住友信託銀行

2009 ANNUAL REPORT

Year Ended March 31, 2009

Sumitomo Trust & Banking Co., Ltd.

Financial Highlights

Profit and Loss

Consolidated	Millions of Yen (Unless specified otherwise)										Millions of U.S. Dollars*1 (Unless specified otherwise)	
		FY2008 (4/08-3/09)		FY2007 (4/07-3/08)		FY2006 (4/06-3/07)		FY2005 (4/05-3/06)		FY2004 (4/04-3/05)		**FY2008 (4/08-3/09)**
For the Year:												
Net Business Profit before Credit Costs*2	¥	**241,153**	¥	216,888	¥	215,485	¥	196,270	¥	161,143	$	**236,957**
Total Credit Costs		**99,794**		12,473		42,073		9,819		(70)		**98,058**
Ordinary Profit		**29,609**		136,985		170,171		171,949		134,161		**29,094**
Net Income		**7,946**		82,344		103,820		100,069		96,865		**7,808**
ROE*3		**0.79%**		8.34%		11.30%		11.90%		12.67%		—
Earnings per Share (Yen/U.S. Dollars)		**4.74**		49.17		62.04		59.87		58.07		**0.05**

*1 The U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥98.26 to U.S. $1.00.
*2 Net Business Profit before Credit Costs = (Non-consolidated Net Business Profit before Credit Costs) + (Adjusted Ordinary Profit of subsidiaries and affiliated companies) - (Income from intragroup transactions)
*3 ROE is computed based on the average net assets less minority interest and valuation and translation adjustments at the beginning and end of the fiscal year.

Balances

Consolidated	Millions of Yen (Unless specified otherwise)					Millions of U.S. Dollars*1 (Unless specified otherwise)
	FY2008 (4/08-3/09)	FY2007 (4/07-3/08)	FY2006 (4/06-3/07)	FY2005 (4/05-3/06)	FY2004 (4/04-3/05)	**FY2008 (4/08-3/09)**
At Year-End:						
Total Assets	**¥ 21,330,132**	¥ 22,180,734	¥ 21,003,064	¥ 20,631,938	¥ 15,908,374	**$ 20,958,988**
Loans and Bills Discounted	**11,229,604**	10,746,228	10,487,237	10,186,276	9,013,920	**11,034,209**
Total Liabilities	**20,066,080**	20,899,780	19,555,157	19,354,861	14,913,397	**19,716,930**
Deposits and Negotiable Certificates of Deposit	**14,212,545**	14,332,444	13,715,918	12,771,890	10,617,221	**13,965,246**
Total Net Assets*2	**1,264,052**	1,280,954	1,447,907	1,117,991	909,726	**1,242,057**
Trust Account	**82,770,968**	90,534,098	74,149,949	61,669,866	52,645,509	**81,330,754**
Non-performing Loans	**116,441**	107,078	117,550	109,373	184,203	**114,415**

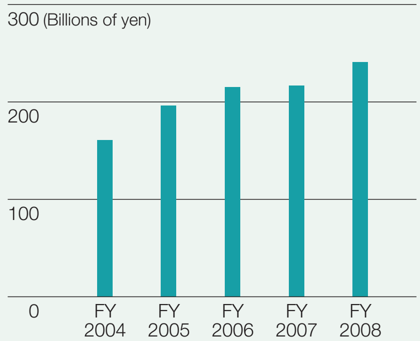
*1 The U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥98.26 to U.S. $1.00.
*2 From FY2006, Shareholders' Equity is being shown as Net Assets.

Capital

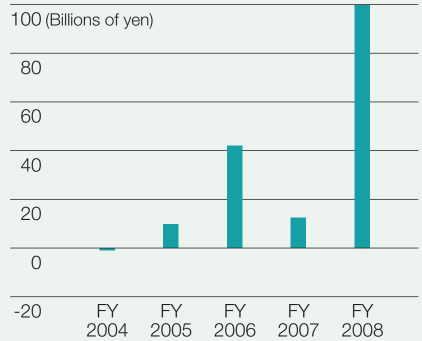
Consolidated	Millions of Yen (Unless specified otherwise)					Millions of U.S. Dollars*1 (Unless specified otherwise)
	FY2008 (4/08-3/09)	FY2007 (4/07-3/08)	FY2006 (4/06-3/07)	FY2005 (4/05-3/06)	FY2004 (4/04-3/05)	**FY2008 (4/08-3/09)**
Total Qualifying Capital*2	**¥ 1,682,888**	¥ 1,732,290	¥ 1,809,860	¥ 1,595,890	¥ 1,489,403	**$ 1,653,606**
Tier I Capital*2	**1,061,806**	1,073,308	1,026,199	909,376	861,795	**1,043,331**
Total Risk-Weighted Assets*2	**13,911,473**	14,625,988	15,924,988	14,640,708	11,914,889	**13,669,413**
BIS Capital Adequacy Ratio*2	**12.09%**	11.84%	11.36%	10.90%	12.50%	—
Tier I Capital Ratio*2	**7.63%**	7.33%	6.44%	6.21%	7.23%	—

*1 The U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥98.26 to U.S. $1.00.
*2 From FY2006, new standards have been adopted.

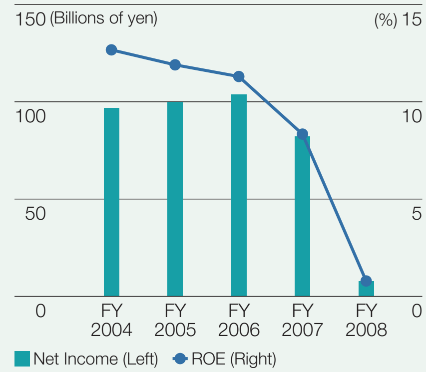
• Net Business Profit before Credit Costs



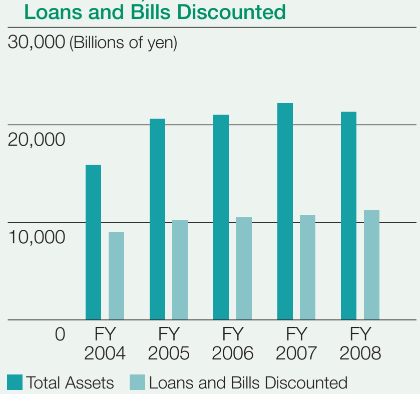
• Total Credit Costs



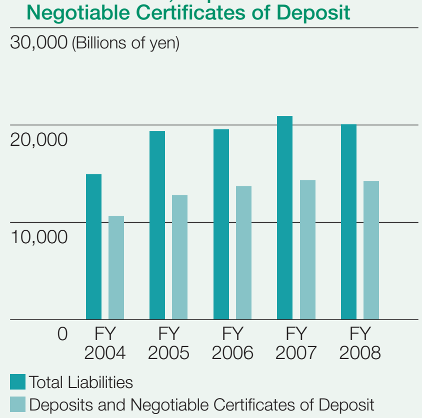
• Net Income and ROE



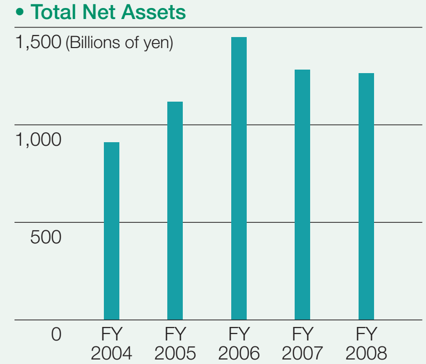
• Total Assets, Loans and Bills Discounted



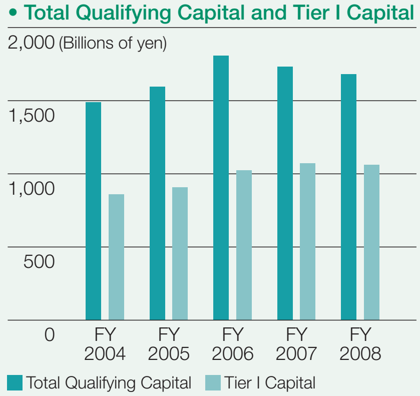
• Total Liabilities, Deposits and Negotiable Certificates of Deposit



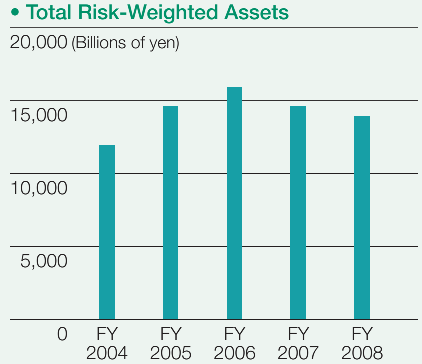
• Total Net Assets



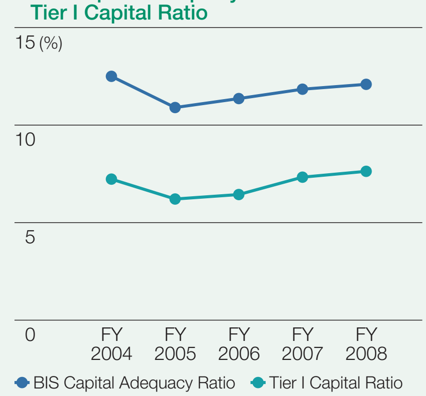
• Total Qualifying Capital and Tier I Capital



• Total Risk-Weighted Assets



• BIS Capital Adequacy Ratio and Tier I Capital Ratio



Net Business Profit before Credit Cost:
Profit Increased on Non-consolidated and Consolidated Bases

Net business profit before credit costs on non-consolidated and consolidated bases increased by 27.1 billion yen and 24.2 billion yen year-on-year to *201.0 billion yen* and *241.1 billion yen*, respectively, mainly due to the large increase in market-related profit, especially net gains on bonds, though net fees and commissions decreased due to the decline in mutual fund sales and real estate brokerage.

Net Income:
Profits on Non-consolidated and Consolidated Bases

On a non-consolidated basis, total credit costs increased with the worsening Japanese company earnings, and the total substantial credit costs related to overseas credit investments increased, with impairment losses due to falling share prices, resulting in net income declining by 30.9 billion yen year-on-year to *38.9 billion yen*. On a consolidated basis, due to the recording of total credit costs in subsidiaries, net income declined by 74.3 billion yen year-on-year to *7.9 billion yen*. However, the large increase in net business profit before credit costs contributed to positive net income on both non-consolidated and consolidated bases.

Assets Classified under the Financial Reconstruction Law (Non-consolidated):
Ratio to Total Loan Balance Stays at 0.9%

The total balance of assets classified under the Financial Reconstruction Law increased by 9.4 billion yen from the end of the previous fiscal year to *116.4 billion yen*, and the ratio of assets classified under the Financial Reconstruction Law to the total loan balance continues to stay at as low as *0.9%* —the same level as at the previous year end. Loans in bankruptcy and practically bankrupt and doubtful loans increased due to worsening company earnings, while substandard loans decreased.

Capital Adequacy Ratio (Consolidated):
Maintained Adequate Level of 12.09%

Despite the decrease in total qualifying capital by 49.4 billion yen from the end of the previous fiscal year caused by posting net unrealized losses on available-for-sale securities, the total risk-weighted assets decreased by 714.5 billion yen mainly due to the decrease in securities including stocks. This resulted in the increase of capital adequacy ratio and Tier I capital ratio by 0.25% and 0.30% from the end of the previous fiscal year to *12.09%* and *7.63%*, respectively. The core Tier I* ratio was *5.61%*, also maintaining adequacy in the aspect of capital quality.

*Core Tier I = Tier I – preferred securities / preferred stocks

Editorial Policy

Thank you very much for reading The Sumitomo Trust and Banking Company, Limited's*1 2009 Annual Report*2. We are confident that the "New Paradigm" created by the financial crisis and the global recession provides us with an opportunity to make use of our advantage of combined banking, trust and real estate operations. We compiled 2009 AR with emphasis on the following three points in order to explain our policy of pursuing further growth by providing comprehensive solutions to the new sets of demands by our clients:

*1 Hereinafter Sumitomo Trust or STB.
*2 Hereinafter 2009 AR.

1. Describing in Detail "New Strategies" to Break Through the "New Paradigm"

We have launched a new Midterm Management Plan before completing the previous Midterm Management Plan that started in April 2008. "Feature 1: Breaking Through the "New Paradigm" with 'New Strategies'" of 2009 AR explains in detail the background for the revision of the Midterm Management Plan and six specific strategies for breaking through the "New Paradigm."

2. Describing in Detail the Status of the Credit Portfolio

We are restructuring our credit portfolio so as to shift emphasis from "market-based loans" to "bilateral corporate loans." "Feature 2: Status of Credit Portfolio" of 2009 AR explains in detail the status of the credit portfolio, including losses related to overseas credit investments (pages 18–21) that were impaired in fiscal year 2008.

3. Put Together in a Way that Makes Our Business Contents, Performance and Governance Easy to Understand

As in the 2008 AR, to further facilitate readers' understanding of Sumitomo Trust's business, we have summarized the basic details of Sumitomo Trust's businesses, main subsidiaries and affiliates in the section entitled "STB Basic Information" (pages 183–209), and briefly reported the performance of each business for the fiscal year under review in the section entitled "Business Report" and about management systems, such as corporate governance, in the "Governance Report" section (pages 37–52).

We hope that this 2009 AR will serve to give you a deeper understanding of Sumitomo Trust.

August 2009

A Cautionary Note on Forward-looking Statements:

This Annual Report contains forward-looking statements about Sumitomo Trust and its group's future plans and strategies, which are not historical facts but are based on the Sumitomo Trust's assumptions and beliefs judged from the information currently available and are subject to a number of risks and uncertainties. This may cause actual results to differ materially from those projected. Thus, readers are advised that, when the words "plan," "expected," "will," or other similar expressions which might bear forward-looking impacts are used in this report, such words are not guarantees of Sumitomo Trust's future performance and therefore should not be unduly relied upon or be read as terms used for solicitation purposes.

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CEO Message
— To Our Shareholders, Clients and Employees

Hitoshi Tsunekage President and CEO

In fiscal year 2008, the business environment surrounding the Sumitomo Trust Group was very difficult because of the impact of the global financial crisis and recession. In this environment, although our consolidated net business profit before credit costs increased, consolidated net income declined significantly as a result of an increase in total substantial credit costs and impairment losses arising from stock price declines.

We recognize that the global financial crisis and recession have created a New Paradigm in which we must break away from our once-accepted values and principles of conduct. As the New Paradigm provides us with an opportunity to make use of our advantage of combined banking, trust and real estate operations, we will conduct our business with stronger confidence.

Income Decreased Because of Increased Total Credit Costs and Stock Impairment Losses

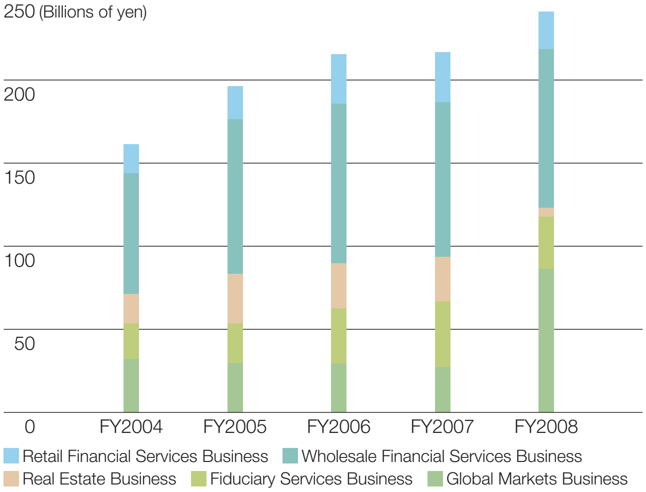
Consolidated net business profit before credit costs in fiscal year 2008 grew by 24.2 billion yen year-on-year to 241.1 billion yen as a significant increase in market-related profit, including net gains on bonds, more than offset a decline in net fees and commissions attributable to drops in mutual fund sales and real estate brokerage deals.

However, total substantial credit costs increased by 86.5 billion yen to 170 billion yen as a result of impairment losses of 57.4 billion yen related to overseas asset-backed securities, the reclassification of borrowers due to the rapid deterioration of Japanese companies' earnings, and an increase of allowance for loan losses resulting from a complete reevaluation of collateral related to real-estate secured loans.

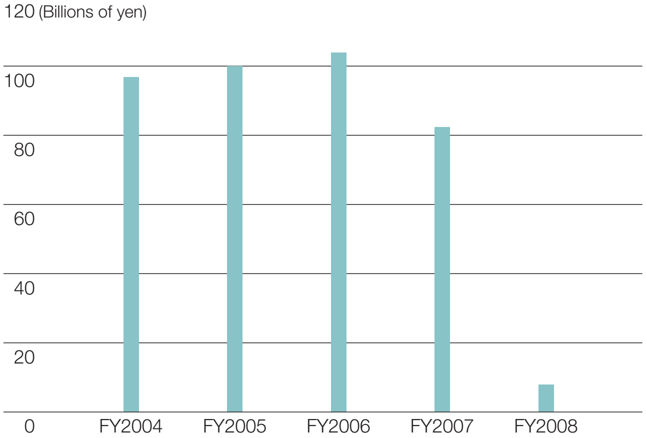
Consolidated ordinary profit declined by 29.6 billion yen to 107.3 billion yen because of the steep increase in total substantial credit costs and impairment losses (losses of 36.5 billion yen on domestic stock holdings) arising from stock price declines.

Consolidated net income, which also reflected gains on securities contributed to employee retirement benefit trust, dropped by 74.3 billion yen to 7.9 billion yen, and net income per share came to 4.74 yen.

• Changes in Consolidated Net Business Profit before Credit Costs (by business)



• Changes in Consolidated Net Income

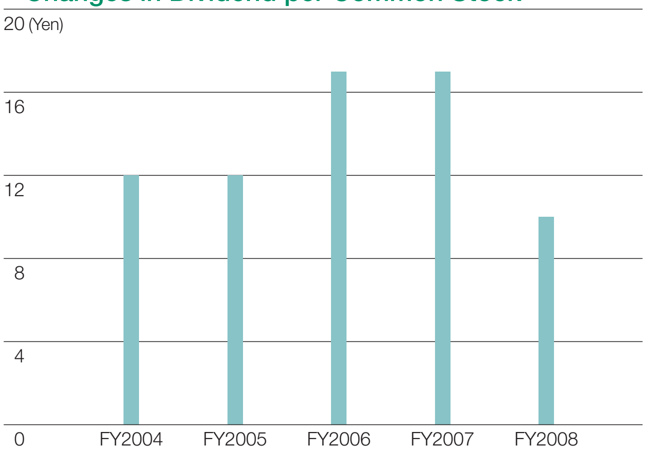


Dividend Decreased to 10 Yen Per Share

Sumitomo Trust, which has a basic policy of returning profits to shareholders according to business performance, regards the return of profits as an important management policy and intends to satisfy our shareholders' expectations in this regard at the same time as we seek to increase our corporate value through strategic investments leading to future growth.

While our profits declined significantly in fiscal year 2008, we have decided to pay an annual dividend of 10 yen per share, including a term-end dividend of 1.5 yen, after taking into consideration the factors behind the profit decline and the medium-term business prospects based on the above-mentioned dividend policy. Under the New Midterm Management Plan, we will continue to aim for a consolidated dividend payout ratio of around 30%. Due to the profit decline, the consolidated dividend payout ratio in fiscal 2008 rose to 210.7%.

• Changes in Dividend per Common Stock



"New Strategies" for the "New Paradigm"

The environment surrounding the financial industry has changed drastically as a result of the recent global financial crisis, which is said to be the greatest crisis since World War II or once in a century. We recognize that we are confronted with a New Paradigm in which conventional wisdom does not apply, rather than a temporary set back where the situation would disappear by waiting it out. A variety of problems and issues have come to the fore suddenly, with corporate clients facing the need to raise funds and rebuild financial strategies and retail clients experiencing poor investment performance and pension-related problems. Consequently, clients' needs have ceased to be linear and have taken on an increasingly complex and diverse nature.

In the New Paradigm, we will not be able to meet clients' complex and diversified needs by merely providing conventional services. It is essential that by reviewing our once-accepted values and principles of conduct, we transform ourselves so as to provide comprehensive solutions that satisfy clients' needs more precisely and quickly than ever before.

Based on this recognition, Sumitomo Trust has launched the New Midterm Management Plan before completing the previous Midterm Management Plan that started in April 2008. While there is no change in our aim to become an asset management-oriented financial intermediary model promised under the previous plan, we have identified the challenges that we face at the moment and formulated new business strategies aimed at enabling Sumitomo Trust to break through the New Paradigm.

New Midterm Management Plan

The New Midterm Management Plan aims to provide comprehensive solutions to satisfy the increasingly complex needs of clients who face a variety of challenges in the New Paradigm which is filled with difficulties and uncertainties, by taking advantage of our diverse range of functions to the maximum extent.

The New Midterm Management plan has the following four objectives.:

1. Securing a higher level of financial soundness

Based on the lessons learned from the series of failures of major financial institutions, banks are now required to have a higher level of financial soundness than before. While we are confident of having one of the strongest financial foundations among Japanese banks, we need to achieve a higher level of financial soundness in order to weather the New Paradigm by pursuing both offensive and defensive strategies.

2. Expanding market shares of targeted businesses and developing new markets

We will expand our market shares of targeted businesses, mainly those related to trust and property management by strengthening our capability to provide "comprehensive solutions" that make the most of our advantage of combined banking, trust and real estate operations and redefine global strategies focused on the uniqueness of the trust business.

3. Enhancing the foundation of our earnings

We will strive to improve our earnings and limit downside risk by restructuring the credit portfolio, which is the core of the banking business and the foundation of our earnings, as well as by strengthening the basis of fee revenues that do not use balance sheet through an expansion of our market share in the trust and property management businesses.

4. Establishing Sumitomo Trust's position as the "Standard-bearer of Trust" and the "No. 1 Trust Bank"

We will do our utmost to strengthen the trust business and nurture next generation growth businesses so that we can put ourselves on the path of a more long-term growth.

