

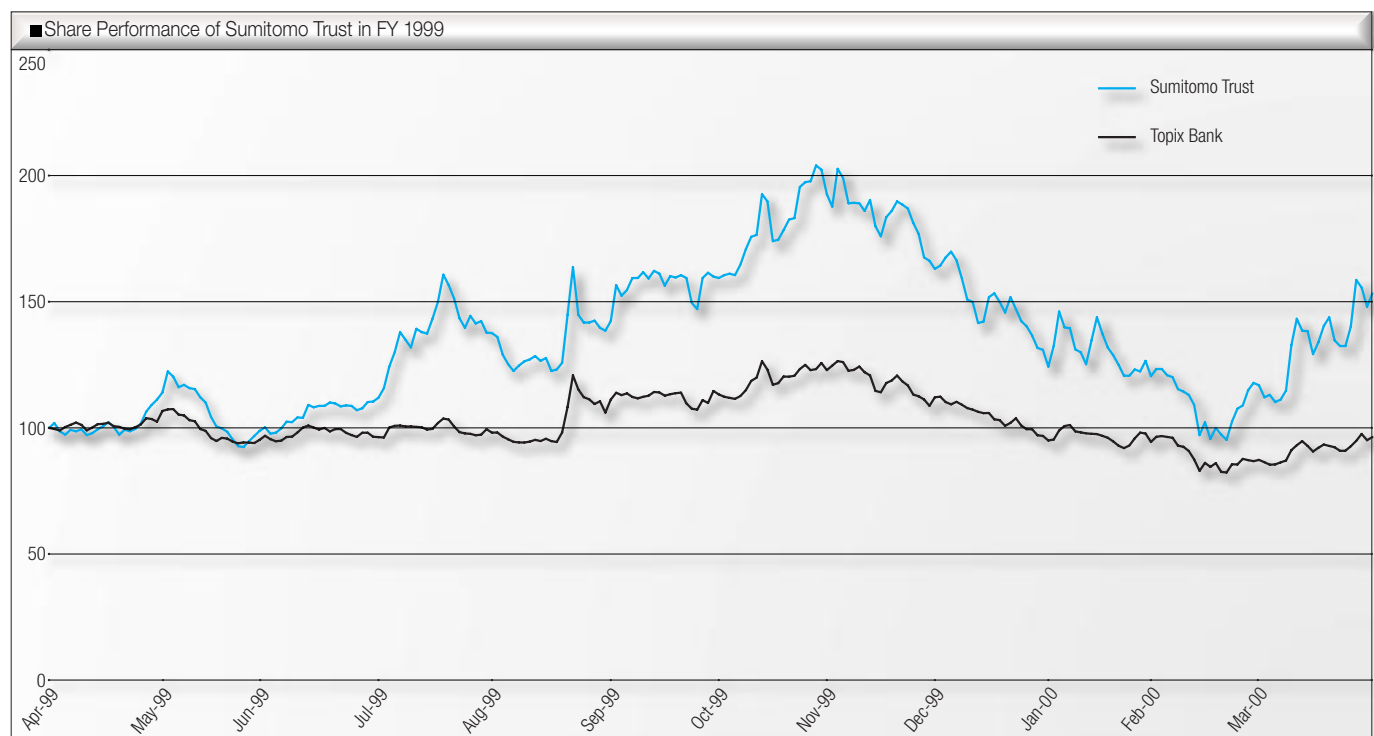
■ Corporate Customer Base

Sumitomo Trust is providing multiple financial solutions-covering both banking and trust services-to 45% of its 7,000 core corporate clients.

■ Individual Customer Base

Sumitomo Trust has 1.7 million individual core clients with time deposits (*). Among them, 170,000 have deposits of more than 10 million yen with us. The ratio of depositors owning more than 20 million yen of financial assets is 48%, substantially higher than the national industry average of 27%.

(* Including loan trusts and jointly-operated money trusts)



Note: Share price on April 1, 1999=100

To Our Shareholders, Employees and Customers

Established in 1925, Sumitomo Trust's history as one of Japan's leading trust banks extends back to the pre-war period. A new era opened for the Bank in 1952, when it took advantage of the enactment of the Loan Trust Act to launch a trust product with long-term deposit features that matched the needs of Japan's growing middle class. Utilizing the capital it accumulated through the popular Loan Trust, it played an important role in providing the long-term financing that fueled the development of major industries during Japan's period of high economic growth. In today's era of the New Economy, Sumitomo Trust is poised to play yet another new role, responding to the rapidly growing investment needs of Japan's maturing society by offering sophisticated asset management services and trust and custody services.

Overview

Although IT-related capital investment by corporations became active in some sectors, on an overall basis, the Japanese economy continued to suffer from deep-rooted problems of excess debt, production capacity and workforce in fiscal 1999. With individual consumption stagnant and corporate restructuring still underway, no clear signs of sustainable economic recovery were evident.

Turning to the banking sector, the injection of public funds in March 1999 helped enable major banks to overcome the threat of systemic risk. Meanwhile, in order to boost their competitiveness under the new financial deregulation namely, Japan's so-called Big Bang, city banks moved to restructure themselves seeking greater scale in order to increase profitability, and the birth of four Japanese megabanks was announced.

We at Sumitomo Trust have always paid close attention to the major trends and currents in the industry. However, we have also consistently given priority to concentrating our available resources on strengthening our core competencies-application of expertise and utilization of IT system in trust business-and on improving the competitiveness of our various areas of operation.

Thanks to our carefully planned work-out efforts, we believe our non-performing loan problem began to peak out in fiscal 1999, and we are in the final stage of tackling the problem. We are ready to resume our traditional proactive stance as an industry leader. The Big Bang has brought about an era of specialization in the financial industry. We are confident that our expertise and competence in trust business will enable us to cope with the rapidly growing needs for investment opportunities in Japan's maturing society. Most probably, Japanese banking industry will be drastically reconstituted, centering on the two major functions-settlement services and investment services. We are firmly committed to maintaining our leading position among financial institutions focused on investment services.



Hitoshi Murakami
Chairman

H. Murakami



Atsushi Takahashi
President

A. Takahashi

Financial Results Highlights

- Return to profitability and growth of trust business -

In fiscal 1999, as the result of continued aggressive efforts to resolve the non-performing loan problem through write-offs and loan loss reserves, Sumitomo Trust was able to regain profitability with net income of 33.0 billion yen on a non-consolidated basis and 32.2 billion yen on a consolidated basis, following net losses in the two previous years. Adjusted gross business profit on a non-consolidated basis was down 95.6 billion yen from the previous year to 275.8 billion yen, while adjusted net business profit also decreased by 83.4 billion yen to 144.7 billion yen.

Net operating profit, however, came to 76.7 billion yen, a significant recovery from the loss of 187.4 billion yen in fiscal 1998. This improvement can be attributed to the sharp decrease of credit costs to 150.0 billion yen, as against 415.6 billion yen in fiscal 1998, as well as 75.1 billion yen capital gains on stock investments (which is included in net other non-recurring items) under the favorable market conditions in Japan.

Net income after taxes on a non-consolidated basis was 33.0 billion yen. Tax item was increased by 11.2 billion yen as a result of accounting changes caused by the revisions in Tokyo Metropolitan Enterprise Tax. We expect that this tax reform will increase our annual tax expenditures by approximately 3 billion yen on average over the next five years.

Our financial results during this period are substantially consistent with the goals stipulated in the Plan for Restoring Sound Management submitted to the Financial Reconstruction Commission in March 1999, when Sumitomo Trust received a 200 billion yen injection of public funds, 100 billion yen in the form of preferred stock and 100 billion yen in the form of subordinated loan. As of the end of this period, unrealized gains of listed and unlisted securities increased considerably to 337.8 billion yen from last year's 135.7 billion yen.

Gross Business Profit by Category

Gross business profit in treasury operations declined to 41.8 billion yen from 147.4 billion yen due to a drop in capital gains under the Bank of Japan's zero-interest policy. Gross business profit in commercial banking was 161.2 billion yen, a slight increase from the previous year, reflecting an improvement in the loan-deposit spread from 1.21% to 1.29% for banking, loan trust, and jointly-operated money trust.

Gross business profit in the trust business increased to 72.8 billion yen from 66.1 billion yen, a solid 10% increase from the previous period. Moreover, the share of trust business in total gross business profit increased from 18% to 26%. This increase was partly due to a drop in overall gross business profit, but it also represents the fruits of our continued efforts to strengthen and expand our trust business. Rather than relying on volatile income in treasury operations, we believe that the best route to increasing our corporate value is to steadily expand trust business profits.

Credit Costs

Credit costs of non-performing loans dropped substantially to 150.0 billion yen from 415.6 billion yen in the previous period. This amount exceeded the original projection at the start of fiscal 1999, mainly due to deterioration of certain classified debtors and a decline in real estate collateral value within the context of the delayed recovery of the stagnant Japanese economy, as well as our efforts to finalize work-out of certain debtors. However, this is substantially smaller than credit costs for the past several periods, and we believe the costs have peaked out. The total balance of classified loan assets at the end of fiscal 1999 was 770 billion yen, a decrease of 180 billion yen from the previous year. In addition, 79% of the unsecured portion of classified loans was covered with loan loss reserves, and 91% of all classified loans, including secured portion, is protected by reserves, collateral, and guarantees. These coverage ratios are one of the highest among major financial institutions in Japan. In spite of remaining concerns about a further decline in real estate collateral values, we hope that, with a moderate recovery of the Japanese economy, overall credit costs will be further reduced in fiscal 2000.

Review of Performance by Business Areas

New business opportunities have emerged in various fields where we can make the most of our specialty and expertise. For example, investment services have been becoming increasingly complex and sophisticated with the introduction of a Japanese version of the 401(k) plan for retail markets and the forthcoming Japanese master trust services for institutional investors, as well as alternative investments. Moreover, the development of various financial instruments and secondary markets are creating opportunities in corporate finance services as well as the credit investment business.

Breakdown of Adjusted Gross/Net Business Profit (Non-consolidated)

	Billions of Yen						
	FY 1999 (a)		FY 1998 (b)		Change (a)-(b)		Reference (Consolidated)
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	FY1999 Net profit
Trust Business	72.8	31.9	66.1	19.6	6.7	12.3	34.7
Asset Management	39.6	22.0	38.2	18.1	1.4	3.9	22.0
Retail Investment Management	0.8	(1.5)	0.2	(2.5)	0.6	1.0	(1.5)
Trust & Custody Services	9.3	4.0	10.0	4.2	(0.7)	(0.2)	6.1
Stock Transfer Agency	10.7	4.3	9.5	1.1	1.2	3.2	4.3
Real Estate Services	12.5	3.3	8.2	(1.3)	4.3	4.6	3.8
Domestic Corporate Lending	152.8	75.0	151.0	69.6	1.8	5.4	77.1
Overseas Corporate Lending	8.4	3.0	6.9	(0.2)	1.5	3.2	3.0
Treasury Operations	41.8	34.8	147.4	139.1	(105.6)	(104.3)	34.8
Total Gross/Net Business Profit	275.8	144.7	371.4	228.1	(95.6)	(83.4)	149.6

Coverage for Classified Assets under Financial Reconstruction Law

Banking and Trust Accounts (After Partial Direct Write-Off)

	Billions of Yen, except for percentages			
	Mar. 2000		Mar. 1999	
	Nonconsolidated	Coverage ratio	Nonconsolidated	Coverage ratio
Bankrupt/Practically bankrupt	¥ 96.2	100%	¥360.8	100%
Doubtful	593.4	90%	556.9	84%
Substandard	80.4	84%	32.6	39%
Total	¥770.0	91%(79%*)	¥950.3	88%(76%*)

* Reserve Ratio of Unsecured Portion



Asset Management

The total balance of corporate pension and public institutional assets under our management stood at 13 trillion yen at the end of fiscal 1999, representing an increase of 7.8% over fiscal 1998. We have pursued the steady growth of our asset management business by establishing "strategic partnerships" with clients, providing them with comprehensive quality services that encompass asset management, consulting, reporting and custody. Our total service capabilities are being deployed to the fullest today on behalf of clients facing the introduction of such new systems and standards as market-value accounting of pension liabilities. The success of our strategic partnership approach is evidenced by the increase of balance in our asset management services in this period. At the same time, we have further enhanced our capabilities by establishing one of the largest and most sophisticated investment team in the industry and by forging alliances with overseas asset management firms.

Trust and Custody Services

"Pension Tokkin" which is trust and custody services for independent asset managers showed a dramatic growth of 90% in fiscal 1999 thrusting us one of three top players in this business with almost same asset balance of 3.8 trillion yen each. This achievement bodes well for our future success in the master trust business.

Against the backdrop of the Bank of Japan's zero-interest policy, the large outflow of matured funds from Postal Savings accounts has triggered the expansion of the invest-





ment trust market. Our investment trust custodial balance jumped to 10.8 trillion yen at the end of fiscal 1999, a 38% increase from the previous year, surpassing the average increase of 28% among Japan's six major trust banks.

As we look forward to the establishment of a new joint venture bank specializing in securities investment services together with Daiwa Bank in October, 2000, the achievements during fiscal 1999 make us all the more confident of the success of the new venture.

Real estate securitization

Real estate securitization is one of the fastest growing and most promising business areas. Real Estate Management Trusts, which have become a standard method of real estate securitization, grew rapidly during this period to a market of over 1 trillion yen. We are proud of being a market leader, with an entrusted asset balance of 566 billion yen at the end of the period. Among the 22 projects in our portfolio are many pace-setting real estate securitization programs that show why we occupy a leading position in this business in Japan.

Looking ahead, as the securitization trend expands and the Japanese REIT will start to develop soon, we can expect real estate backed securities to become an increasingly important alternative investment vehicle, for example, for pensions. Our know-how in both real estate management and securities asset management services put us in a strong position to take advantage of the significant business opportunities in this field.

Banking

As stated above, we believe that the non-performing loan problem has peaked out and is approaching its conclusion. Compared to other Japanese banks, Sumitomo Trust has a relatively small exposure in industries such as construction and retailing, where the work-out process is lagging. As a result of our efforts to apply appropriate loan spreads according to the respective risk, our loan-deposit spreads in corporate lending are gradually improving. Moreover, we have expanded our retail customer base and lowered funding costs by utilizing new marketing strategies, such as opening Sumishin i-Stations-small specialty branches targeting affluent individuals in suburban areas of Tokyo and Osaka-and developing telephone and internet banking.

In April 2000, we established Structured Finance Department to expand our corporate finance services in the securitization business within our Corporate Financial Group. In addition, we organized the Global Credit Investment Group to better catch credit investment opportunities both in Japan and overseas. These are both forward-looking new business areas, which fit current trends in financial instruments and the growth of secondary markets, and areas where we can bring to bear our accumulated buy-side expertise.



The banking business plays an important strategic role for Sumitomo Trust. The customer base created by our corporate lending business is critical for cross-selling of the trust business. Our individual depositor base is increasing its importance as a driver for promoting our retail investment management business.

Organizational and Personnel System Reform

We are proud of Sumitomo Trust's tradition which respects and draws out the abilities of each individual employee. To make the most of this tradition for further growth, we are determined to emphasize the principle of competition and incentives in our corporate management structure. In order to strengthen motivation, ensure profitability and move the company at the speed of today's highly competitive market, we introduced various forward-looking reorganization measures and changes in human resource policy.

Specifically, we reorganized our business in five groups: Consumer and Corporate Finance Group, Global Credit Investment Group, Treasury and Financial Products Group, Fiduciary Services Group, and Real Estate Group. Each group is operated more independently than before and takes more responsibility for its profitability. It establishes its own human resource management policies, including a remuneration structure based on competitive standards, so as to promote improved performance.

In addition, we recently upgraded the stock option program which was first introduced in fiscal 1999. Now 331 directors and officers are eligible for stock options-an increase from the 124 eligible in the last year-and the maximum number of shares available to a participant has been increased from 10,000 to 150,000.

Strategic Alliances

The Sumitomo Group plays an important role in ensuring the stability of our business base. In turn, Sumitomo Trust contributes to the business optimization of the Group as its core entity in regard to trust business. In this context, trust banking subsidiaries of Daiwa Securities Group and Sumitomo Bank, respectively, were merged to Sumitomo Trust, and the business of our subsidiary, Sumitomo Trust Securities was assigned to Daiwa SBCM. To satisfy customer needs for sophisticated services, the Group members believe it is important for each entity to concentrate on its core competence and maintain close cooperation with other Group members.

City banks have sought to expand and lock in their customer base by forming mega-banks. This strategy is aiming to solve the problem of profitability by pursuing the size of the balance sheet. On the other hand, from the viewpoint of maximizing corporate value, we believe what Sumitomo Trust needs at this moment is not M&A in pursuit of balance sheet size but rather strategic alliances that will help to further strengthen our core trust business.

Our alliance with Daiwa Bank is an excellent example of what we mean. In November 1999, we reached an agreement with Daiwa Bank to form a joint venture trust bank specializing in securities investment services, with operations to commence in October 2000. Securities investment servicing exemplifies a field where economies of scale work and critical mass is required. We are inviting a wide range of financial institutions to participate in the new bank which, we hope, will quickly grow into the market leader in the security servicing area including the master trust business.

Our Mission

The mission of Sumitomo Trust is to provide added-value management services and quality infrastructure for investments, as well as offer a wide variety of investment products to our valued customer base of corporate clients and affluent individuals. Our unmatched expertise in the trust business and our cross-selling ability constitute a competitive edge that, we believe, will allow us to accomplish this mission. Moreover, we are convinced that in pursuit of this mission we will be able to establish one of the most successful and realistic business models in the Japanese financial industry-one which results in income growth without expanding asset base or, in other words, improved ROE. Our goal is nothing less than making Sumitomo Trust a leader in creating value in today's fast-changing financial industry. We will make our utmost effort to be able to meet the expectations and all the support which we get from our shareholders, employees and customers.

June 2000

Hitoshi Murakami, Chairman

A handwritten signature in black ink, reading "H. Murakami", written in a cursive style.

Atsushi Takahashi, President

A handwritten signature in black ink, reading "A. Takahashi", written in a cursive style.

Market Leading Strategies for the 21st Century

Initiatives in reforming corporate structure and leadership in strategic alliances are key components in Sumitomo Trust's growth strategy to sustain its position as a leading financial institution recognized for its investment services expertise.

Corporate Structure

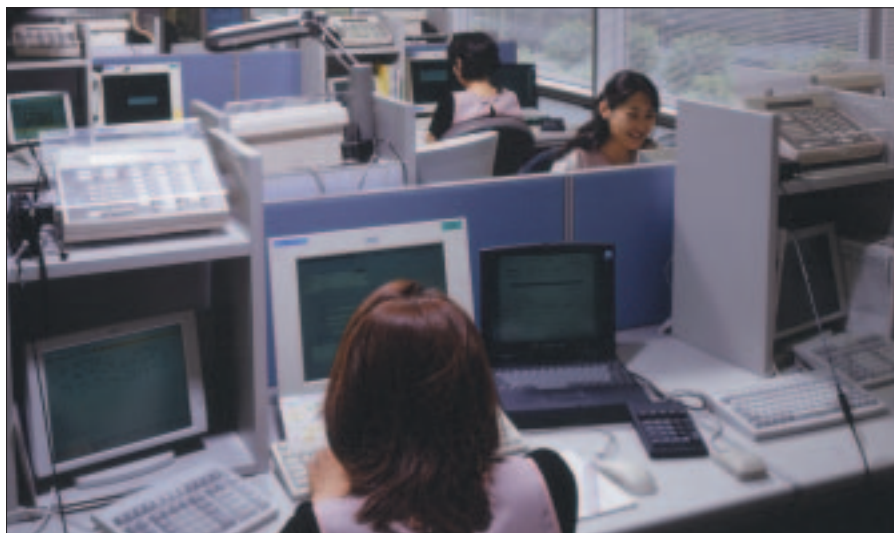
In April 2000, Sumitomo Trust launched a new corporate structure comprising five reorganized business groups, aiming at reinforcing its competitiveness to ensure long-term sustainable growth. The new organizational framework gives the business groups the flexibility they need to proactively compete in the financial industry of the 21st century. The business groups were delegated sufficient autonomy from top management to encourage a competitive atmosphere and to maximize the goals of the Bank's human resource management policies and incentives. Moreover, the new organization will allow each business group to efficiently and effectively respond to the opportunities of strategic alliances and mergers and acquisitions.

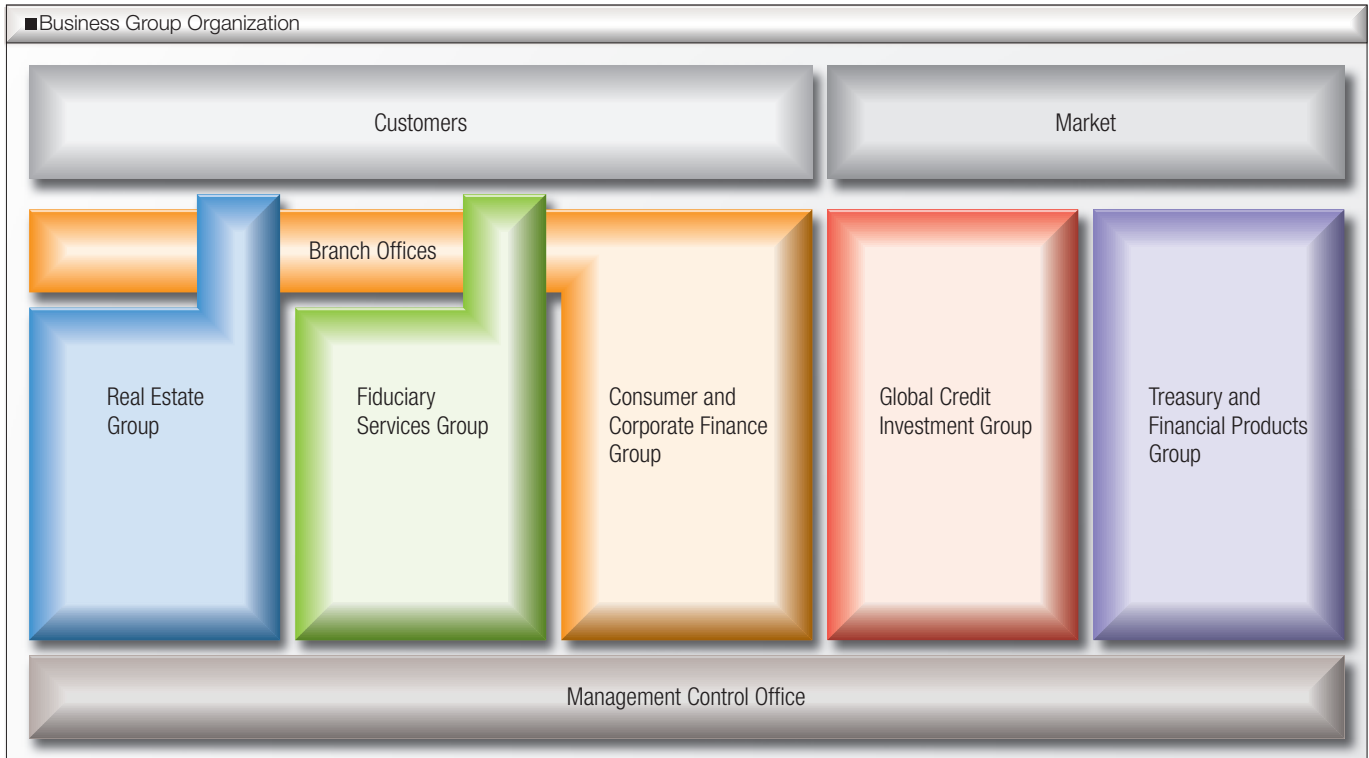
Five Business Groups

The five business groups include the Consumer and Corporate Finance Group, Global Credit Investment Group, Treasury and Financial Products Group, Fiduciary Services Group, and the Real Estate Group.

An executive officer was appointed to head each business group and granted adequate autonomy and commensurate responsibility to achieve the following three main objectives.

- Select the optimum strategic business model for the group.
- Maximize the risk-adjusted profitability goals within the risk capital designated by corporate management.
- Establish the group's own competitive human resource management policies including remuneration structure according to the nature of its business.





Major Business Activities of the Five Groups

Consumer and Corporate Finance Group:

- Marketing of savings and investment products to individual customers
- Corporate lending and financial services
- Cross-selling of trust services

Global Credit Investment Group:

- Proprietary investments in marketable credit products
- Venture capital business
- Investment in private equity funds

Treasury and Financial Products Group:

- ALM (Asset Liability Management) operations
- Development of financial products
- Trading

Fiduciary Services Group:

- Asset management services
- Trust and custody services, Securities lending and Cash management for institutional investors
- Stock transfer agency services for issuing corporations

Real Estate Group:

- Brokerage and consultation
- Real estate management service
- Appraisal service
- Securitization services
- Land trust services

Creation of New Departments

The reorganization created the following departments within the Consumer and Corporate Finance Group.