As for the numerical targets under the new Midterm Management Plan, in fiscal 2011, we aim to achieve a consolidated BIS capital adequacy ratio of 12% or higher, a consolidated Tier I capital ratio of 8% or higher, a consolidated ROE on shareholders' equity of 7% to 9% (consolidated ROE on total net assets of 8% to 10%), a consolidated net business profit before credit costs of 200 to 220 billion yen and a consolidated net income of 80 to 100 billion yen.

Consolidated BIS Capital Adequacy Ratio:	12% or higher
Consolidated Tier I Capital Ratio:	8% or higher
Consolidated ROE on Shareholders' Equity*:	7% to 9%
(Consolidated ROE on Total Net Assets):	(8% to 10%)
Consolidated Net Business Profit before Credit Costs:	200 billion to 220 billion yen
Consolidated Net Income:	80 billion to 100 billion yen

*After excluding the effects of short-term extraordinary items (volatility), i.e., revaluation reserves.

To achieve the abovementioned objectives, we will implement the following six strategies under the New Midterm Management Plan.

Strategy I: Reducing Financial Risk

We will achieve a consolidated BIS capital adequacy ratio of 12% and a consolidated Tier I capital ratio of 8% as targeted under the New Midterm Management Plan as soon as possible. In addition, we will reduce shareholding risk and overseas assets and reduce credit concentration risk.

• Reduction of Shareholding Risk

We aim to lower the ratio of the book value of our shareholdings to the Tier I capital amount, which stood at 40% as of the end of March 2009, to 30% in the medium term by selling shares and taking hedging measures.

• Reduction of Overseas Credit Investments

We will cut the balance of overseas credit investments, which stood at 1.01 trillion yen as of the end of March 2009, by 40%, by reducing 300 billion yen through redemptions and 100 billion yen through sales.

• Reduction of Credit Concentration Risk

We will strengthen management of the ceilings on the provision of credit on a net exposure* basis and risk control with regard to each borrower.

*Net exposure: Exposure after the deduction of the secured amount (an amount covered by collateral, guarantee, provisions, etc.)

Strategy II: Strengthening the Credit Risk Management Framework

We are enhancing the decision-making process concerning the provision of credit, including a revision of the internal rating management, in addition to strengthening the screening system by establishing the Credit Risk Management Group.

Moreover, we established the Credit Investment Committee under the Credit Risk Committee in order to strengthen our analysis and risk control concerning credit investments. We are also striving to strengthen the overall risk management framework concerning credit investments by starting the measurement of price fluctuation risk involved in credit investments based on the expertise provided by an external expert organization and by rebuilding the framework for reviewing capital adequacy.

Strategy III: Strengthening the Capability to Provide "Comprehensive Solutions"

We will provide consulting services that resolve clients' problems in a comprehensive manner by fully exercising the following Five Major Functions, which are our business operations classified from the standpoint of clients. This will enable us to maintain the sustainable growth that is resilient to downside risk by steadily expanding our client base and market share.

To that end, we have abolished the divisional management system, and we are strengthening the framework for providing services and products that cut across the boundaries of business segments.

Sumitomo Trust's Five Major Functions

Investment Marketing

We provide services, such as sales of investment products and investment consulting, to meet the asset management and custody needs of both individual and corporate clients.

Asset Management and Pensions

In addition to composing and managing investment products according to clients' needs, we provide various services, such as asset management, custody and actuarial services, to pension funds.

Asset Brokerage

Regarding clients' requirements, such as asset restructuring, liability reduction or business reorganization, our services include real estate brokerage, liquidation and securitization of real estate, monetary claims and movable assets, and M&A mediation.

Securities Processing and Agency Operations

We provide such services as securities processing, stock transfer agency, overseas custody, will trusts and estate settlement.

Banking Business

We provide all services related to deposits, loans, cash transfers, and so on.

Strategy IV: Redefining Global Strategies

By positioning overseas business establishments as company-wide common platforms for exercising the Five Major Functions to the maximum possible extent, we will redefine global strategies so as to reflect the New Paradigm.

The main strategies are (1) reducing overseas credit investments, (2) strengthening marketing activity targeted at Japanese companies operating abroad, (3) identifying foreign investors' needs for investment in Japanese stocks and real estate and (4) strengthening the investment capability so as to meet the growing needs for investment in Asian stocks. In line with these strategies, we will dramatically revise the allocation of business resources.

Strategy V: Restructuring the Credit Portfolio

The credit portfolio is the core of the banking business and the foundation of our earnings. We will strive to improve our earnings in the banking business and limit downside risk by restructuring our credit portfolio as we shift from market-based loans to bilateral corporate loans and individual loans.

To be more specific, over the coming three years, we plan to expand bilateral corporate loans, including those to Japanese companies operating abroad, by around 600 billion yen and individual loans by around 500 billion yen while reducing market-based loans by around 500 billion yen.

In bilateral corporate loans, we will seek to improve earnings by exercising the four functions of the trust and property management businesses through continued reallocation of loans between different industrial sectors.

Strategy VI: Establishing Sumitomo Trust's Position as the Standard-bearer of Trust and the No. 1 Trust Bank

In order to establish our position as the "Standard-bearer of Trust" and the "No. 1 Trust Bank," it is essential for us to provide "comprehensive solutions" centering on new trust products and nurture future growth businesses.

To this end, we intend to exercise the Five Major Functions, particularly, the four major functions of the trust and property management businesses, to the maximum possible extent, in anticipation of clients' new needs that are arising in the New Paradigm. The envisioned themes of new trust products include the aging of society, property custody and management, the environment and Asia. We will develop new trust products along these themes by exercising the four major functions of the trust and property management businesses individually or in combination.

We will establish our position as the "Standard-bearer of Trust" and the "No. 1 Trust Bank" in the Japanese financial industry by nurturing new next generation growth businesses centering on the trust business.

Recovery in Income is Projected for Fiscal Year 2009

For fiscal year 2009, we project net business profit before credit costs of 145 billion yen on a non-consolidated basis and 175 billion yen on a consolidated basis, assuming that revenues of the Global Markets Business will return to the normalized levels and that fee revenues related to the Retail Financial Services Business and the Real Estate Business will recover somewhat.

On a non-consolidated basis, we project a net income of 40 billion yen, as we expect to incur non-consolidated total credit costs of 50 billion yen, almost unchanged from fiscal 2008, and additional costs of 20 billion yen in relation to risk reduction measures concerning overseas credit investments.

On a consolidated basis, we project a net income of 45 billion yen, assuming total substantial credit costs totaling 80 billion yen, including the cost of removing assets from the balance sheet of First Credit Corporation.

Based on the above earnings estimates, we plan to pay a dividend of 10 yen per share, the same as in fiscal year 2008, in accordance with our dividend policy of aiming for a consolidated dividend payout ratio of around 30%.

• Forecast for FY2009

	Millions of Yen (Unless specified otherwise)		
	FY2009 forecast (A)	FY2008 actual (B)	Change (A) - (B)
(Consolidated)			
Net Business Profits before Credit Costs	**175.0**	241.1	(66.1)
Ordinary Profit	**85.0**	29.6	55.3
Net Income	**45.0**	7.9	37.0
Dividend per Common Stock (Yen)	**10.00**	10.00	—
Consolidated Dividend Payout Ratio (%)	**37.2%**	210.7%	(173.5%)
(Non-consolidated)			
Net Business Profits before Credit Costs	**145.0**	201.0	(56.0)
Total Credit Costs	**(50.0)**	(54.9)	4.9
Other Non-recurring Profit	**(30.0)**	(107.1)	77.1
Ordinary Profit	**65.0**	37.9	27.0
Net Income	**40.0**	38.9	1.0
(Total Substantial Credit Costs)			
Consolidated	**(80.0)**	(170.0)	90.0
Non-consolidated	**(70.0)**	(121.3)	51.3
Domestic	**(50.0)**	(48.1)	(1.8)
International	**(20.0)**	(73.1)	53.1
Group Companies	**(10.0)**	(48.7)	38.7

Note: Forecast is subject to change.

Return to the Roots of the Philosophy of "Trust" and the "Trustee Spirit"

The financial business model that worshipped only the bottom-line has collapsed as a result of the global financial crisis, and we feel it is imperative to return to the basics of the financial business: providing services based on relationships of trust with clients.

In short, what is needed now is "true client-oriented service" that always provides solutions from the standpoint of clients in accordance with the philosophy of "trust," embodied by the provision of services based on "supreme faith and sincerity," and the "trustee spirit" that the Sumitomo Trust Group has cultivated since its foundation. We are increasingly confident that now is the time for the Sumitomo Trust Group to fulfill its social mission.

We intend to break through the New Paradigm by gaining increased trust and support of clients through the timely provision of "comprehensive solutions" based on our "Trustee-ness" and "STB-ness" spirit, while we take advantage of the group's diverse functions under our business model of combined banking, trust and real estate operations to the fullest extent.

I appreciate your continued, kind support.

Hitoshi Tsunekage President and CEO

A Focus on Strategies

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Special Feature 1

Breaking Through the "New Paradigm" with "New Strategies" —Outline of the New Midterm Management Plan—

Amid the drastic changes going on in the financial sector, the economy is shrinking around the world, impacting the business environment for Sumitomo Trust. We do not perceive such environment to be a temporary set back where the situation would disappear by waiting it out. Rather, we believe we have entered a New Paradigm, where a complete shift in clients' values, behaviors and needs takes place.

As our clients face a variety of challenges in the New Paradigm, we will not be able to meet their complex and diversified needs by merely providing conventional services. Therefore, by reviewing our once-accepted values and principles of conduct, it is essential to transform ourselves in order to provide "comprehensive solutions" that satisfy clients' new needs on a level of accuracy and speed not known before.

Based on this recognition, Sumitomo Trust has launched a New Midterm Management Plan before completing the previous Midterm Management plan that started in April 2008. While there is no change in our aim to be an asset management-oriented financial intermediary model promised under the previous plan, we have identified the challenges that we face at the moment and adopted new business strategies aimed at enabling us to break through the New Paradigm.

Objectives of the New Midterm Management Plan

The New Midterm Management plan has four objectives.

The first objective is to establish a higher level of financial soundness. While we are confident of having one of the strongest financial foundations among Japanese banks, in order to weather the New Paradigm, we need to achieve a higher level of financial soundness by pursuing both offensive and defensive strategies.

The second objective is to expand our market share in targeted businesses, mainly those related to trust and property management, and to enter new markets. Sumitomo Trust will strengthen its capability to provide "comprehensive solutions" by making the most of its advantage that lies in combined banking, trust and real estate operations and redefine global strategies based on our Trustee-ness.

The third objective is to solidify the foundations of our earnings. We will strive to improve our earnings and at the same time limit downside risk by restructuring our credit portfolio, which is the core of the banking business and the foundation of our earnings, as well as by strengthening the basis of fee revenues that do not use our balance sheet through an expansion of our market share in the trust and property management businesses.

The fourth objective is to establish Sumitomo Trust's position as the "Standard-bearer of Trust" and the "No. 1 Trust Bank." The expressions "Standard-bearer of Trust" and "No. 1 Trust Bank" embody our vision of the role Sumitomo Trust should play in the financial services industry. With this vision, we will do our utmost to strengthen the trust business and nurture next generation growth businesses so that we can put ourselves on the path of long-term growth.

• Objectives and Strategies of the New Midterm Management Plan

Objectives of the new midterm management plan

- I Establish enhanced financial strength
- II Expand market shares of targeted businesses and exploit new markets
- III Solidify the foundations of our earnings
- IV Position ourselves as the "Standard-bearer of Trust" and "No.1 Trust bank"

Strategies under the New Paradigm

- Reduce financial risks ▶ P12
- Strengthen credit risk management framework ▶ P13
- Strengthen our capacity to provide "comprehensive solutions" ▶ P14
- Redefine our global strategy ▶ P15
- Restructure the credit portfolio ▶ P15
- Strengthen trust business and nurture next generation growth businesses ▶ P16

Numerical Targets under the New Midterm Management Plan

Midterm Financial Targets

We have set the following financial targets for fiscal year 2011, the last year of the New Midterm Management Plan, so that we can further enhance our capital base in light of the medium-term uncertainty over the economic and financial environment.

As for the dividend policy, we will strive to return profits to our shareholders on a sustainable basis through an increase in dividends based on a profit recovery, aiming for a consolidated dividend payout ratio of around 30%.

Consolidated BIS Capital Adequacy Ratio:	12% or higher
Consolidated Tier I Capital Ratio:	8% or higher
Consolidated ROE on Shareholders' Equity*:	7% to 9%
(Consolidated ROE on Total Net Assets):	(8% to 10%)
Consolidated Net Business Profit before Credit Costs:	200 billion to 220 billion yen
Consolidated Net Income:	80 billion to 100 billion yen

*After excluding the effects of short-term extraordinary items (volatility), i.e., revaluation reserves.

Midterm Earnings Targets

We will aim to earn 200 billion to 220 billion yen in consolidated net business profit before credit costs in fiscal year 2011 by thoroughly strengthening our foundation of earnings while placing emphasis on limiting downside risk during the period of the new Midterm Management Plan. As for consolidated net income, we aim to earn 80 billion yen to 100 billion yen in fiscal year 2011 through a profit recovery by reducing total substantial credit costs as well as by keeping the expense ratio (on a non-consolidated basis) in the first-half of 40 percentile based on the improved efficiency in business processes and an enhanced control of expenses.

• Target of New Midterm Management Plan — Midterm Earnings Plan

	Billions of Yen			
	FY2008 (Actual)	FY2009	FY2010	FY2011
Consolidated				
Net Business Profit before Credit Costs	241.1	175.0	185.0	200.0 <=> 220.0
Total Substantial Credit Costs	(170.0)	(80.0)	(50.0)	(40.0) <=> (35.0)
Ordinary Profit	29.6	85.0	125.0	145.0 <=> 175.0
Net Income	7.9	45.0	70.0	80.0 <=> 100.0
Consolidated/Non-consolidated Difference				
Net Business Profit before Credit Costs	40.1	30.0	30.0	35.0 <=> 40.0
Total Substantial Credit Costs	(48.7)	(10.0)	(5.0)	(5.0)
Ordinary Profit	(8.3)	20.0	25.0	25.0 <=> 35.0
Net Income	(30.9)	5.0	10.0	10.0 <=> 15.0
Non-consolidated				
Gross Business Profit before Credit Costs	334.3	275.0	285.0	295.0 <=> 310.0
Retail Financial Services	79.0	79.0	80.0	80.0 <=> 85.0
Wholesale Financial Services	96.9	92.0	95.0	101.0 <=> 107.0
{Fees Paid for Outsourcing}	(11.6)	(7.0)	(7.0)	(6.0)
Real Estate	12.7	20.0	23.0	26.0 <=> 27.0
Fiduciary Services	57.2	48.0	52.0	53.0 <=> 56.0
{Fees Paid for Outsourcing}	(13.7)	(13.0)	(14.0)	(15.0)
Global Markets	142.7	56.0	56.0	56.0
Expenses	(133.2)	(130.0)	(130.0)	(130.0)
Net Business Profit before Credit Costs	201.0	145.0	155.0	165.0 <=> 180.0
Total Substantial Credit Costs	(121.3)	(70.0)	(45.0)	(35.0) <=> (30.0)
Ordinary Profit	37.9	65.0	100.0	120.0 <=> 140.0
Net Income	38.9	40.0	60.0	70.0 <=> 85.0

Note: Forecast is subject to change.

Interest Rate/Stock Price Assumption

	Base-case scenario				Upside scenario
	2009/3 (Actual)	2010/3	2011/3	2012/3	2012/3
1-month Yen LIBOR	0.43%	0.35%	0.35%	0.40%	0.70%
10-year JGB	1.35%	1.30%	1.40%	1.60%	2.10%
Nikkei 225 (Yen)	8,110	9,000	12,000	14,000	17,000

Six Strategies for the New Paradigm

Quality and Quantity of Capital

Banks need to achieve a higher level of financial soundness as attention focuses on their financial positions around the world. As of the end of March 2009, Sumitomo Trust's Tier I capital ratio stood at 7.63% and the core Tier I capital ratio at 5.61%, indicating that Sumitomo Trust has a sufficient level of capital in terms of both quality and quantity. Nonetheless, we aim to increase the Tier I capital ratio to 8% as soon as possible during the period of the New Midterm Management Plan.

Meanwhile, the TCE (Tangible Common Equity) ratio, which does not take into consideration the risk weights as defined by Basel II, stood at 3.45% as of the end of March 2009, a fairly high level among Japanese banks.

We will take the following risk reduction measures in order to establish a higher level of financial soundness.

• Consolidated Core Tier I Ratio (Preliminary)

	Billions of Yen
As of March 31	2009
Tier I	1,061.8
Preferred Shares	—
Preferred Securities	(280.0)
Core Tier I	781.8
Total Risk-weighted Assets	13,911.4
Tier I Capital Ratio	7.63%
Core Tier I Ratio	5.61%

• Consolidated TCE (Tangible Common Equity) Ratio

	Billions of Yen
As of March 31	2009
Net assets	1,264.0
Minority Interests	(390.1)
Intangible Fixed Assets (including goodwill)	(142.9)
Preferred Shares	—
Tangible Common Equity (TCE)	730.9
Total Assets	21,330.1
Intangible Fixed Assets (including goodwill)	(142.9)
Tangible Assets (TA)	21,187.2
TCE Ratio (TCE/TA)	3.45%

Strategy I: Reducing Financial Risk

(1) Reduction of Shareholding Risk

In fiscal year 2008, shareholding risk materialized as we recognized impairment losses of 36.5 billion yen related to the holdings of domestic stocks as a result of a decline in stock prices. We aim to lower the ratio of the book value of our shareholdings to the Tier I capital amount, which stood at approximately 40% as of the end of March 2009, to around 30% in the medium term by selling shares and taking hedging measures.

• Stock Holding and Capital (Consolidated)

	Billions of Yen
As of March 31	2009
Stocks (cost basis) (a)	432.6
{Unrealized Gains/Losses}	(24.4)*
Consolidated Tier I (b)	1,061.8
Percentage (a/b)	40.7%

(*) Breakeven point: Around 800 in TOPIX

(2) Reduction of Overseas Credit Investment

In fiscal year 2008, we reduced the balance of overseas credit investment from 1.33 trillion yen to 1.01 trillion yen. In order to further lower the risk of incurring additional losses, we plan to cut the amount by an additional 40%, by reducing 300 billion yen through redemptions and 100 billion yen through sales.

• Overseas Credit Investment

	Billions of Yen
As of March 31	2009
International Credit Investment	1,019.6
Securities	706.9
Asset-backed Securities	391.6
Corporate Bonds	315.3
Corporate Loans	312.7

(3) Reduction of Credit Concentration Risk

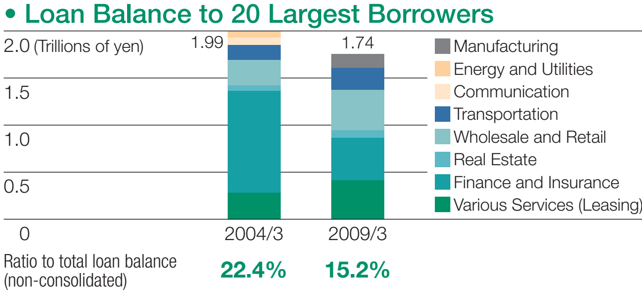
Based on the idea that keeping close tabs on credit exposure to each borrower is the basic concept of credit risk management, we manage loans, stocks, off-balance sheet and other transactions in a comprehensive and integrated manner. We place limits on credit exposures thus identified and also periodically look into the impact of credit risk realization of large borrowers and the particular degree of concentration on industry sectors with large credit exposures.

We curtailed the amount of loans provided to the 20 largest borrowers to 1.74 trillion yen by the end of March 2009, down 0.27 trillion yen from approximately 2 trillion yen five years ago, and its ratio to the total loan balance declined to 15.2% from 22.4%. We have not only decreased the amount of loans to the 20 largest borrowers but also we have made progress in diversifying the credit portfolio by reducing the amount of loans provided to the finance and insurance sector. Moreover, loans to borrowers with a credit rating of 5, which is generally equivalent to "BBB" of credit rating agency, or higher account for 89% among 20 largest borrowers, indicating that we have adequately limited financial risk.

From now on, we will strengthen risk control in order to limit "unexpected losses" on a net exposure* basis with regard to each borrower by reviewing our management of the ceilings on the provision of credit to borrowers.

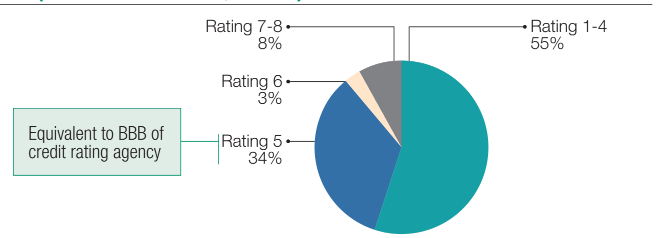
* Net exposure: Exposure after the deduction of the secured amount (an amount covered by collateral, guarantee, provisions, etc.)

• Loan Balance to 20 Largest Borrowers



* Our subsidiaries are excluded from the top 20 companies.

• Loan Balance to 20 Largest Borrowers by Ratings (as of March 31, 2009)



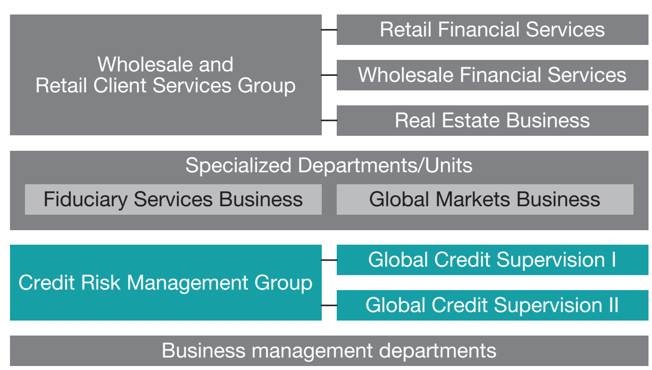
Strategy II: Strengthening the Credit Risk Management Framework

In order to secure a higher level of financial soundness, we will strive to strengthen our screening and research systems and enhance the decision-making process concerning the provision of credit.