- Structured Finance Department

The Bank organized this department to enforce structured finance and securitization business. The balance of securitized lease claims and other accounts receivable was 768.6 billion yen at the end of fiscal 1999.

- Direct Banking Department

This department is responsible for cultivating a new online retail banking market as well as expanding the telephone banking market. The Bank is keen to expand low cost retail marketing channels which complement traditional branch channels.

- Life Planning Department

The group employee market in the workplace is another important retail banking market for the Bank. The departmental objectives are to bolster marketing activities including the development of 401(k)-related business.

Human Resource Management

Reorganizing into business groups was accompanied by updating the Bank's human resource management policies so that the organizational structure and the personnel system can effectively interact. To motivate the employees and to improve the overall performance of the groups, the group heads were given the necessary autonomy and responsibility to introduce their own human resource management policies according to the opportunities, demands and the special nature of their business activities. Much



greater emphasis is now put on competition. Fairness in competition is guaranteed by offering equal opportunities and attractive incentives based on transparent performance evaluations.

Each group is expected to implement its new human resource management policies during the fiscal year 2000. The management took this initiative to push these innovative reforms because of their confidence in receiving strong support from the market and the majority of employees. The Bank expects the reform will also assist its plan to recruit approximately 100 professionals.

Stock Options

The stock option program, first introduced in fiscal year 1999, was expanded to include middle managers. This resulted in a significant increase in the total number of shares.

Expansion of Stock Option Program

	Before Reform	After Reform
Total number of shares	220,000	3,100,000
Number of eligible persons	124	331
Maximum shares per person	10,000	150,000



Sumitomo Trust now has the largest stock option program among all financial institutions listed on the Tokyo Stock Exchange.

Strategic Alliances

Sumitomo Trust is focused on improving profitability by concentrating its resources on strengthening its competence, rather than by pursuing a larger balance sheet. The Bank's philosophy on strategic alliance is consistent with this position. The following specific goals have been set to assist in the selection of strategic alliance opportunities.

- Boosting market share in the trust business
- Improving profitability in the shareholders capital base
- Leveraging leadership in establishing business model
- Winning the support of the market

Joint Venture with Daiwa Bank

The joint venture with Daiwa Bank is a good example of the Bank's philosophy. In November 1999, the Bank entered into an agreement on a joint venture with Daiwa Bank. The joint venture was designed to improve the efficiency and quality of each other's securities investment services. The venture, Japan Trustee Services Bank, Ltd., will begin providing trust and custody services in October 2000 that will also focus on such new services as master trust service, securities lending, and cash management.



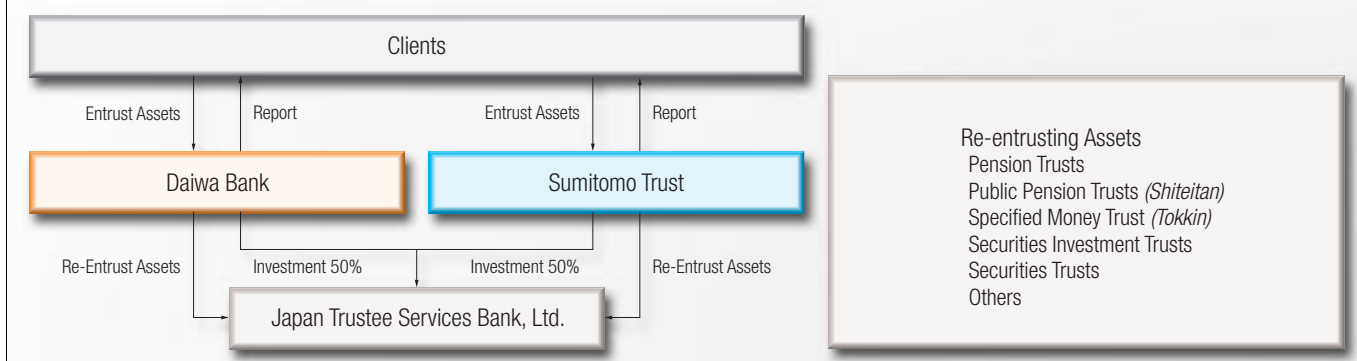
While economies of scale work well in this business field, achieving an appropriate critical mass is required to cope with huge IT investments, maintain price competitiveness, and provide new effective services. The joint venture bank will start with a critical mass of 42 trillion yen entrusted assets by consolidating the majority of the entrusted assets of the two partners. It aims to achieve an entrusted asset balance of 100 trillion yen by March 2005. The joint venture is very likely to become the market leader

Business Plan for Joint Venture with Daiwa Bank

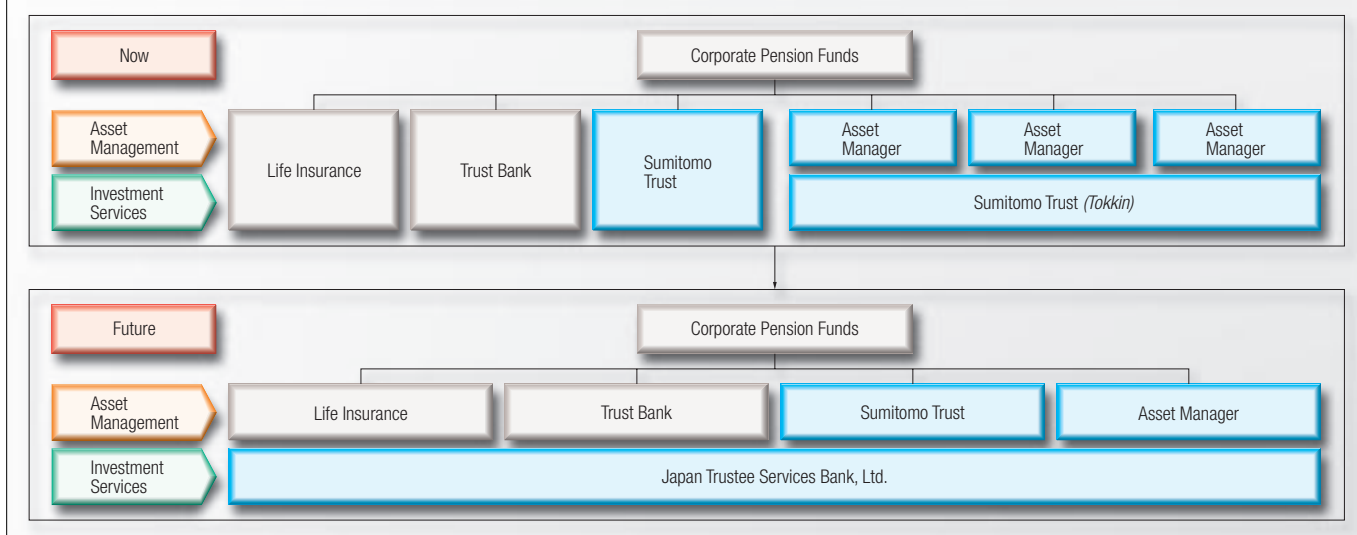
Business plan	On commencement (Oct 2000)	FY2004
IT related expenses	Approx. Y10bn p.a. on average	
OHR	N/A	Less than 50%
ROE	N/A	More than 15%
Employees	Approx.500	Approx.550

Note: Assets of the two entities will be transferred at the establishment of a joint venture

■ JV Structure: Japan Trustee Services Bank, Ltd.



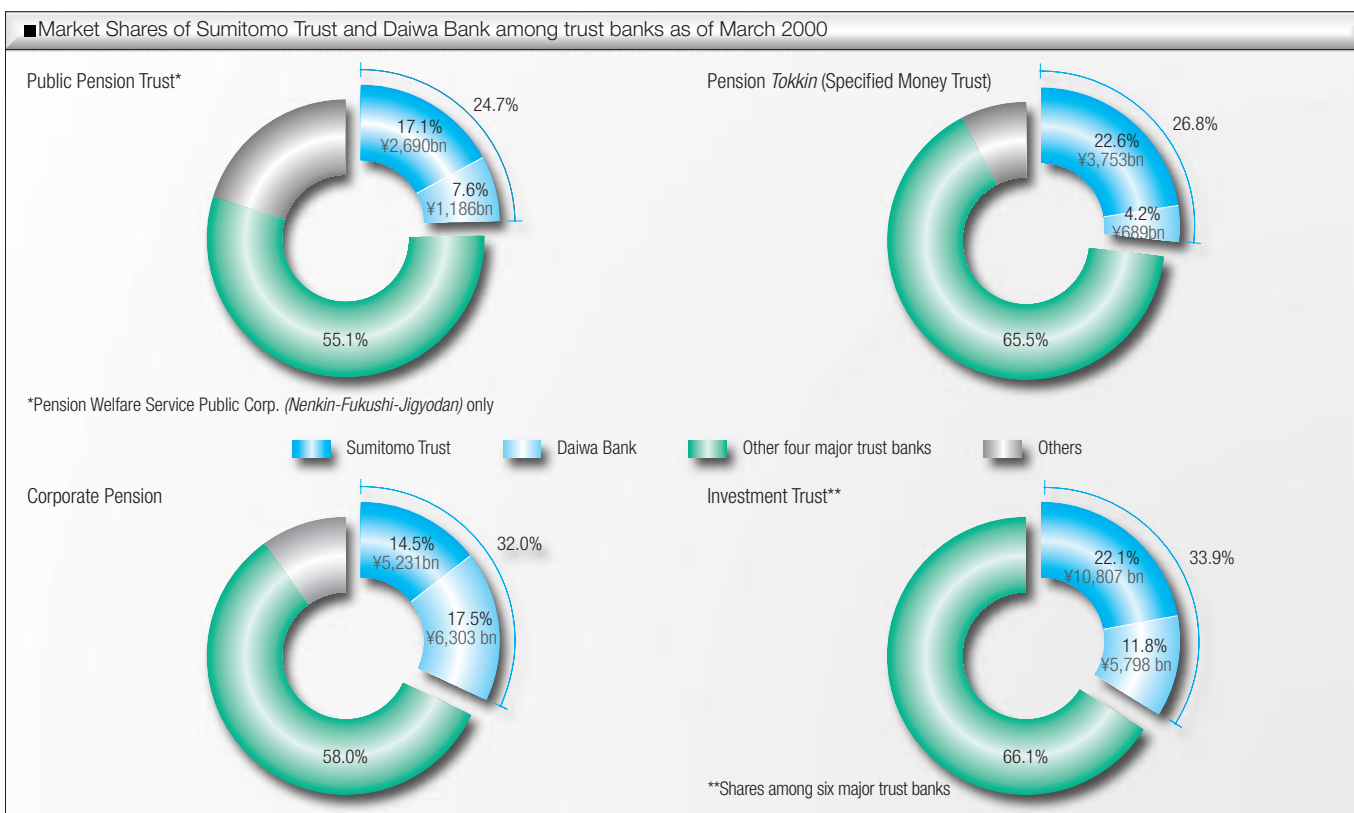
■ Picture of Presumed Japanese Master Trust



in securities investment services and will be well positioned to further develop its business base.

Alliances with the Sumitomo Group Companies

Alliances with the Sumitomo Group companies have also been pursued to avoid the overlapping of business functions within the Group. Recently, the trust banking subsidiaries of Daiwa Securities Group and Sumitomo Bank were merged into the trust business of Sumitomo Trust. The business function of the Bank's subsidiary, Sumitomo Trust Securities was assigned to Daiwa SBCM, a joint venture of Daiwa Securities Group and Sumitomo Bank. The Bank acknowledges the Sumitomo Group's important role in ensuring the stability of the Bank's business and will continue to make efforts to strengthen cooperation within the Sumitomo Group.





Sophisticated IT systems ensure the efficiency and accuracy of the operations

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	(4)Fiduciary Services Group
	(5)Real Estate Group

The Features of Japanese Trust Banks

Japanese trust banks can be defined as financial institutions which offer a wide variety of investment related services and banking services to both corporate and individual customers. With the solid business base established through their traditional banking services, they cross-sell such services to corporate customers as asset management, securities investment services, transfer agency services, and real estate related services including brokerages and securitization. On the other hand, they provide such services as Loan Trusts, Jointly-Operated Money Trusts (both are principal guaranteed long-term deposits), and performance-based money trusts to individual customers. It is also worth noting that the trust banks, with their highly specialized trust functions, are financial institutions which offer investment related services to institutional investors such as public pension funds, life insurance and investment trust management companies, and create an infrastructure indispensable for

development of investment activities management in Japan.

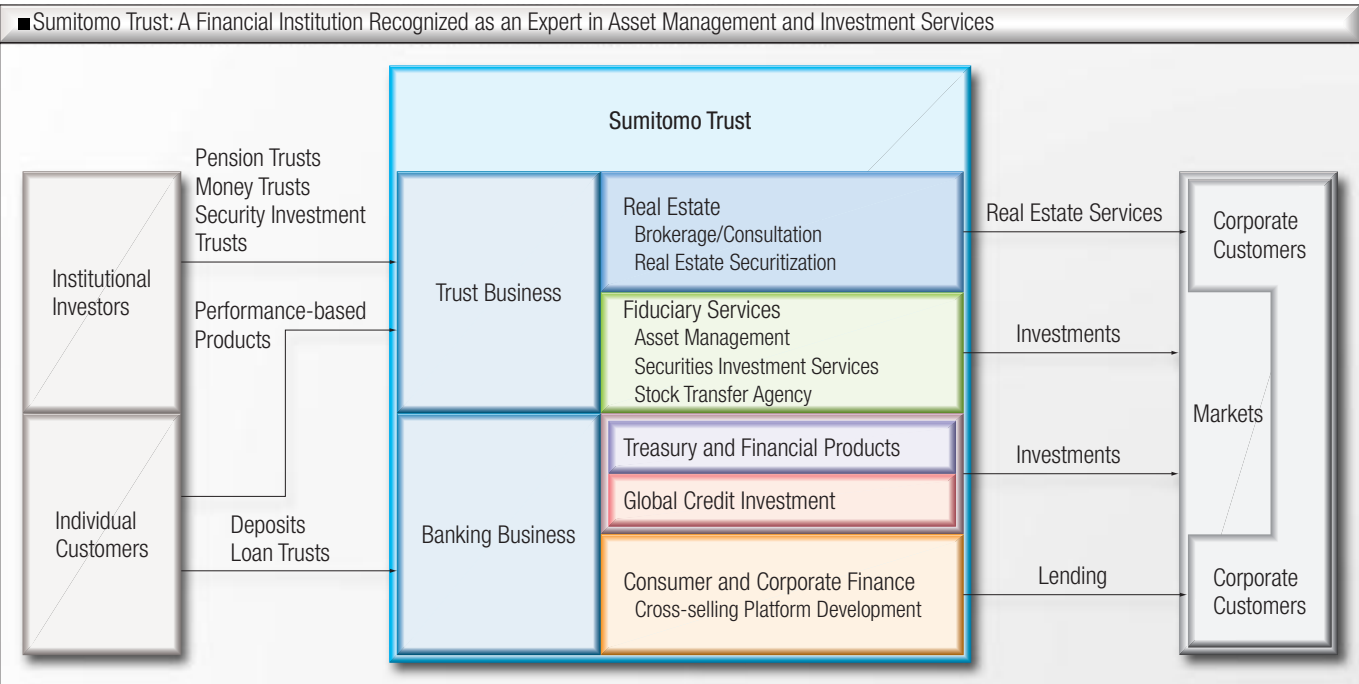
The trust banks have access not only to the traditional market of indirect financing but also to the expanding direct financing market. This successful strategy enables them to provide customers with various consulting services in order to optimize their assets and liabilities in way of "One-Stop Shopping Style". It distinguishes them from city banks because the latter still depend on old-fashioned bank business, which is the reason why the trust banks get wide support from customers and have steadily growing profits.

Sumitomo Trust is a bank with a vision for the future which has all the characteristics of trust banks mentioned above. The reconstitution for effective scheme for collective investment will be the biggest contribution which Sumitomo Trust can make to the Japanese Society in the 21st Century.

The notable difference between financial statements of the trust banks and those of the city banks is that the former have trust income line item in the profit and loss statement in addition to conventional line items of the banking sector such as interest income, or fees and commissions. Trust fees are generated by corporate pension trusts, security trusts, and other trust products including Loan Trusts and Jointly-Operated Money Trusts of which principals are guaranteed while real estate brokerage fees and transfer agency related fees are included in fees and commissions.

The most distinguished characteristics of the trust fees in the profit and loss statements of the trust banks can be found in the handling of fees from principal guaranteed trust products. These products are the major sources of funds for the trust banks. As for Sumitomo Trust, the balance of those products is reaching up to the total sum of 6,937 billion yen as of the end of March,2000. Those funds are invested mainly in long-term loans to large-size corporations and in securities such as Japanese government bonds as they are managed within trust account, being strictly separated from bank accounts. After dividends are paid to Loan Trusts and JOMTs (Jointly-Operated Money Trusts) customers and credit costs incurred in those accounts are subtracted from the income produced through loan and security operations, the remainder is posted as trust fees in the profit and loss statement.

The assets and liabilities in principal guaranteed trusts are classified differently, in a strict manner, from those of banking accounts. They are, however, similar to conventional deposits in banking account in that their management risks are attributable to the trust banks. Therefore, Sumitomo Trust performs the same credit risk and ALM controls for the principal guaranteed trusts. This is why Sumitomo Trust allocates the trust fees from Loan Trusts and JOMTs to Customer and Corporate Finance Group. (As for the list of the trust fees, please refer to MD&A Trust Fees)



Review of Group Operations

(1) Consumer and Corporate Finance Group

Reinforcing cross-selling to a firm customer base

Individual Market

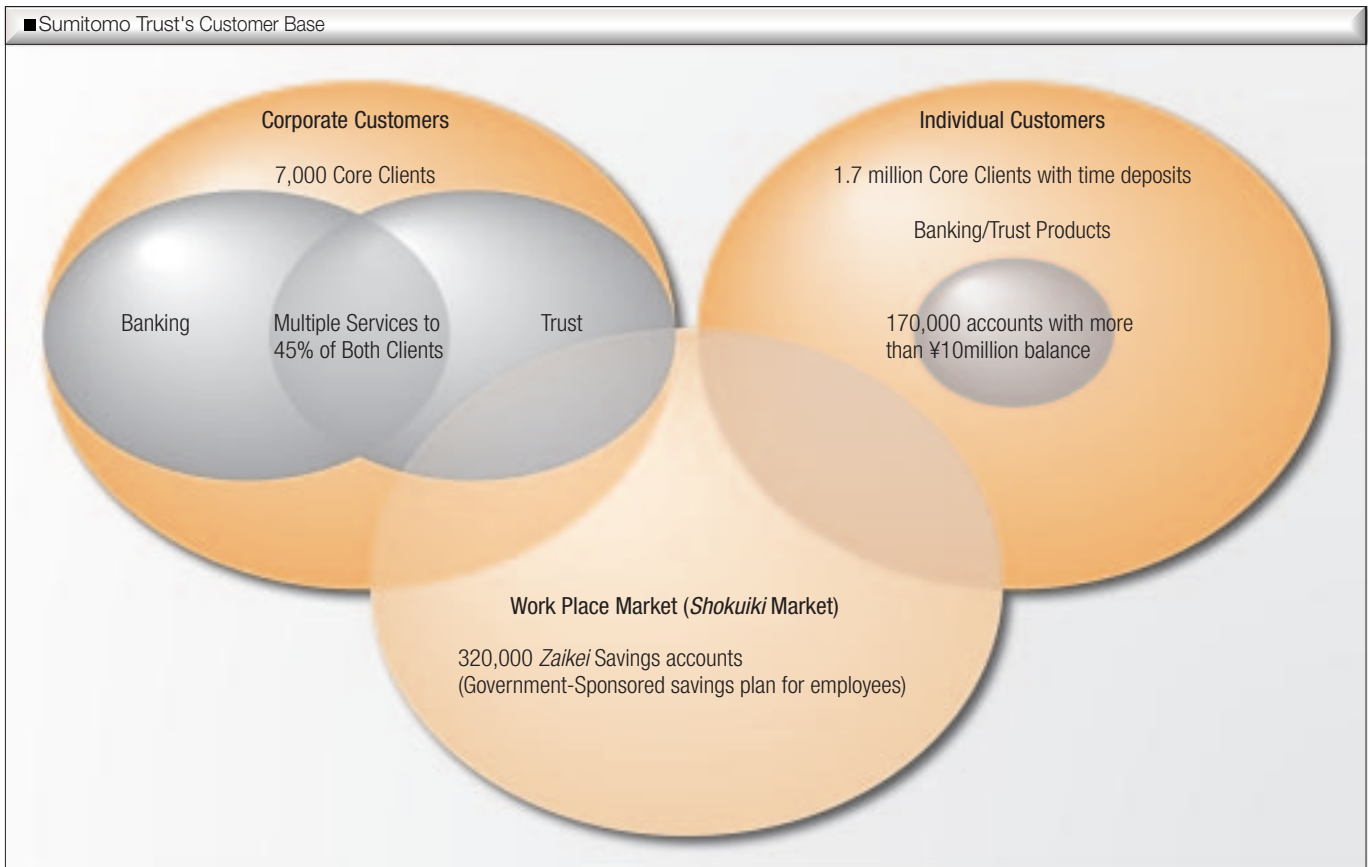
The majority of our individual customers expect quality asset management as well as everyday settlement functions from Sumitomo Trust. To meet customer expectations, we offer a variety of retail investment products such as loan trusts, performance-based trusts, investment trusts as well as term deposits. We also place a special emphasis on consultation-based marketing. Our Portfolio Investment Consulting System is an effective consultation tool for determining optimal portfolio compositions for wide range of individual customers, and

more than fifty experienced Financial Consultants are providing personal consultation to our high net-worth customers.

In fiscal 1999, MCIF, the individual customer management system we developed in collaboration with IBM, started to function as the central information system for our customer management, product development, consultation and marketing. We are also expanding our delivery channels by opening Sumishin i-Stations, small specialty offices that target heavily populated suburban areas in Tokyo and Osaka, and started internet banking services in June 2000.

Corporate Market

The mission of our corporate lending



business is to develop and expand the customer base to which we cross-sell trust services, as well as to maintain stable profits from the loan portfolio. One of the key factors to the profitability of our lending business is credit risk control. Our past experience has been put to good use towards refining the quantitative approaches of risk control. Also, we are seeking to apply appropriate spreads that are commensurate to the respective credit risks.

In the field of corporate finance services, we are providing sophisticated financial derivative products, securitization of money claims such as leasing fees, and ship charterages. Corporate Finance Advisor, a managerial accounting system that we jointly developed with an accounting firm, is our effective consultation tool for providing asset/liability management solution such as securitization of corporate assets. Also, internet consultation/information service provided to start-up companies helps us to expand our business opportunity.

Shokuiki Marketing

Sumitomo Trust has been one of the leading players in the *Shokuiki* marketing, the work place marketing for group employees. We have been offering employer-sponsored housing loans and *zaikai* savings, a government-sponsored savings plan for employed workers, as well as investment and savings products for employees' retirement funds in this marketing. The introduction of the Japanese 401(k), a defined contribution pension plan, was an important impetus for reinforcing *Shokuiki* marketing and we organized a department exclusively developing this market. It will start investment consultation and marketing of our new investment products suitable for the 401(k) plan by way of providing our internet services to the corporate intranets. We anticipate such marketing through new delivery channel will contribute to the development of our retail investment business and enlarge our retiree customers base.

Atsushi Ueda
Senior Manager
Structured Finance Department
"We deal with non-recourse loans and syndicated loans as well as the securitization of money claims. We are always seeking new product developments to keep Sumitomo Trust the market leader in structured finance."



(2)Global Credit Investment Group

Integrating alternative investments from Japan and overseas

Sumitomo Trust took the opportunity to become the first Japanese bank to integrate the expertise earned through its overseas lending business and similar business in Japan into a specialized group under the concept of investing in the "marketable credit". This reform resulted in the transfer of the bilateral lending transactions in our overseas offices, primarily with Japanese companies, to the Consumer and Corporate Finance Group. The following explains why we took this course.

Traditionally, corporate loans have been the most common investment vehicle for banks and typical non-liquid assets. However, as a result of progress in securitization techniques and development of the secondary market, corporate loans have gained liquidity and marketability. In the U.S and Europe, institutional investors recognize marketable loans as

an alternative investment vehicle and treat them as a standardized investment product like stocks and corporate bonds. In recent years, Japan has seen both a rapid growth in the outstanding balance of asset-backed securities, and gradual development of secondary markets for corporate loans and bonds at the same time. In the near future, Japan's credit markets are expected to gain the same level of liquidity and marketability as the U.S and Europe.

Sumitomo Trust is leveraging the expertise of the Global Credit Investment Group in credit investment. This group has the following responsibilities: (1) To establish a global alternative investment portfolio as our proprietary investment, and (2) To provide clients with opportunities in alternative investments.

Domestically, this group will deal with the debt investments that do not follow conventional lending practices by purchasing corporate bonds and ABSs and participating in syndicated loans and non-recourse loans.

Overseas, this group will optimize portfolios by diversifying investments in a wide range of credit through the three overseas branches in New York, London and Singapore, and a subsidiary in Hong Kong.