We established the screening and research systems shown in the figure on the right as a result of reorganization.

As for the enhancement of the decision-making process concerning the provision of credit, we will review the way we formulate and manage the portfolio strategy and strengthen control to reduce credit concentration risk, in addition to revising the internal rating management. As for the details of the strengthening of the credit risk management framework, please refer to "Governance Report," Risk Management (page 44–45) and "Risk Management," 2. Credit Risk (page 126–130).

• New Structure



Strategy III: Strengthening Our Capability to Provide "Comprehensive Solutions"

To make the most of our advantage of combined banking, trust and real estate operations, we will provide "comprehensive solutions" that precisely meet the complex and diversified needs of clients by maximizing the Five Major Functions, which are our business operations classified from the standpoint of clients, to their fullest extent. This will enable us to maintain the sustainable growth that is resilient to downside risk by steadily expanding our client base and market share.

We are implementing the following four measures in order to strengthen our capability to provide comprehensive solutions.

First, we have abolished the divisional management system. In April, we made a fresh start under a new organizational system, with a view to conducting product development, providing services and using business platforms that cut across business boundaries.

Next, we will establish new, specialized organizations that provide "comprehensive solutions." They will be placed in the departments overseeing each market to promote the synergies of our Five Major Functions.

In addition, we will enhance the motivation to synergize our Five Major Functions by revising the system to evaluate targets and performance and by nurturing "Sumitomo Trust Human Resources." Thus, we will steadily promote internal reforms to improve the quality of "comprehensive solutions."

Sumitomo Trust's Five Major Functions

Investment Marketing

We provide services such as sales of investment products and investment consulting to meet the asset management and custody needs of both individual and corporate clients.

Asset Management and Pensions

In addition to composing and managing the investment products according to clients' needs, we provide various services such as asset management, custody and actuarial services to pension funds.

Asset Brokerage

Regarding clients' requirements such as asset restructuring, liability reduction or business reorganization, our services include real estate brokerage, liquidation and securitization of real estate, monetary claims and movable assets, and M&A mediation.

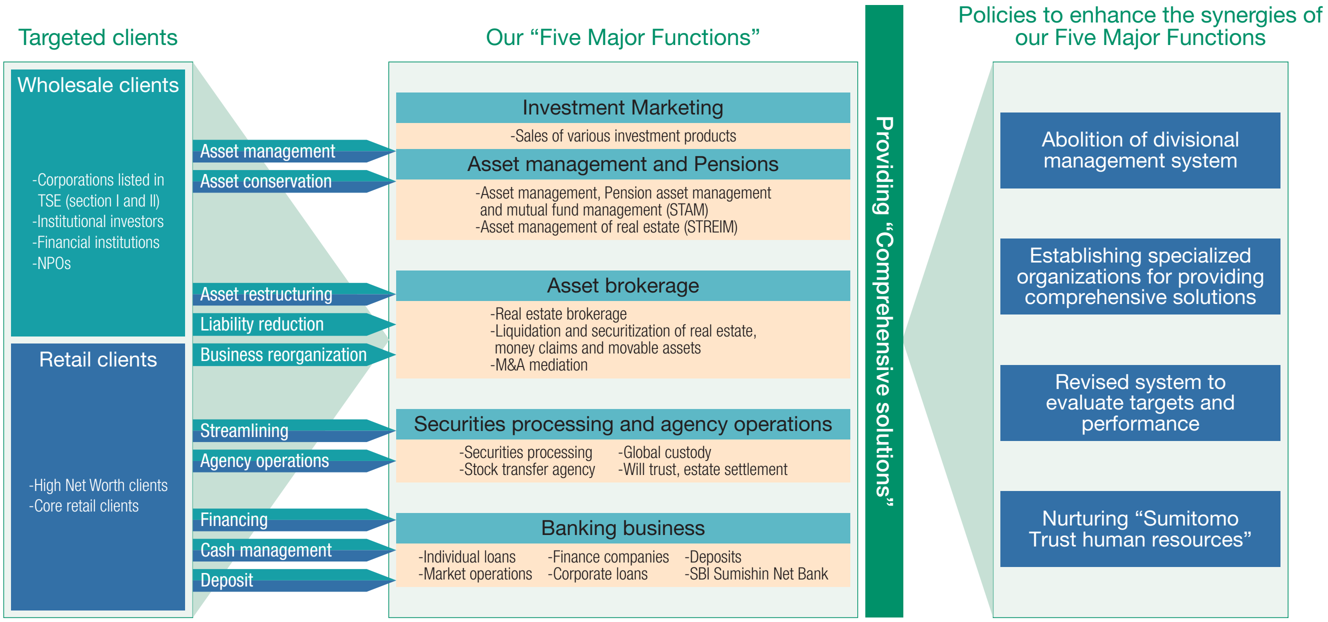
Securities Processing and Agency Operations

We provide such services as securities processing, stock transfer agency, overseas custody, will trusts and estate settlement.

Banking Business

We provide all services related to deposits, loans, cash transfers, and so on.

• Comprehensive Solutions Model



Strategy IV: Redefining Our Global Strategies

Positioning overseas business establishments as company-wide common platforms for exercising the Five Major Functions to the maximum possible extent, we will redefine global strategies so as to reflect the New Paradigm.

The main strategies are (1) strengthening marketing activity targeted at Japanese companies operating abroad, (2) identifying foreign investors’ needs for investment in Japanese stocks and real estate and (3) strengthening the investment capability so as to meet the growing needs for investment in Asian stocks. In line with these strategies, we will dramatically revise the allocation of business resources.

• Redefinition of Global Strategies

Current status	Post-redefinition “Key strategies”		Major overseas network (*)
International credit investment	International credit investment	Emphasis on risk control →promotion of final disposal of overseas assets	NY Br., LDN Br. STB (HK)
Business with Japanese corporations operating overseas	Business with Japanese corporations operating overseas	-Expanding client base for loans as foreign banks decrease credit granting -Expanding transaction menu such as deposit, FX and derivatives	NY Br., LDN Br. SGP Br., SHA Br.
Investment Marketing (Japanese stocks)	Investment Marketing (Japanese stocks)	Exploring the needs of overseas investors to invest in Japanese stocks	NY Br., LDN Br., STB (LUX) SHA Br., STB (HK)
	Investment Marketing (Japanese real estates)	Exploring the needs of overseas investors to invest in Japanese real estates	LDN Br., STB (LUX), SGP Br., SHA Br., STB (HK)
Asset management of overseas stocks	Asset management of overseas stocks	Strengthening asset management capability of Asian stocks	STB (USA), LDN Br. STB (HK)
Global custody	Global custody	-Strengthening reporting in Japanese -Improving profitability and competitiveness by strengthening securities lending	STB (USA), STB (LUX)

* NY Br.: New York Branch, STB (USA): STB’s subsidiary in USA, LDN Br.: London Branch, STB (LUX): STB’s subsidiary in Luxembourg, SGP Br.: Singapore Branch, SHA Br.: Shanghai Branch, STB (HK): STB’s subsidiary in Hong Kong

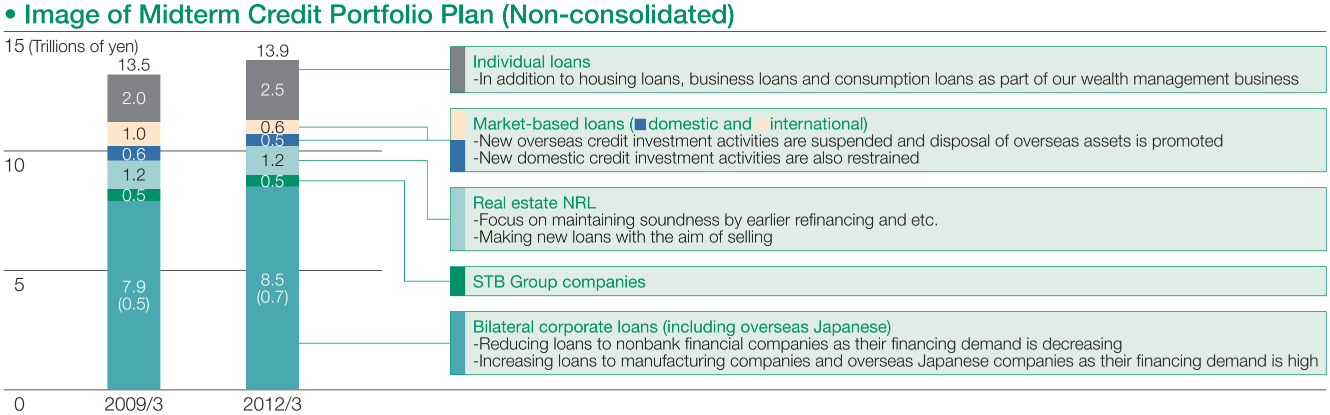
Strategy V: Restructuring the Credit Portfolio

The credit portfolio is the core of the banking business and the foundation of our earnings. We will strive to improve our earnings in the banking business and limit downside risk by restructuring our credit portfolio as we shift from market-based loans to bilateral corporate loans and individual loans.

To be more specific, over the coming three years, we plan to expand bilateral corporate loans, including those to Japanese companies operating abroad, by around 600 billion yen and individual loans by around 500 billion yen while reducing market-based loans by around 500 billion yen.

In bilateral corporate loans, we will seek to improve earnings by exercising the four functions of the trust and property management businesses through continued reallocation of loans between different industrial sectors.

• Image of Midterm Credit Portfolio Plan (Non-consolidated)



Strategy VI: Strengthening Trust Business and Nurturing Next Generation Growth Businesses

In order to establish our position as the "Standard-bearer of Trust" and the "No. 1 Trust Bank," it is essential for us to provide "comprehensive solutions" centering on new trust products and nurture future growth businesses.

Sumitomo Trust has developed pioneering trust products such as the loan trust and the land trust since its foundation. However, the revisions of the Trust Law and the Trust Business Law made in recent years have expanded the scope of the trust business, making it possible to develop a variety of trust products. Moreover, in the New Paradigm, new client needs have arisen. Specifically, there are growing needs for asset management and conservation from retail clients, particularly for high net worth clients and elderly people. Corporate clients have growing needs for effective utilization of their asset holdings, streamlining of their business operations and sophistication of their risk management.

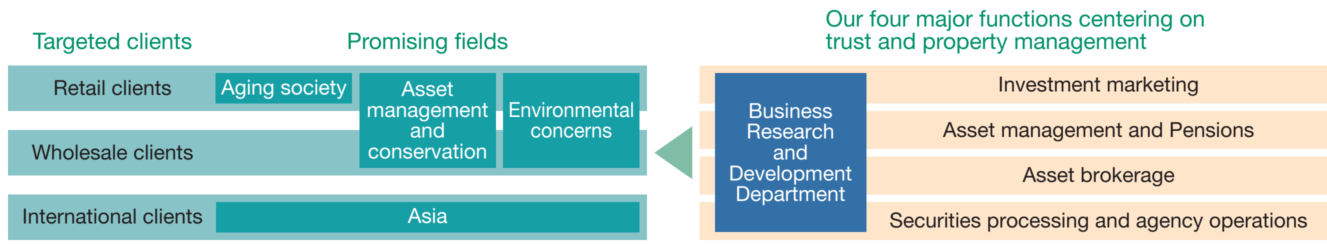
Against the background of such growing needs, we are strengthening the development of trust products based on company-wide collaboration of all business divisions and new types of trust products.

Therefore, we intend to exercise the Five Major Functions, particularly, the four major functions of the trust and property management businesses, to the maximum possible extent, in anticipation of clients' new needs that are arising in the New Paradigm.

The envisioned themes of new trust products include aging of society, property custody and management, the environment and Asia. We will develop new trust products along these themes by exercising the four major functions of the trust and property management businesses individually or in combination. The development of products incorporating two or more functions will be led by the new "Business Research and Development Department," which specializes in promoting the development of products incorporating mixed functions that cuts across business divisions.

We will establish our position as the "Standard-bearer of Trust" and the "No. 1 Trust Bank" in the Japanese financial industry by nurturing next generation growth businesses centering on the trust business.

• New Product Development and Organizational Setup



Market Share and Growth Targets for the Five Major Functions

As part of the objective of expanding market shares under the New Midterm Management plan, we aim to expand our share in major segments of the trust and property management businesses by 4–5% over the three-year period of the plan. To be more specific, we plan to increase our share in both the pension trust market and the mutual funds market to 25% and that in the stock transfer market to 20% in three years. Regarding our share of the corporate client base, we aim to raise the share of companies listed on the first and second sections of the TSE to nearly 60% from around 52%, which is equivalent to the current number of around 1,120.

• Expanding Market Shares of Trust and Property Management Businesses

As of March 31	2009 (Actual)	FY2011 (Plan)	Change (3 years)
Pension Trust (among 5 trust banks)	20%	25%	5%
Entrusted Stock Investment Trust	21%	25%	4%
Number of Shareholders under Management of Stock Transfer Agency Business	16%	20%	4%

* Market shares are our estimates.

We aim to achieve annual growth of around 8% (equivalent to an increase of approximately 19 billion yen) over the three years to fiscal year 2011 with regard to the four major functions that concern the trust and property management businesses, among the Five Major Functions. This target is based on the assumption that the financial markets will gradually stabilize. By expanding our share in the trust and property management markets, we aim to expand the basis for fee revenues that do not use our balance sheet.

By increasing fee revenues in addition to strengthening the earnings of the banking function that uses our balance sheet, we will thoroughly enhance the foundation of our earnings.

• Image of the Growth of Our Five Major Functions

Gross Business Profit before Credit Costs (Base-Case Scenario, before Outsourcing) (Non-consolidated)

	Billions of Yen	Billions of Yen	
	FY2009 (Plan)	FY2011 (Plan)	Change (Per annum)
1. Investment Marketing	22.0	26.0	9%
2. Asset Management and Pensions	35.0	37.0	3%
3. Asset Brokerage	28.0	37.0	15%
4. Securities Processing and Agency Operations	28.0	32.0	7%
Total of Our Four Major Functions centering on Trust and Property Management	113.0	132.0	8%
5. Banking Business	182.0	184.0	1%

Shift from “Market-based Loans” to “Bilateral Corporate Loans”

For several years, we made efforts to shift to market-based loans in order to limit the credit concentration risk and improve earnings. However, in fiscal year 2008, we reduced market-based loans both in Japan and abroad by around 500 billion yen in light of the turmoil in the global financial markets while increasing bilateral loans to Japanese companies by around 580 billion yen in response to their growing demand for loans. As of the end of March 2009, the balance of our credit portfolio stood at 13.5 trillion yen, up around 140 billion yen year-on-year.

In addition, we reallocated bilateral loans to Japanese companies by increasing loans to manufacturers by around 480 billion yen while reducing loans to nonbanks by around 210 billion yen. Although we are continuing with our efforts to reduce credit concentration risk, the reallocation of loans has enabled us to make steady progress in improving earnings while lowering credit risk involved in the credit portfolio.

• Balance of Credit Portfolio (non-consolidated)

	Trillions of Yen			
As of March 31	2008	2009	Change	Major factors of change
Credit Portfolio	13.35	13.50	0.14	Loans +0.69, Securities -0.54
Individual Loans	2.00	2.04	0.04	Securitization -0.05
{before securitization}	2.00	2.09	0.09	Housing loan {before securitization} +0.13 (1.31→1.44)
Market-based Loans (international)	1.33	1.01	(0.31)	Asset-backed securities -0.27 (0.66→0.39) (*)
Market-based Loans (domestic; exc. Real estate NRL)	0.84	0.65	(0.19)	
Real estate NRL	1.15	1.23	0.08	
STB Group Companies	0.60	0.55	(0.04)	First Credit -0.03 (0.14→0.11)
Corporate Loans (Japanese)	7.40	7.99	0.58	Manufacturing +0.48 (1.36 →1.84)
{Japanese Companies Operated in Overseas}	0.49	0.53	0.04	Real estate +0.05 (0.57→0.62)
				Nonbank financial -0.21 (2.06→1.84)

(*) Out of the decrease in asset-backed securities by -0.27 trillion yen, -0.09 trillion yen is the decrease of cost resulting from the reclassification to Held-to-maturity debt securities.

Status of Overseas Credit Investment

In fiscal year 2008, the balance of overseas assets decreased significantly as we recognized impairment losses for overseas credit-related assets as in the previous year, and also because of redemptions and sales of such assets. As shown in the table on the next page, impairment losses regarding overseas asset-backed securities totaled 57.4 billion yen and the balance of overseas asset-backed securities stood at 487.2 billion yen (on an acquisition cost basis), down 176.6 billion yen year-on-year. Of the overseas asset-backed securities, those which we assigned high credit ratings and which we judged to have a high probability of being redeemed (worth 396.4 billion yen on an acquisition cost basis) were reclassified as “held-to-maturity” securities. The acquisition cost of these securities after reclassification is valued at 300.9 billion yen, which is equivalent to their fair value at the time of reclassification.

The balance of asset-backed securities classified as “available-for-sale securities” was reduced to 90.7 billion yen and the amount of valuation losses came to only 12.9 billion yen.

• Status of Securities with Fair Value (before reclassification)

	Billions of Yen				
	Cost (after impairment)		Valuation difference		FY2008 impairment
		Change from March 31, 2008		Change from March 31, 2008	
Asset-backed Securities	487.2	(176.6)	(111.3)	(54.8)	(57.4)
{Effect of Theoretical Price}	2.1		26.2		(2.1)
Securities Backed by Non-securitized assets	482.2	(158.1)	(110.8)	(55.5)	(41.7)
Securities Backed by Securitized Assets	3.0	(7.4)	(0.4)	0.6	(2.9)
Equity Type Securities	1.9	(11.0)	(0.1)	0.0	(12.7)
Corporate Bonds	287.5	(68.2)	(26.8)	(17.7)	(2.8)
Securities with Fair Value	774.7	(244.9)	(138.2)	(72.6)	(60.3)

• Held-to-maturity Debt Securities (after reclassification)

	Billions of Yen				
	Cost (after reclassification) (*)			Unrealized gains/losses (after reclassification) (*)	%
		North America	Europe		
Asset-backed securities	300.9	149.8	151.1	(2.9)	(1.0%)
RMBS exc. Subprime related RMBS	107.6	—	107.6	5.6	5.2%
CARDS	53.2	47.2	6.0	4.2	8.1%
CLO (Corporate loans)	136.1	98.7	37.4	(12.6)	(9.3%)
Other ABSs	3.8	3.8	—	(0.1)	(4.7%)

(*) Cost (after reclassification) represents mark-to-market value at the time of reclassification. Unrealized gains/losses (after reclassification) is a difference between cost (after reclassification) and market value as of March 2009.

• Available-for-sale Securities (after reclassification)

	Billions of Yen				
	Cost (after reclassification)			Valuation difference	%
		North America	Europe		
Asset-backed securities	90.7	24.2	64.0	(12.9)	(14.3%)
RMBS exc. Subprime related RMBS	24.7	0.9	22.3	(2.4)	(10.1%)
CMBS	23.5	0.2	23.3	(5.8)	(24.7%)
CARDS	5.5	5.5	—	(0.6)	(11.2%)
CLO	0.0	0.0	—	—	—%
Other ABSs	18.4	5.6	11.8	(2.0)	(11.0%)
Subprime related RMBS	4.7	4.7	—	(0.6)	(12.9%)
CDO mezzanine	3.4	3.0	0.4	—	—%
Synthetic CDO	5.2	0.1	5.1	(0.8)	(16.2%)
ABS-CDO	3.0	2.7	0.3	(0.4)	(14.3%)
CLO equities	1.3	0.6	0.6	—	—%
SIV Capital notes	0.5	0.5	—	(0.1)	(18.6%)
Corporate bonds	287.5	22.9	116.2	(26.8)	(9.3%)
Bonds issued by financial institutions	77.0	11.1	36.7	(14.2)	(18.5%)
Securities with fair value	378.2	47.2	180.2	(39.7)	(10.5%)

• Corporate Loans (non-Japanese)

	Billions of Yen			
	Balance			
		North America	Europe	Change from March 31, 2008
Corporate Loans (*)	312.7	159.1	62.2	(20.5)

(*) There are no subprime related loans.

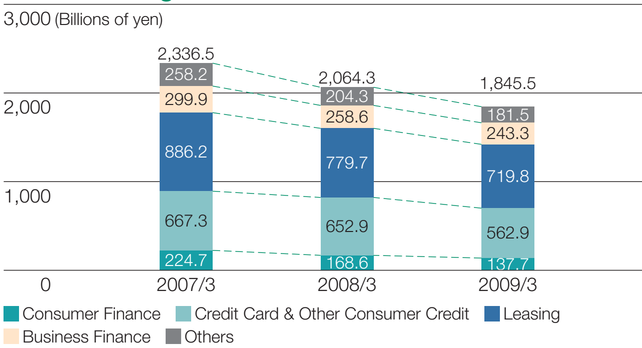
• Securities with No Available Fair Value

	Billions of Yen	
	Balance	
		Change from March 31, 2008
Securities with No Available Fair Value	27.8	(6.8)

Status of Loans to Nonbank Financial Industry

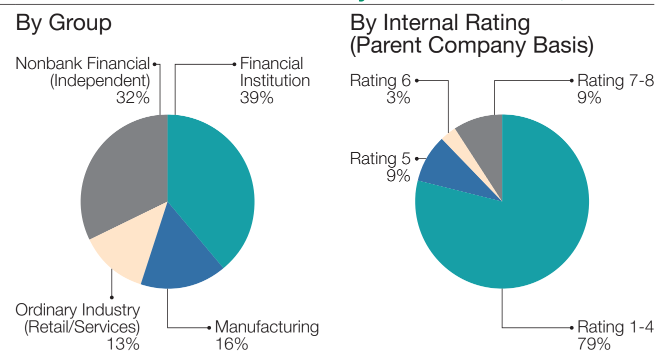
As of the end of March 2009, the balance of loans to nonbank financial industry stood at around 1.85 trillion yen, down around 210 billion yen year-on-year. As a result of our consistent efforts to reduce loans to nonbanks, the balance decreased by around 500 billion yen over the past two years. Around 68% of the nonbanks to which we provided loans belong to major corporate groups in the financial, manufacturing and ordinary industries, and 32% are categorized as nonbanks which are independent. The parent companies of around 90% nonbanks have a credit rating of 5, which is equivalent to "BBB" of credit rating agency, or higher.

• Outstanding Loans to the Nonbank Financial Industry



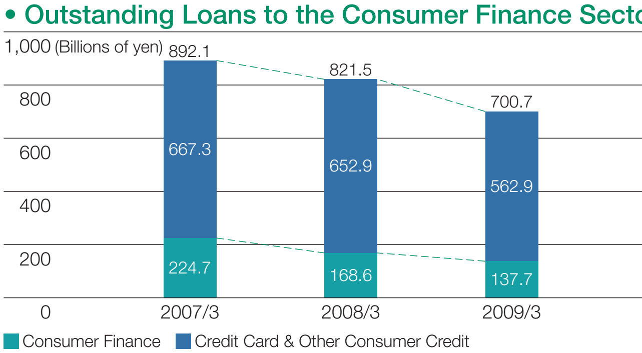
* Managerial reporting basis: Loans to subsidiaries and SPC for securitization purpose are excluded.

• Characteristics of Borrowers in the Nonbank Financial Industry as of March 31, 2009



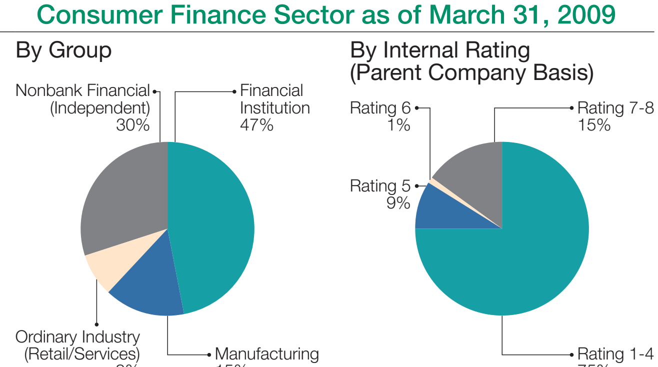
Against the background of a contracting market, the balance of loans provided to consumer finance, credit card and other consumer credit nonbanks decreased to 700.7 billion yen as of the end of March 2009, down 120.8 billion yen year-on-year. Of all such nonbanks, 70% belong to major corporate groups in the financial, manufacturing and ordinary industries. The parent companies of around 84% nonbanks have a credit rating of 5, which is equivalent to "BBB" of credit rating agency, or higher.

• Outstanding Loans to the Consumer Finance Sector



* Managerial reporting basis
Note: Loans disbursed at overseas branches are included in this presentation.

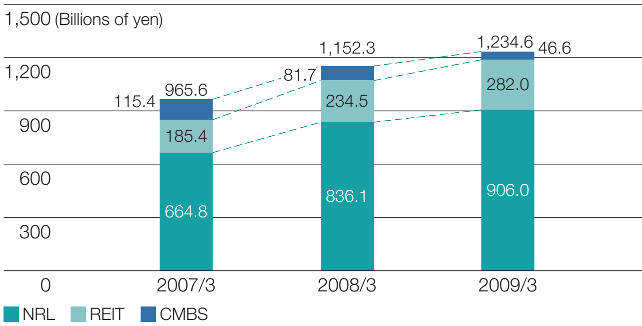
• Characteristics of Borrowers in the Consumer Finance Sector as of March 31, 2009



Status of Real Estate-related Loans

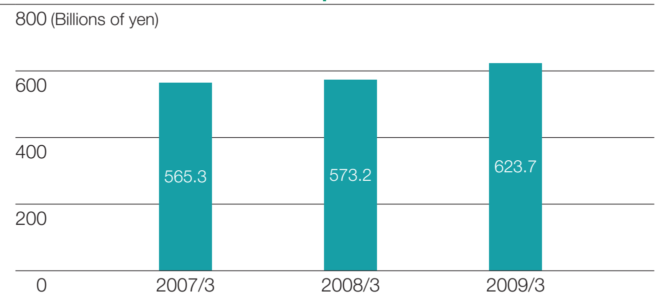
As of the end of March 2009, the balance of broadly-defined real estate non-recourse loans, including loans for REITs and investments in CMBS in addition to real estate non-recourse loans, stood at around 1.23 trillion yen, up around 80 billion yen year-on-year. On the other hand, the balance of real-estate related corporate loans stood at 623.7 billion yen, up around 50 billion yen year-on-year.

• Real Estate NRL Balance



* No Mezzanine Loans

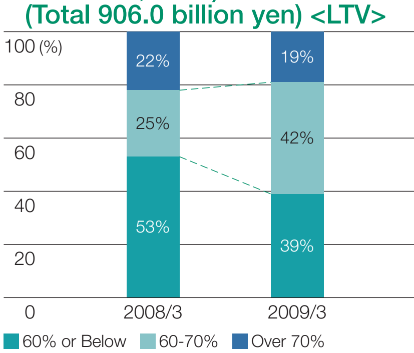
• Real Estate-related Corporate Loans Balance



Although the assessed value of properties decreased as a result of land price drops, we have maintained the soundness of the portfolio in terms of the LTV (loan-to-value) ratio through early refinance and credit enhancements provided by sponsors.

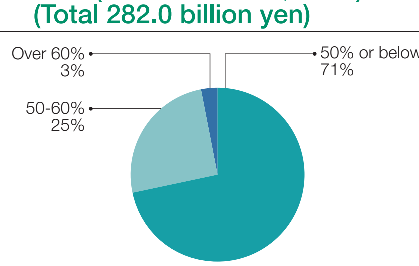
Moreover, as the LTV ratios of loans for REITs are low, these loans are sufficiently resilient to a drop in the assessed value of properties. In addition, with regard to borrowers whose LTV ratio is above 50%, the sponsors of around 60% borrowers have a credit rating of 5 or higher, meaning that their credit risk is limited. Credit risk is also limited with regard to loans to corporations, as more than 60% of the borrowers of such loans have a credit rating of 5, which is equivalent to "BBB" of credit rating agency, or higher, and most of them belong to major corporate groups.

• Characteristics of Real Estate NRL (Excluding REIT and CMBS as of March 31, 2009) (Total 906.0 billion yen) <LTV>



LTV levels remain sound as approximately 80% have LTV of 70% or lower, while property values declined. Approximately 50% of real estate NRL that have LTV of over 70% have sponsors with credit rating of 5 or higher.

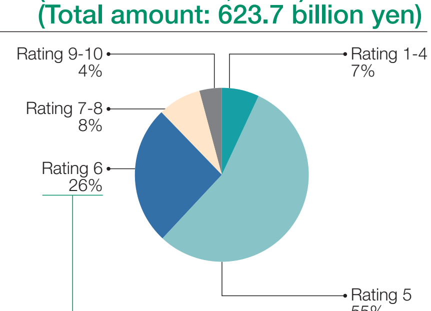
• LTV* (as of March 31, 2009) (Total 282.0 billion yen)



LTV level is low as to REIT, and approximately 60% of loans to REIT that have LTV of over 50% have sponsors with credit rating of 5 or higher.

* Calculated from each REIT's financial data

• Rating Breakdown of Loans to Corporate Loans (as of March 31, 2009) (Total amount: 623.7 billion yen)



Rating 6
-Balance: approximately 160.0 billion yen
-Loans to companies that have parent companies with credit rating of 5 or higher: approximately 75.0 billion yen
-Approximately 50% of the remaining loans of 85.0 billion yen are covered by collaterals

Our basic policy concerning CSR activities is to increase our corporate value while making contributions to the development of a sustainable society. In other words, we conduct CSR activities as part of our basic business strategy, regarding it as a means to differentiate ourselves from our competitors in our primary businesses.

In this section, we describe some examples of our efforts to implement CSR activities conducted through the primary businesses by planning and promoting new financial businesses using the functions of the trust business in particular.

Efforts to Promote Environmentally Friendly Real Estate (Buildings)

(1) Research concerning the Environmental Added Value of Real Estate

As about half of greenhouse gas emissions in Japan are said to be emitted from construction-related sectors, it is necessary to promote environmentally friendly real estate. To do so, it is essential to create a market in which the added value created by environmental friendliness is recognized as "environmental added value" and utilized in actual transactions. Based on this idea, STB has announced the concept of the process of reflecting environmental friendliness in real estate prices.

Moreover, in order to spread this concept in the real estate market, Sumitomo Trust has been sponsoring a research group comprising of experts from various fields (headed by Chairman Tomonari Yashiro, Professor of the Institute of Industrial Science, the University of Tokyo) since 2006. In June 2009, this research group published "New Environmental Business: Sustainable Real Estate as Examined through Multi-Stakeholders' Activities" (Gyosei Corporation).

Sumitomo Trust is also engaging in a variety of activities to popularize environmentally friendly real estate, including participation in public committees.

Sumitomo Trust is participating in the Investigation Committee of the Japanese Association of Real Estate Appraisal as the chair of a working group on environmental added value, which is studying how to link the environmental performance of real estate to real estate appraisal. In June 2009, this working group published "Increase Expected for Value of Environmentally Friendly Real Estate—Theories and Practices of 'Environmental Added Value'" (Jutaku-Shimpo-Sha Inc.).

At the UNEP FI Property Working Group, in which Sumitomo Trust has been participating since 2007, we are actively exchanging information with overseas institutional investors in order to promote RPI (Responsible Property Investment). In November 2008, Sumitomo Trust acted as the host of this working group's annual general meeting, which was held in Tokyo.

In addition, Sumitomo Trust is actively making various proposals concerning the establishment of infrastructure for the dissemination of environmentally friendly real estate as a member of the Research Group on the Value of the Environment in Real Estate, the Promotion Subcommittee of the Study Group on Promotion of Development of Information concerning Housing Records, and the Cost Efficiency and Rating Subcommittee of the Study Group on Intellectual Production, all of which are under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism.

Sumitomo Trust is also acting as the chair of the CASBEE* Property Appraisal Working Group, which is studying how to link a system for evaluating the environmental performance of buildings to the evaluation of real estate. In July 2009, this working group published the "Manual for Real Estate Evaluation (provisional version)."

* CASBEE (Comprehensive Assessment System for Building Environmental Efficiency): A comprehensive environment performance evaluation system concerning buildings, which a committee established at the Institute for Building Environment and Energy Conservation has been developing since 2001 through government-industry-academia collaboration under the initiative of the Ministry of Land, Infrastructure, Transport and Tourism.

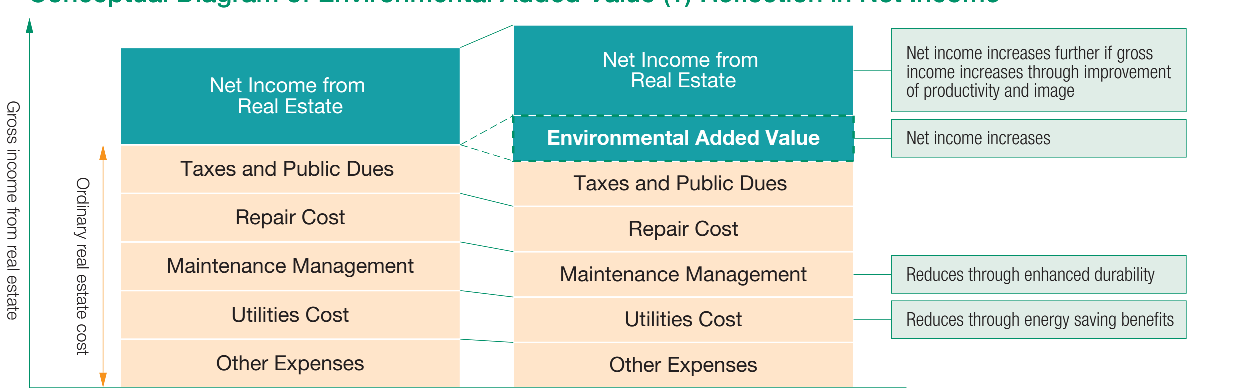
(2) Efforts to Popularize Environmentally Friendly Real Estate

Sumitomo Trust intends to apply the results of the above research activities to the development of various financial products and services, including housing loans, construction consulting, real estate appraisal, financial schemes for promoting energy conservation of tenant buildings, and a fund business related to environmentally friendly real estate.

Specifically, since 2004, Sumitomo Trust has been developing housing loans aimed at promoting environmentally friendly houses, such as a loan product offering a preferential interest rate for houses equipped with a solar power generation system. In October 2008, Sumitomo Trust, together with Sekisui House Ltd., developed a new loan product that offers an interest rate reduced according to the margin of the CO_2 reduction effect of the house, for example, products based on its own criteria for evaluating the CO_2 reduction effect to be gained through the combined use of a solar power generation system and a highly efficient water heating system. Regarding condominiums, Sumitomo Trust launched a housing loan product whose preferential interest rate is linked to the evaluation results under the Condominium Environmental Performance Evaluation Indication System of the Tokyo Metropolitan Government in October 2005 and a housing loan product whose preferential interest rate is linked to the evaluation results of the CASBEE Kawasaki, an environmental performance indication system of the Kawasaki City government in Kanagawa Prefecture, in October 2006.

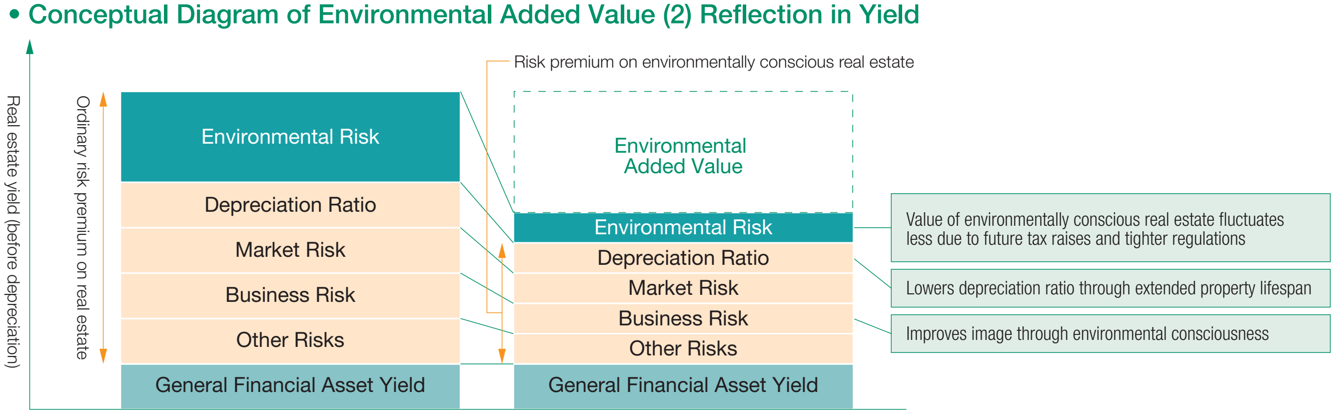
The environmentally friendly development and construction consulting service provides advice on energy conservation, townscape consideration, extension of building longevity, and recycling systems for buildings in the construction design stage. Sumitomo Trust strengthened its efforts in this field by establishing the Construction Consulting Department in June 2006. In August 2009, the project to rebuild the head office building of Yachiyo Bank, for which STB is providing construction consulting, was adopted by the Ministry of Land, Infrastructure, Transport and Tourism as a Model Project for the Promotion of CO_2 Reduction for Housing and Buildings.

• Conceptual Diagram of Environmental Added Value (1) Reflection in Net Income



Source: Partial revision of the "Examination of Environmental Value Added on Real Estate," a commemorative paper written by Masato Ito in 2005 for the 10th anniversary of Tokyo Association of Real Estate Appraisers.

• Conceptual Diagram of Environmental Added Value (2) Reflection in Yield



Source: Partial revision of the "Examination of Environmental Value Added on Real Estate," a commemorative paper written by Masato Ito in 2005 for the 10th anniversary of Tokyo Association of Real Estate Appraisers.

Charitable Trusts

(1) What is a Charitable Trust?

A typical example of Sumitomo Trust's activities to contribute to resolving social issues by taking advantage of the functions of the trust business is the management of charitable trusts. A charitable trust is a scheme in which funds provided (entrusted) by individuals and corporations for the benefit of public interests are administered and managed by a trust bank acting as the trustee in accordance with charitable purposes to provide financial support for public interest activities. The charitable trusts that Sumitomo Trust handles provide funds for a variety of purposes, including the provision of scholarships, natural science research activities, education promotion, development and maintenance of urban environments and promotion of international cooperation and exchanges. Since undertaking the administration and the management of its first charitable trust in May 1977, Sumitomo Trust has undertaken a total of 141 charitable trusts by the end of March 2009. In fiscal year 2008, a total of one billion yen was provided by the charitable trusts undertaken by Sumitomo Trust to 1,126 individuals, corporations and other organizations that need funds for public interest purposes.

• Number of Charitable Trusts by Type

As of March 31, 2009	Number of Trusts under Management	
Type	Unfinished	Finished
Scholarship	28	35
Promotion of Natural Science Research	18	27
Promotion of Human Science Research	3	4
Promotion of Education	19	23
Social Welfare	5	6
Promotion of Arts and Culture	7	9
Protection and Propagation of Animals and Plants	1	1
Conservation of the Natural Environment	3	3
Development and Maintenance of the Urban Environment	14	14
Promotion of International Cooperation and Exchanges	9	15
Other	3	4
Total	110	141

(2) Charitable Trust, "Fund for the Promotion of Cardiovascular Research"

In November of fiscal year 2008, Sumitomo Trust established a charitable trust called, "Fund for the Promotion of Cardiovascular Research." This charitable trust, established upon authorization given by the Ministry of Education, Culture, Sports, Science and Technology in 2008, took over the basic assets of the Japan Foundation of Cardiovascular Research (President: Yasumi Uchida). It provides financial support to young medical researchers engaging in cardiovascular research for the purpose of identifying the causes of cardiovascular diseases and developing treatment and gives awards to researchers who have made outstanding achievements in this field. This charitable trust will provide 25 million yen annually for such charitable purposes.

President Yasumi Uchida giving an award to a medical researcher.

(3) Sumitomo Trust as the Frontrunner in Development of Financial Schemes

The Fund for the Promotion of Cardiovascular Research is a pioneering case that broadened the range of options that may be adopted to adapt to the series of reforms of the charitable organization system that was initiated by a cabinet decision made in 2002. Following the reforms, an existing charitable organization is required to either be certified as a charitable entity within five years from 2008 or become a General Incorporated Association or General Incorporated Foundation. The Japan Foundation of Cardiovascular Research was dissolved and reorganized as the Fund for the Promotion of Cardiovascular Research in response to the reforms. The shift to the charitable trust status significantly reduced administrative expenses. Thus, Sumitomo Trust demonstrated that such a shift is an effective means of continuing charitable operations in a new form.

Business Report

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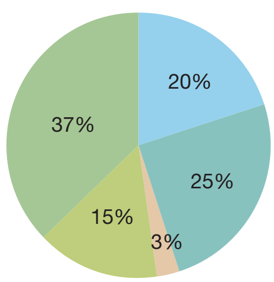
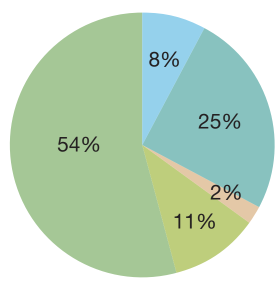
Sumitomo Trust Group at a Glance

Sumitomo Trust operates a combined banking, trust and real estate business. In other words, in addition to the banking business, we operate trust and property management businesses such as pension trusts, investment management, securities processing and stock transfer agencies as well as real estate services. At the same time, we aim for sustainable growth based on a business model that provides highly specialized financial instruments and services to clients ranging from individuals to corporations and institutional investors. Moreover, we are aiming to be the main bank for asset management and asset servicing for retail clients and a trust banking group, which is recognized as a strategic partner providing value for corporations and institutional investors.

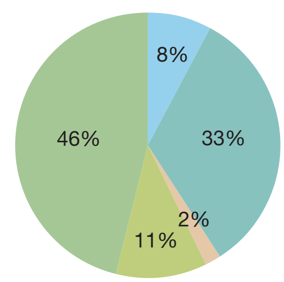
• Gross Profit before Credit Costs (Non-consolidated)



• Net Business Profit before Credit Costs (Non-consolidated)



• Net Business Profit before Credit Costs (Consolidated)



Retail Financial Services Business | Wholesale Financial Services Business | Real Estate Business | Fiduciary Services Business | Global Markets Business

• Breakdown of Profit by Business

	Billions of Yen								
	Non-consolidated						Consolidated		
	Gross Business Profit before Credit Costs			Net Business Profit before Credit Costs			Net Business Profit before Credit Costs		
	FY2008	FY2007	Change	**FY2008**	FY2007	Change	**FY2008**	FY2007	Change
Retail Financial Services	**¥ 79.0**	¥ 87.5	¥ (8.5)	**¥ 19.7**	¥ 27.5	¥ (7.7)	**¥ 22.6**	¥ 30.3	¥ (7.7)
Wholesale Financial Services	**96.9**	96.3	0.5	**61.0**	59.9	1.1	**95.3**	92.8	2.4
Stock Transfer Agency Services	**18.5**	18.4	0.0	**4.6**	4.1	0.4	**7.9**	7.7	0.2
Treasury and Financial Products	**142.7**	49.3	93.3	**130.7**	39.8	90.9	**130.7**	39.8	90.9
Fiduciary Services	**57.2**	62.4	(5.2)	**27.5**	33.4	(5.8)	**31.3**	39.6	(8.2)
Pension Asset Management	**39.4**	43.0	(3.5)	**15.9**	20.3	(4.4)	**16.8**	22.4	(5.5)
Securities Processing Services	**17.8**	19.5	(1.6)	**11.6**	13.1	(1.4)	**14.5**	17.2	(2.7)
Real Estate	**12.7**	31.8	(19.0)	**4.8**	23.9	(19.1)	**5.6**	26.9	(21.3)
Fees Paid for Outsourcing*1	**(25.3)**	(26.1)	0.7	**—**	—	—	**—**	—	—
Others*2	**(28.8)**	4.5	(33.3)	**(42.7)**	(10.5)	(32.2)	**(44.4)**	(12.6)	(31.8)
Total	**¥ 334.3**	¥ 305.7	¥ 28.5	**¥ 201.0**	¥ 173.8	¥ 27.1	**¥ 241.1**	¥ 216.8	¥ 24.2

*1 Breakdown by business for FY2008 with changes from previous year in parenthesis: Stock transfer agency services -11.6 billion yen (+0.5 billion yen), Fiduciary services -13.7 billion yen (+0.2 billion yen).