Besides the debt investments, this group will manage investments in private equities, with a view towards establishing a well-balanced alternative investment portfolio by performing venture capital activities in Japan and investing in selected overseas funds.

Masaru Furukawa
Senior Manager
Global Credit Portfolio Management Department
"We are equipped with top notch know-how in the structured finance such as CDOs and CLNs among Japanese banks. We will apply our know-how to the optimization of the credit portfolio investment and contribute to the profitability of the Bank."



(3)Treasury and Financial Products Group

Seeking appropriate risk control and developing sophisticated financial products

ALM Operations

The Treasury and Financial Products Group provides benchmark interests for our deposit and loan products, and manages the market position generated from the deposit and loan transactions with customers. Such ALM operations maintain the optimal level of market risk of the bank's global position, and are conducted by domestic and overseas offices that are connected under the 24-hour global operating system by way of applying flexible risk-hedge measures such as securities investments and derivative transactions within the VaR based risk allowance that is designated by the management.

Trading

This group provides customers with the latest market information and newest financial products, including derivatives

and foreign exchange with competitive rates. Examples of our products using derivatives are "Advance Series"-loan products for corporate customers, "Compass Series"-deposit products for non-profit organizations, "First Class"-foreign currency deposit for individuals, and "Top Runner"-structured foreign currency deposit. These products are cross-sold to our customer base by Customer and Corporate Finance Group. Also, by using advanced risk control methods, we are managing the short-term market risk of the position that results from the transactions with customers in a manner we can maximize the profitability.

Yoshinori Momose
Senior Manager
Trading Team

Financial Products and Marketing Department

"We are providing a variety of financial derivative products as well as in charge of trading in the market. We are committed to developing competitive products in collaboration with our experts in engineering, marketing, and trading."



(4)Fiduciary Services Group

Strategic partner of corporate clients

Fiduciary services for the customers' investments in securities is a fast growing business in which Sumitomo Trust is committed to keeping their current leading position and further expanding its market presence.

This group provides the following main services;

(1) Asset management consultation on pension system and investment methodology for corporate pensions and public institutional funds. We are providing bundled services including trust and custody services to the majority of corporate pension customers.

(2)Trust and custody services for independent asset managers for pension funds and investment trusts; Global custodial services for Japanese institutional investors by our overseas subsidiaries.

(3)Stock transfer agent services and con-

sultation, including shareholders registration, dividends calculation/ payments, delivery of general meeting documents; IR advice services.

Fiduciary services are undergoing a big transformation due to deregulation, system reform and increased sophistication of services. Our competitive advantage is value-adding consultation services which create a "strategic partnership" with pension customer in coping with such transformation, as well as well-balanced asset management capability in line with customer's investment policy. We also enjoy a reputation for giving expert advice on alternative investments, such as corporate bond investment funds and real estate backed securities.

We are going to start operation of Japan Trustee Services Bank, Ltd. in October 2000, a joint venture bank specialized in securities investment services together with Daiwa Bank who is one of the major players in pension asset management services. The new bank will meet the clients' increasing needs for advanced services including master trust, securities lending and cash management. The new bank will consolidate the major part of entrusted assets of both Sumitomo Trust and Daiwa Bank and pursue the economies of scale for the large IT investment and operation costs, thus strengthen its competitiveness.



Keiji Nakamura
Senior Manager
Member of the joint venture PT
Securities Business Planning Department
"We are providing sophisticated services that set the pace for Japan's fiduciary business by quickly and properly responding to the clients' more diversified needs in collaboration with the joint venture securities investment servicing bank."

Line-up of Asset Management

(As of March 2000)		Number of Professionals
Domestic equities portfolio managers		18
Global equities portfolio managers	14 (8 in overseas)	
Global bonds portfolio managers		11
Analysts		25

(5)Real Estate Group

Market leader of real estate securitization

The gross business profit from the real estate business dramatically increased from 8.2 billion yen to 12.5 billion yen, and broke the barrier of 10 billion yen after 7 periods. 1.9 billion yen out of the 4.3 billion yen increase was due to the increase in brokerage and consultation fees of commercial real estate, while the remaining 2.4 billion yen increase was the fees related to real estate securitization which was only 0.1 billion yen in fiscal 1998. Both increases are favorable signs for a

market recovery fueled by the strong financial restructuring needs of corporations.

Sumitomo Trust has been the leading player in the real estate securitization in Japan because of their superior expertise in investment scheme development, which utilizes trust functions and experience in real estate investment management. Twenty-two entrusted transactions include leading projects of Japanese real estate securitization. The real estate securitization has great potential to be one of the most effective measures of balance sheet rationalization and an alternative

Tomoyuki Goto
Senior Manager
Investment Advisory Team
Real Estate Investment Advisory Department
"We are providing real estate investment advisory service to institutional investors with both qualitative and quantitative approaches. We anticipate the development of REITs will also expand our role in the real estate investment market."



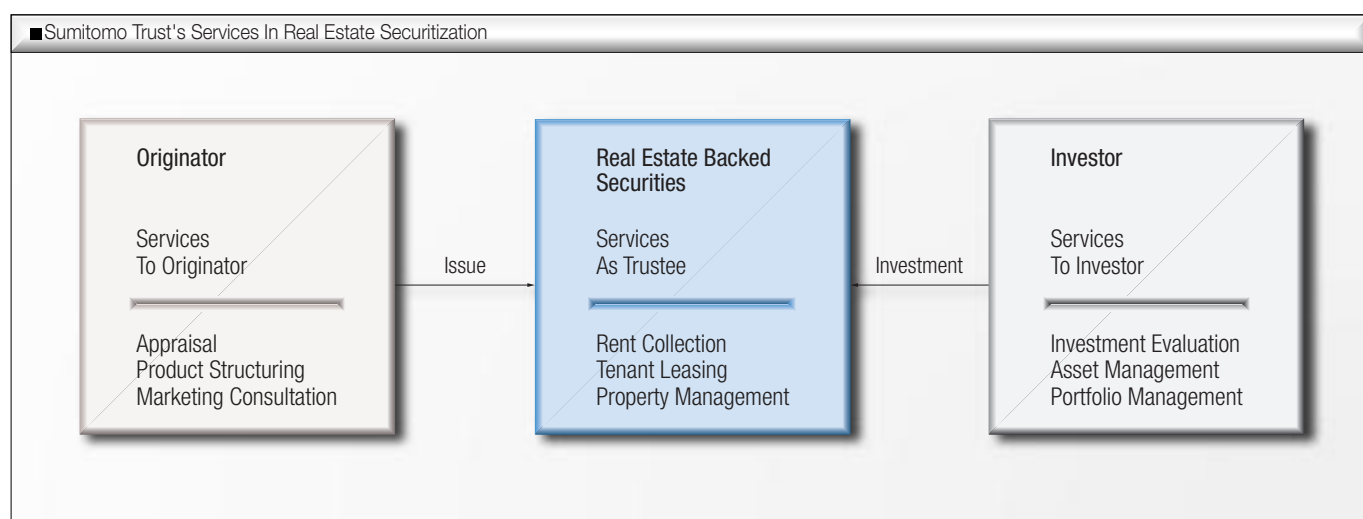
financing measure from the viewpoint of originators, and as an alternative investment vehicle from the viewpoint of investors. In Japan, a full-fledged real estate investment trust market is being prepared, giving higher liquidity to the products. Sumitomo Trust will continue to keep the leading position, as the real estate securitization and investment market develop.

Sumitomo Trust has in-depth expertise in real estate management due to their long experience in land trust business, in which it operates on behalf of the landowners comprehensive duties. This encompasses

es planning of the project, order of construction work, tenant leasing and property management. This expertise enables us to provide value-adding consultation on the real estate investment, as well as real estate securitization. The acquisition of ISO9001 certification for business management of land trust/real estate management trust in March 2000 is an evidence of our high quality services. To meet the growing needs of institutional investors for real estate related investments, the Bank will develop sophisticated asset management services through the integration of its expertise in real estate management and expertise in securities investment.

List of Selected Mandated Deals of Real Estate Securitization

FY	Originator	Securitized Property	Amount (ybn)	Location
1998	Sumitomo Bank	20 bank branches	27	Nation-wide
1999	Sumitomo Real Estate	Five office buildings portfolio	47	Tokyo
1999	Asahi Brewery	Active plant	22	Tokyo
1999	NEC	Head office building	90	Tokyo
1999	Mori Building	Residential tower	34	Tokyo
1999	Dai-ichi Life	Five office buildings portfolio	20	Nation-wide
1999	Izumiya	Shopping mall	11	Osaka
1999	Sumitomo Real Estate	High-rise office tower	100	Tokyo
1999	Mitsui Real Estate	Eight office buildings portfolio	45	Nation-wide
1999	Shin-Hankyu Hotel	Hotel property	10	Osaka
1999	Royal Hotel	Hotel property	21	Osaka





FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS

SIGNIFICANT FINANCIAL EVENTS IN FISCAL YEAR 1999

The introduction of the Enterprise Tax on Banking Businesses, which was adopted by the Tokyo Metropolitan Assembly in April 2000 affected the Bank's financial result in fiscal year 1999. It decreased deferred tax assets by ¥11.2 billion and in consequence reduced the net income by the same amount. In addition to the effect on fiscal year 1999, we estimate the new tax will increase the Bank's tax expenditures by approximately ¥3 billion a year over the next five years.

OVERVIEW OF FISCAL YEAR 1999 RESULTS

The fiscal year 1999 was a year of big reform for the banking industry in Japan commencing with the infusion of public funds which has swept concern toward the systemic risk, and followed by announcements of four mega financial groups to be formed through mergers and alliances. The Tokyo stock market showed steady improvement sustained by the stabilization of the financial system and signs of economic recovery. The Nikkei Stock Average as of March 31, 2000 reached ¥20,337. Long-term and short-term interest rates remained at their unprecedentedly low level throughout fiscal year 1999, due to the Bank of Japan's policy to push short-term interest rates down to zero.

The Bank's consolidated income before income taxes was ¥80.1 billion and consolidated net income was ¥32.2 billion, recovering from losses over the past three fiscal years. The principal factor of this turnaround is the sharp decline in losses related to problem loans. Such losses in both the banking and trust accounts in fiscal year 1999 totaled ¥157.7 billion, a sharp decline from ¥425.1 billion in fiscal year 1998 but still a large amount. On a non-consolidated basis, the Bank recorded income before income taxes of ¥76.7 billion and net income of ¥33.0 billion. Income before income taxes exceeded the Bank's Plan for Restoring Sound Management by ¥6.7 billion. Although net income fell short by ¥8 billion, it was due to the accounting effect of the aforementioned tax imposed by the Tokyo municipality.

While fees from trust services steadily increased, a sharp decline in capital gains from investment in bonds for the trust accounts (Loan Trusts and Jointly-Operated Money Trusts) reduced total trust fees to ¥96.2 billion, a decrease of ¥47.4 billion from fiscal year 1998. Recovery of real estate services and growth of stock transfer agency services contributed to the

increase of fees and commissions.

The Bank's consolidated net interest income increased ¥3.8 billion to ¥96.8 billion, primarily as a result of widening loan spreads and decreases in both domestic and overseas funding costs. The loan spread of the Bank was improved from that in fiscal year 1998 as a result of the Bank's efforts to reprice loan spreads into levels appropriate for credit risks (Please see the loan spread analysis on page 37).

Net other operating income on a consolidated basis was ¥3.3 billion, down by ¥67.7 billion from that in fiscal year 1998. The sharp decline was due primarily to a decline of capital gains of foreign and domestic bonds by ¥59.8 billion from that in fiscal 1998, when the highest capital gain ever was achieved. The unrealized gain of the bond portfolio as of March 2000 was ¥7.8 billion.

Net of other income and expenses on a consolidated basis was a loss of ¥13.7 billion, up ¥354.2 billion from that in fiscal year 1998. The improvement was primarily due to a large decrease in losses related to problem loans in the banking account, which amounted to ¥102.9 billion, compared to ¥374.1 billion in fiscal year 1998. In fiscal year 1999, the Bank took aggressive measures to resolve the issue of problem loans, including not only bulk sales of problem loans but also final treatment toward the completion of debtors' restructuring plans. As a result of such aggressive measures, the amount of problem loans on a non-consolidated basis, disclosed as classified assets based on the Financial Reconstruction Law, decreased by about 20% from that as of the end of fiscal year 1998. The coverage ratio which shows the ratio of collateral and reserves to nonperforming loans is 91%, one of the highest among major Japanese banks. On the other hand, net of securities gains and losses reached ¥75.7 billion, up ¥72.6 billion from that of fiscal year 1998. At the same time, net unrealized gain of equity as of the end of fiscal year 1999 was ¥319.8 billion. Consequently, the Bank's financial cushion has been substantially improved.

The Bank's BIS capital adequacy ratio as of March 31, 2000 was 11.23% and its Tier I capital ratio was 6.62%. Both ratios continue to illustrate the Bank's sound and strong capital base.

In fiscal year 1999, the dividend on the common stock was ¥7 per share, which was the same as in fiscal year 1998. The dividend on the preferred stock issued in March 1999 was ¥6.08 per share.

Operating Results (Consolidated)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Trust Fee	¥ 96,228	¥143,698	¥ (47,469)	\$ 907
Net Interest Income	96,874	93,057	3,817	913
Net Fee and Commissions	34,209	30,985	3,224	322
Net Trading Account Revenue	6,007	4,663	1,343	57
Net Other Operating Income	3,365	71,148	(67,783)	32
General and Administrative Expenses	142,807	158,577	(15,769)	1,345
Net of Other Income and Expenses	(13,723)	(367,982)	354,259	(129)
Income (Loss) before Income Taxes	80,155	(183,006)	263,162	755
Net Income (Loss)	32,214	(136,742)	168,956	303

Trust Fees

Trust fees consist of income from Loan Trusts, Jointly-Operated Money Trusts (JOMTs) and other fees from trust products, such as Pension Trusts, Designated Money Trusts, and Securities Investment Trusts. The income from the first two types of trusts can be categorized as net income from a quasi-banking business. If credit costs of trust accounts were excluded, it would

stand at ¥100.7 billion, down 32.4% from fiscal year 1998. The decrease was attributable to a decline of bond gains in the trust accounts. Other fees from other trust accounts reached ¥50.2 billion, an increase by 9.9% from fiscal year 1998, due to the growing trust assets as well as securitization-related real estate business opportunities.

Trust Fees (Consolidated)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Net Trust Fees	¥ 96,228	¥143,698	¥(47,469)	\$907
Trust Accounts Credit Costs (Eliminated)	54,754	51,004	3,749	516
Trust Fees from Loan Trust and Jointly-Operated Money Trust	100,754	149,013	(48,259)	949
(Excluding Credit Costs)				
Profits and Losses on Sale of Securities	1,864	30,957	(29,093)	18
Other Trust Fees	50,228	45,689	4,539	473

Net Interest Income

The Bank's net interest income increased ¥3.8 billion, or 4.1%, compared to fiscal year 1998, mainly due to the reduced fund-

ing costs as well as improved loan spreads. Please refer to the section entitled Spread and its attached chart (on page 37) for further analysis and detailed information of loan spreads.

Net Interest Income (Consolidated)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Interest Income	¥391,291	¥521,387	¥(130,096)	\$3,686
Interest on Loans and Discounts	137,691	205,969	(68,278)	1,297
Interest and Dividends on Securities	97,738	92,946	4,791	921
Interest on Deposits with Banks	20,117	43,358	(23,240)	190
Interest on Interest Swaps	81,747	159,452	(77,704)	770
Other Interest Income	53,996	19,660	34,335	509
Interest Expenses	294,416	428,330	(133,914)	2,774
Interest on Deposits	57,773	123,151	(65,377)	544
Interest on Borrowings and Rediscounts	7,173	31,854	(24,681)	68
Interest on Corporate Bonds	8,487	8,602	(115)	80
Interest on Convertible Bonds	69	18	50	1
Interest on Interest Swaps	115,838	163,497	(47,658)	1,091
Other	105,074	101,205	3,868	990
Net Interest Income	96,874	93,057	3,817	913

Net Other Operating Income

Net other operating income was ¥3.3 billion, down ¥67.7 billion, or 95.3% from ¥71.1 billion in fiscal year 1998. The fall was due

primarily to a decrease in bond gains, which incurred net loss of ¥10.9 billion, a decrease of ¥59.8 billion from the historical high of ¥48.8 billion in fiscal year 1998.

Net Other Operating Income (Consolidated)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Other Operating Income	¥216,598	¥276,670	¥(60,072)	\$2,040
Gains on Foreign Exchange Transactions	5,755	6,643	(888)	54
Gains on Sale of Bonds (1)	100,329	176,121	(75,792)	945
Gains on Redemption of Bonds (2)	1,160	1,696	(536)	11
Other	109,353	92,208	17,144	1,030
Other Operating Expenses	213,232	205,521	7,711	2,009
Losses on Sale of Bonds (3)	105,436	102,288	3,147	993
Losses on Redemption of Bonds (4)	6,991	20,778	(13,786)	66
Losses on Devaluation of Bonds (5)	52	5,888	(5,835)	0
Other	100,752	76,566	24,185	949
Net Other Operating Income	3,365	71,148	(67,783)	32

Net Gains (Losses) on Bonds [(1)+(2)-(3)-(4)-(5)]

	Millions of Yen		
	2000	1999	Changes
Net Gains (Losses) on Bonds	¥(10,990)	¥48,863	\$(59,853)

General and Administrative Expenses

General and administrative expenses decreased ¥15.7 billion, or 9.9%, from ¥158.5 billion in fiscal year 1998. The decline mainly resulted from a decrease of ¥14.1 billion in non-personnel

expenses, of which ¥8.5 billion was mainly due to application of the new Japanese accounting standard for research and development costs, so-called "software accounting rule."

General and Administrative Expenses(consolidated)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Personnel Expenses	¥ 76,888	¥ 75,915	¥ 972	\$ 724
Other (Non-Personnel Expenses)	59,912	74,063	(14,150)	564
Taxes Other Than Income Taxes	6,007	8,598	(2,591)	57
Total	¥142,807	¥158,577	¥(15,769)	\$1,345

Net of Other Income and Expenses

Net of other income and expenses improved significantly in fiscal year 1999, increasing ¥354.2 billion, to a loss of ¥13.7 billion. Net of securities gains and losses amounted to ¥75.7 billion, up ¥72.6 billion from fiscal year 1998, primarily due to the increase of gains on sale of shares. While the Bank stated investment securities at cost on its balance sheet, it devaluated those securities to their current prices, with unrealized losses exceeding 50% of their book values at the end of fiscal year

1999. Consequently, losses on devaluation of shares and other securities in fiscal year 1999 reached ¥88.1 billion, compared to ¥13.6 billion in fiscal year 1998.

Expenses related to problem loans of the banking account, on the other hand, were ¥102.9 billion, down ¥271.1 billion from ¥374.1 billion in fiscal year 1998. While provisions for reserve for possible loan losses decreased to ¥32.3 billion, down ¥266.3 billion from fiscal year 1998, the Bank took proactive measures toward the final disposal of problem loans.

Net of Other Income and Expenses (Consolidated)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Net of Securities Gains and Losses	¥ 75,740	¥ 3,096	¥ 72,643	\$ 714
Gains on Sale of Shares and Other Securities	235,432	31,828	203,604	2,218
Losses on Sale of Shares and Other Securities	71,575	15,050	56,525	674
Losses on Devaluation of Shares and Other Securities	88,116	13,681	74,435	830
Expenses Relating to Problem Loans	102,979	374,117	(271,137)	970
Claims Written-Off	45,220	58,378	(13,158)	426
Provision for Reserve for Possible Loan Losses	32,367	298,738	(266,370)	305
General Reserves	(5,405)	11,533	(16,938)	(51)
Specific Loan Loss Reserves	42,934	279,612	(236,678)	404
Reserves for Loans to Restructuring Countries	(5,161)	7,592	(12,753)	(49)
Losses on Sale of Loans to the CCPC	1,429	672	757	13
Losses on Bulk Sales	1,473	10,284	(8,811)	14
Reserve for Financial Assistance to Specific Borrowers	18,203	0	18,203	171
Other Credit Costs	4,285	6,043	(1,758)	40
Other Expenses	8,804	5,935	2,868	83
Other Gains	22,320	8,974	13,346	210
Net of Other Income and Expenses	(13,723)	(367,982)	354,259	(129)

Credit Costs (Summary)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Trust Account Credit Cost	¥ 54,754	¥ 51,004	¥ 3,749	\$ 516
Banking+Trust Accounts Credit Costs	157,734	425,122	(267,387)	1,486

Financial Condition

Total Assets

As of March 31, 2000, the Bank had total assets of ¥15,522.7 billion, an increase of ¥926.8 billion, or 6.4% from total assets of ¥14,595.9 billion as of March 31, 1999. The increase was due to a rise in Investment Securities, as well as in Loans and Bills Discounted. The increase of Investment Securities, up ¥1,170.4 billion from ¥3,694.4 billion as of March 31, 1999, was primarily due to a rise in short-term Japanese government notes and bills.

Total Liabilities and Stockholders' Equity

Total liabilities as of March 31, 2000, were ¥14,697.4 billion, an increase of ¥892.8 billion, or 6.5% from ¥13,804.6 billion as of March 31, 1999. The increase was due mainly to a rise in

deposits, which amounted to ¥7,674.0 billion, up ¥630.8 billion from ¥7,043.2 billion as of March 31, 1999. Liabilities include Corporate Bonds, ¥431.6 billion of which consisted of subordinated bonds (please see note 11 on page 55). The Bank's stockholders' equity totaled ¥735.5 billion, an increase of ¥33.3 billion from ¥702.2 billion as of March 31, 1999.

Capital

Both BIS capital ratio and Tier I capital ratio dropped from those in fiscal year 1998 by 1.04% and 0.48% respectively, primarily due to the change in calculation methods of risk assets during fiscal year 1999 with respect to Loan Trusts and Jointly-Operated Money Trusts with principal guaranty contracts. The amount of incremental risk assets by this change was ¥1,098.7 billion, or 86.8% of the total increase of ¥1,265.4 billion in risk assets.

BIS Capital Adequacy Ratio

As of MARCH 31	Billions of Yen, except for percentages		
	2000	1999	Changes
Total Qualifying Capital	¥ 1,346.2	¥ 1,315.3	¥ 30.8
Tier I Capital	794.2	761.5	32.6
including: Noncumulative Preferred Securities (*1)	(83.0)	(83.0)	—
Tier II Capital	553.4	555.2	(1.8)
Upper Tier II	223.0	239.3	(16.3)
Subordinated Debts	144.9	155.0	(10.1)
General Reserve for Possible Loan Losses	58.8	64.5	(5.7)
Unrealized Gains on Lands after 55% Discount	19.2	19.7	(0.4)
Lower Tier II	330.4	315.9	14.4
Deductive Items (-)	1.4	1.4	—
Total Risk-Adjusted Assets	11,982.2	10,716.7	(*2) 1,265.4
On-Balance-Sheet Items	9,699.8	9,278.7	421.1
Off-Balance-Sheet Items	2,209.3	1,348.5	860.8
Market Risk Equivalents	73.1	89.5	(16.4)
Tier I Capital Ratio	6.62%	7.10%	(0.48%)
Tier II Capital Ratio	11.23%	12.27%	(1.04%)

(*1) For detailed information of Non-cumulative preferred securities, see "Summary of Description of the Non-cumulative Preferred Securities ("The Offered Securities")" on page 38

(*2) ¥1,098.7 billion or 86.8% of the change in total risk-adjusted assets is attributable to the regulatory change in the risk-weight of the principal guaranteed trust.

*Figures for classified assets based on the Financial Reconstruction Law and spread analysis can be utilized only on a non-consolidated basis.

Classified Assets based on Financial Reconstruction Law

Classified assets based on the Financial Reconstruction Law, as of March 31, 2000, are shown below. The banking and trust accounts decreased by 19.0% to ¥770.0 billion. For asset categories in the banking account, the ratio of loans in bankruptcy and practical bankruptcy covered by collateral, guarantees, or reserves is 100%; that for doubtful loans is 91%; and that for

substandard loans is 82%. The ratios for doubtful loans and substandard loans increased from March 31, 1999, by 3% and 51%, respectively. In trust accounts, the coverage ratios for these three types of problems loans are, 100%; 80%; and 90% respectively. In addition, those portions of doubtful loans and substandard loans not covered by collateral, guarantees, or reserves (totally ¥12.7 billion) are well within the scope of reserve for loan trust and reserve for JOMT (totally ¥31.9 billion). Please refer to note 5 on pages 52 and 53 for information pertaining to problem loans.