*2 Including cost of capital funding, dividend of shares for cross-shareholdings, general, and administrative expenses of headquarters, etc.
Major factors of change of gross business profit (non-consolidated): Interest payment related to capital funding -3.7 billion yen, dividend of shares for cross-shareholdings: -3.0 billion yen, difference between managerial accounting and financial accounting, etc. -23.0 billion yen.

Business Segment		Business Details	Major Subsidiaries
Wholesale and Retail Client Services Group	Retail Financial Services Business	In addition to products usually handled by banks, such as deposits, mutual funds, individual annuities, and housing loans, the Retail Financial Services Business provides a wide range of products and services that are only in trust banks (real estate and will trusts, estate settlement services), providing consulting that is customized to the needs of each individual client. We thereby aim to become our retail clients' main bank for asset management and asset servicing.	• Sumishin Card Company, Limited • Sumishin Guaranty Company Limited • STB Wealth Partners Co., Limited
Wholesale and Retail Client Services Group	Wholesale Financial Services Business	Wholesale Financial Services Business provides corporate clients with "market-based loans" financing including real estate non-recourse loans and asset-backed securities (ABS) structured in both domestic and overseas financial markets, in addition to bilateral corporate loans. By providing these financing services as well as asset securitization arrangements, M&A advisory, corporate consulting, stock transfer agency and a wide range of other financial services, the Sumitomo Trust Group is helping its clients maximize their corporate value.	• STB Leasing Co., Ltd. • Sumishin Matsushita Financial Services Co., Ltd. • First Credit Corporation • Life Housing Loan, Ltd. • BUSINEXT CORPORATION • Japan TA Solution, Ltd.
Wholesale and Retail Client Services Group	Real Estate Business	Real Estate Business provides total real estate solutions for a wide range of clients by making use of its close cooperative relationships both within and beyond the Sumitomo Trust Group. The main areas of operation of this business are (1) real estate transaction services (such as real estate brokerage, securitization and consulting), (2) real estate investment management (such as REIT and real estate private fund investment), and (3) real estate infrastructure services (including real estate trust and appraisal operations). We will provide "comprehensive solutions" regarding real estate to a broad client base by organically integrating these three businesses.	• Sumishin Realty Company, Limited • STB Research Institute Co., Ltd. • STB Real Estate Investment Management Co., Ltd.
Specialized Departments and Units	Fiduciary Services Business	Fiduciary Services Business is comprised of three businesses: pension trust, investment management and securities processing. The pension trust business provides a complete service from pension system consulting, system design, and operation to the administration and management of pension funds, subscriptions, beneficiaries and benefit payments. The investment management business provides asset management products and services to domestic and overseas institutional investors as well as to corporate, pension and retail clients. Finally, the securities processing business provides custody and settlement services for domestic and overseas securities.	• Japan Pension Operation Service, Ltd. • Japan Trustee Services Bank, Ltd. • STB Asset Management Co., Ltd. • Sumitomo Trust and Banking Co. (U.S.A.) • Sumitomo Trust and Banking (Luxembourg) S.A.
Specialized Departments and Units	Global Markets Business	The business operations of Global Markets Business are broadly divided into the investment and client businesses. The investment business consists of (1) financial operations, which control the financial risks, and (2) proprietary investment activities, which are aimed at obtaining revenue through investment on our own account. The client business includes (3) market-making operations, which involve performing and acting as an agent for a variety of market-trading services relating to foreign exchange and interest rates for both individual and corporate clients, and (4) marketing functions, including composition, sales and consulting concerning market based financial instruments.	

Review of Operations

Wholesale and Retail Client Services Group/ Retail Financial Services Business

Tomoaki Ando

Group President, Wholesale and Retail Client Services Group
Officer in Charge of Retail Financial Services Business
Director, Senior Executive Officer

Contents of Business

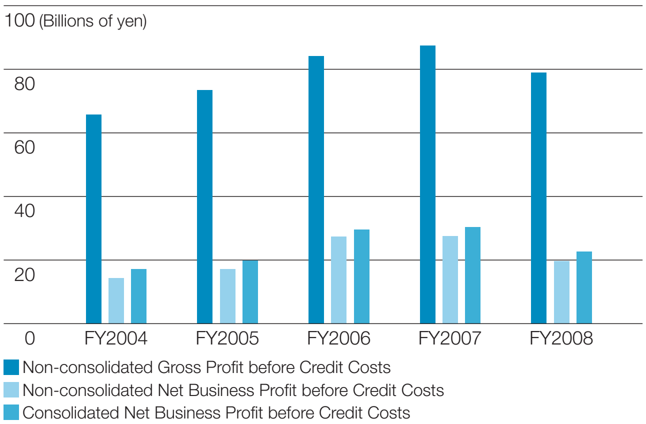
- Banking products (time deposits, foreign currency deposits, loans, etc.)
- Management products (mutual funds, annuities, etc.)
- Trust and property management services (will trusts and estate settlement services, etc.)

For details of businesses in this segment, please see pages 184–185.

1. Overview of Business Results for Fiscal Year 2008

The total volume of depositary assets remained almost unchanged from the end of the previous year at 10.2 trillion yen, as a drop in the fair value of mutual funds was offset by an increase in deposits. However, because of a decline in fee revenues from sales of mutual funds and insurance products, non-consolidated gross profits before credit costs fell 9.7% year-on-year to 79.0 billion yen and consolidated net business profits before credit costs dropped 25.4% to 22.6 billion yen.

• Gross Profit/Net Business Profit before Credit Costs



2. Business Environment in Fiscal Year 2008

In fiscal year 2008, the Japanese economy suffered unprecedented drops in exports and production, posting significant negative growth in real terms, as the global economy took a rapid downturn amid the turmoil in the global financial markets that was triggered by the failure of U.S. investment bank Lehman Brothers in the autumn of 2008. The Nikkei stock average, which was above 14,000 in June 2008, fell below 7,500 in early March 2009 because of the deterioration in sentiment on economic prospects and the yen's appreciation, before rebounding above 8,000 toward the end of the fiscal year. In response to the stock market turmoil, individual investors grew risk-averse.

However, we expect that the shift of retail investor assets from savings to investments will continue in the medium and long terms despite a temporary slowdown, because of growing awareness of the need to plan a more self-sustainable lifestyle and asset management amid concerns for the lack of any meaningful solutions regarding the public pension program and the uncertainty over the employment situation due to the global recession.

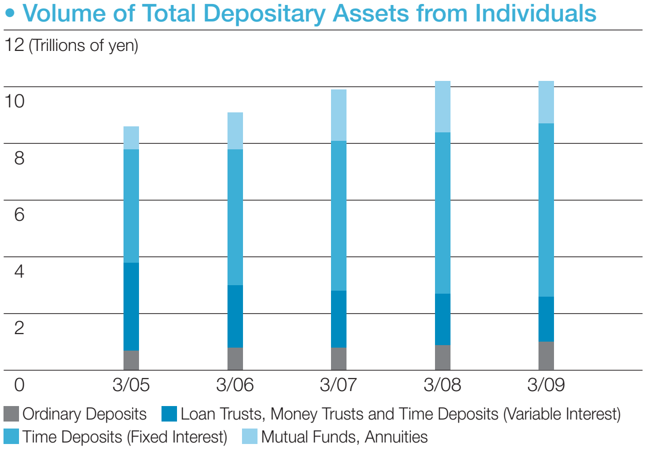
3. Basic Strategy and Business Performance in Fiscal Year 2008

In the Retail Financial Services Business, we are providing high value-added services through our conventional type of consulting based on a business model called the “main bank for asset management and asset servicing.” Specifically, we provided people aged 50 or older—who constitute the core of our client base—with an optimal combination of asset management plans and products that took into account their life stage, by capitalizing on our know-how related to a wide range of operations, including real estate and pension asset management. In doing so, we aimed to expand the amount of transactions per client and to increase the balance of deposits and products with performance-based returns (mutual funds, insurance products, etc.).

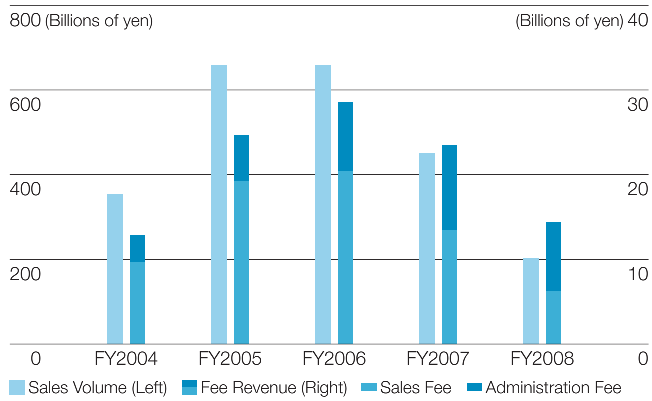
In fiscal year 2008, we assigned asset management experts who had been responsible for managing assets for institutional investors to a department in charge of asset management consulting for individuals in order to provide individual investors with the most advanced management skills and know-how. Meanwhile, we expanded the lineup of products and services for wealthy individuals to strengthen our client-base for such a group and cultivate closer ties with them. For example, in January 2009, we launched the Sumishin Fund Wrap as a discretionary investment management product, with a minimum investment lot of 10 million yen, in addition to the existing version of such a product, Sumishin SMA (Separately Managed Account), and also started providing educational loans to doctors.

Moreover, we have been strengthening the business of providing loans to individuals, including housing loans, and we have improved clients’ convenience by integrating departments that handle the contract procedures for housing loans in the Tokyo and Kinki areas. As a result, loans to individuals increased rapidly in the second half of the year, with the half-year total exceeding 200 billion yen for the first time since the second half of 2005. As of the end of fiscal year 2008, the balance of housing loans stood at 2,044.2 billion yen, up 2.0% from the end of fiscal year 2007.

• Volume of Total Depositary Assets from Individuals



• Sales Volume and Fee Revenue of Mutual Funds/Annuities



Review of Operations

Wholesale and Retail Client Services Group/ Wholesale Financial Services Business

Tomoaki Ando
Group President , Wholesale and Retail Client Services Group
Director, Senior Executive Officer

Teruhiko Sugita
Officer in Charge of Wholesale Financial Services Business
Director, Senior Executive Officer

Contents of Business
- Bilateral corporate loans (including syndicated loans)
- Market-based loans (real estate non-recourse loans, asset-backed securities (ABS), etc.)
- Asset securitization arrangement
- M&A advisory, corporate consulting
- Stock transfer agency

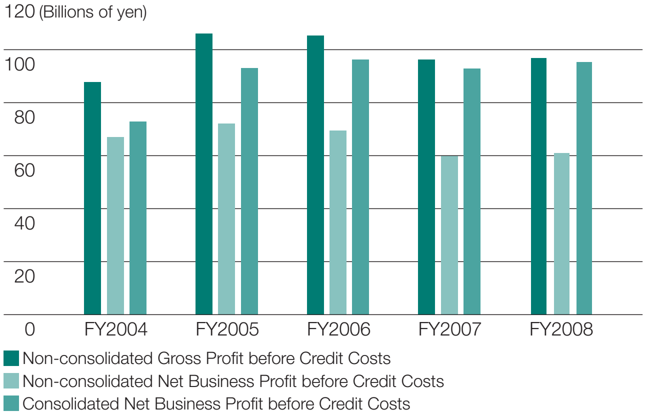
For details of businesses in this segment, please see pages 186–187.

1. Overview of Business Results for Fiscal Year 2008

In fiscal year 2008, the Wholesale Financial Services Business posted 96.9 billion yen in non-consolidated gross profit before credit costs, up 0.6% year-on-year, as robust fee revenues offset a decrease in net interest income caused by a decline in the balance of overseas credit investments.

Net business profit before credit costs grew 1.8% year-on-year to 61.0 billion yen on a non-consolidated basis and increased 2.6% to 95.3 billion yen on a consolidated basis.

• Gross Profit/Net Business Profit before Credit Costs



2. Business Environment in Fiscal Year 2008

We suffered impairment losses related to overseas asset-backed securities and incurred credit costs due to the deterioration of the business conditions of some domestic borrowers as a result of the turmoil in the global financial markets. Meanwhile, it became difficult to issue commercial paper and corporate bonds as financial institutions and investors grew very careful about purchasing such securities amid the growing stress seen in the international capital markets since the autumn of 2008. Consequently, Japanese companies' needs for loans grew significantly as they switched from commercial paper and corporate bond issuance to loans and moved to secure ample liquidity on hand amid the increasing uncertainty over the future outlook.

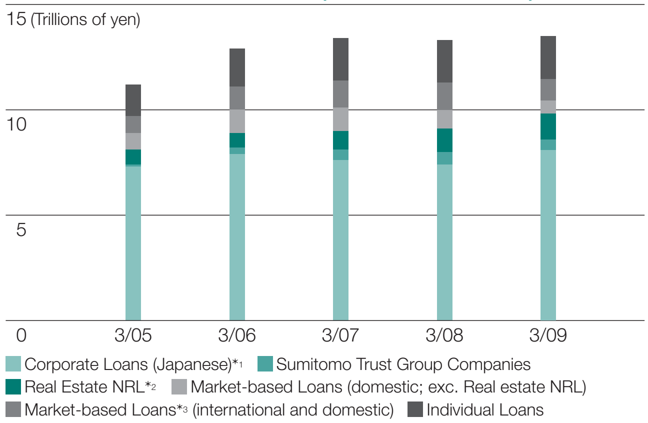
3. Basic Strategy and Business Performance in Fiscal Year 2008

For several years, we made efforts to shift to market-based loans both in Japan and abroad in order to diversify the credit portfolio and increase return on assets (ROA). However, in fiscal 2008, we reduced market-based loans both in Japan and abroad by around 500 billion yen in light of the turmoil in the global financial markets. On the other hand, we increased bilateral corporate loans to Japanese companies, mainly in the manufacturing industry, by around 580 billion yen in response to their growing demands for loans. With regard to loans to Japanese companies, we also reallocated bilateral loans to Japanese companies by reducing loans to nonbanks by around 210 billion yen while increasing loans to manufacturers by around 480 billion yen, for example, as part of our efforts to actively seek highly profitable transactions with new clients with a high credit rating. Consequently, although net income decreased by 1.3 billion yen year-on-year because of a decline in profits related to the provision of credit both in Japan and abroad, it rebounded in Japan in the second half of the year.

Fee revenues grew by 900 million yen year-on-year due to increases in fees related to asset securitization and arrangement fees related to real estate non-recourse loans.

In the stock transfer agency business, we smoothly shifted to the electronic share certificate system in January this year by collaborating with Japan TA Solution, Ltd.

• Balance of Loan Portfolio (Non-consolidated)



*1 Corporate loans (Japanese) includes conventional loans, syndicate loans, and loans purchased from other banks.
*2 Real estate NRL includes loans to REIT and investments in CMBS.
*3 Market-based loans (international and domestic) includes bonds with credit risk.

• Breakdown of Net Interest Income

Non-consolidated	Billions of Yen				
	FY2008	(2H)	FY2007	(2H)	Change
Net Interest Income	84.6	(39.5)	86.2	(41.1)	(1.6)
Deposits	6.0	(3.0)	6.3	(3.2)	(0.3)
Credit Investment	78.7	(36.5)	80.0	(37.9)	(1.3)
Domestic	58.5	(30.1)	59.0	(28.3)	(0.5)
International	20.2	(6.4)	21.0	(9.6)	(0.8)

• Breakdown of Fee Revenue

Non-consolidated	Billions of Yen		
	FY2008	FY2007	Change
Fee Revenue	25.4	24.5	0.9
Real Estate NRL	4.0	3.4	0.6
Other Market-based Loans & Syndicated Loans	5.9	6.0	(0.1)
Securitization	5.3	4.4	1.0
Stock Transfer Agency Services	18.4	18.4	0.0
Fees Paid for Outsourcing*	(11.6)	(12.1)	0.5

* Fees paid for outsourcing of stock agency services operation.

Review of Operations

Wholesale and Retail Client Services Group/ Real Estate Business

Tomoaki Ando
Group President, Wholesale and Retail Client Services Group
Director, Senior Executive Officer

Rikiya Hattori
Officer in Charge of Real Estate Business
Director, Managing Executive Officer

Contents of Business
- Real estate transaction services (including brokerage, securitization and consulting)
- Real estate investment management (including REIT and private real estate fund investment)
- Real estate infrastructure services (including real estate trusts and appraisal services)

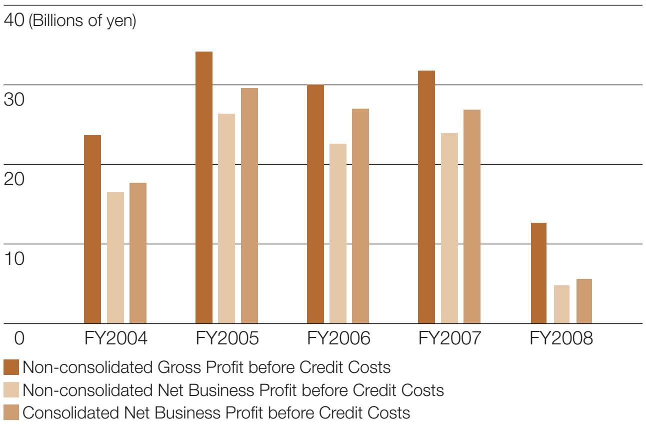
For details of businesses in this segment, please see pages 188–189.

1. Overview of Business Results for Fiscal Year 2008

Non-consolidated gross profit before credit costs for the real estate business declined 61% year-on-year to 12.7 billion yen, mainly because of a decrease in real estate brokerage fees caused by the deterioration of the real estate market.

Net business profit before credit costs declined 80% year-on-year to 4.8 billion yen on a non-consolidated basis and dropped 79.2% to 5.6 billion yen on a consolidated basis.

• Gross Profit/Net Business Profit before Credit Costs



2. Business Environment in Fiscal Year 2008

• Real Estate Transaction Market

The real estate transaction market took a rapid downturn, hit directly by the credit crunch triggered by the financial market turmoil. In the commercial real estate market in particular, transactions with corporations and transactions concerning high-value properties decreased significantly as a result of a rapid deterioration of buyers' cash positions caused by the tightening of financial institutions' stance on real estate loans, withdrawals of foreign funds and lenders from the market and price gaps between sellers and buyers. With regard to real estate transactions involving individuals, although the second-hand real estate brokerage market was relatively firm in the first half, it grew sluggish in the second half as buying interest weakened amid the uncertainty over the future outlook.

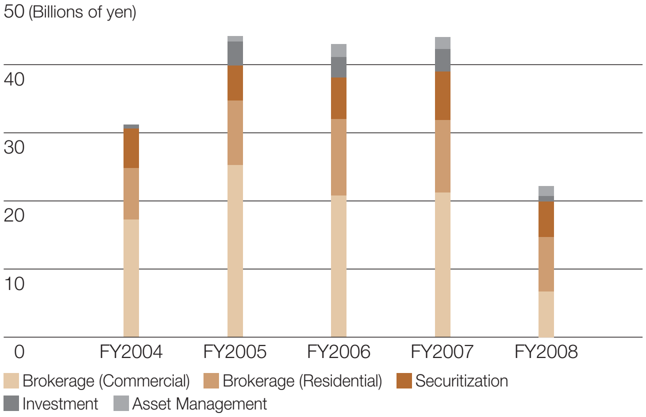
• Real Estate Securitization Market

There continued to be strong needs for real estate securitization as a means to address the issues of improving balance sheet, diversifying fund-raising methods and adapting to changes in accounting systems. However, as a result of the deterioration of the real estate market, the total value of securitized real estate declined significantly from the record high (around 8.9 trillion yen) registered in fiscal 2007 to around 3.1 trillion yen.

3. Basic Strategies and Business Performance in Fiscal Year 2008

While the Real Estate Business maintained the basic strategies of (1) strengthening collaboration with other businesses such as the Wholesale and Retail Financial Services Businesses and the Fiduciary Services Business, (2) strengthening information development through the expansion and full utilization of the client base and (3) promoting full-fledged operation of the real estate investment management business, gross profit before credit costs for the commercial real estate business declined 49% year-on-year to 22.4 billion yen, mainly due to a significant decrease in brokerage transactions involving large-scale commercial properties that was caused by the slump in the real estate market.

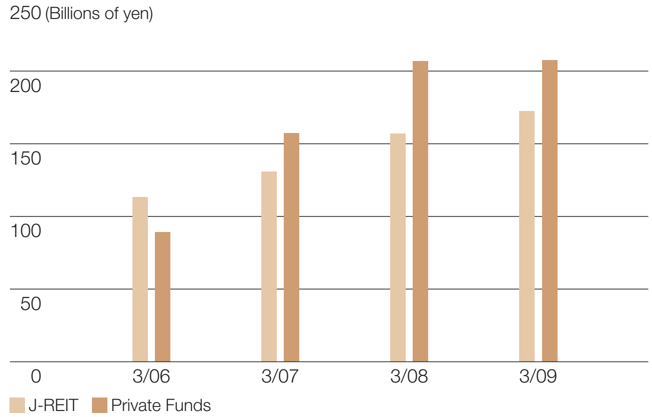
• Consolidated Gross Profit for Real Estate Business



• Real Estate Transaction Services

In the real estate brokerage and securitization businesses, we strived to increase transactions with both individual and corporate clients amid the rapid downturn of the real estate market by strengthening the systems for processing and providing real estate information.

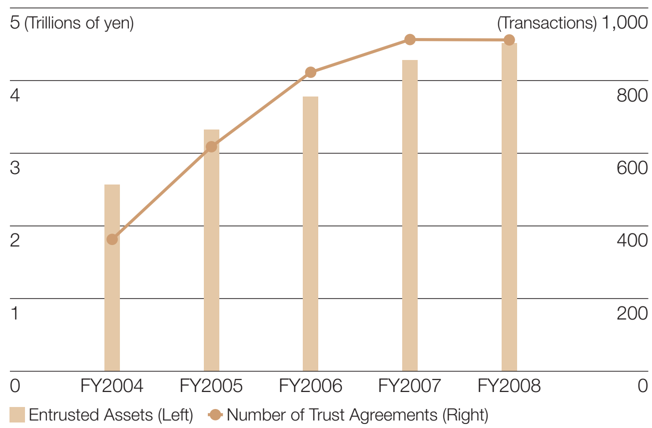
• Assets under Management



• Real Estate Investment Management

In the real estate investment management business, STB Real Estate Investment Management Co., Ltd., an investment advisory company specializing in real estate securitization, concentrated its efforts on the organic growth of the funds it is managing and strived to secure stable profits. As a result, the volume of assets under the management of STB Real Estate Investment Management Co., Ltd. increased slightly to 207.5 billion yen.

• Securitization Balance



• Real Estate Infrastructure Services

In the securitization entrustment business, the volume of entrusted assets grew steadily to 4.54 trillion yen despite a decrease in the entrustment of new assets, as we succeeded in securing assets transferred from other trusts.

Review of Operations
Specialized Departments and Units/ Fiduciary Services Business

Akio Otsuka
Officer in Charge of Fiduciary Services Business
Director, Senior Executive Officer

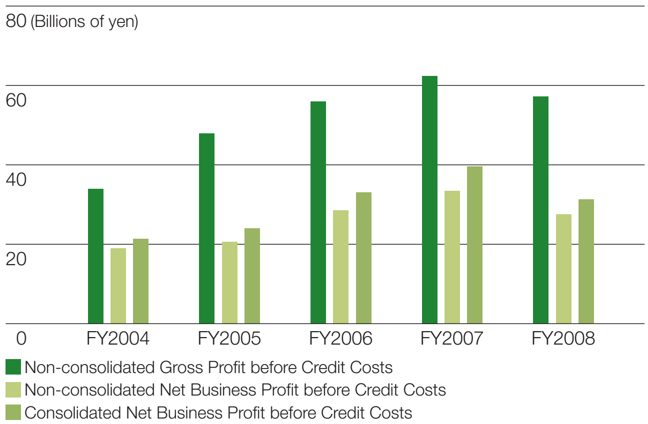
Contents of Business
- Pension trust (pension system planning, asset management, pension subscriber/ beneficiary management, etc.)
- Investment management (development, due diligence and provision of managed products, investment advisory services, discretionary investment management services, etc.)
- Securities processing (custody including trade settlement, interest & dividend collection and other processing of securities, securities lending, etc.)

For details of businesses in this segment, please see pages 190–191.

1. Overview of Business Results for Fiscal Year 2008

Although the Fiduciary Services Business continued to post an increase in the volume of entrusted assets as a result of the entrustment of new assets, non-consolidated gross profit before credit costs declined 8.3% year-on-year to 57.2 billion yen because of a drop in the fair value of assets caused by the fall in stock prices. Accordingly, non-consolidated net business profits before credit costs decreased 17.7% to 27.5 billion yen and consolidated net business profit before credit costs dropped 21% to 31.3 billion yen.

• Gross Profit/Net Business Profit before Credit Costs



2. Business Environment in Fiscal Year 2008

Due to an increase in the number of corporations adopting defined contribution pension plans with the aim of stabilizing the costs of employee retirement benefits, as well as signs of corporations revising their pension plans in anticipation of the abolition of qualified pensions set to take effect in 2012, the corporate pension market is anticipated to produce continued growth in the future.

The environment for asset management was difficult as shown by the fact that the average return for corporate pensions posted a considerable negative yield as it did in the previous year.

3. Basic Strategy and Business Performance in Fiscal Year 2008

Overall Business Results

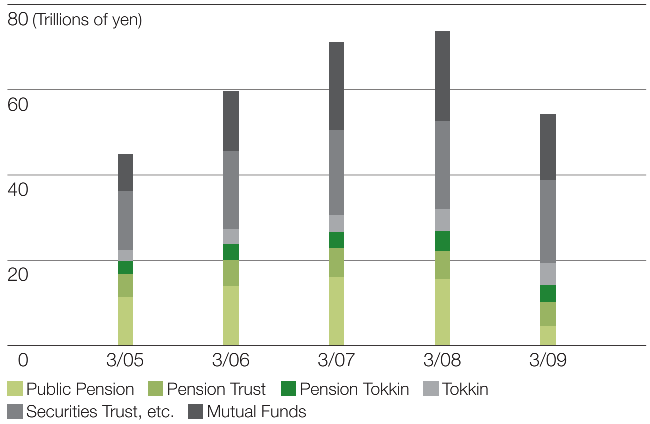
The volume of entrusted assets as of the end of March 2009 decreased to 54.6 trillion yen because of market factors, such as the fall in stock prices and the strong yen, as well as a transfer of assets (approximately 11 trillion yen) to discretionary investment accounts from designated, independently-managed money-in-trust accounts following an accelerating trend of separating asset managers and custodians through the conclusion of discretionary investment management contracts. However, the volume of entrusted mutual fund assets continued to increase on a book-value basis as the entrustment of new funds remained strong, with our market share as of the end of fiscal year 2008* exceeding 20%, as it did at the end of the previous year. The volume of entrusted pension trust assets also continued to grow on a book-value basis.

* Market share among trust banks as estimated by Sumitomo Trust.

• Pension Trust Business

On the strength of our aggressive sales activities capitalizing on our consulting capabilities, as well as our multi-product strategy, our pension trust business continued to grow steadily. This

• Volume of Entrusted Assets



was shown by the fact that in terms of a net change attributed to share changes among trustees, we have continued to secure a net increase (on a quarterly basis) in the volume of entrusted assets since the quarter that ended in September 2002. With regard to systems, the driving force behind the expansion of entrusted assets was our capability to provide support not only for the traditionally adopted defined benefit corporate pension plan but also for the defined contribution pension plan, which has drawn strong interest in recent years. With regard to asset management, the driving force was our high value-added investment products, such as actively managed products and alternative investment products, amid the diversification of the needs for asset management. In fiscal year 2008, as part of our efforts to improve services for pension subscribers, we renewed our website dedicated to the defined contribution pensions plan, called "Sumishin Defined Contribution Pension Net Service."

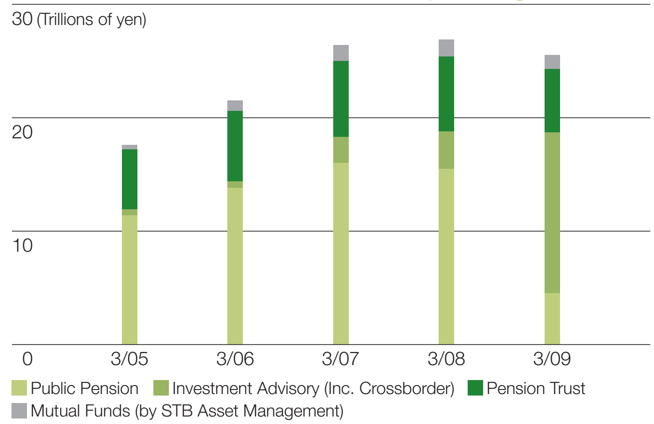
• Investment Management Business

The volume of outstanding assets under the management (on a fair-value basis) of our mutual fund subsidiary, STB Asset Management Co., Ltd., and discretionary investment management services for public institutions as of the end of fiscal year 2008 declined from the end of the previous year to 25.7 trillion yen.

The volume of entrusted alternative investment assets declined to 944.8 billion yen as a result of the cancellation of contracts due to a poor investment performance attributable to the significant deterioration of the market environment. In addition, the ratio of pension assets under active management declined slightly to 50.0% because of a shift to passive management relying on index investing.

With regard to discretionary investment management services, the volume of entrusted assets more than quadrupled as a result of a transfer of a large amount of assets (approximately 11 trillion yen) to discretionary investment accounts from designated, independently-managed money-in-trust accounts in fiscal year 2008.

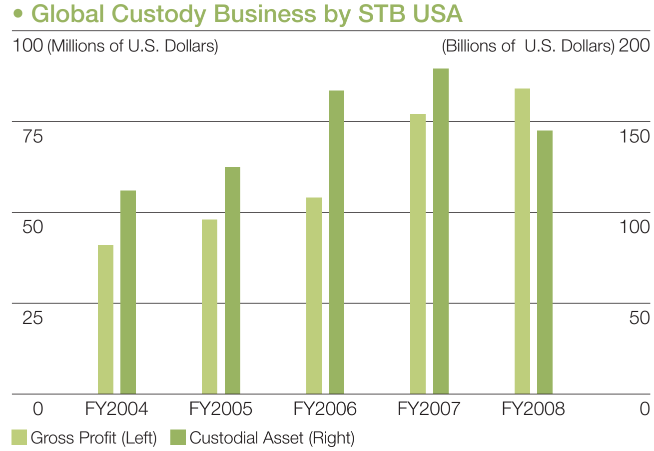
• Assets under Sumitomo Trust Group Management



• Securities Processing Business

We are satisfying a broad range of needs for securities investment by institutional investors in the Japanese and overseas markets by enhancing the global custody service provided through our U.S. subsidiary, Sumitomo Trust and Banking Co. (U.S.A.) "STB USA," and the efficient, high-quality services provided by Japan Trustee Services Bank, Ltd., which specializes in the custody of assets taken over from its three founding companies, including Sumitomo Trust.

• Global Custody Business by STB USA



Review of Operations
Specialized Departments and Units/ Global Markets Business

Sumikazu Tsutsui
Officer in Charge of Global Markets Business
Director, Managing Executive Officer

Contents of Business

- Marketing functions (1. Loans, deposits, and market-making of interest rate derivatives and foreign exchange-related products, 2. Composition and sales of market-oriented financial instruments)
- Investment operations (pursuing stable profit through investment activities on Sumitomo Trust's own account)
- Financial operations (controlling various price fluctuation risks* contained in Sumitomo Trust's balance sheet)

* Interest rate risk of deposits, stock price risk, credit spread risk, etc.

For details of businesses in this segment, please see page 192.

Overview of Business Results for Fiscal Year 2008

Since the bankruptcy of Lehman Brothers in the autumn of 2008, wariness about counterparty risk has grown rapidly, paralyzing the functions of the financial markets. The impact quickly spread to both developed and developing countries, causing a rapid deterioration of the real economy and forcing investors facing liquidity squeeze to sell assets. This led to a plunge in stock prices and aggravated the financial and economic environments on a global scale.

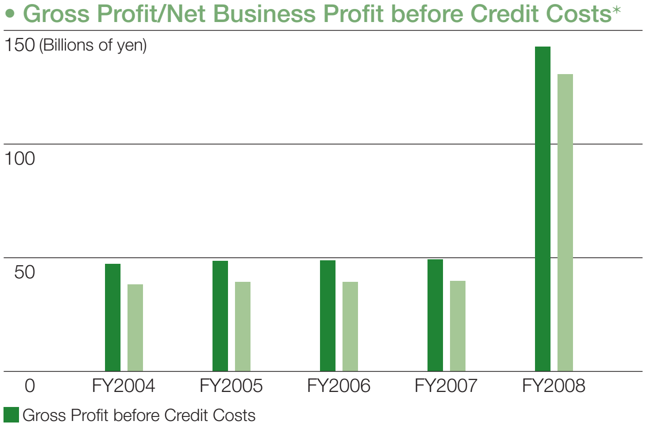
Despite this drastic change in the environment surrounding the Global Markets Business, gross profit before credit costs grew 189% year-on-year to 142.7 billion yen and net business profit before credit costs expanded 228% to 130.7 billion yen because of a significant increase in profits from investments in U.S. and European government bonds.

Regarding investment operations, we booked losses of 36.8 billion yen related to interest rate options in the trading account. It should be noted that we have already closed our positions regarding the relevant transactions.

As for marketing functions, we secured profits of 29.6 billion yen as profits from loans, deposits and market-making of interest rate derivatives and foreign exchange-related transactions steadily increased.

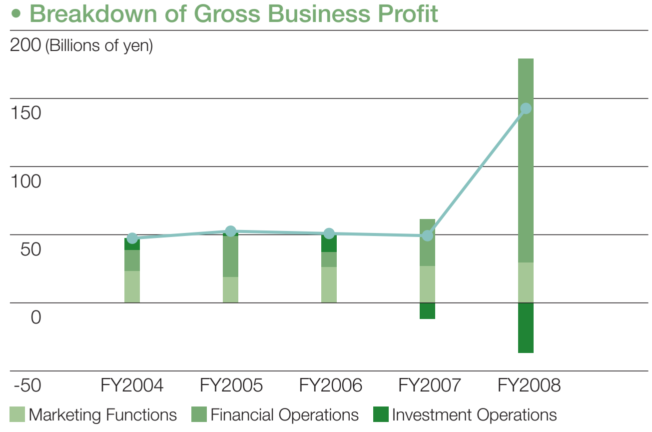
Financial operations, which are intended to control various price fluctuation risks contained in Sumitomo Trust's balance sheet, posted significant profit growth because of appropriate risk control based on the judgment of the economic environment made from a macroeconomic perspective.

• Gross Profit/Net Business Profit before Credit Costs*



* This segment does not contain operations outside the parent organization's operations; thus, figures here are not presented as consolidated/non-consolidated data.

• Breakdown of Gross Business Profit



Governance Report

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Changes in Business Environment and Our Initiatives

Response to Financial Crisis and Global Recession

The business environment surrounding Sumitomo Trust has changed substantially due to the financial crisis sparked by the U.S. subprime mortgage problems and the rise of a global recession. Sumitomo Trust is taking the following measures to respond to these dramatic changes in the business environment.

(1) Elimination of Divisional Management System

We believe the surrounding business environment has entered a "New Paradigm," which was brought on by the financial crisis and global recession, demanding a departure from once-accepted values and principles of conduct. Consequently, Sumitomo Trust abolished the divisional management system on April 1, 2009, to achieve company-wide cross-departmental product, capabilities, and business development beyond the framework of each business group, and a new way of thinking for every officer and employee. Furthermore, we are working toward strengthening our comprehensive issue solutions and proposal abilities, utilizing our Five Major Functions mentioned earlier. For details on each business, please refer to pages 25–36.

(2) Strengthening of the Credit Risk Management Framework

Given the deteriorating overseas credit investment assets due to the worsening environment of global financial markets, and worsening earnings of domestic companies with the recession, Sumitomo Trust strengthened its credit risk management framework. Furthermore, in addition to establishing the Credit Risk Management Group to strengthen our credit supervision system, we also implemented policies for a more advanced screening process, including review of the operations of our internal credit rating system.

We also established the Credit Investment Committee under the Credit Risk Committee to strengthen our analysis and risk control for credit investment. Moreover, we are working to strengthen our overall risk management framework for credit investments. For example, we are taking advantage of the know-how of external experts and have started to quantify price fluctuation risks in credit investments, and we are rebuilding our framework of capital adequacy verification.

Internal Controls Report System (Implementation started in fiscal year 2008)

The Internal Control Report System is stipulated under Article 24-4-4 of the Financial Instruments and Exchange Law ("FIEL") (System for Ensuring Appropriateness of Statements on Finance and Accounting and Other Information). This is a system to ensure the reliability of financial reporting as business managers prepare an Internal Control Report whereupon their evaluation concerning the effectiveness of the report is given, and auditing is conducted by an Independent Auditor for submission to the relevant financial authorities. Specifically, listed companies submitting a Securities Report for a business year beginning on or after April 1, 2008, obliges (1) the management to submit an Internal Control Report evaluating the effectiveness of the internal control system concerning financial reporting, and an (2) attachment of an audited, Internal Control Report by an Independent Auditor concerning results of the evaluation given by the management for the effectiveness of an internal control over financial reporting.

• Keyword 1: Internal Control Report

The management is responsible for appropriate development and implementation of internal control with regard to financial reporting. When evaluating the effectiveness of internal control, the management must also decide on the policy and scope for the evaluation and formulate a plan. Further, they are required to prepare an Internal Control Report based on results of the evaluation of the state of their development and implementation, and submit this with the Securities Report.

• Keyword 2: Internal Control Audit Report

An Independent Auditor audits the evaluation given by the management on internal control concerning financial reporting, and provides opinion in the form of an Internal Control Audit Report. The same Independent Auditor who has audited the financial statements conducts this internal control audit as well and reports to the Board of Directors together with the audit report on the financial statements.

• **P. 40–41**
Corporate Governance, Internal Control

This section describes that the essence of the trust business ("Confidence and Integrity") and Sumitomo's basic business principle ("Placing Prime Importance on Credibility and Sound Management") comprise the basic policy of Sumitomo Trust and the platform of corporate governance.

It presents an overall picture of our corporate governance framework and internal control activities to expedite decision making and business execution processes.

• **P. 42–43**
Compliance Structure,
Fulfilling Accountability to Our Clients

These sections describe that compliance with laws, ordinances, and social norms is positioned as one of the most important management issues and that we give first priority to the development of an environment that allows our officers and employees to behave with sincerity and fairness.

Apart from thoroughly implementing proper solicitation and sales procedures that are based on clients' viewpoints, we provide explanation on our philosophy and actions concerning client protection that seeks to enhance business operations and improve customer satisfaction on the basis of their feedback.

• **P. 44–46**
Risk Management, Capital Management

These sections explain the types of our management risk, outline of our risk management framework, and policy and system concerning capital management.

They also introduce our measures to adapt to the Basel II framework and other regulations, initiatives to strengthen our credit risk management framework considering the worsening global financial markets, and a more advanced risk management framework given the financial crisis sparked by U.S. subprime mortgage problems, as well as efforts to build a risk management system that can respond flexibly to changes in the business environment.

• **P. 47**
Management of Information Disclosure and Internal Auditing

This section presents our philosophy and actions to disclose information in a fair and timely manner.

It also explains our efforts aimed at ensuring and improving the effectiveness of internal auditing.

• **P. 48**
Efforts to Enhance Customer Satisfaction

This section presents our philosophy and action to enhance customer satisfaction through the PDCA (Plan-Do-Check-Action) cycle, which starts with our company-wide customer satisfaction promotion activities: Japanese Orange Flower Project and active listening to client feedback.

• **P. 49–50**
Personnel who Support Sumitomo Trust

This section describes our initiatives to respect individuality, encourage self-reliance, and the will to take on challenges and promote an open corporate culture and human resource nurturing through fair evaluation and appointment.

• **P. 51–52**
Corporate Social Responsibility Management

"Sumitomo's business must benefit not only Sumitomo itself but also the nation and society in general" — Teigo Iba, Second Director General of the Sumitomo Family Enterprise. This section introduces some of our efforts aimed at both contributing to the sustainable growth of society and enhancing our own corporate value, with this quotation as our basic philosophy.

1. Basic Philosophy

Since its foundation, Sumitomo Trust has adhered to two core principles: “Confidence and Integrity” (the essence of the trust business) and “Placing Prime Importance on Credibility and Sound Management” (Sumitomo’s basic business principle). These principles are based on the belief that our business activities are in close association with the economy and society and require a strong sense of public service. Accordingly, in fulfilling our social and public responsibilities, it is essential that we gain the unshakable trust of all our stakeholders, including clients, shareholders, employees and the society at large.

Also, Sumitomo Trust places the client first as the foundation of its management, and places its efforts into the framing and execution of management measures by sincerely gathering the opinions and assessing the needs of its stakeholders beginning with clients.

At the Sumitomo Trust Group, based on these management principles, we have positioned corporate governance as a mechanism that concerns the decision making, execution and supervision that Sumitomo Trust carries out in the interests of achieving sustainable growth and development through more efficient and transparent management, and as such we make constant efforts to refine our governance.

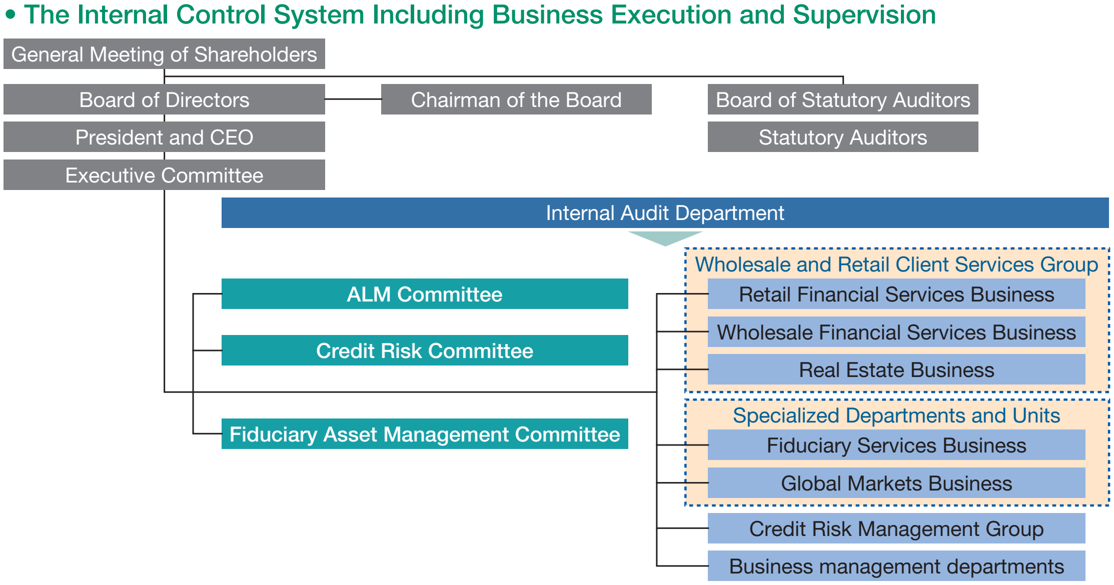
2. Putting This Philosophy into Practice

(1) Decision Making and Business Execution

At Sumitomo Trust, which is at the core of the Group, we have adopted an executive officer system in an attempt to speed up managerial decision-making and business execution. The Board of Directors, which meets at least once a month, makes decisions on important business matters, including basic management policies, and also supervises the business execution performance of the directors and executive officers. Directors and executive officers are appointed based on criteria such as ability, knowledge and skills critical to making management policy decisions and supervising business execution and a sense of responsibility in executing business.