Problem Loans

Banking Account (After Partial Direct Write-Off)
(Non-consolidated)

in billions of Yen								
Classification	Balance		Coverage Ratio		Collateral/Reserve	Reserve Ratio		
	Mar.2000	Mar.1999	Mar.2000	Mar.1999		Mar.2000	Mar.2000	Mar.1999
Bankrupt and Practically Bankrupt (A)	77.9	327.0	100%	100%	Specific Reserve	7.5	100%	100%
					Collateral/Guarantee	70.4		
					Uncovered	44.7		
Doubtful (<i>Kiken-Saiken</i>)(B)	537.1	486.0	91%	88%	Specific Reserve	223.5	83%	76%
					Collateral/Guarantee	268.9		
					Uncovered	11.2		
Substandard (<i>Yo-Kanri-Saiken</i>)(C)	63.5	24.4	82%	31%	General Reserve	3.0	65%	15%
					Reserve for Financial Assistance to Specific Borrowers	18.2		
					Collateral/Guarantee	31.0		
Ordinary Assets (<i>Seijo-Saiken</i>)	7,601.4	7,155.3			General Reserve	52.0		
					Reserve for Losses to Restructuring Countries	3.8		
Total of (A), (B) and (C)	678.5	837.3						
Total	8,279.9	7,992.6						

Trust Accounts
(Non-consolidated)

in billions of Yen							
Classification	Balance		Coverage Ratio		Collateral/Reserve	Reserves	
	Mar.2000	Mar.1999	Mar.2000	Mar.1999			
Bankrupt and Practically Bankrupt (D)	18.3	33.8	100%	100%	Collateral/Guarantee	18.3	Reserve for Loan Trust (Tokubetsu-Ryuhokin)
Doubtful (Kiken-Saiken)(E)	56.3	71.0	80%	60%	Uncovered	11.2	31.1
					Collateral/Guarantee	45.1	Reserve for JOMT
Substandard (Yo-Kanri-Saiken) (F)	16.9	8.2	90%	64%	Uncovered	1.5	(Saiken Shoukyaku Junbikin)
					Collateral/Guarantee	15.4	0.8
Ordinary Assets (Seijo-Saiken)	2,797.9	3,418.9					
Total of (D), (E) and (F)	91.5	113.0					
Total	2,889.4	3,531.9					

Total Categorized Assets
(Banking and Trust Accounts Combined)

	Mar.2000	Mar.1999	Changes
Bankrupt and Practically Bankrupt (A) + (D)	96.2	360.8	(264.6)
Doubtful (Kiken-Saiken) (B) + (E)	593.4	556.9	36.5
Substandard (Yo-Kanri-Saiken) (C) + (F)	80.4	32.6	47.8
Total	770.0	950.3	(180.3)

Breakdown of Credit Costs (Non-Consolidated; Banking and Trust Accounts)

YEAR ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2000	1999	Changes	2000
Banking Account	¥ 95,329	¥364,631	¥(269,302)	\$ 898
Claims Written-Off	42,541	54,738	(12,196)	401
Provision for Reserve for Possible Loan Losses	27,395	292,892	(265,497)	258
General Reserves	(7,258)	10,684	(17,943)	(68)
Specific Loan Loss Reserves	39,816	274,616	(234,799)	375
Reserves for Loans to Restructuring Countries	(5,161)	7,592	(12,753)	(49)
Losses on Sale of Loans to the CCPC	1,429	672	757	13
Losses on Bulk Sales	1,473	10,284	(8,811)	14
Reserve for Financial Assistance to Specific Borrowers	18,203	—	18,203	171
Other Credit Costs	4,285	6,043	(1,758)	40
Trust Accounts	54,754	51,004	3,749	516
Claims Written-Off	48,394	47,204	1,189	456
Losses on Sale of Loans to the CCPC	2,937	846	2,091	28
Losses on Bulk Sales	3,422	2,953	468	32
Total Credit Costs	¥150,084	¥415,636	¥(265,552)	\$1,414

Spread

The average-yield on interest-earning assets and that on interest-bearing liabilities dropped to 1.83% and 1.14%, respectively. However, as the decrease in the average yield on interest-earn-

ing assets was surpassed by that in the average yield on interest-bearing liabilities, (the former being 0.16%; the latter being 0.41%), the gross margin consequently improved from 0.44% to 0.69%. The loan-deposit margin also improved by 0.15%.

Banking A/C		Percentage points		
YEAR ENDED MARCH 31		2000	1999	Changes
Average Yield on Interest-Earning Assets (a)	-----	1.83%	1.99%	(0.16%)
Loans and Bills Discounted (A)	-----	1.52%	1.62%	(0.10%)
Bonds	-----	1.56%	1.78%	(0.22%)
Average Yield on Interest-Bearing Liabilities (b)	-----	1.14%	1.55%	(0.41%)
Deposits (B)	-----	0.45%	0.70%	(0.25%)
Gross Margin (a)-(b)	-----	0.69%	0.44%	0.25%
Loan-Deposit Margin (A)-(B)	-----	1.07%	0.92%	0.15%

**Summary of 8,300 Floating Rate Noncumulative Preferred Securities,
Liquidation Preference ¥10 million per Security (the "Securities")
Issued by STB Preferred Capital (Cayman) Limited (the "Company")**

The Securities are intended to provide holders (i) with rights to dividends that are equivalent to, and (ii) with rights to liquidation preferences that are the same as, those to which holders would be entitled if they had purchased non-cumulative nonvoting perpetual preferred stock issued directly by The Sumitomo Trust and Banking Co., Ltd. (the "Bank"), except that these rights are against the Company and not against the Bank. Accordingly, if the Bank's financial condition were to deteriorate, including the occurrence of a Liquidation Event or the delivery of a Supervisory Period Dividend Instruction or the delivery of an Insolvency Certificate, the Company and the holders of the Securities could suffer direct and materially adverse consequences, including suspension of noncumulative dividends on the Securities and, if a Liquidation Event occurs with respect to the Bank, loss by holders of the Securities of their investment. The Bank determined to include the proceeds from the sale of the Securities in its Tier I capital on a consolidated basis as a qualified core capital without limitation because of their terms and conditions including but not limited to non-step-up feature in terms of the dividend rate.

The Company

STB Preferred Capital (Cayman) Limited (the "Company"), a wholly owned subsidiary of the Bank with capital of ¥2,000 million incorporated in Grand Cayman, the Cayman Islands, which issued the Securities to investors and funded a perpetual ¥85,000 million subordinated loan to the Bank.

The Securities

8,300 floating rate noncumulative preferred securities, liquidation preference ¥10 million per security, issued on March 26, 1999 in the euro market.

Dividend

(General)

Dividends are payable at a floating rate of 6 months Yen LIBOR plus 3.00% per annum, semi-annually in arrears on the 25th day of January and July in each year.

(Dividend Limitation)

If the Bank declares less than full dividends on its preferred stock, the aggregate amount of dividends payable on the Securities will be limited to an amount representing the same proportion to the full dividends thereof as the proportion of so declared dividends to the full dividends on such preferred stock.

(Distributable Profits Limitation)

The dividends on the Securities are limited to the amount of the Bank's distributable profit after deduction of any dividends and other distributions declared to be paid on (a) any class of preferred stock of the Bank, (b) securities issued by the Bank's other subsidiaries ranking on a parity with any class of the Bank's preferred stock as to dividends rights, and (c) Dividend Parity Shares (if any). However, if the aggregate amount of (p) the full dividends on the Securities and (q) full dividends and other distributions on (b) and (c) exceeds the Bank's distributable profit after deduction of dividends on (a), the dividends on the Securities shall be reduced to the portion thereof representing the same proportion that (p) bears to (p) plus (q).

(Mandatory Dividends)

If the Bank pays any dividends on any of its common stock with respect to any financial year of the Bank, then the Company will be required to pay full dividends on the Securities for the applicable year, irrespective of whether a No Dividend Instruction or a Reduced Dividend Instruction is given, but subject to the condition under Insolvency Certificate, Distributable Profits Limitation, Supervisory Period Dividend Instruction, and Liquidation Period as described here.

(Liquidation Period)

The Company may not pay dividends on the Securities if a Liquidation Event has occurred and is continuing. A Liquidation Event shall occur if (a) a liquidation proceeding of the Bank under the laws of Japan is commenced or (b) a competent court in Japan shall have (x) adjudicated the commencement of the bankruptcy proceeding or (y) approved a preparation of reorganization plan for liquidation of the Bank.

(Insolvency Certificate)

In the event that the Bank becomes insolvent, the Bank shall promptly deliver to the Company an Insolvency Certificate and dividends may be suspended. Insolvency means that (x) the Bank is not or will not be able to pay its debts as they become due, or the Bank's liabilities would exceed its assets or (y) the Japanese administrative agency in charge of financial supervision determined that the Bank is insolvent.

(No Dividend Instruction / Reduced Dividend Instruction)

Except for dividends required to be paid as described under Mandatory Dividends above, the Bank may deliver to the Company (a) a No Dividend Instruction not to pay dividends or (b) a Reduced Dividend Instruction to limit the payment of dividends to a proportion less than 100% of full dividends. In such cases the Company shall not pay dividends on the Securities in excess of the Bank's instruction.

(Supervisory Period Dividend Instruction)

If the Bank's risk-adjusted total capital ratio or risk-adjusted core capital ratio were to decline below the minimum percentages required by Japanese banking regulations which are currently 8.0% and 4.0% respectively for Japanese banks engaged in international operation, the Bank may deliver a Supervisory Period Dividend Instruction to the Company, instructing it not to pay dividends on the Securities or limit them to less than 100%.

Redemption

The Securities may be redeemed in whole or in part on any dividend payment date on or after July 2009 at the option of the Company subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements. The Securities may not be redeemed prior thereto except in whole upon the occurrence of a Tax Event which will require the Company or the Bank to pay an additional tax amount with respect to the Securities, or a Capital Event in which the Securities are determined by the Bank, after consultation with the Japanese administrative agency in charge of financial supervision, not to be included in the core capital of the Bank. The redemption price is ¥10 million per security, plus unpaid dividends for the applicable dividend period.

Use of Proceeds

The proceeds to the Company from the sale of the Securities and the issuance of the ordinary shares were ¥85,000 million. The company used such proceeds to advance the Subordinated Loan to the Bank for the use of its general corporate purposes.

Subordinated Loan

The principal amount is ¥85,000 million. Interest is payable on the 25th day of January and July in each year, provided that any interest will not be due or payable and will be permanently forgiven if an Insolvency Certificate has been delivered. The Subordinated Loan will be repayable by the Bank at its option, subject to the approval of the Japanese administrative agency in charge of financial supervision, on any date on which the Securities are redeemed.

If a Liquidation Event shall be deemed to have occurred and is continuing, (i) the obligation of the Bank to make payments of interest will be suspended and (ii) the Subordinated Loan Agreement will represent or evidence a subordinated claim of the Company in the liquidation of the Bank. A Liquidation Event shall occur if (a) a liquidation proceeding of the Bank under the laws of Japan is commenced or (b) a competent court in Japan shall have (x) adjudicated the commencement of the bankruptcy proceeding or (y) approved a preparation of reorganization plan for liquidation of the Bank.

The Subordinated Loan Agreement does not provide for acceleration in any event even if an event of default occurs. An event of default shall be deemed to occur if the Bank fails to pay the full amount of interest on the Subordinated Loan.

The Subordinate Loan generates funds for distribution to the holders of the Securities.

RISK MANAGEMENT SYSTEM

OVERVIEW

Business opportunities for financial institutions have expanded dramatically due to the deregulation and globalization of financial markets as well as the increased sophistication of financial technologies. On the other hand, financial institutions face an increasingly diverse and complicated range of risks. In this type of environment, ensuring that an institution's risk management system is capable of effectively handling these risks has become a central management issue. The Bank has made enhancing the sophistication of its risk management system a top management priority and continually works to enhance its systems for identifying and analyzing the various types of risk, determining appropriate risk exposure, carrying out proper management and control measures, and ensuring compliance with all relevant regulations.

Risk Management System

With its fundamental risk management policies set at the board level, the Bank has established risk management sections that are independent of the business groups responsible for raising revenues. Managers who directly report to the Board have been assigned to carry out risk management activities for each category of risk with which financial institutions must contend. For example, the Legal Department oversees compliance; the Systems Resources Management Department manages operations and systems risk; and the Risk Management Department manages credit risk, market risk and liquidity risk. In addition, to comprehensively manage the various types of risk, the Corporate Planning Department oversees cross-sectional risk management functions from a Bank-wide perspective.

Quantifiable Risk

With respect to credit risk, market risk and liquidity risk, risk-taking is the Bank's principal source of earnings. Therefore, the primary objective with regard to these risks is to allocate appropriate risk exposure and to appropriately manage risks to maximize earnings at a specified level of risk. The Bank continually works to enhance the sophistication of its risk management system and accurately identify and analyze the Bank's overall risk exposure.

Non-Quantifiable Risk

Compliance risk, operations and systems risk are managed with the objective of minimizing their risk and retaining the customers' trust. As part of this process, the Bank implements rigorous and

effective risk management measures, primarily through the departments responsible for the management of each type of risk, and works to strengthen its internal inspection system and to introduce external audits. This is particularly important in the Bank's core business of trust services as well as banking services due to the tremendous fiduciary responsibility of safekeeping entrusted assets. Accordingly, the Bank pursues highly efficient and effective measures to control operations and systems risk.

CREDIT RISK

Credit risk is the risk of partial loss or complete collapse of the value of an asset, including off-balance-sheet assets, due to such factors as the deterioration of a borrower's financial condition. Credit risk is one of the most significant risks that financial institutions face and is regarded as the most fundamental financial risk. The Bank takes the utmost care of its credit management by carrying out strict loan screening, and by avoiding the concentration of risk through credit portfolio management. In addition, the Bank works to allocate capital in an efficient and appropriate way by the quantification of credit risk.

Credit Risk Management System

The Bank has established a credit risk management system where various related Head Office departments closely cooperate and cross check to control credit risk to the fullest possible extent.

More specifically, based on credit policies and credit risk management policies formulated by the Board of Directors and the Credit Risk Committee,

- 1) the branches carry out appropriate initial assessment and management of loans based on a variety of internal regulations;
- 2) the Credit Supervision Departments carry out strict loan screening, provide appropriate guidance to branches, and conduct secondary assessment of loans;
- 3) the Research Department conducts industry analysis and assigns credit ratings based on quantitative analysis; and
- 4) the Credit Risk Management Department, which is independent of the Research and Credit Supervision Departments, audits the self-assessment of loans, quantifies risk, and carries out related monitoring.

Credit Exposure

The Bank controls credit exposure (the amount loaned to a counterpart and a group of affiliated firms) through the unified management of loans and off-balance-sheet transactions. Off-

balance-sheet transactions are monitored on a current exposure basis (actual market value of the credit amount).

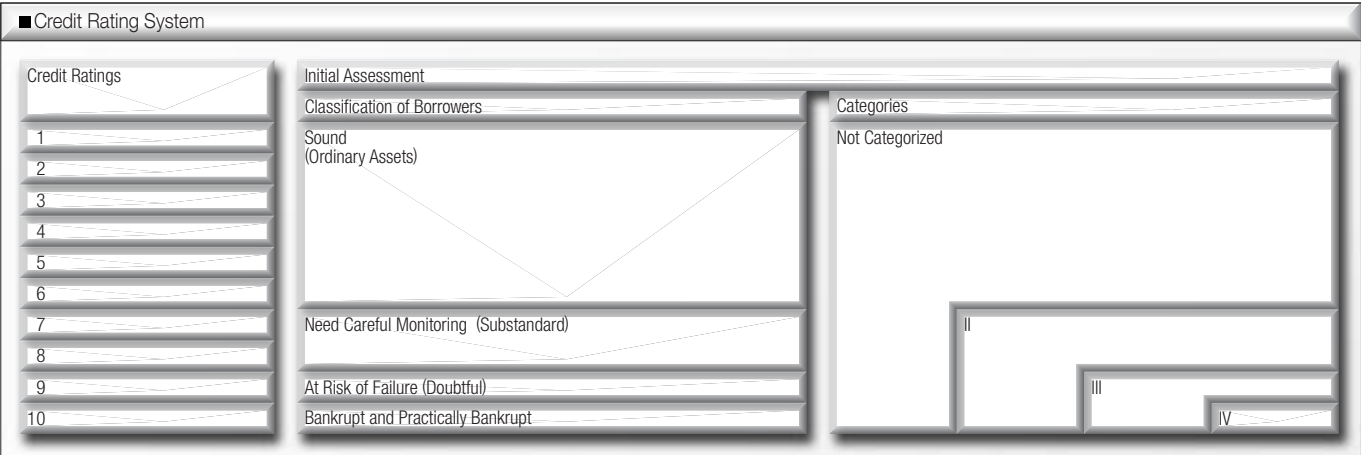
The Bank also controls credit exposure according to country (the aggregate amount loaned to counterparts located in the same country) as a measure against country risk, in addition to credit exposure to each counterpart.

The Bank's Credit Rating System

The Bank has its own credit rating system that provides basic data for individual loan assessment and overall credit portfolio

management. The Bank's credit rating system rates each counterpart's credit-risk level on the scale of 1 to 10 and reflects the expected level of default calculated from the statistical analysis of bankruptcy data.

The Bank also writes off bad loans and increases loan-loss reserves every fiscal year after assessing individual loans to maintain a sound credit portfolio. The credit rating system and individual loan assessments are managed in a consistent manner to appropriately gauge each counterpart's credit-risk level appropriately.



Appropriate Return for Risk

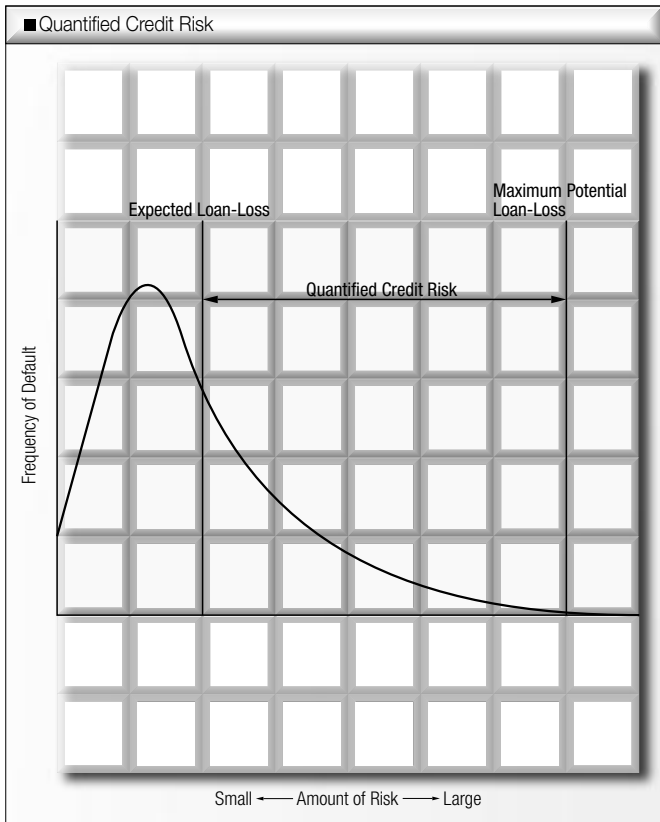
The Bank seeks to acquire loan spreads justifiable for their credit risks as well as to diversify a credit portfolio to maintain and improve its financial health. In addition, the Bank controls profitability by focusing on credit risk with loan pricing that reflects expense ratios, default probabilities, and credit recovery percentages of loans for each credit rating.

Credit Risk Quantification

The Bank quantifies loss probabilities that its assets may incur as a result of default during the year. The Bank calculates the difference between the maximum potential loss and the expected loss by generating 10,000 scenarios based on default rates and recovery rates for each credit rating.

In 1999, the Bank began integrating the credit risks of domestic and overseas credit portfolios and quantifying this integrated credit risk. The quantified credit risk is regularly reported to the Board of Directors and the Credit Risk Committee.

Moreover, the Bank is working to increase the accuracy of its data on default rates and credit recovery rates. The Bank is developing more accurate methods of evaluating credit risk, with the aim of allocating capital in a more efficient manner and improving its credit portfolio. In managing its credit portfolio, the Bank aims to maximize its earnings at a specified level of risk through diversification.



MARKET AND LIQUIDITY RISKS

Market risk is the risk of loss caused by a change in asset value as a result of market fluctuations. Liquidity risk is the risk of failure to obtain the necessary funds and the risk of failure to conduct transactions in a prompt manner at an appropriate price.

Risk Management System

Semi-annually the Board of Directors determines the allocation of capital commensurate with market risk taking into consideration financial health and the trade-off relationship between risk and return. As an institution committed to managing and controlling market-related risks, the Bank has constituted the Asset and Liability Management (ALM) Committee and appointed upper management including directors to it to decide matters relating to the monitoring of market and liquidity risks in a prompt manner. Based on market and business environment conditions, the ALM Committee works to ensure the quality of the Bank's assets and liabilities as well as maintain earnings stability by controlling market and liquidity risks on a consolidated basis. The ALM Committee reports quarterly on its activities to the Board of Directors.

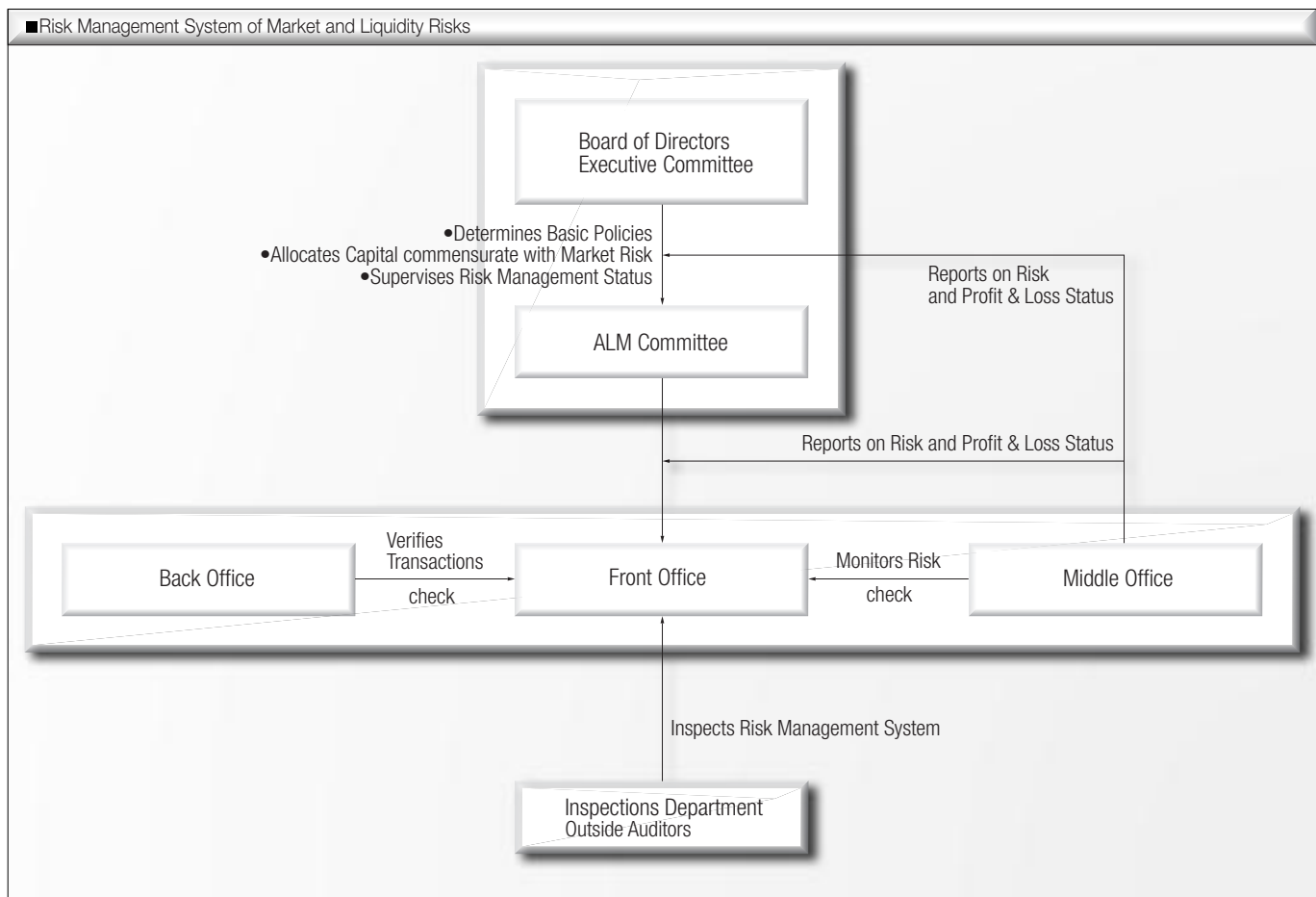
The ALM Committee determines basic policies relating to the

management of market risk by establishing risk limits and loss amount limits that correspond to the particular characteristics of individual position and business activity.

The ALM Committee also manages day-to-day liquidity by putting a ceiling on the amount of shortage in liquidity in the Bank's daily cash flow management. It also determines basic policies relating to the management of liquidity risk, setting guidelines based on the expected amount of liquidity and the available amount of liquidity and monitoring their implementation. In addition, the ALM Committee prepares contingency plans.

Adhering to the basic policies of the ALM Committee, the Risk Management Department, an independent risk management unit, performs middle-office functions of measuring, monitoring and reporting on market and liquidity risks, profit and loss and compliance on risk limit and loss amount limit.

Furthermore, to ensure the highest possible level of system appropriateness, front-office activities with customers are routinely checked by the middle office and back office departments. In addition, the Bank's risk management system is inspected on a regular basis by the Inspections Department and is regularly checked by outside auditors.



Status of Risk Management

The Bank’s market risk management system employs Value at Risk (VaR) measurement as a method of assessing its exposure to market risk. VaR uses historical market volatility data to statistically determine the specified percentile level of the portfolio value under specific assumptions. In addition to VaR, the Bank’s market risk management system is capable of performing simulations and calculating various other risk management indicators, there-

by providing a highly sophisticated means of controlling market risk. This system allows the Bank to integrate a delta method using covariance matrices and historical simulation in the calculation of nonlinear risk associated with some options transactions.

Market Value

The market risk for the Bank’s trading activities in fiscal 1999 is summarized below:

Value at Risk Management for Fiscal 1999

	Billions of Yen		
	Maximum	Minimum	Average
Interest rate risk	¥0.46	¥0.09	¥0.34
Foreign exchange risk	0.38	0.06	0.26
Consolidated VaR	0.68	0.27	0.47

(99% confidence level, one-day holding period)

Stress Tests

The Bank recognizes the importance of simulations that assume market movements exceeding expectations. The Risk Management Department therefore conducts stress tests to ensure that the capital is sufficient under various market volatility scenarios. The results of these tests are reported directly to upper management.

Back Testing

To verify the accuracy of its risk measurement model, the Bank carries out back tests that compare actual daily gains and losses with daily-calculated VaR. The results of back testing for fiscal 1999 confirm that the Bank’s risk measurement method is accurate, as actual gains and losses are all within the range predicted by VaR calculations.

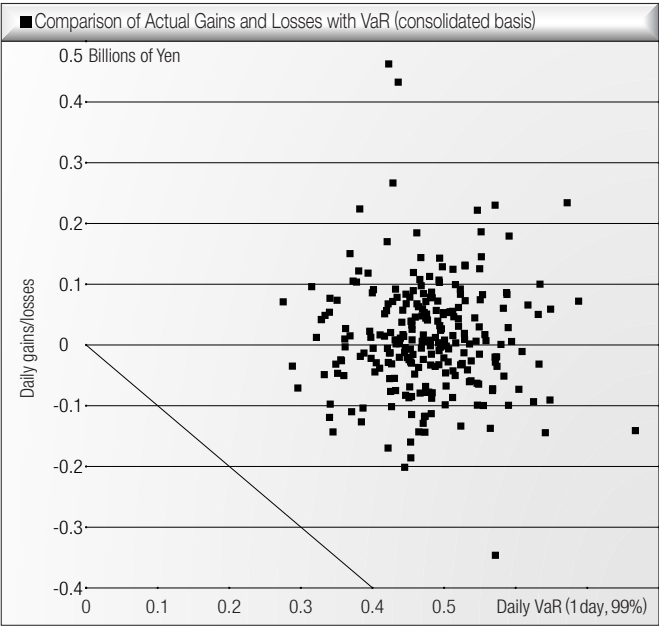
Strategic Shareholding Risk Management

The Bank is a stable, long-term shareholder in its customers and aims to build a long-term strategic relationship with them. Although the objective of these shareholdings is different from other market-related activities, they are subject to market risk and therefore their share price fluctuation risk must be properly managed.

The Bank measures strategic shareholding risk utilizing a market risk management system and takes such risk into consideration on a Bank-wide perspective considering the Bank’s financial health.

COMPLIANCE SYSTEM

The Bank engages in a wide array of activities that contribute to the development of the national economy and social welfare,



such as lending as well as trust and asset management services. Accordingly, to discharge its responsibilities toward society and maintain solid public confidence, the Bank believes that a high level of commitment to compliance is required. Therefore, the Bank formulated an *Ethics Charter* outlining proper behavior for its management and employees in April 1998. As stated in the *Ethics Charter*, the Bank has made compliance activities one of its top management priorities and has taken steps to strengthen its system for implementing these activities on a Bank-wide basis.

In June 1999, the Bank strengthened its compliance system by establishing a Compliance Office, a section within the Legal Department responsible for handling all compliance-related issues.

Compliance System

The Compliance Committee (chaired by the member of the Board supervising the Legal Department) supervises and studies all compliance-related issues and reports their recommendations to the Board of Directors.

The Compliance Office serves as a secretariat to the Compliance Committee and drafts plans and recommendations for the Bank's compliance system and handles all compliance-related issues.

The Bank also designates compliance officers at all domestic and overseas branches who carry out compliance checks and counsel employees on compliance-related issues in close collaboration with the Compliance Office.

Compliance Activities

1) Compliance Standards

The Bank has written a *Compliance Standards* manual that contains fundamental policies with which all employees must be familiar to carry out their daily business activities in conformance with all relevant regulations.

2) Compliance Program

The Bank's *Compliance Program* provides an annual plan for the Bank's compliance activities.

3) Double Layer Compliance System

Primary compliance checks are made in all domestic and overseas branches by designated compliance officers. Further compliance checks are made by the Inspections Department.

4) Compliance Training

The Bank has allocated more time for compliance-related issues in official training sessions for employees. Branches are also encouraged to educate their employees about compliance-related issues during their voluntary training sessions.

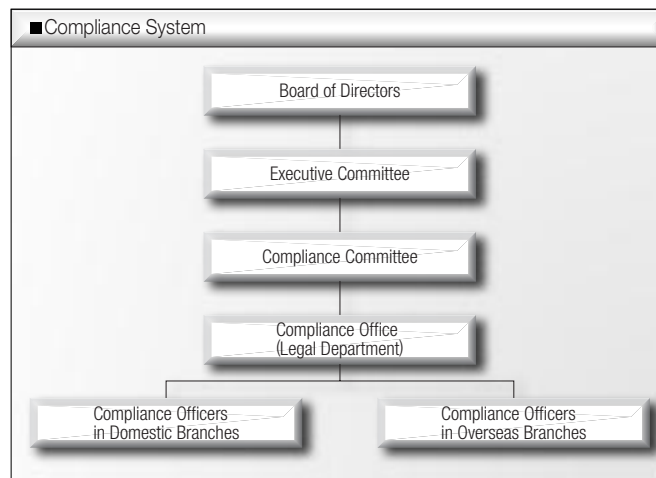
OPERATIONS AND SYSTEMS RISK

Operations Risk

Operations risk is the risk of loss caused from malpractice by the Bank's employees or failure to discharge their responsibilities in an appropriate manner.

In addition to domestic and international finance activities, Sumitomo Trust engages in a broad range of business fields, including asset management, securities investment services, stock transfer agency services, and pension trusts. The Bank works to increase the accuracy and efficiency of its operations by upgrading operations and administrative systems, enhancing the capability of employees through training, and implementing more closely monitored procedures.

A high degree of expertise is required in the trust business



and therefore the Bank has established sections responsible for overseeing the operations and administrative functions of each business area.

Systems Risk

Systems risk is the risk of loss caused by the breakdown, malfunction, or inappropriate use of computer systems.

As information systems spread and interconnect, computer systems have become more important. To ensure a high level of operations stability, the Bank utilizes multiple communication lines and has set up backup systems that take over in the event of an emergency. In addition, the Bank has established a *Security Policy* as a fundamental safety measure for its computer systems to cope with the expanded use of open system exemplified by Internet Banking. The *Security Policy* is designed to protect the Bank's computer systems and stored information therein by stipulating necessary matters for the establishment, maintenance and improvement of information security.

Y2K Problem

The Y2K Problem was a worldwide issue toward the arrival of the new millennium. The Bank began systematically rewriting various programs in its computer systems as early as May 1996. In particular, during the crucial date-change period, employees at all domestic and overseas branches were placed on standby in case of an emergency and to confirm whether computer systems operated normally.

As a result of these measures, the Bank's computer systems have been operating without any problems. The Y2K Problem cost the Bank about ¥4.3 billion, which has been evenly allocated over the years.

Risk Management System Outline (As of July 1,2000)

■Quantifiable Risk									
Risk category	Definition	Major transactions	Front office: sections that execute transactions	Middle office: risk management sections that calculate and monitor risk	Back office: operations and administration sections	Inspection	Policy- Making Committee		
Credit risk (Note 1)	Risk of partial loss or complete collapse of the value of an asset due to the deterioration of a borrower's financial condition	Loans, off-balance-sheet transactions, financial market transactions	Branches Financial Products and Marketing Department Treasury Department Securities Business Planning Department	Risk Management Department	Branches Operations Support Department International Business Operations Department Securities Services and Administration Department	Head Office inspection Internal department inspection	Credit Risk Committee	Executive Committee	Board of Directors
Market risk	Risk of loss caused by a change in asset value as a result of market fluctuations	Off-balance-sheet transactions, financial market transactions	Branches Financial Products and Marketing Department Treasury Department Securities Business Planning Department		Branches International Business Operations Department Securities Services and Administration Department	Internal branch inspection	ALM Committee		
Liquidity risk (Note 2)	Risk of failure to obtain necessary funds and the risk of failure to conduct transactions in a prompt manner at an appropriate price	Off-balance-sheet transactions, financial market transactions	Branches Financial Products and Marketing Department Treasury Department Securities Business Planning Department		Branches International Business Operations Department Securities Services and Administration Department				

Notes 1: Includes credit risk related to settlement risk
2: Includes liquidity risk related to settlement risk

■Nonquantifiable Risk									
Risk category	Definition	Major transactions	Oversight body	Inspection	Policy-Making Committee				
Compliance	Compliance with domestic and overseas laws and regulations	All transactions, all business activities	Legal Department	Head Office inspection Internal department inspection Internal branch inspection	Compliance Committee	Executive Committee	Board of Directors		
Operations and Systems risk	Risk of loss caused by clerical mistakes and the risk of loss caused by the breakdown or malfunction of computer systems	All transactions	Systems Resources Management Department		Operations Risk Committee				
Legal risk	Risk of loss caused by failure to complete a transaction due to legal obstacles	All transactions	Business Planning Department Global Credit Portfolio Management Department Treasury Department Securities Business Planning Department Real Estate Business Planning Department		Product Screening Committee				
Event risk	Risk of loss caused by emergencies such as war and natural disasters	All transactions, all business activities	Corporate Administration Department						

CONSOLIDATED BALANCE SHEETS — The Sumitomo Trust & Banking Company, Limited March 31, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2000	1999	2000
Assets:			
Cash and Due from Banks	¥ 766,200	¥ 986,673	\$ 7,218
Call Loans and Bills Bought	467,980	664,175	4,409
Commercial Paper and Other Debt Purchased	1,786	16,421	17
Trading Assets (Note 2 and 3)	454,193	518,840	4,279
Money Held in Trust	67,619	66,312	637
Investment Securities (Note 2, 4, 8 and 26)	4,864,909	3,694,469	45,831
Loans and Bills Discounted (Note 5 and 8)	7,728,968	7,374,575	72,812
Foreign Exchanges	16,211	12,242	153
Other Assets (Note 2, 6, 8 and 23)	754,308	841,089	7,106
Premises and Equipment (Note 2 and 7)	172,469	169,472	1,625
Deferred Tax Assets (Note 22)	245,569	287,649	2,313
Customers' Liabilities for Acceptances and Guarantees (Note 15)	328,201	426,647	3,092
Reserve for Possible Loan Losses (Note 2)	(345,639)	(462,642)	(3,256)
Total Assets (Note 25)	¥15,522,780	¥14,595,927	\$146,234
Liabilities:			
Deposits (Note 8 and 9)	¥ 7,674,061	¥ 7,043,257	\$ 72,294
Call Money and Bills Sold (Note 8)	113,000	229,136	1,065
Trading Liabilities (Note 2 and 3)	131,378	153,986	1,238
Borrowed Money (Note 8 and 10)	371,035	385,180	3,495
Foreign Exchanges	4,434	6,979	42
Corporate Bonds (Note 11)	432,162	418,340	4,071
Convertible Bonds (Note 12)	11,064	21,189	104
Borrowed Money from Trust Account (Note 13)	3,912,799	4,206,542	36,861
Collateral for Lending Securities	987,512	43,556	9,303
Other Liabilities (Note 14)	671,134	819,038	6,323
Reserve for Retirement Allowances (Note 2)	18,281	19,805	172
Reserves for Possible Losses on Loans Sold (Note 2)	6,002	11,591	57
Reserves for Financial Assistance to Specific Borrowers (Note 2)	18,203	—	171
Other Reserves	10	8	0
Deferred Tax Liabilities (Note 22)	1,068	1,040	10
Deferred Tax Liabilities on Revaluation Reserve for Land (Notes 7 and 22)	17,134	18,367	161
Acceptances and Guarantees (Note 15)	328,201	426,647	3,092
Total Liabilities	14,697,487	13,804,669	138,460
Minority Interest	89,776	89,054	846
Stockholders' Equity:			
Preferred Stock (No Par Value) (Note 16)	50,000	50,000	471
Authorized-250,000,000 shares			
Issued-125,000,000 shares			
Common Stock, par value ¥50 per share: (Note 16)	232,068	227,005	2,186
Authorized-3,000,000,000 shares			
Issued-1,444,307,764 shares			
Capital Surplus (Note 16)	235,487	230,425	2,218
Revaluation Reserve for Land, Net of Tax (Note 7 and 16)	25,605	25,416	241
Retained Earnings (Note 16)	192,475	169,361	1,813
Common Stock in Treasury	(119)	(5)	(1)
Total Stockholders' Equity	735,516	702,203	6,929
Total Liabilities, Minority Interest and Stockholders' Equity	¥15,522,780	¥14,595,927	\$146,234

	Yen		U.S. Dollars (Note 1)
Net Assets per Share (Note 2)	¥ 440.07	¥ 422.88	\$ 4.15

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME — The Sumitomo Trust & Banking Company, Limited March 31, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2000	1999	2000
Income:			
Trust Fees	¥ 96,228	¥ 143,698	\$ 907
Interest Income:			
Interest on Loans and Discounts	137,691	205,969	1,297
Interest and Dividends on Securities	97,738	92,946	921
Other Interest Income (Note 17)	155,862	222,471	1,468
	391,291	521,387	3,686
Fees and Commissions	43,887	40,830	413
Trading Revenue (Note 18)	6,102	4,663	57
Other Operating Income (Note 19)	216,598	276,670	2,040
Other Income (Note 20)	257,753	40,802	2,428
Total Income (Note 25)	¥1,011,861	1,028,054	9,532
Expenses:			
Interest Expenses:			
Interest on Deposits	57,773	123,151	544
Interest on Borrowings and Rediscounts	7,173	31,854	68
Other Interest Expenses (Note 17)	229,470	273,324	2,162
	294,416	428,330	2,774
Fees and Commissions	9,677	9,845	91
Trading Expenses (Note 18)	95	—	1
Other Operating Expenses (Note 19)	213,232	205,521	2,009
General and Administrative Expenses (Note 21)	142,807	158,577	1,345
Other Expenses (Note 20)	271,476	408,785	2,557
Total Expenses (Note 25)	931,706	1,211,060	8,777
Income (Loss) before Income Taxes (Note 25)	80,155	(183,006)	755
Income Taxes: (Note 22)			
Current	3,300	3,273	31
Deferred	41,735	(49,043)	393
Minority Interest In Net Income	2,906	(493)	27
Net Income (Loss)	¥ 32,214	¥ (136,742)	\$ 303

	Yen		U.S. Dollars (Note 1)
Net Income (Loss) per Share (Note 2)	¥ 21.89	¥ (103.56)	\$ 0.21
Net Income per Share (fully diluted) (Note 2)	21.50	—	0.20

See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—The Sumitomo Trust & Banking Company, Limited Years Ended March 31, 2000 and 1999

	Number of Shares of		Millions of Yen								
	Preferred Stock (Thousands)	Common Stock (Thousands)	Preferred Stock	Common Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Common Stock in Treasury			
Balance at March 31, 1998 -----		1,244,247	¥	—	¥182,053	¥135,472	¥	—	¥315,743	¥	(5)
Net Loss -----									(136,742)		
Cash Dividends Paid -----									(9,953)		
Shares Issued -----	125,000			50,000		50,000					
Shares Issued upon Conversion of Convertible Bonds -----		179,810			44,952	44,952					
Adjustment due to Changes in Number of Consolidated Subsidiaries and Companies Accounted for under Equity Methods -----									315		
Revaluation of Land, Net of Tax -----							25,416				
Balance at March 31, 1999 -----	125,000	1,424,057		50,000	227,005	230,425	25,416		169,361		(5)
Net Income -----									32,214		
Cash Dividends Paid -----									(9,706)		
Shares Issued upon Conversion of Convertible Bonds -----		20,250			5,062	5,062					
Net Change of Common Stock in Treasury -----											(113)
Adjustment due to Change in Effective Tax Rate and Sale of Revalued Property -----							188		606		
Balance at March 31, 2000 -----	125,000	1,444,307	¥50,000	¥232,068	¥235,487	¥25,605	¥25,605		¥192,475		¥(119)

	Millions of U.S. Dollars(Note 1)					
	Preferred Stock	Common Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Common Stock in Treasury
Balance at March 31, 1999 -----	\$471	\$2,139	\$2,171	\$239	\$1,595	\$(0)
Net Income -----					303	
Cash Dividends Paid -----					(91)	
Shares Issued upon Conversion of Convertible Bonds -----		48	48			
Net Change of Common Stock in Treasury -----						(1)
Adjustment due to Change in Effective Tax Rate and Sale of Revalued Property -----				2	6	
Balance at March 31, 2000 -----	\$471	\$2,186	\$2,218	\$241	\$1,813	\$(1)

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS — The Sumitomo Trust & Banking Company, Limited March 31, 2000

	Millions of Yen	Millions of U.S. Dollars (Note 1)
	2000	2000
Cash Flows from Operating Activities:		
Income before Income Taxes and Others	¥ 80,155	\$ 755
Depreciation	7,618	72
Goodwill Amortization	(0)	(0)
Equity in Earnings of Affiliates	(0)	(0)
Decrease in Reserve for Possible Loan Losses	(117,002)	(1,102)
Decrease in Reserve for Possible Losses on Loans Sold	(5,589)	(53)
Increase in Reserve for Financial Assistance to Specific Borrowers	18,203	171
Decrease in Reserve for Retirement Allowances	(1,523)	(14)
Interest Income	(391,291)	(3,686)
Interest Expenses	294,416	2,774
Gains on Securities	(64,749)	(610)
Gains on Money Held in Trust	(12,726)	(120)
Losses on Foreign Exchange	76,092	717
Losses on Sale of Premises and Equipment	1,673	16
Net Change in Trading Assets / Liabilities	42,038	396
Net Increase in Loans and Bills Discounted	(354,392)	(3,339)
Net Increase in Deposits and Negotiable Certificates of Deposit	630,804	5,943
Net Decrease in Borrowed Money	(14,145)	(133)
Net Decrease in Due from Banks other than from Bank of Japan	131,438	1,238
Net Decrease in Call Loans and Others	210,829	1,986
Net Decrease in Collateral for Borrowing Securities	41,787	394
Net Decrease in Call Money and Others	(116,136)	(1,094)
Net Increase in Collateral for Lending Securities	943,956	8,893
Net Change in Foreign Exchange Assets / Liabilities	(37,203)	(350)
Net Decrease in Corporate Bonds	(2,998)	(28)
Net Decrease in Borrowed Money from Trust Account	(293,743)	(2,767)
Interest Income Received on Cash Basis	415,317	3,913
Interest Expense Paid on Cash Basis	(292,802)	(2,758)
Other-Net	(100,749)	(949)
Sub-Total	1,089,276	10,262
Income Tax Paid	(843)	(8)
Net Cash Provided by Operating Activities	1,088,432	10,254
Cash Flows from Investing Activities:		
Purchase of Securities	(7,413,052)	(69,836)
Proceeds from Sales of Securities	5,267,191	49,620
Proceeds from Maturities of Securities	968,311	9,122
Increase in Money Held in Trust	(155)	(1)
Decrease in Money Held in Trust	11,372	107
Purchases of Premises and Equipment	(14,264)	(134)
Proceeds from Sales of Premises and Equipment	1,639	15
Net Cash Used in Investing Activities	(1,178,956)	(11,107)
Cash Flows from Financing Activities:		
Proceeds from Subordinated Bonds and Notes	24,700	233
Redemption of Subordinated Bonds and Notes	(7,600)	(72)
Cash Dividends Paid	(9,690)	(91)
Cash Dividends Paid to Minority Shareholders	(2,333)	(22)
Net change in Stock in Treasury	(111)	(1)
Other-Net	(1)	(0)
Net Cash Provided by Financing Activities	4,963	47
Effect on Exchange Rate Changes on Cash and Cash Equivalents	(3,472)	(33)
Net Change in Cash and Cash Equivalents	(89,034)	(839)
Cash and Cash Equivalents at Beginning of Year	259,962	2,449
Cash and Cash Equivalents at End of Year (Note 27)	¥ 170,927	\$ 1,610

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS — The Sumitomo Trust & Banking Company, Limited March 31, 1999

		Millions of Yen
		1999
Cash Flows from Operating Activities:		
Net Loss		¥ (136,742)
Adjustment to Reconcile Net Loss		
to Net Cash Provided by Operating Activities:		
Depreciation and Amortization		7,465
Provision for Possible Loan Losses		299,929
Loss on Sales of Loans		15,594
Claims Written Off		61,384
Benefit for Deferred Income Taxes		(49,235)
Net Gain on Disposals of Premises and Equipment		(3,786)
Net Gain on Sales and Maturities of Securities		(71,529)
Increase in Trading Assets		(305,085)
Increase in Trading Liabilities		69,179
Other-net		509,309
Total Adjustments		533,226
Net Cash Provided by Operating Activities		396,483
Cash Flows from Investing Activities:		
Purchase of Securities		(5,189,888)
Proceeds from Sales and Maturities of Securities		5,010,873
Net Decrease in Loans and Bills Discounted		825,093
Net Increase in Call Loans, Bills Bought, and Commercial Paper		(505,811)
Other-net		(268)
Net Cash Provided by Investing Activities		139,998
Cash Flows from Financing Activities:		
Net Increase in Deposits		31,508
Net Decrease in Call Money and Bills Sold		(185,627)
Net Decrease in Borrowed Money from Trust Account		(954,365)
Proceeds from Issuance of Corporate Bonds and Convertible Bonds		140,000
Proceeds from Issuance of Preferred Stock		100,000
Repayment of Convertible Bonds		(70,513)
Net Decrease in Other Borrowings		(157,129)
Cash Dividends Paid		(9,953)
Net Cash Used in Financing Activities		(1,106,081)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(66,675)
Cash and Cash Equivalents at Beginning of Year		
of Newly Consolidated Subsidiaries		7,910
Net Decrease in Cash and Cash Equivalents		(628,365)
Cash and Cash Equivalents at Beginning of Year		1,615,038
Cash and Cash Equivalents at End of Year		¥ 986,673

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Financial Statements

The accompanying translated consolidated financial statements have been compiled from the audited consolidated financial statements that are prepared for Japanese domestic purposes in accordance with the Securities and Exchange Law of Japan, the Banking Law of Japan and accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

Certain modifications, including presentation of consolidated statements of stockholders' equity and cash flows, have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan.

The Bank, a Japanese corporation, maintains its records and prepares its financial statements in Japanese yen. The accompanying U.S. dollar financial statements have been translated from yen for convenience, and as a matter of arithmetical computation only, at the rate of ¥106.15 to US\$1.00, the exchange rate prevailing at March 31, 2000. The translations should not be construed as a representation that yen amounts have been or could be converted into U.S. dollars at that rate.

As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen, and resultantly in U.S. dollars, shown in the consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Certain amounts in prior years have been reclassified to conform to the current presentation.

2. Significant Accounting Policies and Practices

(a) Consolidation

The consolidated financial statements include the accounts of the Bank and significant subsidiaries, which are controlled substantially by the Bank through the majority of voting rights or through the existence of certain conditions evidencing control of the decision-making of such subsidiaries by the Bank. The significant subsidiaries include The Sumitomo Trust Finance (H.K.) Ltd., Sumitomo Trust International plc, Sumitomo Trust and Banking Co. (U.S.A.) and STB Leasing Co., Ltd., in the total of 23 subsidiaries for the year ended March 31, 2000.

All significant intercompany balances, transactions and profits have been eliminated in consolidation.

From the year ended March 31, 2000, in the elimination of investments of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using fair value at the

time the Bank acquired the control of the respective subsidiaries as required in the revised Accounting Principles for Consolidated Financial Statements. The effect of this change is immaterial.

Investments in affiliates over which the Bank has ability to exercise significant influence over operating and financial policies of the investees, are accounted for by the equity method.

(b) Foreign currency translation

Assets and liabilities denominated in foreign currencies are primarily translated into yen at the rate of exchange at the balance sheet date. A certain part of assets and liabilities denominated in foreign currencies, such as investment securities to specified overseas subsidiaries, is valued at historical rates. Foreign exchange trading positions, including spot, forward, futures and options, are valued at estimated prevailing market rates.