Under the Board of Directors, we have established the Executive Committee, which meets every week, as well as a number of other committees*[1] meeting on a weekly to monthly basis, in order to discuss and make decisions on important matters such as those related to business strategies and risk management. Moreover, in order to promote the consolidated management of the Group, we have established the Consolidated Management Promotion Department, which supervises our subsidiaries and affiliates, along with a special department in charge of consolidated management specifically to grasp and manage these overseeing

• The Internal Control System Including Business Execution and Supervision



departments in an integrated fashion. The heads of these overseeing departments also participate in the management of the subsidiaries as non-executive directors, and the overseeing departments and Consolidated Management Promotion Department periodically report the outlook of each subsidiary and affiliate to the Board of Directors and Executive Committee. Sumitomo Trust has adopted a corporate auditor system and developed an accurately functioning management supervision system; therefore, currently we are not appointing external directors.

*1 ALM Committee, Credit Risk Committee, Fiduciary Asset Management Committee, etc.

(2) Basic Philosophy on Internal Control System and Situation of its Development

An internal control system is a system to prevent any misconduct from taking place by putting various mechanisms and rules into place for the purpose of conducting sound management in the company. Basically, there are four objectives for internal control: 1) effectiveness and efficiency of operations, 2) reliability of financial reporting, 3) compliance with laws and ordinances concerning business activities, and 4) safeguarding of assets. A company achieves these four objectives by developing and operating its internal control system.

At Sumitomo Trust, in order to accomplish the four above-mentioned objectives, the Board of Directors decides on the policy concerning the six areas of 1) compliance, 2) thorough enhancement of client protection and convenience, 3) development and establishment of appropriate management systems for various risks, 4) capital management, 5) information disclosure, and 6) internal auditing. For the management systems that have been developed and operated based on these policies, please refer to pages 42–47.

• Basic Policy of Internal Control System Structure

(3) Auditing System

Sumitomo Trust has adopted a corporate auditor system. Based on audit policies and plans formulated by itself, the Board of Statutory Auditors, which comprises five auditors, including three external auditors, attend the Board of Directors' meeting and other important meetings to listen to reports from Directors etc. Moreover, they audit the duties executed by Directors, as they inspect important financial documents, and listen to reports from the Internal Audit Department, subsidiaries and affiliates and Independent Auditors by taking a consolidated management viewpoint into account.

Full-time Statutory Auditors hold dual positions as Statutory Auditors of major subsidiaries, and they also work to exchange information and gain mutual understanding with the Directors and Statutory Auditors of the said subsidiaries. External Auditors perform audits from specialized and multi faceted perspectives, such as legal, financial and accounting and actively state their opinions at the meeting of the Board of Directors, Board of Statutory Auditors, etc. We have a Statutory Auditors' Office, which assists the auditors in the performance of their duties and makes arrangements so that necessary information can be obtained in a timely and appropriate manner, particularly for the part-time external auditors. This office oversees preparation of materials such as resolutions, holds opinion hearings, and compiles various reports as required.

In order to ensure the objectivity and neutrality of the management oversight function and enhance the effectiveness and efficiency thereof, Sumitomo Trust employs a three-tier auditing system that combines auditing by the Statutory Auditors with internal auditing by the Internal Audit Department and Independent Auditors and seeks to strengthen cooperation among the three groups of auditors.

In addition, we are strengthening our internal auditing.*2 The Board of Directors has set out an internal audit policy pertaining to verification of appropriateness and effectiveness of the internal management system (including risk management), and it receives reports concerning auditing results in a timely and appropriate manner from the Internal Audit Department, which is independent of the departments pertaining to business execution.

Moreover, we also implement external auditing concerning the effectiveness of the risk management system as necessary.

*2 For details concerning internal auditing, please refer to page 47.

Compliance Structure

1. Basic Philosophy

Compliance with laws, regulations and other rules, including social norms, is positioned as one of the most important management issues at Sumitomo Trust, as we exercise the asset management-oriented financial intermediary function, which combines the financial intermediary function and the asset management and asset servicing functions. We consequently established our Social Activity Charter, Ethics Charter and Compliance Policy, which become the norms of conduct for all employees in performing their duties.

We are also developing a compliance environment that encompasses Sumitomo Trust's in-house rules, the basic items of our Compliance Standards, a system of checks, implementation system, etc. Through these measures, we aim to become an organization with a self-cleansing process that tackles challenges and resolves problems, and we are striving to ensure that the PDCA (Plan-Do-Check-Action) cycle regarding compliance works effectively.

2. Putting This Philosophy into Practice

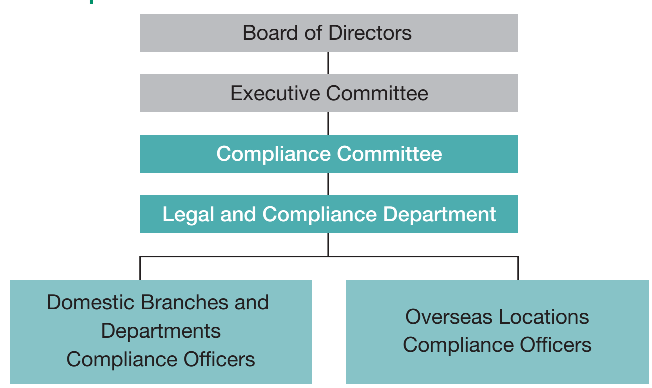
(1) Compliance Structure

The Legal and Compliance Department is in charge of and centrally manages compliance-related annual practice plans such as the development of the compliance system for Sumitomo Trust. The department handles promotional activities and measures such as the development of related regulations and training. Moreover, in order to develop the compliance structure and carry out thorough practice throughout the Sumitomo Trust Group, this department provides guidance on developing a structure at subsidiaries and affiliates (including organizations, regulations and systems).

The Compliance Committee, which is chaired by the director in charge of the Legal and Compliance Department, investigates and resolves problems concerning compliance, and when necessary, makes reports and gives advice to the Board of Directors regarding how to deal with these problems. The Board of Directors in turn reflects the contents of these reports in its management policies. In order to promote the steady practice of compliance, we have established a system under which Compliance Officers are appointed at our head office and at all branches and departments in Japan and overseas. These Compliance Officers carry out monitoring on a daily basis as a primary check, while the Internal Audit Department conducts auditing as a secondary check.

In addition, we have constructed systems that allow appropriate action to be taken promptly when the need arises. For example, we have established a Compliance Hotline through which employees can report directly to the management.

• Compliance Structure



(2) Enhancement of Compliance in Daily Work

Sumitomo Trust is enhancing its training courses in order to foster compliance awareness throughout the institution. The Legal and Compliance Department has the primary responsibility for providing training regarding institution-wide compliance themes. Meanwhile, Compliance Officers assigned to branches and departments are responsible for enhancing compliance awareness and ensuring thorough compliance there by holding branch-by-branch and business-by-business training courses and by providing guidance and instructions in daily work processes.

Also, the Legal and Compliance Department has established arrangements and procedures for legal checks and is enhancing the function of supporting branches and businesses.

Fulfilling Accountability to Our Clients (Client Protection Management)

1. Basic Philosophy

Amidst the growing numbers of financial products with complex mechanisms and unique characteristics, there is a strong need for financial institutions to properly and fully explain to clients the risks and other aspects of such products, and gain their understanding. Moreover, the need to respond appropriately to client complaints and requests and the importance of managing client information are greater than ever before.

Under these circumstances, as a trust bank grounded in the two core principles of "Confidence and Integrity" (the essence of the trust business) and "Placing Prime Importance on Credibility and Sound Management" (Sumitomo's basic business principle), Sumitomo Trust is positioning improved client response ("Client Protection") alongside compliance as its most important management task and strives to strengthen its efforts with the aim of enhancing customer satisfaction.

2. Putting This Philosophy into Practice

(1) Building a Client First Organization

Aiming to practice a client first management system, Sumitomo Trust established a policy (the Client Protection Management Policy) on the development and establishment of a system aimed at enhancing client protection and convenience. Based on the Client Protection Management Policy, in fiscal year 2007, Sumitomo Trust has made organizational reforms, including the establishment of the Customer Satisfaction Promotion Department, and formulated a manual for the provision of explanations to clients, which requires full compliance with the "suitability rule" and specifies the appropriate procedures for the provision of information. We will continue efforts to foster an institution-wide awareness of the importance of client protection through training courses to better establish the client protection management system and have it more deeply ingrained throughout the institution through a relevant PDCA cycle.

In addition, we will enhance our arrangements and procedures for managing conflicts of interest in light of the progress made in financial-sector deregulation.

(2) Employee Action Guides

The employees of Sumitomo Trust follow the "Social Activity Charter" and an "Ethics Charter" of Sumitomo Trust for use as conduct guidelines. We publicized a "Promise to Clients," which spells out our policy concerning solicitation and sales of financial products at our branches and on our website. In addition, by means such as development of company rules and enhanced trainings, we conduct thorough and adequate solicitation and sales of financial products from the client's standpoint. Moreover, in keeping with our "Declaration for the Protection of Personal Information," we are developing an internal system for the appropriate protection and use of personal information, and thoroughly implementing guidelines on handling personal information of clients at external outsourcing contractors.

(3) Efforts to Use Client Feedback to Improve Services

Sumitomo Trust strives to use feedback from clients, such as inquiries, complaints and requests in order to improve our operations and enhance services, with the Customer Satisfaction Promotion Department playing the central role in this respect. The Compliance Committee checks the status of response to feedback from clients and its use for the improvement of services and submits to the Board of Directors and other relevant parties recommendations and reports regarding policies for response to feedback.

Although the way feedback from clients is handled may vary from business to business according to the characteristics of clients and business, in the Retail Financial Services Business, we are actively proceeding with efforts to improve customer satisfaction by constructing an organizational operation system that thoroughly collects client complaints and service improvement proposals and studies concrete measures. In other businesses also, in the light of the characteristics of our business operations, we developed a system of gathering "Voice of Clients," for service improvement.

By putting in place thorough client protection and improving convenience through such measures, as well as by raising our management framework to a higher level, Sumitomo Trust is responding to the expectations and mandate from the society as a financial institution and linking this to the widening of clients' support.

Risk Management

1. Basic Philosophy

The diversification and increasing complexity of financial operations, due to financial and economic globalization, are accelerating with unprecedented speed, as symbolized by the large-scale financial market disorder sparked by the U.S. subprime mortgage problems. In such an environment, it is not an exaggeration to say that the superiority or inferiority of risk management determines the very fate of a financial institution.

Sumitomo Trust regards the establishment of a risk management system suited to the characteristics of businesses as one of the most important management tasks. Accordingly, we are making constant efforts to enhance and advance our risk management, which forms the basis of the expansion of the business scope and the sustainable growth of the Sumitomo Trust Group.

During the current fiscal year, our compliance to "Basel II" and other regulations became more settled. At the same time, we are striving for a more advanced internal controls system, aiming at enhanced levels of risk management. We are also making progress in more advanced risk management including lessons gained from the financial crisis sparked by the U.S. subprime mortgage problems. In addition, we are working to build a flexible risk management system that responds agilely to environmental changes, such as more advanced management of price fluctuation risks inherent in credit risk, and market liquidity risks, etc.

2. Putting This Philosophy into Practice

(1) Types of Risk

Our "Risk Management Policy" classifies risk categories, by the cause of risks we face in business operations, into credit risk, market risk, operational risk, and liquidity risk.

(2) Organizational Structure for Enterprise Risk Management

In accordance with the Risk Management Policy set by the Board of Directors, Sumitomo Trust has clarified the allocation of authority, organizational structure, and management processes and procedures so that it can identify, assess, monitor, control and mitigate risks based on the PDCA cycle regarding each risk category.

The roles and responsibilities of operational organizations and departments related to risk management are as follows:

1) Board of Directors

Formulates policies and plans concerning the management of overall risks that are faced by Sumitomo Trust, and disseminates the policies and plans throughout the company. It also builds management and reporting structures, and vests relevant organizations with authority.

2) Executive Committee

Sets rules and provisions regarding the identification, assessment, monitoring, control and mitigation of risks, and develops frameworks to put them into practice.

• Risk Categories

	Risk Category	Risk Management related Department	Risk Description
Enterprise Risk Management (Risk Management through Comprehensive Assessment of All Risk Categories) / Integrated Risk Management (Quantitative Risk Management using VaR as an Integrated Measurement)	Credit Risk	Corporate Risk Management Department	Risk of incurring losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing, owing to reasons such as deterioration in the financial condition of a obligor.
	Market Risk	Corporate Risk Management Department	Risk of incurring losses due to fluctuations in the value of assets/liabilities or revenues thereof, either due to fluctuations of items such as interest rates, stock prices and foreign exchange rates, or owing to fluctuations in the values of other assets.
	Operational Risk	Corporate Risk Management Department	Risk of incurring loss resulting from inadequate or failed internal processes, people and systems or from external events (including the following risks).
	Business Processing Risk	Operations Process Planning Department (or Personnel Department for Internal Fraud)	Risk of incurring losses arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.
	Information Security Risk	IT & Business Process Planning Department	Risk of incurring losses for reasons such as loss of confidentiality, integrity or availability of information or information systems belonging to Sumitomo Trust, owing to factors such as information management, system failure or improper management of system development projects.
	Compliance Risk	Legal and Compliance Department	Risk of incurring losses for reasons such as penalties, claims or lawsuits arising from a lack of compliance with laws, regulations or social standards in Japan and abroad, or an inability to complete transactions due to contractual impediments including the lack of necessary provisions or lack of legal capacity by the transaction counterparty.
	Human Resource Risk	Personnel Department	Risk of incurring losses due to issues such as unequal or unfair management of personnel, including issues related to compensation, benefits, release from employment and harassment.
	Event Risk	Corporate Administration Department	Risk of incurring losses arising from extraordinary situations such as natural disasters, war and criminal offenses.
	Reputational Risk	Corporate Risk Management Department	Risk of incurring losses due to a (possible) major impact on business as a result of deterioration in reputation for Sumitomo Trust or its subsidiaries, owing to reasons such as mass media reports, rumors or speculation.
	Liquidity Risk	Corporate Risk Management Department	Risk of loss due to inability to secure necessary funds, or due to being forced to pay interest rates significantly above normal in fund procurement, and risk of loss due to inability to transact in a market, or due to being forced to accept disadvantageous prices in transactions.

3) Risk Management related Departments

Responsible for accurate recognition and continuous assessment, appropriate management and administration of risks, as well as integrity of the compliance (observance of relevant laws and regulations) frameworks.

4) Front Office Departments

Front office departments engage in operational administration aimed at ensuring the effectiveness of risk management, such as implementing appropriate controls that reflect the scale and characteristics of risks.

5) Internal Audit Department

The Internal Audit Department assesses and verifies the status of all activities as an independent department.

(3) Enterprise Risk Management and Integrated Risk Management (Economic Capital Management)

It is our policy to comprehensively measure various risks we face, including risk not included in the regulatory calculation of the capital adequacy ratio, after individually assessing respective risk categories, and manage these risks by comparing them with our overall financial strength (Enterprise Risk Management).

In addition, among risks held by the Sumitomo Trust Group, quantifiable risks (credit, market, and operational risks) are measured by the integrated VaR* the combination of various risks measured by the unified criteria (the one-tailed confidence interval of 99.9%, the 1 year time horizon) (Integrated Risk Management). Aiming to achieve simultaneously both the management goals of "securing of financial soundness" and "maximization of shareholders' value," the Integrated Risk Management seeks to control the total risk amount for the group as a whole within a certain target level, and allocates capital to various risk categories and businesses according to business plans, and pursues the efficiency of capital use through risk-return as an indicator.

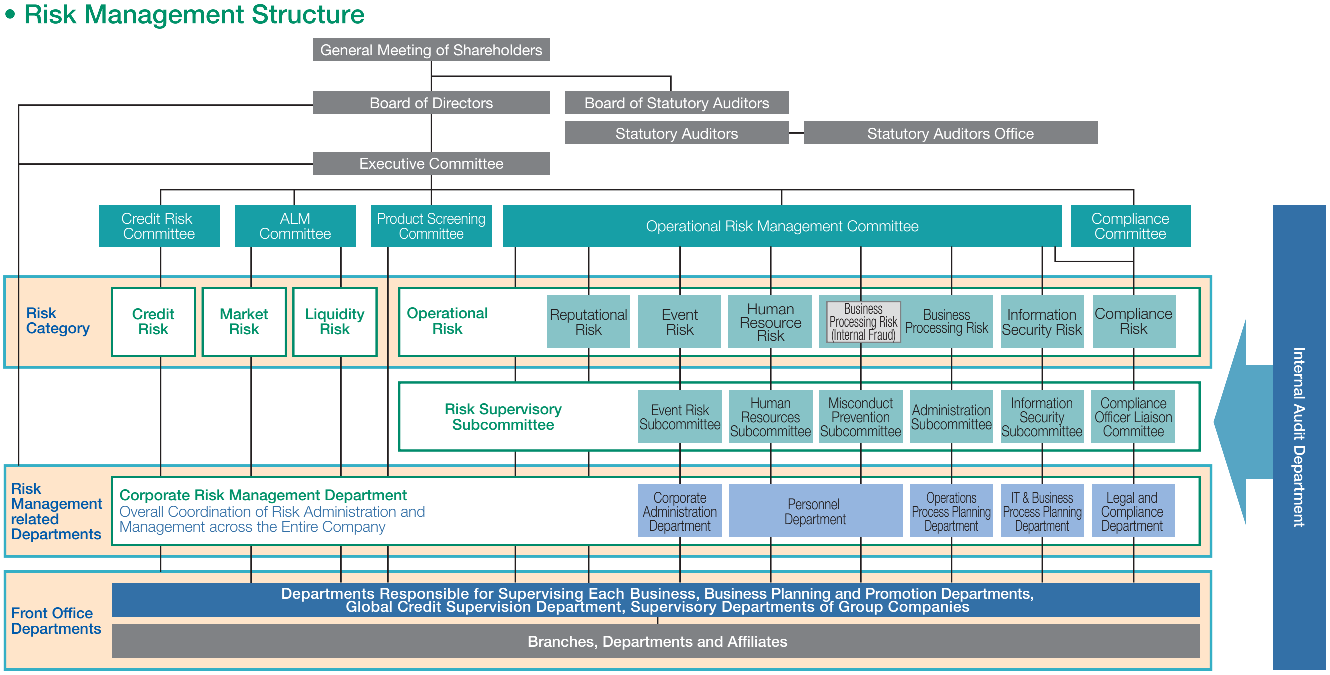
* Value at Risk (VaR): Risk amount measurement indicator. The maximum amount of loss anticipated within a certain period (the time horizon) within the range of certain probability (the confidence interval). The larger the percentile of confidence interval, the greater the VaR, which means Sumitomo Trust applies conservative economic capital measurement. We are applying an adequately conservative level of measurement with a one-tailed confidence interval of 99.9%.

• Handling of "Market Liquidity Risks" of Overseas Securitization Products

Regarding overseas securitized products, there was a substantial decline in market transaction prices as the U.S. subprime mortgage problems sparked a quick drop in transaction participants, bringing "market liquidity risks" to the fore.

In this environment, Sumitomo Trust established the Credit Investment Committee as an organization under the Credit Risk Committee, to strengthen analysis and risk control for credit investment. Furthermore, we are working to strengthen our overall risk management system concerning credit investment by utilizing the know-how of external specialist institutions in credit investment analysis. We are also introducing cutting-edge, credit investment analysis techniques, and have begun quantifying price fluctuation risks in credit investment, as we rebuild our framework of capital adequacy verification.

• Risk Management Structure



Capital Management

1. Basic Philosophy

Capital management is aimed at ensuring the soundness of Sumitomo Trust's business by improving our capital reserves and maintaining and increasing the efficiency of our business by making effective use of capital. Also, capital management encompasses the implementation of measures concerning capital adequacy, appropriate distribution, evaluation, monitoring and control of capital, and also calculation of the capital adequacy ratio as stipulated by laws and regulations.

At Sumitomo Trust, we ensure sufficient capital to meet the risks we face and make efforts to improve our capital and the effectiveness of its use by establishing a basic Capital Management Policy founded on our management policy and the basic policy of our internal control system.

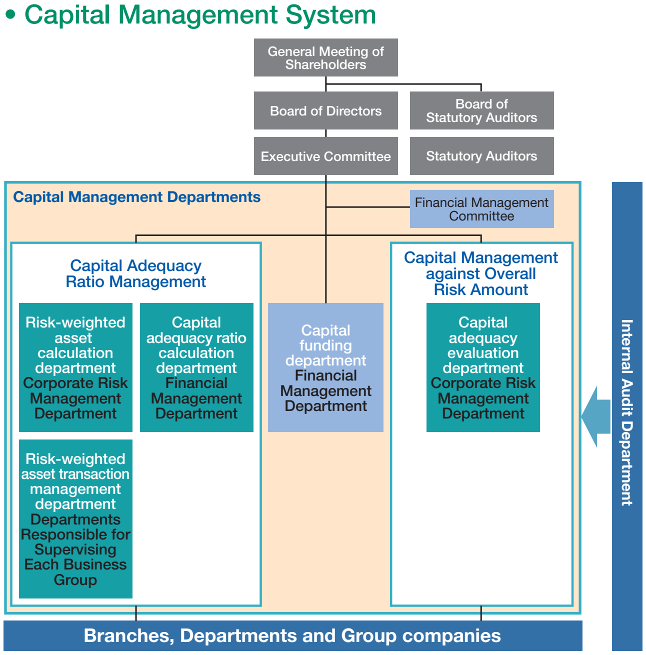
2. Putting This Philosophy into Practice

(1) Basic Policy Concerning Capital Adequacy and the Capital Management System

At Sumitomo Trust, we aim to maintain sufficient capital by operating in accordance with a PDCA cycle as follows: 1) draw up a capital plan based on the external environment (economic environment, market environment, etc.) and the internal environment (risk profile, operational conditions, etc.), 2) carry out the capital adequacy measures decided in the capital plan, 3) monitor the capital situation and evaluate the sufficiency level of capital adequacy as appropriate, and 4) improve capital and risk control based on the above evaluations.