(c) Cash flows

In preparing the 2000 consolidated cash flow statement, Cash and Due from Bank of Japan in the case of the Bank, and Cash and Due from Banks in the case of the consolidated subsidiaries, are considered to be cash and cash equivalents. The Bank prepared the 2000 consolidated cash flow statement as required by and in accordance with the Standards for Preparation of Consolidated Cash Flow Statements, etc. effective from the year ended March 31, 2000. The 1999 consolidated cash flow statement, which was voluntarily prepared for the purpose of inclusion in the consolidated financial statements in a form similar to readers outside of Japan, has not been restated. Significant differences in the consolidated cash flow statements for 2000 and 1999 include the use of pretax income in 2000 instead of net income in 1999.

(d) Trading account activities

Trading account activities are conducted for short-term profit taking by market-making and sales arbitrages. Trading assets and liabilities include securities, commercial paper, and financial derivatives. The mark-to-market accounting method is adopted for those trading account activities for such financial products, all of which are stated at fair values as trading assets or trading liabilities in the balance sheets. Fair values are determined by quoted market prices for certain products and by internal models for other products including OTC financial derivatives.

(e) Investment securities

Investment securities are stated primarily at cost. Securities invested in the form of certain trust funds (and included in Money Held in Trust) are stated at the lower of total cost or total market value.

The lower of total costs or total market value method separately

for each fund has been adopted instead of the lower of cost or market value method to value securities held in individually managed money trusts.

(f) Premises and equipment

Depreciation for buildings and equipment is primarily calculated as follows.

Buildings: Using the declining-balance method at the standard rate provided by the Corporation Tax Law.
As for the buildings acquired after April 1, 1998, using the straight-line method at the standard rate provided by the Corporation Tax Law.

Equipment: Using the declining-balance method at the standard rate provided by the Corporation Tax Law.

Others: Using the methods by the Corporation Tax Law.

(g) Software

Due to the introduction of the accounting standard for research and development expenses from the year ended March 31, 2000, expenses related to software for internal use are capitalized and amortized over the expected usable periods, which are mainly five years.

As a result, Other Assets increased by ¥8,526 million, and Income before Income Taxes increased by the same amount. Through the years ended March 31, 1999, such costs were expensed as incurred.

(h) Reserve for possible loan losses

For the Bank a reserve for possible loan losses is made as detailed below, pursuant to the internal rules for self-assessment of asset quality and the internal rules for providing reserves for possible credit losses.

For claims to debtors who are legally bankrupt (due to bankruptcy, composition, suspension of transactions with banks by the rules of clearinghouses, etc.) or virtually bankrupt, a reserve is provided based on the amount of claims net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees.

For claims to debtors who are likely to become bankrupt, a reserve is provided based on the amount considered to be necessary based on an overall solvency assessment, out of the amount of claims net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees.

For other claims which are classified to a certain category, a reserve is provided based on the respective historical loan loss ratio.

A reserve for loans to borrowers in specific foreign countries (including the reserve for losses on overseas investments provided pursuant to Article 55-2 of the Special Taxation Measures Law) is provided based on the amount of expected losses due to

the political and economic situation of those countries.

All claims are being assessed by the branches and credit supervision divisions based on the internal rules for self-assessment of asset quality. The Credit Risk Management Department, which is independent from branches and credit supervision divisions, subsequently conducts audits of their assessments, and the reserve is adjusted to reflect the audit results.

For the consolidated subsidiaries, a reserve for possible loan losses is made under similar rules of the Bank.

Due to the amendment in the Enforcement Regulation for the Banking Law, a reserve for possible loan losses, which had been presented as liabilities through the years ended March 31, 1999, is shown as a deduction of pertaining claims at the bottom of asset items in 2000. As a result, total assets and total liabilities both decreased by ¥345,639 million and ¥462,642 million at the end of March 2000 and 1999, respectively.

(i) Reserve for retirement allowances

A reserve for retirement allowances is stated at the amount that would be required to be paid (less the amount that is expected to be covered by the pension plans) if all eligible employees voluntarily terminated their employment at the balance sheet date.

In addition to the plan mentioned above, the Bank has a contributory funded pension plan covering all employees, and major subsidiaries have certain pension plans.

(j) Reserve for possible losses on loans sold

A reserve for possible losses on loans sold is provided based on the amount expected to be necessary to cover estimated possible losses with respect to real estate-collateralized loans sold to the Cooperative Credit Purchasing Company, Limited, considering the fair value of the collateral of such loans.

(k) Reserve for financial assistance to specific borrowers

A reserve for financial assistance to specific borrowers is provided based on the amount estimated to be necessary to support specific borrowers.

(l) Accounting for leases

Finance leases where the ownership of the property is not transferred to the lessee are accounted for as operating leases.

(m) Amounts per share

Net assets per share is calculated by dividing net assets excluding an amount of preferred shares outstanding by the number of common shares outstanding at the end of each year.

Net Income (Loss) per Share is computed by dividing net income attributable to common shares outstanding by the average number of common shares outstanding for each year.

Net Income per Share (fully diluted) is computed assuming all outstanding convertible bonds are converted into common stocks of the Bank at the beginning of the fiscal year.

3. Trading Assets and Trading Liabilities

(a) Trading Assets at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Trading Account Securities	¥ 63,028	¥ 53,622	\$ 594
Trading-Related Financial Derivatives	96,112	96,209	905
Derivatives of Trading Securities	5	—	0
Other Trading Assets	295,047	369,007	2,780
Total	¥ 454,193	¥518,840	\$4,279

(b) Trading Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Trading Account Securities sold for short sales	¥ 42,274	¥ 63,450	\$ 398
Derivatives of Trading account securities	42	—	0
Trading-Related Financial Derivatives	89,061	90,535	839
Total	¥131,378	¥153,986	\$1,238

4. Investment Securities

Investment Securities held at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Japanese National Government Bonds	¥1,682,331	¥1,143,801	15,849
Japanese Local Government Bonds	44,795	46,400	422
Japanese Corporate Bonds and Debentures	237,498	241,662	2,237
Japanese Corporate Shares	1,416,419	1,446,185	13,344
Other Securities	1,483,864	816,419	13,979
Total	¥4,864,909	¥3,694,469	\$45,831

See Note 26 with respect to market value information.

5. Loans and Bills Discounted

Loans and Bills Discounted at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Bills Discounted	¥ 40,916	¥ 41,855	\$ 385
Loans on Bills	1,907,480	1,901,737	17,970
Loans on Deeds	4,495,814	4,548,200	42,353
Overdrafts	1,284,758	882,782	12,103
Total	¥7,228,968	¥7,374,575	\$72,812

The Bank has a standard for loan classification, based on the Self-Assessment Rules of the Bank. Under the standard, the Bank classified loans to borrowers categorized as virtually bankrupt or as potentially bankrupt, even if their interest payments were not overdue for more than six months, as 'Delinquent Loans'. The

Bank made direct write-offs of loans for ¥360,772 million, which were judged as uncollectible amounts considering the value of collateral or guarantees, for the year ended March 31, 2000.

Loans and Bills Discounted for 2000 and 1999 include the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Loans in Bankruptcy Proceedings	¥ 57,241	¥175,300	\$ 539
Other Delinquent Loans	549,649	633,147	5,178
Loans More than Three Months Past Due	13,262	3,805	125
Restructured Loans	52,539	21,100	495

Notes: 1. Loans in Bankruptcy Proceedings are loans judged as nonaccrual loans outstanding to borrowers that have begun bankruptcy proceedings under one or more of the laws pertaining to bankruptcy, or have had their transactions with the promissory note clearinghouse suspended.

2. Other Delinquent Loans are loans to borrowers categorized as virtually bankrupt or as potentially bankrupt in the Bank's Self-Assessment Rules but exclude loans to borrowers in legal bankruptcy.

3. Loans More than Three Months Past Due are those Loans for which principal or interest payment is more than three months past due from the date succeeding the due date and exclude those loans classified as Loans in Bankruptcy Proceedings and Other Delinquent Loans.

4. Restructured loans are those loans of which the terms have been relaxed to support borrowers who are in financial difficulties and to promote collections of such loans.

6. Other Assets

Other Assets at March 31, 2000 and 1999 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Prepaid Expenses	¥ 450	¥ 21,045	\$ 4
Accrued Income	139,771	164,690	1,317
Securities in Custody	45,628	87	430
Leasing Assets	231,933	203,765	2,185
Other	336,524	451,500	3,170
Total	¥754,308	¥841,089	\$7,106

Other for 2000 includes ¥8,526 million of Software for internal use as required by the accounting standard for research and development expenses as explained in Note 2(g).

7. Premises and Equipment

Premises and Equipment at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Land	¥ 87,570	¥ 89,012	\$ 825
Buildings	108,965	106,287	1,027
Equipment	51,328	53,143	484
Other	27,434	22,591	258
Accumulated Depreciation	(102,830)	(101,562)	(969)
Net Book Value	¥172,469	¥169,472	\$1,625

In accordance with the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land, the Bank recognized a ¥25,605 million revaluation gain as stockholders' equity, of which ¥17,134 million of deferred tax was deducted from ¥42,739 million of gross surplus by the revaluation using the evaluations as of March 31, 1999, after accounting for premises

sold. As of March 31, 2000, it is estimated that current evaluation of the land would be ¥3,950 million less than the above-mentioned gross surplus. In addition, revaluation gain on land increased and deferred tax liabilities for the revaluation gain decreased by ¥794 million due to the change of the effective tax rate as described in Note 22.

8. Assets Pledged

Parts of the assets are pledged as collateral and the detail is as follows:

	Millions of Yen	Millions of U.S. Dollars
	2000	2000
Assets pledged as collateral:		
Investment Securities	¥ 5,066	\$ 48
Loans and Bills Discounted	15,097	142
Other Assets	107,493	1,013
Corresponding liabilities of the assets pledged as collateral:		
Deposits	4,488	42
Call Money and Bills Sold	13,000	122
Borrowed Money	¥ 97,033	\$ 914

Other than noted above, the Bank pledged ¥762,028 million of Investment Securities and ¥31,385 million of Loans and Bills Discounted, as collateral for Domestic Exchange Settlement Account, borrowing from Bank of Japan, Margin Account of

futures, and such, as required by certain regulations and rules. There is no borrowing from Bank of Japan, and Call Money with Collateral outstanding as of March 31, 2000.

9. Deposits

Deposits at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Current Deposit, Ordinary Deposit and Deposit at Notice	¥1,037,951	¥ 713,258	\$ 9,778
Time Deposits	5,008,760	4,428,477	47,186
Other	401,978	646,019	3,787
Subtotal	6,448,689	5,787,754	60,751
Negotiable Certificates of Deposit	1,225,371	1,255,503	11,544
Total	¥7,674,061	¥7,043,257	\$72,294

10. Borrowed Money

Borrowed Money at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Subordinated Debt	¥ 60,000	¥ 60,000	\$ 565
Other Borrowed Money	311,035	325,180	2,930
Total	¥371,035	¥385,180	\$3,495

Years to Maturity

Less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years but less than 4 years	More than 4 years but less than 5 years
¥129,458	¥101,832	¥107,311	¥11,389	¥13,346

11. Corporate Bonds

Corporate Bonds at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
(a) Series 1 Perpetual Subordinated Unsecured Bonds	¥100,000	¥100,000	\$ 942
(b) Series 1 Unsecured Redeemable Subordinated Bonds	100,000	100,000	942
(c) Euro Medium-term and Perpetual Subordinated Notes	231,650	214,829	2,182
(d) Medium-term Notes	512	3,511	5
Total	¥432,162	¥418,340	\$4,071

Series 1 Perpetual Subordinated Unsecured Bonds were issued on March 30, 1998 under the Law Concerning Emergency Measures for Stabilizing Financial Functions, bearing interest at six month Yen LIBOR plus 1.10% p.a. until March 31, 2003, and 2.60% p.a. thereafter, payable semi-annually in arrear.

(b) Series 1 Unsecured Redeemable Subordinated Bonds were issued on March 30, 1999, pursuant to the Law Concerning Emergency Measures for the Early Strengthening of the Functions of the Financial System.

(a) and (b) as well as the ¥100,000 million preferred stock issued

on March 30, 1999 were all purchased by the The Resolution and Collection Corporation.

(c) Euro Medium-term and Perpetual Subordinated Notes were issued through a wholly-owned subsidiary, STB Finance Cayman Limited under the ¥500 billion Medium-term note programme.

In 2000, it has issued ¥24,700 million of notes under the programme, and exercised an option to redeem notes totaling ¥7,600 million.

(d) Medium-term Notes are issued by Sumitomo Trust International, plc, under its medium-term programme.

12. Convertible Bonds

Convertible Bonds at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
0.5% Yen Mandatory Exchangeable Subordinated Notes due 2007	¥ 9,970	¥20,095	\$ 94
2.5% US\$ Convertible Bonds due 2001	564	564	5
1.75% US\$ Convertible Bonds due 2002	530	530	5
Total	¥11,064	¥21,189	\$104

Summary of conditions of the convertible bonds are as follows:

	Conversion Period	Conversion Price	Fixed Exchange Rate	Maturity
0.5% Yen Mandatory Exchangeable Subordinated Notes ----	Aug.1,1997~Sep.25,2007	500.00	1.00	Oct.1, 2007
2.5% US\$ Convertible Bonds	May.20,1986~Mar.20,2001	1,548.30	177.35	Mar.31, 2001
1.75% US\$ Convertible Bonds	Aug.18,1987~Mar.20,2002	3,771.70	150.25	Mar.31, 2002

13. Borrowed Money from Trust Account

Borrowed Money from Trust Account represents surplus funds in the Trust Account loaned to the Banking Account and utilized herein.

14. Other Liabilities

Other Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Accrued Expenses	¥110,175	¥129,155	\$1,038
Unearned Income	8,491	9,385	80
Other	552,467	680,497	5,205
Total	¥671,134	¥819,038	\$6,323

Other for 2000 includes Unpaid Expenses for Trading Account.

15. Acceptances and Guarantees

Acceptances and Guarantees at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Letters of Credit	¥ —	¥ 155	\$ —
Other Guarantees	328,201	426,491	3,092
Total	¥328,201	¥426,647	\$3,092

All contingent liabilities arising from acceptances and guarantees, other than those relating to Guaranteed Trusts, are included in "Acceptances and Guarantees."

As a contra account, "Customers' Liabilities for Acceptances and Guarantees" is shown as an asset on the balance sheets

and represents the Bank's right of indemnity from customers.

Regarding Guaranteed Trusts, the Bank guaranteed the principal amount of ¥1,238,996 million for Jointly-Operated Money Trusts and ¥5,698,186 million for Loan Trusts at March 31, 2000.

16. Stockholders' Equity

Under the Commercial Code of Japan, certain issues of shares, including conversion of bonds, are required to be credited to the common stock account at least the greater of par value or 50% of the proceeds.

On approval by the Board of Directors, the Bank may make a stock split to stockholders to the extent that the aggregate par value of the shares to be split does not exceed the excess of the common stock and capital surplus accounts over the par value of shares issued and outstanding and a stock split does not purport to be a distribution of earnings.

The legal reserve of the Bank is provided in accordance with the

provisions of the Banking Law of Japan, which require that an amount of not less than 20% of cash dividends and bonuses to directors and statutory auditors be appropriated as a legal reserve until such reserve equals the amount of common stock. The capital surplus and legal reserve are not available for cash dividends, but may be used to reduce a deficit or be transferred to common stock.

The amount equivalent to net revaluation profit on the trading account amounting to ¥8,020 million is unavailable for cash dividends, according to the Banking Law of Japan.

The maximum amount that the Bank can distribute as dividend is calculated based on the unconsolidated financial statements of the Bank in accordance with the Commercial Code of Japan.

17. Other Interest Income and Expenses

Other Interest Income for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Interest on Deposits with Banks	¥ 20,117	¥ 43,358	\$ 190
Interest on Interest Swaps	81,747	159,452	770
Other Interest Income	53,996	19,660	509
Total	¥155,862	¥222,471	\$1,468

Other Interest Expenses for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Interest on Corporate Bonds	¥ 8,487	¥ 8,155	\$ 80
Interest on Convertible Bonds	69	465	1
Interest on Interest Swaps	115,838	163,497	1,091
Other Interest Expense	105,074	101,205	990
Total	¥229,470	¥273,324	\$2,162

18. Trading Revenue and Expenses

(a) Trading Revenue for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Revenue from Trading Securities and Derivatives	¥1,650	¥2,180	\$16
Revenue from Trading-Related Financial Derivatives Transactions	3,823	182	36
Other Trading Revenue	628	2,299	6
Total	¥6,102	¥4,663	\$57

(b) Trading Expenses for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Expenses on Securities and Derivatives Related to Trading Transactions	¥95	¥-	\$1
Total	¥95	¥-	\$1

19. Other Operating Income and Expenses

Other Operating Income for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Net Gains on Foreign Exchange Transactions	¥ 5,755	¥ 6,643	\$ 54
Gains on Sale of Bonds	100,329	176,121	945
Gains on Redemption of Bonds	1,160	1,696	11
Other	109,353	92,208	1,030
Total	¥216,598	¥276,670	\$2,040

Other Operating Expenses for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Losses on Sale of Bonds	¥105,436	¥102,288	\$ 993
Losses on Redemption of Bonds	6,991	20,778	66
Losses on Devaluation of Bonds.	52	5,888	0
Other	100,752	76,566	949
Total	¥213,232	¥205,521	\$2,009

20. Other Income and Expenses

Other Income for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Gains on Sale of Shares and Other Securities	¥235,432	¥31,828	\$2,218
Gains on Money Held in Trust	14,791	243	139
Gains on Dispositions of Premises and Equipment	121	4,239	1
Other	7,407	4,490	70
Total	¥257,753	¥40,802	\$2,428

Other Expenses for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Provisions for Reserve for Possible Loan Losses	¥ 32,367	¥298,738	\$ 305
Claims Written Off	45,220	58,378	426
Losses on Sale of Shares and Other Securities	71,575	15,050	674
Losses on Devaluation of Shares and Other Securities	88,116	13,681	830
Losses on Money Held in Trust	2	947	0
Losses on Dispositions of Premises and Equipment	1,751	453	16
Other	32,442	21,535	306
Total	¥271,476	¥408,785	\$2,557

Other for the year ended March 31, 2000, included ¥18,203 million of Provision for Reserve for Financial Assistance to Specific Borrowers.

21. General and Administrative Expenses

General and Administrative Expenses for the years ended March 31, 2000 and 1999:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Taxes Other than Income Taxes	¥ 6,007	¥ 8,598	\$ 57
Personal Expenses	76,888	75,915	724
Other	59,912	74,063	564
Total	¥142,807	¥158,577	\$1,345

22. Income Taxes

Income taxes consist of corporation, inhabitant and enterprise taxes and are calculated based on taxable income. The aggregate statutory rates of income taxes of the Bank were approximately 53.7% and 59.8% for the years ended March 31, 2000 and 1999. The approximate effective rates of income taxes were 40.09% and 41.95% for the years ended March 31, 2000 and 1999, respectively.

Due to the absence of taxable income resulting from the deduction of the write-offs of loans, the Bank's income taxes mainly consisted of inhabitant tax per capita for the years ended March 31, 2000 and 1999.

Deferred Tax Assets and Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Reserve for Possible Loan Losses (including Direct Write-offs of Loans with Guarantees or Collateral)	¥194,358	¥200,948	\$1,831
Devaluation of Securities	40,314	12,220	380
Other addition	25,099	77,781	236
Valuation Allowance	(14,187)	(3,297)	(134)
Other deduction	(14)	(3)	(0)
Deferred Tax Assets	¥245,569	¥287,649	\$2,313
Deferred Tax Liabilities	¥ 1,068	¥ 1,040	\$ 10
Deferred Tax Liabilities on Revaluation Reserve for Land	¥ 17,134	¥ 18,367	\$ 161

Reconciliation of Effective Tax Rate and ratio of Income Tax to taxable income after tax allocation

	Percentage points
	2000
Effective Tax Rate (the Bank)	41.95 %
Effect of adoption of new enterprise tax legislature by the Tokyo Metropolitan Government	14.03
Other	0.20
Ratio of Income Tax to taxable income after tax allocation	56.18 %

In March 2000, as the Tokyo Metropolitan Assembly passed a law to impose an enterprise tax based on a gross business profit instead of a taxable income from 2001, and consequently, an enterprise tax for Tokyo metropolitan government will not qualify as income tax, the effective tax rate is reduced to 40.09% from 41.95%. As a result, deferred tax assets decreased by ¥11,251 million, and deferred income tax increased by the same amount.

As the Osaka Prefectural Assembly passed a law in parallel with Tokyo in June, 2000, the effective tax rate would be reduced to 38.86% from 40.09%, using figures available at the end of March 31, 2000, implying that the deferred tax assets and the deferred tax liabilities on revaluation reserve for land would decrease, by ¥7,440 million and 525 million, respectively.

23. Lease Transactions

Leasing assets of consolidated subsidiaries are included in 'Other Assets' in the consolidated balance sheet.

Lease transactions, under finance leases where the ownership of the property is not transferred to the lessee at March 31, 2000 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	Equipment	Other	Total	Total
Acquisition Cost	¥395,888	¥49,777	¥445,665	\$4,198
Accumulated Depreciation	193,772	19,959	213,731	2,013
Net Book Value	¥202,115	¥29,817	¥231,933	\$2,185

	Millions of Yen	Millions of U.S. Dollars
Receivable Fee (within one year)	¥ 79,457	\$ 749
Receivable Fee (more than one year)	159,142	1,499
Total	¥238,600	\$2,248

Total lease payments under finance leases where the ownership is not transferred to the lessee for the year ended March 31, 2000 was ¥144 million (\$1 million) and the total of future

lease payments to be paid under such finance leases at March 31, 2000 were as stated below.

	Millions of Yen	Millions of U.S. Dollars
Payable Fee (within one year)	¥143	\$1
Payable Fee (more than one year)	382	4
Total	¥526	\$5

Lease transactions, under finance leases where the ownership of the property is not transferred to the lessee at March 31, 1999 are as follows:

	Millions of Yen		
	Equipment	Other	Total
Acquisition Cost	¥330,531	¥37,685	¥368,216
Accumulated Depreciation	149,931	14,519	164,451
Net Book Value	¥180,599	¥23,165	¥203,765

24. Subsequent Event

(a) On June 29, 2000, the stockholders of the Bank authorized the following appropriations of retained earnings as of March 31, 2000.

	Millions of Yen	Millions of U.S. Dollars
Appropriations:		
Transfer to Legal Reserve	¥1,100	\$10
Cash Dividends for Preferred Stock	380	4
Cash Dividends for Common Stock	5,054	48

(b) On June 29, 2000, the stockholders of the Bank also approved the following:
The stock option plan allows eligible participants to purchase the

Bank's common stock at 105% of the average market closing price on the granted date. The participants may exercise the option from July 1, 2002 to June 30, 2004.

25. Segment Information

The following tables present information attributable to domestic and overseas operations for the years ended March 31, 2000

and 1999, and the identifiable assets of each operation at March 31, 2000 and 1999.

	Millions of Yen						
YEAR ENDED MARCH 31, 2000	Japan	Americas	Europe	Asia and oceania	Total	Elimination	Consolidated
Total Income:							
Unaffiliated Customers	¥ 783,137	¥ 107,055	¥ 85,464	¥ 36,203	¥ 1,011,861	¥ -	¥ 1,011,861
Intersegment	19,523	20,590	15,952	12,894	68,961	68,961	-
Total Income	802,660	127,646	101,417	49,097	1,080,822	68,961	1,011,861
Total Expenses	756,939	114,880	89,020	39,600	1,000,440	68,734	931,706
Income (Loss)							
before Income Taxes	¥ 45,721	¥ 12,765	¥ 12,397	¥ 9,497	¥ 80,381	¥ 226	¥ 80,155
AT MARCH 31, 2000							
Identifiable Assets	¥15,155,704	¥1,482,323	¥888,800	¥715,971	¥18,242,798	¥2,720,018	¥15,522,780

YEAR ENDED MARCH 31, 1999	Millions of Yen						
	Japan	Americas	Europe	Asia and oceania	Total	Elimination	Consolidated
Total Income:							
Unaffiliated Customers	¥ 747,782	¥ 127,594	¥113,877	¥ 38,799	¥ 1,028,054	¥ -	¥ 1,028,054
Intersegment	29,542	22,840	15,892	9,362	77,637	77,637	-
Total Income	777,324	150,435	129,770	48,161	1,105,691	77,637	1,028,054
Total Expenses	961,772	139,201	122,751	64,064	1,287,790	76,729	1,211,060
Income (Loss)							
before Income Taxes	¥ (184,447)	¥ 11,233	¥ 7,018	¥ (15,902)	¥ (182,098)	¥ 908	¥ (183,006)
AT MARCH 31, 1999							
Identifiable Assets	¥14,642,053	¥1,061,558	¥833,766	¥1,044,561	¥17,581,940	¥2,986,012	¥14,595,927

YEAR ENDED MARCH 31, 2000	Millions of U.S. Dollars						
	Japan	Americas	Europe	Asia and oceania	Total	Elimination	Consolidated
Total Income:							
Unaffiliated Customers	\$ 7,378	\$ 1,009	\$ 805	\$ 341	\$ 9,532	\$ -	\$ 9,532
Intersegment	184	194	150	121	650	650	-
Total Income	7,562	1,203	955	463	10,182	650	9,532
Total Expenses	7,131	1,082	839	373	9,425	648	8,777
Income (Loss)							
before Income Taxes	\$ 431	\$ 120	\$ 117	\$ 89	\$ 757	\$ 2	\$ 755
AT MARCH 31, 2000							
Identifiable Assets	\$142,776	\$13,964	\$8,373	\$6,745	\$171,859	\$25,624	\$146,234

Total income from overseas activities, which consisted of income earned from overseas offices of the Bank and all income of foreign consolidated subsidiaries (after elimination of inter-company income), amounted to ¥228,724 million (\$2,154 million) for the year ended March 31, 2000, and represented 22.60% of the consolidated total income. Formerly, for the year

ended March 31, 1999, total income from the international activities, which included income from foreign currency denominated transactions in addition to the total income from overseas activities amounted to ¥440,008 million, represented 42.8% of the consolidated total income.

26. Market Value Information

The following represents market value and unrealized gain or loss of marketable securities in investment securities and financial derivatives at March 31, 2000. Securities and financial derivatives classified as "Trading Account" are excluded from the

schedule set forth below and their market values are reflected on the balance sheets and statement of income. Market Value Information on a consolidated basis was not required to be disclosed in 1999.

(a) Marketable Securities

	Millions of Yen			Millions of U.S. Dollars		
	2000			2000		
	Balance Sheet Amount	Market Value	Unrealized Gain(Loss)	Balance Sheet Amount	Market Value	Unrealized Gain(Loss)
Investment Securities:						
Japanese Bonds	¥1,047,597	¥1,055,462	¥ 7,863	\$ 9,869	\$ 9,943	\$ 74
Japanese Corporate Shares	1,367,583	1,687,450	319,865	12,883	15,897	3,013
Other	1,265,952	1,271,518	5,566	11,926	11,979	52
Total	¥3,681,135	¥4,014,432	¥333,297	\$34,679	\$37,818	\$3,140

(b) Money Held in Trust

The following represents estimated market value and unrealized gain or loss on Money Held in Trust at March 31, 2000.

	Millions of Yen			Millions of U.S. Dollars		
	2000			2000		
	Balance Sheet Amount	Estimated Market Value	Unrealized Gain	Balance Sheet Amount	Estimated Market Value	Unrealized Gain
Money Held in Trust	¥67,619	¥70,282	¥2,662	\$637	\$662	\$25

(c) Financial Derivatives

Valuation of listed futures positions (interest, bond and stock) at market resulted in unrealized gains of ¥8,018 million (\$76 million) at March 31, 2000. There were no listed option positions other

than in Trading Account at March 31, 2000.

The notional amounts, market value and unrealized gain or loss of over-the-counter derivatives at March 31, 2000 are as follows:

	Millions of Yen			Millions of U.S. Dollars		
	2000			2000		
	Notional Amount	Market Value	Unrealized Net Gain(Loss)	Notional Amount	Market Value	Unrealized Net Gain(Loss)
(1) Interest Rate Related						
Forward Rate Agreements	¥ 124,111	¥ 54	¥ 54	\$ 1,169	\$ 1	\$ 1
Interest Rate Swaps	14,612,337	(57,746)	(57,746)	137,657	(544)	(544)
Cap, Floor and Swaptions	40,984	437	42	386	4	0
Sold	37,799	422	60	356	4	1
Purchased	3,184	14	(18)	30	0	(0)
(2) Currency Related						
Currency Swaps	525,270	(4,530)	(4,530)	4,948	(43)	(43)
(3) Bond Related						
Bond Options						
Sold	—	—	—	—	—	—
Purchased	—	—	—	—	—	—

Notes: 1. Derivatives on trading accounts are excluded from above statements.

2. There were no over-the-counter stock-related derivatives nor commodity-related derivatives at March 31, 2000.

27. Statement of Cash Flows

Following table shows the reconciliation of Cash and Cash Equivalent in the statement of cash flows, and Cash and Due from Banks in the balance sheets at March 31, 2000.

	Millions of Yen	Millions of U.S. Dollars
Cash and Due from Banks	¥766,200	\$7,218
Due from Banks (excluding Due from Bank of Japan)	(595,272)	(5,608)
Cash and Cash Equivalents	¥170,927	\$1,610

Significant non-cash transaction for the year ended March 31, 2000 is provided as follows.

	Millions of Yen	Millions of U.S. Dollars
Increase in Capital due to conversion of convertible bonds	¥ 5,062	\$48
Increase in Capital Surplus due to conversion of convertible bonds	5,062	48
Decrease in Convertible Bonds	¥10,125	\$95

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

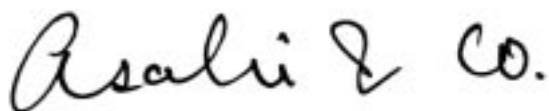
To the Shareholders and the Board of Directors of The Sumitomo Trust and Banking Company, Limited:

We have audited the accompanying consolidated balance sheets of The Sumitomo Trust and Banking Company, Limited (a Japanese corporation) and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of The Sumitomo Trust and Banking Company, Limited and subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Note 2, in the year ended March 31, 2000, The Sumitomo Trust and Banking Company, Limited and subsidiaries prospectively adopted new Japanese accounting standards for consolidation and equity method accounting and research and development costs.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.



Tokyo, Japan

June 29, 2000

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying consolidated financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

STATEMENTS OF TRUST ACCOUNT (UNAUDITED)

At March 31	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Assets:			
Loans and Bills Discounted	¥ 3,179,040	¥ 3,756,410	\$ 29,949
Securities	19,887,162	16,486,602	187,350
Securities under Investment Trusts	5,241,387	3,220,452	49,377
Securities under Foreign Investment Trusts	284,144	370,793	2,677
Money Held in Trust	181,712	180,427	1,712
Securities Held in Custody Accounts	730,582	643,471	6,883
Money Claims	1,913,127	2,201,959	18,023
Premises and Equipment	980,853	553,710	9,240
Other Claims	307,448	261,028	2,896
Bills Bought	—	6,300	—
Call Loans	1,564,082	1,777,603	14,735
Loans to Banking Account	3,912,799	4,206,542	36,861
Cash and Due from Banks	3,771,163	2,428,909	35,527
Total Assets	¥41,953,504	¥36,094,212	\$395,228
Liabilities:			
Money Trusts	¥15,429,819	¥12,576,074	\$145,359
Pension Trusts	5,315,209	4,739,400	50,073
Property Formation Benefit Trusts	13,364	14,936	126
Loan Trusts	5,516,283	6,527,520	51,967
Securities Investment Trusts	10,705,191	7,837,785	100,850
Money Entrusted, Other than Money Trusts	2,235,338	2,425,416	21,058
Securities Trusts	966,867	882,988	9,108
Money Claim Trusts	649,046	474,187	6,114
Equipment Trusts	9,208	10,301	87
Land and Fixtures Trusts	288,742	278,374	2,720
Other Trusts	824,431	327,225	7,767
Total Liabilities	¥41,953,504	¥36,094,212	\$395,228

Note: U.S. dollar amounts are translated solely for convenience at the rate of ¥106.15 to U.S.\$1.00, at March 31, 2000.

NOTES TO STATEMENTS OF TRUST ACCOUNT (UNAUDITED)

Basis of Presenting Financial Statements

The Trust Account is separated from the Banking Account in accordance with the Japanese Trust Law, which requires the

trustee to administer the trust accounts separately from other accounts.

Loans and Bills Discounted

Loans and Bills Discounted at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Loans on Deeds	¥2,740,779	¥3,068,050	\$25,820
Loans on Bills	438,260	687,920	4,129
Bills Discounted	—	440	—
Total	¥3,179,040	¥3,756,410	\$29,949

Loans and Bills Discounted for 2000 include the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Guaranteed Trust Account Loans	¥2,889,382	¥3,531,906	\$27,220
Loans in Bankruptcy Proceedings	7,405	15,635	70
Other Delinquent Loans	67,132	89,192	632
Loans More than Three Months Past Due	11,783	3,027	111
Restructured Loans	5,161	5,160	49

Note: Refer to page 53 for the definition of each item.

Securities

Securities held at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Japanese National Government Bonds	¥ 4,662,751	¥ 3,575,937	\$ 43,926
Japanese Local Government Bonds	505,675	333,658	4,764
Japanese Corporate Bonds and Debentures	2,237,304	1,545,264	21,077
Japanese Corporate Shares	6,914,101	6,604,532	65,135
Foreign Securities	5,328,501	4,183,447	50,198
Other Securities	238,826	243,762	2,250
Total	¥19,887,162	¥16,486,602	\$187,350

Loans to Banking Account

When surplus funds have been generated through the management of trust assets, they are loaned to the Banking Account and entered there as Borrowed Money from Trust Account.

Balance of Jointly-Operated Money Trusts

The Bank makes provisions for possible loan losses from Jointly-Operated Money Trusts. Jointly-Operated Money Trusts are included in "Money Trusts" in the statements of trust account.

Funds in a trust account that are reinvested in other trusts

managed by the Bank are deducted from these other accounts to prevent duplication. The figures in the accompanying statements of trust account at March 31, 2000 and 1999 are calculated on this basis. However, the following figures include funds reinvested from other trusts managed by the Bank.

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Assets:			
Loans and Bills Discounted	¥ 280,400	¥313,367	\$ 2,642
Securities	34,819	25,214	328
Other	927,429	642,875	8,737
Total	¥1,242,648	¥981,458	\$11,707
Liabilities:			
Principal	¥1,238,996	¥979,446	\$11,672
Reserve for Possible Impairment of Principal	844	943	8
Other	2,807	1,069	26
Total	¥1,242,648	¥981,458	\$11,707

Balance of Loan Trusts

The following figures include funds reinvested from other trusts managed by the Bank.

The balance of Loan Trusts at March 31, 2000 and 1999 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Assets:			
Loans and Bills Discounted	¥2,608,981	¥3,218,538	\$24,578
Securities	670,000	668,610	6,312
Other	2,519,304	2,933,406	23,733
Total	¥5,798,287	¥6,820,555	\$54,624
Liabilities:			
Principal	¥5,698,186	¥6,685,294	\$53,681
Reserve for Possible impairment of Principal	31,063	35,182	293
Other	69,036	100,078	650
Total	¥5,798,287	¥6,820,555	\$54,624

NONCONSOLIDATED BALANCE SHEETS — The Sumitomo Trust & Banking Company, Limited March 31, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2000	1999	2000
Assets:			
Cash and Due from Banks	¥ 756,332	¥ 1,004,395	\$ 7,125
Call Loans and Bills Bought	447,685	663,312	4,217
Commercial Paper and Other Debt Purchased	1,786	16,421	17
Trading Assets	392,878	468,254	3,701
Money Held in Trust	67,619	66,312	637
Investment Securities	4,856,061	3,674,312	45,747
Loans and Bills Discounted	7,777,439	7,415,150	73,268
Foreign Exchanges	16,211	11,822	153
Other Assets	317,881	305,698	2,995
Premises and Equipment	158,887	160,434	1,497
Deferred Tax Assets	243,634	287,729	2,295
Customers' Liabilities for Acceptances and Guarantees	478,596	545,247	4,509
Reserve for Possible a Losses	(290,035)	(406,769)	(2,732)
Total Assets	¥15,224,977	¥14,212,320	\$143,429
Liabilities:			
Deposits	¥ 7,653,422	¥ 7,057,617	\$ 72,100
Call Money and Bills Sold	113,000	271,850	1,065
Trading Liabilities	88,832	90,211	837
Borrowed Money	536,519	536,761	5,054
Foreign Exchanges	4,759	3,888	45
Corporate Bonds	200,000	200,000	1,884
Convertible Bonds	11,064	21,189	104
Borrowed Money from Trust Account	3,912,799	4,206,542	36,861
Collateral for Lending Securities	1,003,245	—	9,451
Unpaid Expenses of Trading Account	276,237	327,965	2,062
Other Liabilities	163,148	211,582	1,537
Reserve for Retirement Allowances	17,262	18,984	163
Reserve for Possible Losses on Loans Sold	6,002	11,591	57
Reserve for Financial Assistance for Specific Borrowers	18,203	—	171
Deferred Tax Liabilities on Revaluation Reserve for Land	17,134	18,367	161
Acceptances and Guarantees	478,596	545,247	4,509
Total Liabilities	14,500,228	13,521,800	136,601
Stockholders' Equity:			
Preferred Stock (No Par Value):	50,000	50,000	471
Authorized-250,000,000 shares			
Issued-125,000,000 shares			
Common Stock, par value ¥50 per share:	232,068	227,005	2,186
Authorized-3,000,000,000 shares			
Issued-1,444,307,764 shares			
Capital Surplus	235,487	230,425	2,218
Legal Reserve	39,618	37,632	373
Revaluation Reserve for Land, Net of Tax	25,605	25,416	241
Retained Earnings	141,969	120,041	1,337
Total Stockholders' Equity	724,749	690,520	6,828
Total Liabilities and Stockholders' Equity	¥15,224,977	¥14,212,320	\$143,429

	Yen		U.S. Dollars (Note 1)
Net Assets per Share	¥ 432.55	¥ 414.67	\$ 4.07

See accompanying notes.

NONCONSOLIDATED STATEMENTS OF INCOME — The Sumitomo Trust & Banking Company, Limited Years Ended March 31, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2000	1999	2000
Income:			
Trust Fees	¥ 96,228	¥ 143,698	\$ 907
Interest Income:			
Interest on Loans and Discounts	137,040	205,459	1,291
Interest and Dividends on Securities	96,391	86,923	908
Other Interest Income	156,224	221,198	1,472
	389,657	513,581	3,671
Fees and Commissions	32,659	30,943	308
Trading Revenue	4,735	3,241	45
Other Operating Income	107,945	185,211	1,017
Other Income	252,533	40,020	2,379
Total Income	883,759	916,696	8,326
Expenses:			
Interest Expenses:			
Interest on Deposits	57,400	120,703	541
Interest on Borrowings and Rediscounts	11,570	38,491	109
Other Interest Expenses	222,842	261,350	2,099
	291,813	420,544	2,749
Fees and Commissions	6,744	8,611	64
Trading Expenses	409	40	4
Other Operating Expenses	111,930	128,116	1,054
General and Administrative Expenses	133,294	144,356	1,256
Other Expenses	262,839	398,556	2,476
Total Expenses	807,031	1,100,226	7,603
Income (Loss) before Income Taxes	76,728	(183,530)	723
Income Taxes:			
Current	55	113	1
Deferred	43,657	(76,520)	411
Net Income (Loss)	¥ 33,015	¥ (107,122)	\$ 311
	Yen		U.S. Dollars (Note 1)
Net Income (Loss) per Share	¥22.44	¥(81.13)	\$0.21
Cash Dividends per Share (Preferred Stock)	6.08	0.02	0.06
Cash Dividends per Share (Common Stock)	7.00	7.00	0.07

See accompanying notes.

NONCONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY — The Sumitomo Trust & Banking Company, Limited Years Ended March 31, 2000 and 1999

	Number of Shares of		Millions of Yen					
	Preferred Stock (Thousands)	Common Stock (Thousands)	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Revaluation Reserve for Land	Retained Earnings
Balance at March 31, 1998		1,244,247	¥ —	¥182,053	¥135,472	¥35,636	¥ —	¥ 27,903
Net Loss								(107,122)
Cash Dividends Paid								(9,953)
Transfer to Legal Reserve						1,995		(1,995)
Shares Issued	125,000		50,000		50,000			
Shares Issued upon Conversion of Convertible Bonds		179,810		44,952	44,952			
Adjustment of Unappropriated Retained Earnings for Newly Applied Accounting for Tax Allocation								211,209
Revaluation of Land, Net of Tax							25,416	
Balance at March 31, 1999	125,000	1,424,057	50,000	227,005	230,425	37,632	25,416	120,041
Net Income								33,015
Cash Dividends Paid								(9,706)
Transfer to Legal Reserve						1,986		(1,986)
Shares Issued upon Conversion of Convertible Bonds		20,250		5,062	5,062			
Adjustment due to Change in Effective Tax Rate and sale of Revalued Property							188	606
Balance at March 31, 2000	125,000	1,444,307	¥50,000	¥232,068	¥235,487	¥39,618	¥25,605	¥141,969

	Millions of U.S. Dollars (Note 1)					
	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Revaluation Reserve for Land	Retained Earnings
Balance at March 31, 1999	\$471	\$2,139	\$2,171	\$355	\$239	\$1,131
Net Income						311
Cash Dividends Paid						(91)
Transfer to Legal Reserve				19		(19)
Shares Issued upon Conversion of Convertible Bonds		48	48			
Adjustment due to Change in Effective Tax Rate and sale of Revalued Property					2	6
Balance at March 31, 2000	\$471	\$2,186	\$2,218	\$373	\$241	\$1,337

See accompanying notes.

NOTES TO NONCONSOLIDATED FINANCIAL STATEMENTS

The accompanying nonconsolidated financial statements should be read in conjunction with the notes to consolidated financial statements.

1. Basis of Presenting Financial Statements

The accompanying translated nonconsolidated financial statements have been compiled from the audited nonconsolidated financial statements that are prepared for Japanese domestic purposes in accordance with the Securities and Exchange Law of Japan, the Banking Law of Japan and accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accompanying nonconsolidated financial statements include only the accounts of the Bank. The accounts of its subsidiaries are not consolidated. Investments in subsidiaries and affiliated companies are stated at cost. Earnings of subsidiaries and affiliated companies are recorded in the Bank's books only to the extent that cash dividends are received.

Certain modifications, including the presentation of the non-consolidated statements of stockholders' equity and cash flows,

have been made in the accompanying nonconsolidated financial statements to facilitate understanding by readers outside Japan.

The Bank, a Japanese corporation, maintains its records and prepares its financial statements in Japanese yen. The accompanying U.S. dollar financial statements have been translated from yen for convenience, and as a matter of arithmetical computation only, at the rate of ¥106.15 to U.S.\$1.00, the exchange rate prevailing at March 31, 2000. The translations should not be construed as a representation that yen amounts have been or could be converted into U.S. dollars at that rate.

As permitted by the Banking Law of Japan amounts of less than one million yen have been omitted. As a result, the total in yen, and resultantly in U.S. dollars, shown in the nonconsolidated financial statements do not necessarily agree with the sum of the individual amounts.

Certain amounts in prior years have been reclassified to conform to the current presentation.

2. Significant Accounting Policies and Practices

Refer to notes to consolidated financial statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and the Board of Directors of The Sumitomo Trust and Banking Company, Limited:

We have audited the accompanying nonconsolidated balance sheets of The Sumitomo Trust and Banking Company, Limited as of March 31, 2000 and 1999, and the related nonconsolidated statements of income, stockholders' equity for the years then ended, expressed in Japanese yen.

Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the nonconsolidated financial statements referred to above present fairly the nonconsolidated financial position of The Sumitomo Trust and Banking Company, Limited as of March 31, 2000 and 1999, and the nonconsolidated results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

In the year ended March 31, 2000, The Sumitomo Trust and Banking Company, Limited prospectively adopted new Japanese accounting standard for research and development costs.

Also, in our opinion, the U.S. dollar amounts in the accompanying nonconsolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.



Tokyo, Japan
June 29, 2000

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

SUPPLEMENTARY FINANCIAL INFORMATION

(a) Loans by Industry (Parent Only)

(i) Banking Account

At March 31	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Domestic Offices (Excluding Offshore Loans):			
Manufacturing	¥1,102,034	¥ 866,947	\$10,382
Agriculture, Forestry, Fishing, and Mining	7,564	16,087	71
Construction	261,082	229,157	2,460
Energy	83,861	59,706	790
Transportation and Communication	310,239	256,715	2,923
Wholesale and Retail	743,011	656,079	7,000
Finance and Insurance	1,780,621	1,403,898	16,775
Real Estate	1,088,084	1,063,698	10,250
Services	1,228,786	1,273,765	11,576
Local Governments	30,097	72,939	284
Individuals and Others	490,791	735,227	4,624
Total	7,126,170	6,634,218	67,133
Overseas Offices (Including Offshore Loans of Domestic Offices):			
Governments and Official Institutions	11,193	13,067	105
Banks and Other Financial Institutions	13,631	30,258	128
Others	626,444	737,605	5,901
Total	651,269	780,931	6,135
Total	¥7,777,439	¥7,415,150	\$73,268

(ii) Trust Account

At March 31	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Domestic Offices (Excluding Offshore Loans):			
Manufacturing	¥ 320,011	¥ 380,562	\$ 3,015
Agriculture, Forestry, Fishing, and Mining	1,418	5,790	13
Construction	119,617	155,971	1,127
Energy	263,166	297,032	2,479
Transportation and Communication	285,947	306,761	2,694
Wholesale and Retail	219,818	256,750	2,071
Finance and Insurance	687,002	738,474	6,472
Real Estate	560,723	667,542	5,282
Services	302,876	468,300	2,853
Local Governments	48,886	75,041	461
Individuals and Others	369,572	404,187	3,482
Total	¥3,179,040	¥3,756,410	\$29,949

(b) Financial Derivatives (consolidated)

(i) Interest Rate Related

	Millions of Yen			
	2000			
	Contract Value	(over 1 year)	Market Value	Unrealized Gain(Loss)
Listed				
Interest Futures				
Sold	¥9,066,049	¥3,990,086	¥9,018,929	¥ 47,119
Purchased	7,078,065	3,044,451	7,040,942	(37,122)
Interest Options				
Sold				
Call	—	—	—	—
Option Premium	—	—	—	—
Put	—	—	—	—
Option Premium	—	—	—	—
Purchased				
Call	—	—	—	—
Option Premium	—	—	—	—
Put	—	—	—	—
Option Premium	—	—	—	—
Over-the-Counter				
Forward Rate Agreement				
Sold	—	—	—	—
Purchased	124,111	—	54	54
Interest Rate Swaps				
Fix Rcv-FI Pay	7,167,703	5,130,183	55,308	55,308
FI Rcv-Fix Pay	6,890,620	5,492,408	(110,510)	(110,510)
FI Rcv-FI Pay	554,012	539,500	(2,544)	(2,544)
Interest Options				
Sold				
Call	—	—	—	—
Option Premium	—	—	—	—
Put	—	—	—	—
Option Premium	—	—	—	—
Purchased				
Call	—	—	—	—
Option Premium	—	—	—	—
Put	—	—	—	—
Option Premium	—	—	—	—
Other Interest Related				
Caps				
Sold	18,799	8,184	—	—
Option Premium	92	—	19	73
Bought	3,184	3,184	—	—
Option Premium	32	—	14	(18)
Floors				
Sold	5,000	5,000	—	—
Option Premium	35	—	159	(124)
Bought	—	—	—	—
Option Premium	—	—	—	—
Others				
Sold	14,000	14,000	—	—
Option Premium	356	—	243	112
Bought	—	—	—	—
Option Premium	—	—	—	—
Total				¥ (47,652)

Note: Derivatives on trading accounts are excluded from the statements on the previous page so that these unrealized gains (losses) are reflected on the Statements of Income on the mark-to-market basis. Derivatives on trading accounts are stated as follows.

	Millions of Yen	
	2000	
	Contract Value	Market Value
Listed		
Interest Futures		
Sold	¥ 938,972	¥938,222
Purchased	923,622	922,468
Interest Options		
Sold		
Call	178,398	
Option Premium	45	33
Put	60,883	
Option Premium	23	20
Purchased		
Call	67,342	
Option Premium	20	15
Put	268,330	
Option Premium	110	110
Over-the-Counter		
Forward Rate Agreement		
Sold	—	—
Purchased	—	—
Interest Rate Swaps		
Fix Rcv-FI Pay	6,002,256	(15,921)
FI Rcv-Fix Pay	5,718,010	21,732
FI Rcv-FI Pay	444,169	954
Interest Options		
Sold		
Call	—	—
Option Premium	—	—
Put	—	—
Option Premium	—	—
Purchased		
Call	—	—
Option Premium	—	—
Put	—	—
Option Premium	—	—
Other Interest Related		
Caps		
Sold	664,076	
Option Premium	852	3,262
Bought	461,400	
Option Premium	2,846	2,148
Floors		
Sold	117,163	
Option Premium	453	1,693
Bought	41,654	
Option Premium	534	1,186
Others		
Sold	43,653	
Option Premium	190	26
Bought	82,000	
Option Premium	1,454	1,124

(ii) Currency Related

Millions of Yen				
2000				
	Contract Value	(over 1 year)	Market Value	Unrealized Gain(Loss)
Over-the-Counter				
Currency Swaps				
U.S. Dollar	¥476,683	¥55,373	¥(3,728)	¥(3,728)
Others	48,586	—	(801)	¥ (801)
Total	¥525,270	¥55,373	¥(4,530)	¥(4,530)

Notes: 1. Derivatives on trading accounts are excluded from the above statements so that these unrealized gains (losses) are reflected on the Statements of Income on the mark-to-market basis.
Derivatives on trading accounts are stated as below.

Millions of Yen			
2000			
	Contract Value	Market Value	
Over-the-Counter			
Currency Swaps			
U.S. Dollar		¥5,731	¥ 62
Others		1,398	76
Total		¥7,130	¥138

2. Foreign exchange trading positions, including forwards and options, are also excluded from the above statements so that these are valued at estimated prevailing market rates and reflected on the Statements of Income. Such positions are stated as follows.

Millions of Yen		
2000		
	Contract Value	
Listed		
Currency Futures		
Sold		¥ —
Purchased		—
Currency Options		
Sold		
Call		—
Option Premium		—
Put		—
Option Premium		—
Purchased		
Call		—
Option Premium		—
Put		—
Option Premium		—

		Millions of Yen
		2000
		Contract Value
Over-the-Counter		
Forward		
Sold		¥2,091,492
Purchased		1,700,070
Currency Options		
Sold		
Call		70,033
Option Premium		1,244
Put		75,297
Option Premium		569
Purchased		
Call		88,510
Option Premium		2,443
Put		61,448
Option Premium		700
Other Currency Related		
Sold		—
Purchased		—

(iii) Stock Related

		Millions of Yen			
		2000			
		Contract Value	(over 1 year)	Market Value	Unrealized Gain(Loss)
Listed					
Stock Index Futures					
Sold		¥261,177	¥ —	¥260,037	¥1,139
Purchased		—	—	—	—
Stock Index Options					
Sold					
Call		—	—	—	—
Option Premium		—	—	—	—
Put		—	—	—	—
Option Premium		—	—	—	—
Purchased					
Call		—	—	—	—
Option Premium		—	—	—	—
Put		—	—	—	—
Option Premium		—	—	—	—
Total					¥1,139

Note: There were no stock-related derivatives in the trading account at March 31, 2000.

(iv) Bond Related

	Millions of Yen			
	2000			
	Contract Value	(over 1 year)	Market Value	Unrealized Gain(Loss)
Listed				
Bond Futures				
Sold	¥785,745	¥ -	¥792,386	¥(6,640)
Purchased	619,733	-	623,256	3,522
Bond Future Options				
Sold				
Call	-	-		
Option Premium	-		-	-
Put	-	-		
Option Premium	-		-	-
Purchased				
Call	-	-		
Option Premium	-		-	-
Put	-	-		
Option Premium	-		-	-
Over-the-Counter				
Bond Options				
Sold				
Call	-	-		
Option Premium	-		-	-
Put	-	-		
Option Premium	-		-	-
Purchased				
Call	-	-		
Option Premium	-		-	-
Put	-	-		
Option Premium	-		-	-
Other Bond Related				
Sold	-	-	-	-
Purchased	-	-	-	-
Total				¥(3,117)

Note: Derivatives on trading accounts are excluded from the above statements so that these unrealized gains (losses) are reflected on the Statements of Income on the mark-to-market basis.
Derivatives on trading accounts are stated as follows.

		Millions of Yen	
		2000	
		Contract Value	Market Value
Listed			
Bond Futures			
Sold		¥17,752	¥17,913
Purchased		13,039	13,158
Bond Future Options			
Sold			
Call		—	—
Option Premium		—	—
Put		—	—
Option Premium		—	—
Purchased			
Call		—	—
Option Premium		—	—
Put		1,251	—
Option Premium		2	1
Over-the-Counter			
Bond Options			
Sold			
Call		—	—
Option Premium		—	—
Put		—	—
Option Premium		—	—
Purchased			
Call		—	—
Option Premium		—	—
Put		—	—
Option Premium		—	—
Other Bond Related			
Sold		—	—
Purchased		—	—

(v) Commodity Related

There were no commodity-related derivatives at March 31, 2000.

(c) Off-Balance-Sheet Transactions

The Bank's off-balance-sheet transactions on a consolidated basis at March 31, 2000 and 1999 are set forth below.

(1) Derivatives and Foreign Exchange Transactions

	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Interest Rate Swaps	¥20,292.8	¥21,879.9	\$191,172
Currency Swaps	531.8	537.9	5,010
Foreign Exchange Forward Contracts	2,824.1	3,554.9	26,605
Interest Rate Options (Purchased)	579.2	680.5	5,457
Currency Options (Purchased)	147.5	85.2	1,390
Other Derivatives Contracts	124.1	711.0	1,169
Total	¥24,499.7	¥27,449.7	\$230,803

	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Interest Rate Swaps	¥365.7	¥529.1	\$3,446
Currency Swaps	26.2	35.1	247
Foreign Exchange Forward Contracts	97.7	128.7	921
Interest Rate Options (Purchased)	7.4	7.9	70
Currency Options (Purchased)	4.6	4.3	43
Other Derivatives Contracts	0	0	1
Netting Effects	(274.0)	(372.7)	(2,582)
Total	¥227.7	¥332.6	\$2,146

Notes: 1. The above figures are calculated using a risk-adjusted framework consistent with the Basle Capital Accord.

2. The credit equivalent amount is calculated according to the current exposure method.

3. Foreign exchange forward contracts with an original maturity of 14 calendar days or less and certain instruments, not applicable to the capital ratio, are excluded. The excluded amounts are shown below.

Notional Amount or Contract Amount	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Foreign Exchange Forward Contracts	¥ 432.3	¥ 693.6	\$ 4,073
Interest Rate Options (Purchased)	387.8	473.9	3,654
Interest Rate Options (Sold)	1,251.6	1,183.7	11,791
Currency Options (Purchased)	1.0	1.2	10
Currency Options (Sold)	146.8	91.6	1,384
Other Derivatives Contracts	75,988.2	63,229.7	715,857
Total	¥78,207.9	¥65,673.8	\$736,769

Note: Other derivatives contracts are instruments traded on an exchange and include interest rate futures, bond futures, and stock index futures.

(2) Credit Substitutes and Other Financial Instruments

Contract Amount	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Loan Commitments	¥1,242.8	¥1,019.6	\$11,709
Guarantees	328.2	364.4	3,092
Others	2.1	2.4	20
Total	¥1,573.1	¥1,386.4	\$14,820

Note: Guarantees include commercial letters of credit, standby letters of credit, and guarantees.

FIVE-YEAR SUMMARY — The Sumitomo Trust & Banking Company, Limited Years Ended March 31

CONSOLIDATED STATEMENTS OF BANKING ACCOUNT	Millions of Yen				
	2000	1999	1998	1997	1996
AT YEAR-END					
Assets:					
Cash and Due from Banks	¥ 766,200	¥ 986,673	¥ 1,615,038	¥ 1,358,172	¥ 1,859,205
Investment Securities	4,864,909	3,694,469	3,577,030	3,075,719	3,122,182
Loans and Bills Discounted	7,728,968	7,374,575	8,701,427	9,098,585	9,186,686
Premises and Equipment	172,469	169,472	125,931	134,127	138,042
Customers' Liabilities for					
Acceptances and Guarantees	328,201	426,647	310,608	486,385	477,869
Other	2,007,671	2,406,732	1,345,862	1,001,206	987,744
Reserve for Possible Loan Losses	(345,639)	(462,642)	(700,445)	(433,944)	(544,046)
Total Assets	¥15,522,780	¥14,595,927	¥14,975,453	¥14,720,251	¥15,227,683
Liabilities:					
Deposits	¥ 7,674,061	¥ 7,043,257	¥ 7,063,346	¥ 5,861,332	¥ 5,488,935
Acceptances and Guarantees	328,201	426,647	310,608	486,385	477,869
Other	6,695,223	6,334,764	6,968,234	7,679,222	8,570,427
Total Liabilities	14,697,487	13,804,669	14,342,190	14,026,940	14,537,232
Minority Interest	89,776	89,054	—	—	—
Total Stockholders' Equity	735,516	702,203	633,263	693,311	690,451
Total Liabilities, Minority Interest and Stockholders' Equity	¥15,522,780	¥14,595,927	¥14,975,453	¥14,720,251	¥15,227,683
FOR THE YEAR					
Income:					
Trust Fees	¥ 96,228	¥ 143,698	¥ 142,679	¥ 332,727	¥ 146,748
Interest Income	391,291	521,387	583,529	700,828	732,920
Fees and Commissions	43,887	40,830	46,362	41,767	36,824
Trading Revenue	6,102	4,663	10,009	—	—
Other Operating Income	216,598	276,670	117,170	112,993	108,813
Other Income	257,753	40,802	149,864	97,206	90,958
Total Income	¥ 1,011,861	¥ 1,028,054	¥ 1,049,617	¥ 1,285,524	¥ 1,116,264
Expenses:					
Interest Expenses	¥ 294,416	¥ 428,330	¥ 501,340	¥ 587,446	¥ 612,844
Fees and Commissions	9,677	9,845	14,747	8,280	7,409
Trading Expenses	95	—	262	—	—
Other Operating Expenses	213,232	205,521	73,468	73,402	81,114
General and Administrative Expenses	142,807	158,577	162,518	152,074	144,777
Other Expenses	271,476	408,785	360,021	450,056	557,629
Total Expenses	¥ 931,706	¥ 1,211,060	¥ 1,112,358	¥ 1,271,260	¥ 1,403,775
Income (Loss) before Income Taxes	¥ 80,155	¥ (183,006)	¥ (62,741)	¥ 14,263	¥ (287,510)
Net Income (Loss)	32,214	(136,742)	(50,146)	7,259	(159,087)
PER SHARE (Common Stock)					
Net Income (Loss) per Share (Yen)	¥ 21.89	¥ (103.56)	¥ (40.30)	¥ 5.83	¥ (127.86)
Net Assets per Share (Yen)	440.07	422.88	508.95	557.23	554.93

FIVE-YEAR SUMMARY — The Sumitomo Trust & Banking Company, Limited Years Ended March 31

NONCONSOLIDATED STATEMENTS OF BANKING ACCOUNT	Millions of Yen				
	2000	1999	1998	1997	1996
AT YEAR-END					
Assets:					
Cash and Due from Banks	¥ 756,332	¥ 1,004,395	¥ 1,672,001	¥ 1,414,685	¥ 1,938,311
Investment Securities	4,856,061	3,674,312	3,516,453	2,996,248	3,039,860
Loans and Bills Discounted	7,777,439	7,415,150	8,680,697	9,073,097	9,133,302
Premises and Equipment	158,887	160,434	118,915	127,150	130,600
Customers' Liabilities for					
Acceptances and Guarantees	478,596	545,247	770,669	709,522	618,104
Other	1,487,697	1,819,551	884,923	613,929	637,468
Reserve for Possible Loan Losses	(290,035)	(406,769)	(700,250)	(433,673)	(543,587)
Total Assets	¥15,224,977	¥14,212,320	¥14,943,411	¥14,500,960	¥14,954,061
Liabilities:					
Deposits	¥ 7,653,422	¥ 7,057,617	¥ 6,997,840	¥ 5,754,976	¥ 5,403,078
Acceptances and Guarantees	478,596	545,247	770,669	709,522	618,104
Other	6,368,210	5,918,936	6,793,835	7,573,807	8,476,139
Total Liabilities	14,500,228	13,521,800	14,562,345	14,038,306	14,497,322
Stockholders' Equity:					
Capital Stock	282,068	277,005	182,053	182,028	182,028
Reserves and Surplus	442,681	413,514	199,013	280,625	274,710
Total Stockholders' Equity	724,749	690,520	381,066	462,653	456,738
Total Liabilities and Stockholders' Equity	¥15,224,977	¥14,212,320	¥14,943,411	¥14,500,960	¥14,954,061
FOR THE YEAR					
Income:					
Trust Fees	¥ 96,228	¥ 143,698	¥ 142,679	¥ 332,727	¥ 146,748
Interest Income	389,657	513,581	574,024	682,243	721,895
Fees and Commissions	32,659	30,943	36,489	38,830	34,794
Trading Revenue	4,735	3,241	9,982	—	—
Other Operating Income	107,945	185,211	116,196	112,292	106,355
Other Income	252,533	40,020	138,164	89,883	85,762
Total Income	¥ 883,759	¥ 916,696	¥ 1,017,536	¥ 1,255,976	¥ 1,095,556
Expenses:					
Interest Expenses	¥ 291,813	¥ 420,544	¥ 489,402	¥ 570,984	¥ 601,837
Fees and Commissions	6,744	8,611	8,552	8,074	7,307
Trading Expenses	409	40	317	—	—
Other Operating Expenses	111,930	128,116	72,546	72,186	80,569
General and Administrative Expenses	133,294	144,356	155,434	144,181	138,125
Other Expenses	262,839	398,556	362,695	448,529	593,252
Total Expenses	¥ 807,031	¥ 1,100,226	¥ 1,088,947	¥ 1,243,956	¥ 1,421,092
Income (Loss) before income Taxes	¥ 76,728	¥ (183,530)	¥ (71,411)	¥ 12,020	¥ (325,535)
Net income (Loss)	33,015	(107,122)	(71,683)	13,380	(325,019)
Cash Dividends	10,866	9,251	9,953	8,709	8,709
PER SHARE (Common Stock)					
Net Income (Loss) per Share (Yen)	¥ 22.44	¥ (81.13)	¥ (57.61)	¥ 10.75	¥ (261.23)
Cash Dividends per Share (Yen)	7.00	7.00	8.00	7.00	7.00
Net Assets per Share (Yen)	432.55	414.67	306.26	371.84	367.09

FIVE-YEAR SUMMARY — The Sumitomo Trust & Banking Company, Limited Years Ended March 31

STATEMENTS OF TRUST ACCOUNT					
	Millions of Yen				
	2000	1999	1998	1997	1996
AT YEAR-END					
Assets:					
Loans and Bills Discounted	¥ 3,179,040	¥ 3,756,410	¥ 3,778,463	¥ 3,771,583	¥ 4,500,651
Investment Securities	19,887,162	16,486,602	15,290,730	14,155,227	16,159,506
Other Assets	18,887,301	15,851,199	14,917,566	14,786,452	11,961,305
Total Assets	¥41,953,504	¥36,094,212	¥33,986,760	¥32,713,262	¥32,621,462
Liabilities:					
Money Trusts	¥15,429,819	¥12,576,074	¥11,159,057	¥10,071,510	¥ 9,828,358
Pension Trusts	5,315,209	4,739,400	4,766,561	4,651,529	4,238,907
Property Formation Benefit Trusts	13,364	14,936	15,200	14,814	14,286
Loan Trusts	5,516,283	6,527,520	7,369,220	8,441,885	9,830,593
Other Trusts	15,678,827	12,236,279	10,676,720	9,533,524	8,709,316
Total Liabilities	¥41,953,504	¥36,094,212	¥33,986,760	¥32,713,262	¥32,621,462
TOTAL EMPLOYABLE FUNDS					
	Millions of Yen				
	2000	1999	1998	1997	1996
Deposits	¥ 7,653,422	¥ 7,057,617	¥ 6,997,840	¥ 5,754,976	¥ 5,403,078
Money Trusts	15,429,819	12,576,074	11,159,057	10,071,510	9,828,358
Pension Trusts	5,315,209	4,739,400	4,766,561	4,651,529	4,238,907
Property Formation Benefit Trusts	13,364	14,936	15,200	14,814	14,286
Loan Trusts	5,516,283	6,527,520	7,369,220	8,441,885	9,830,593
Total Employable Funds*	¥33,928,098	¥30,915,549	¥30,307,880	¥28,934,715	¥29,315,224

* Total Employable Funds represent the total amount of the Deposits in the Banking Account and funds included under the Money Trusts, Pension Trusts, Property Formation Benefit Trusts and Loan Trusts in the Trust Account.

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International Business
Operations Department

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LUXEMBOURG

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SUBSIDIARIES AND AFFILIATED COMPANIES as of July 1, 2000 *

Japan

Name	Established	Millions	Percentage points	
		Paid-in Capital	Ownership	Group Ownership other than Sumitomo Trust
The Sumishin Shinko Company Limited	June 1948	¥50	100.0%	0.0%
Sumishin Business Service Company, Limited	June 1986	¥50	100.0	0.0
Sumitomo Trust Securities Co., Ltd.	September 1993	¥21,250	100.0	0.0
STB Personnel Service Co., Ltd.	July 1995	¥80	100.0	0.0
STB Investment Corporation	March 2000	¥35	100.0	0.0
Sumishin Guaranty Company Limited	August 1977	¥100	15.0	20.0
Sumishin Information Service Company Limited	February 1973	¥100	5.0	65.0
Sumishin Card Company, Limited	June 1983	¥50	5.0	50.0
STB Leasing Co., Ltd.	July 1985	¥1,500	5.0	67.0
Sumishin Realty Company, Limited	January 1986	¥300	5.0	70.0
STB Capital Management Company, Limited	November 1986	¥300	5.0	95.0
STB Research Institute Co., Ltd.	July 1988	¥300	5.0	95.0
International General Finance Co., Ltd.	September 1982	¥50	0.0	20.0
Japan Trustee Services Bank, Ltd.	June 2000	¥50,000	50.0	0.0
Japan Trustee Information Systems Ltd.	November 1988	¥200	5.0	45.0
STB & NTT DATA Application Consultant Corporation	August 1989	¥100	5.0	45.0

Overseas

Name	Established	Millions	Percentage points
		Paid-in Capital	Ownership
The Sumitomo Trust Finance (H.K.) Limited	July 1978	\$45	100.0%
Sumitomo Trust International plc	October 1981	£32	100.0
Sumitomo Trust and Banking (Luxembourg) S.A.	April 1985	\$30	100.0
Sumitomo Trust and Banking Co.(U.S.A.)	September 1987	\$65	100.0
Sumitomo Trust Merchant Bank (Singapore) Limited	March 1992	S\$5	100.0
STB Finance Cayman Limited	January 1993	\$0.01	100.0
STB Cayman Capital Limited	May 1997	\$0.01	100.0
STB Preferred Capital (Cayman) Limited	February 1999	¥85,000	100.0
FCSC Corporation	April 1996	\$0.1	100.0

* As defined by the accounting principles accepted in Japan.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS as of July 1, 2000



Chairman of the Board
Hitoshi Murakami (1)

President
Atsushi Takahashi (2)

**Deputy President,
Deputy President Executive Officer**
Koji Iio (3)

**Senior Managing Directors,
Senior Executive Officers**
Yutaka Morita (4)
Fujio Ido (5)
Shigeru Tomoda (6)

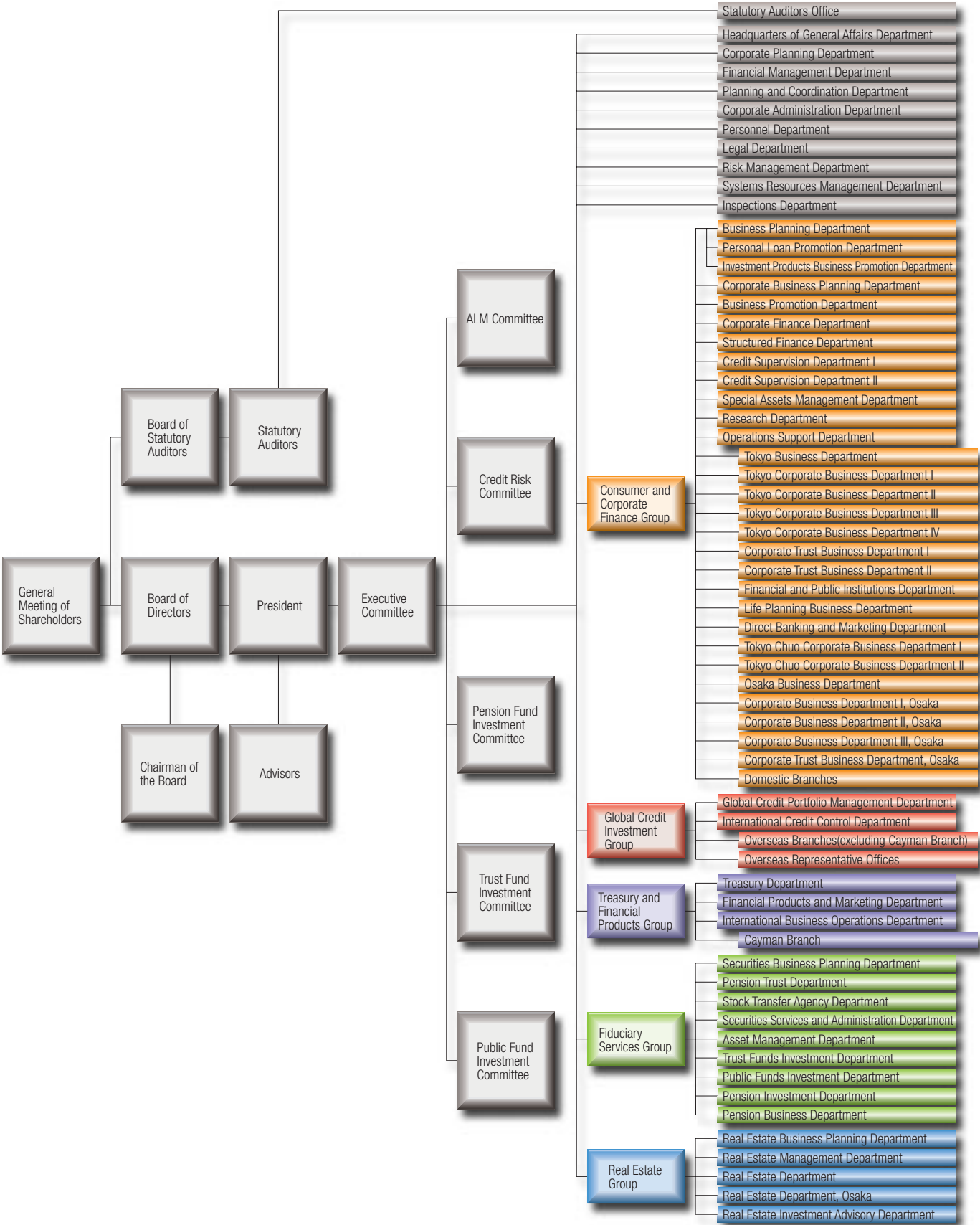
**Managing Directors,
Managing Executive Officers**
Noriyuki Shoyama (7)
Eiichi Tanabe (8)
Hirokazu Mizukami (9)
Yoji Yoshimura (10)
Minoru Tanaka (11)
Takahiko Otsuka (12)
Takaaki Hatabe (13)

Standing Statutory Auditor
Eiji Tokunaga

Statutory Auditors
Toshiyuki Ozaki
Masao Inoue
Akio Yamazaki
Masahiro Tanaka

Executive Officer
Hiroaki Amano
Toshiharu Sakurai
Hideo Fujii
Yotaro Fujiwara
Mitsugu Terada
Kazuyuki Isono
Sakae Yashiro
Kazuo Miyakawa
Takashi Nakamura
Jiro Araki
Hiroshi Ninomiya
Masatoshi Takeda
Junpei Norimatsu
Takehisa Takagi
Naoki Taninaka
Masao Shibuya

ORGANIZATION as of April 3, 2000



CORPORATE DATA as of March 31, 2000

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Telephone: 03-3286-1111
Facsimile: 03-3286-8787

Date of Establishment

July 1925

Paid-in Capital

¥282,068 million

Number of Employees

5,568

Independent Public Accountants

Asahi & Co., A Member Firm of Andersen Worldwide SC

Authorized Stock (Thousands)

Common Stock: 3,000,000

Preferred Stock: 250,000

Issued Stock (Thousands)

Common Stock: 1,444,307

Preferred Stock: 125,000

Number of Stockholders

Common Stock: 25,224

Preferred Stock: 1

Principal Stockholders

Common Stock

The 10 principal stockholders of the Bank and their respective holdings of shares at March 31, 2000, expressed as a percentage of the total number of shares then in issue, were as follows:

Corporation	Percentage of Total Shares in Issue	Number of Shares Held (Thousands)
State Street Bank and Trust Company (Standing Agent: The Fuji Bank, Limited)	2.67%	38,690
Sumitomo Life Insurance Company	2.47	35,701
The Sumitomo Bank, Limited	2.23	32,304
NEC Corporation	1.98	28,626
Sumitomo Corporation	1.93	27,950
The Mitsubishi Trust and Banking Corporation (Trust Accounts)	1.72	24,854
Kubota Corporation	1.66	23,984
The Sumitomo Trust and Banking Co., Ltd. (Trust Accounts)	1.65	23,938
Sumitomo Electric Industries, Ltd.	1.49	21,619
The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.	1.36	19,747
Total	19.20%	277,415

Preferred Stock

Corporation	Percentage of Total Shares in Issue	Number of Shares Held (Thousands)
The Resolution and Collection Corp.	100.00%	125,000
Total	100.00%	125,000

For further information, please contact:
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