Moreover, we have constructed a necessary system for the appropriate management of capital by installing a department in charge of capital adequacy evaluation and one in charge of capital adequacy ratio calculation as capital management departments.

• Capital Management System



(2) Capital Adequacy Evaluation Policy and Overall Risk Amount

At Sumitomo Trust, we evaluate capital and risk under the capital adequacy evaluation system multilaterally by establishing multiple definitions as follows.

For ensuring capital adequacy, we compare risk capital, which is the sum of unrealized gains* on securities and Tier I capital — the fundamental capital category, with the integrated risk amount, which takes into consideration the diversification effect between risk categories. Also, in order to evaluate the overall risk amount at times of stress, when the assumed diversification effect is not obtained between risk categories, we compare this amount with the risk buffer, which is the combination of perpetual subordinated bonds and risk capital.

On the other hand, we evaluate capital efficiency, comparing the appropriated capital allocated to businesses against the risk capital and the integrated risk amount.

The Board of Directors decides on a planned figure for the integrated risk amount as a framework standard for the bearable risk amount against the risk capital and the risk buffer, and a department in charge of capital adequacy evaluation monitors each month whether or not the performance values are within the planned figures. The monitoring results are reported quarterly to the Executive Committee and the Board of Directors, and in this way, we are maintaining sufficient capital and controlling risk.

* In cases of loss on valuation of Available-for-sale securities, the loss on valuation is included in Tier I.

(3) Capital Adequacy Ratio Calculation Policy

Sumitomo Trust recognizes the importance of the capital adequacy ratio calculation as well as its management. Accordingly, we work for the accurate calculation and appropriate management of the ratio in order to ensure its fairness and appropriateness.

Moreover, with regard to capital adequacy ratio management, we aim to raise the level and efficiency of the management system by improving organic linkage using the risk management method employed for internal management.

Management of Information Disclosure and Internal Auditing

Management of Information Disclosure

1. Basic Philosophy

Under basic action guidelines set by Sumitomo Trust, all officers and employees must endeavor to ensure the transparency of corporate management through appropriate disclosure of corporate information, among other measures. In addition, we have published our "disclosure policy" in order to clarify our principles on disclosure both internally and externally, thereby ensuring appropriate disclosure.

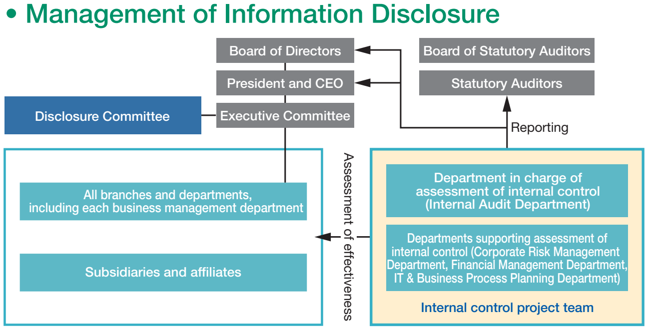
Moreover, we have set a basic policy for internal control concerning the disclosure of our corporate information in general, and based thereon, established an internal control system that ensures that we make disclosures in accordance with relevant laws, regulations and rules, including the Corporate Law, the Banking Law and the FIEL. Thus, we make fair, appropriate disclosures in a timely manner.

2. Putting This Philosophy into Practice

In order to ensure fair, appropriate and timely information disclosures, Sumitomo Trust has established the Disclosure Committee, which deliberates specific measures necessary for properly establishing and managing an internal control system concerning information disclosure and provides opinions on the deliberation results to the Executive Committee. Furthermore, in order to adapt to the Internal Control Report System that has been applicable since fiscal year 2008, each business year, we evaluate the effectiveness of internal controls concerning financial reporting, and the results of the assessment. Matters concerning corrective measures for deficiencies that are found are periodically reported to the President and CEO, the Board of Directors, etc.

Based on this report, the President and CEO makes an "Internal Control Report," which evaluates the effectiveness of internal control concerning financial reporting, and submits it to the relevant financial authority along with the Securities Report.

• Management of Information Disclosure



Internal Auditing

1. Basic Philosophy

Sumitomo Trust considers that establishing an effective internal auditing system commensurate with the scale and features of its operations, laws applicable to its operations, and types of risk involved is indispensable to achieving Sumitomo Trust's management targets, as well as to compliance, client protection, and risk management. Based on this recognition, we have established an Internal Audit Department in charge of internal audits, independent of departments involved in performing operations, headed by the President and CEO himself.

2. Putting This Philosophy into Practice

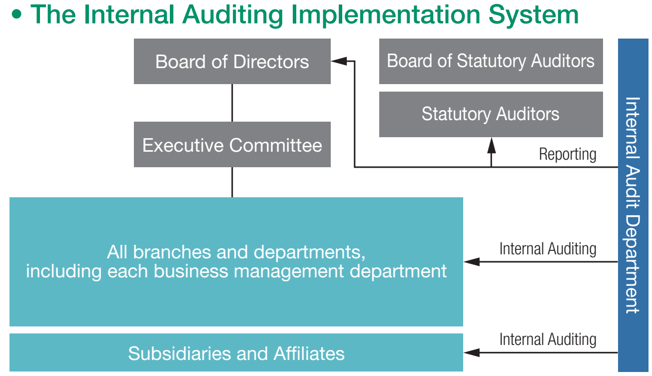
Internal auditing verifies the appropriateness and effectiveness of our internal management system (including the risk management system) in the light of laws, our Articles of Incorporation, management policy and various regulations. The purpose is to contribute to the strengthening of the internal management system, improve operations, increase efficiency, and rationalize management through recommendations, guidance, advice and proposals based on the audit results.

All departments of Sumitomo Trust as well as subsidiaries within a range that does not conflict with the law are subject to internal auditing. The results are reported each month to the President and CEO as well as to the Statutory Auditors, and periodically reported to the Board of Directors in a timely and appropriate manner.

The effectiveness of auditing is ensured by the Internal Audit Department, which manages the improvement of problem points that are identified in the course of internal auditing.

In addition, we engage in evaluation and improvement activities periodically or as necessary in order to establish an appropriate internal auditing system.

• The Internal Auditing Implementation System



Efforts to Enhance Customer Satisfaction

1. Basic Philosophy

Because of advances in information technology and a wider choice of financial institutions and products available to clients, financial institutions now face cut-throat competition. In this situation, the top priority for financial institutions is to enhance customer satisfaction (CS) and adopt the client-first approach.

Based on its recognition that customer satisfaction should be the ultimate yardstick by which to measure the performance of our businesses, Sumitomo Trust is making efforts in activities to promote customer satisfaction throughout the institution and across all businesses to enhance customer satisfaction.

Promotion of customer satisfaction is the most fundamental element of our business management, which is based on the principle of "providing the best solution to every client in a conscientious manner from the client's standpoint and with supreme loyalty and sincerity, which represent the philosophy of the trust service." We believe that we will enhance customer satisfaction by making proposals that satisfy their needs through high value addition achieved through the combination of all of our available functions.

2. Putting This Philosophy into Practice

(1) Institution-Wide Efforts Toward Customer Satisfaction

The Customer Satisfaction Promotion Department oversees activities related to the promotion of customer satisfaction so as to further enhance customer satisfaction and step up institution-wide efforts toward customer satisfaction. Over the last fiscal year, institution-wide customer satisfaction activities were collectively called the "Japanese Orange Flower Project," and we strengthened our initiative for employees to propose enhancements in products and services, as well as provided training to sincerely understand client consultations and complaints, etc. Through the PDCA cycle, we will continue to make the "Voice of Clients" the starting point for enhanced speed and quality of improvements.

(2) PDCA Cycle for the Promotion of Customer Satisfaction

1) Plan: Drafting Policies Based on the Voice of Clients

Opinions, requests and complaints received from clients are investigated and analyzed by the customer satisfaction committees of businesses and used as a basis for the formulation of improvement plans.

2) Do: Improve, Develop and Provide Products and Services

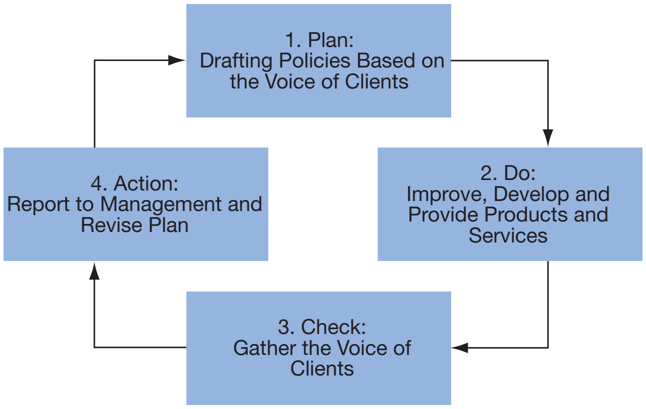
In addition to improvements in existing products and services, we develop and provide products and services which fulfill expectations.

3) Check: Gather the Voice of Clients

We are striving to collect feedback from as many clients as possible by making postcards available at our branches for use by clients to send their feedback to Sumitomo Trust, conducting questionnaire surveys, and so on.

4) Action: Report to Management and Revise Plan

The Customer Satisfaction Promotion Department reports to the management on various improvements and evaluations by clients, receives instructions, and creates better improvement plans.



Personnel who Support Sumitomo Trust

1. Basic Philosophy

We believe that our business management is supported by the following human resources that form the core of our strengths that supports our "Trustee-ness" and "STB-ness": consulting capabilities, which enable us to respond precisely to the needs of each client, and our product development capabilities as well as our wide business scope, which combines banking, trust and real estate operations and a high level of professional expertise. Sumitomo Trust builds the human resource team which embodies this "Trustee-ness" and "STB-ness," by determining the Principles of Conduct of the Personnel System under which we support such activity through the practice of all human resource nurturing processes from recruitment and education to assignment and treatment.

• Principles of Conduct of the Personnel System

1. Respect individuality
   Sumitomo Trust aims to elicit each employee's maximum capabilities by actively supporting an employee's self-directing career path development while at the same time ensuring optimal human resource deployment, and offering guidance and training upon careful consideration of individual capabilities and attributes.
2. Promote self-reliance and the will to take on challenges
   by proactively supporting employees' self-reliance and will to take on challenges. Sumitomo Trust aims at being a body of professionals with a strong sense of confidence in their ability to provide clients with optimal added-value. They accurately understand and take to heart the vision of Sumitomo Trust. They remain keenly aware of their roles in it, do not give up until they achieve results, and continue to actively accept challenges even after achieving the desired results.
3. Encourage open, interactive communication
   Sumitomo Trust encourages open, interactive communication to foster an atmosphere of cohesiveness and cooperation surpassing "bias" such as sectionalism and rank-consciousness.
4. Provide fair evaluation and feedback
   In addition to fair evaluation of each employee's achievements and capabilities, Sumitomo Trust uncompromisingly provides convincing feedback, thereby instilling an employee's motivation to achieve further growth.

2. Putting This Philosophy into Practice

(1) Recruitment

In consideration of the fact that a large number of job seekers Now gather career information and conduct job searches via the internet, we redesigned our recruitment website aimed at new graduates in October 2008. Ingeniously designed to allow visitors to gain an introduction to the work of Sumitomo Trust and its employees from a variety of angles, our redesigned site has improved and expanded pages where features about our personnel system, as well as employee profiles and other items, are posted.

Moreover, Sumitomo Trust is recruiting experienced people (mid-career hires), especially for highly specialized work.

Sumitomo Trust sponsors short term internships for students. Again, in fiscal year 2008, each business set up its own program, accepting approximately 400 university and graduate students, giving all these students real on-site experience.

(2) Human Resource Deployment Assignment

We have followed a new career system whereby individual staff can choose their career path flexibly on their own initiative and according to their degree of commitment.

In addition, we have established a career platform common to all career paths, which classifies employees into four ranks: associates, managers, leaders and senior leaders. This enables us to evaluate the performance of employees and assign positions based on their merits, irrespective of age and gender.

Also, twice each year, we implement a job transfer system using a public invitation system, under which employees seeking a transfer can apply directly to the Personnel Department. If an applicant passes the screening, he/she may be transferred to their desired position or division. In fiscal year 2008, 56 applicants passed the screening under this program, which has made a significant contribution to the promotion of career formation based on an individual employee's own initiative and commitment.

(3) Human Resource Nurturing and Skill Development

We are building a human resource nurturing program that centers on on-the-job training at each branch and department, and it is supplemented by off-the-job training (e.g. training courses) and self-education initiatives. This focuses on nurturing both advanced expertise and comprehensive abilities in each and every employee, as they will become human resources that embody "Trustee-ness" and "STB-ness."

In order to enable all employees to acquire a broad range of abilities and enhance their performance, we provide training courses to each class of employees, from branch managers, department general managers and other senior managers to young employees and new recruits, in accordance with the respective roles expected of them. In addition, we provide a short-term internal trainee program, which is intended to broaden the perspectives of employees.

(4) Evaluation and Appointment

At Sumitomo Trust, we have introduced a personnel evaluation system that allows individual employees to participate in the evaluation process while aiming to become part of "an aggregate group of employees who take the initiative to create their own career paths and ceaselessly pursue self-improvement."

Our personnel evaluation system is based on the following four points: 1) determine compensation based upon a fair evaluation of an employee's role and performance; 2) evaluations that provide an impartial and accurate grasp of each person's status and level and that benefit the employee's personal improvement; 3) maintain a close correlation between an employee's performance evaluation and the management objectives, issues and goals facing Sumitomo Trust, each branch or department, section and team; and 4) rigorously enforce merit-oriented evaluations.

In addition, Sumitomo Trust is aiming to become a company where each member of staff can display their abilities and individuality regardless of their gender, and where appointments to management positions are decided based on ability. As of the end of March 2009, the ratio of female staff at Sumitomo Trust was 49% and there were 103 women serving in approximately 5% of management positions.

Furthermore, from the standpoint of supporting a good balance between work and family, we are proceeding with the development of various systems and working environments that make it easy for our staff to choose flexible working styles to allow them to cope with major life events such as childbirth, child rearing and nursing care.

Corporate Social Responsibility (CSR) Management

1. Basic Philosophy

"Sumitomo's business must benefit not only Sumitomo itself but also the nation and society in general" —Teigo Iba, Second Director General of the Sumitomo Family Enterprise.

It goes without saying that the financial business is highly social and public by nature. For a financial institution, operating its main business in a sound manner is a very important social responsibility. Sumitomo Trust, which has inherited the Sumitomo spirit, considers the identification of issues relevant to the sustainable development of society and the continual creation of financial business models that will contribute to the solution of these issues to be one of the key themes of CSR, and we are focusing our efforts on putting these themes into practice.

In addition, we aim to realize sustainable growth for society at large as well as our businesses through efforts to build mutually developmental relations with our important stakeholders such as clients, shareholders, Sumitomo Trust employees and local communities.

2. Putting This Philosophy into Practice

(1) System to Promote CSR Activities

At Sumitomo Trust, the Chairman of the Board, Vice Chairman, President and CEO, and officers at the Managing Executive Officer level or higher comprise the "CSR Committee," which manages CSR work. The CSR Committee is basically held twice each year. It decides policy for the current period's CSR activities based on a review of the previous period's initiatives.

Also, the Corporate Social Responsibility Office in the Corporate Planning Department is in charge of actual activities, and CSR Committee Members and people in charge of CSR who are appointed in all branches and departments function as the central point in building the system that promotes CSR focused on each branch and office.

(2) Creation of Social Activity Charter

At Sumitomo Trust, we have created the "Social Activity Charter" that describes our basic CSR stance. We also created our "Environmental Policy" concerning environmental problems and our "Basic Policy on Global Warming" and "Basic Policy on Biodiversity-Related Issues" with the goal of responding to especially important environmental themes.

(3) Environment Management System ISO 14001 Certification

Sumitomo Trust obtained certification in March 2009 for ISO 14001, an international standard for environmental management systems (environmental policies and goals set by an organization, and systems to implement initiatives toward their achievement), by the International Organization for Standardization, at three locations: Tokyo Headquarters Building, Fuchu Building and Senri Building.

(4) Putting CSR into Practice through Provision of Financial Products and Services

1) Promotion of Eco -Trustution

Sumitomo Trust aims to create new financial businesses that contribute to the resolution of social issues as a CSR activity. Especially concerning the environment, we utilize our "Trust" function to solve "Eco" problems. Thus, we named this "Eco-Trustution" and are carrying out various initiatives.

- **Preferential Loans for Environmentally Friendly Housing**

  We have developed a lineup of preferential loans for houses equipped with solar power generation systems and such loans are linked to the Tokyo Metropolitan Apartment Environmental Performance Disclosure System as a means of supporting the popularization of environmentally friendly housing.

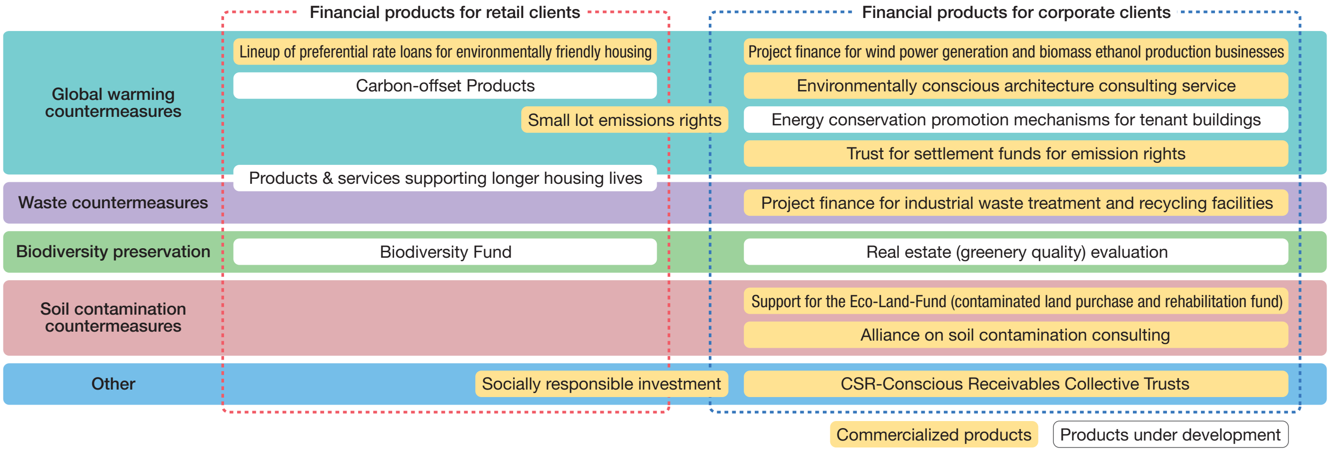
- **Support for the Contaminated Land Purchase and Rehabilitation Fund**

  We are promoting liquidity for idle, contaminated land that is worth a total of 10 trillion yen nationwide by way of providing wide-ranging support for the Eco-Land-Fund, a contaminated land purchase and rehabilitation fund, operated by Green Earth Co., Ltd., including a loan and the establishment of a real estate trust.

- **Greenhouse Gas Emission Credit Trusts**

  For greenhouse gas emission rights, Sumitomo Trust is taking advantage of its trust function to enable easy purchase in small lots by developing and providing an emissions rights trust and a trust for settlement funds for emission rights in order to reduce settlement risks.

• Product Lineup of Eco-Trustution (partial)



• SRI Fund

The Sumitomo Trust Group expanded its lineup of Socially Responsible Investment (SRI) funds, including instruments for corporate pension funds that were the first such instruments in Japan when they were launched in July 2003, and instruments for individuals, defined contribution pension plans, and public pension funds. As of March 2009, the total amount in SRI funds under the Group's management reached approximately 47.7 billion yen, one of the largest balances*1 held by a SRI fund operator. We are now entrusted with managing SRI funds for defined contribution pension plans by 89 companies. Also, in May 2008, our publicly offered mutual funds for retail investors "Sumishin SRI Japan Open Fund*2" (nickname: Good Company) received the Best Fund Award in the domestic SRI division of the R&I Fund Award 2008 from Rating and Investment Information Inc.

*1 Total amount of domestic publicly offered mutual funds (including those handled by the Post Office), corporate pensions, public pension funds, defined contribution pensions, and privately placed investment trusts.

*2 For further information about this product, please see page 193.

2) Socially Considerate Endeavors

As socially considerate endeavors made through its business, Sumitomo Trust provides financial instruments such as (1) charitable trusts, with which we provide financial support for charitable purposes through the receipt of funds held in trust from individual and corporate clients who are consignors; (2) the special donation trust "Omoiyari*" series, through which family members and others can entrust money for the benefit of severely disabled people, which we disburse in periodic installments.

* Compassion in English.

(5) Social Contribution Activities by Our Branches

At Sumitomo Trust, we are developing social contribution activities at each of our branches as a way of expressing our gratitude to our clients, the local community and the natural environment, doing so with the will to contribute as expressed by the words "With You."

• With You Activities at Each Branch

Branch Office Name	Activity Name	Details of Activity
Wakayama	Participating in the "Kigyo no Mori" (Corporate Forest) Project, a forest environment preservation activity promoted by Wakayama Prefecture	In 2007, we began a ten-year forest environment preservation activity by establishing Sumitomo Trust's Forest "Shintakun no Mori" in the mountains of Hidakagawa Chou, Wakayama Prefecture.
Kofu and Shizuoka	Mt. Fuji clean-up program	In cooperation with Fujisan Club, an NPO, we are engaging in a company-wide voluntary clean-up activity at Mt. Fuji (Aokigahara forest) under the initiative of the Kofu and Shizuoka Branches.
Yamaguchi Hofu	Lecture aimed at senior high school students	In February 2008, we sponsored a lecture, entitled "Realize Your Dream and Go Forward!," by Mr. Tsutae Shinoda, a native of Yamaguchi Prefecture who invented the plasma display panel TV, and invited 600 students from three local senior high schools.
Aobadai	Financial crime prevention seminar	In March 2009, we held the "Enjoy Studying Financial Fraud using Psychology" seminar in cooperation with the NPO Raku Gaku Seikatsu Kyokai, providing easily understood explanations of measures against bank transfer billing fraud.
Shanghai	Education-oriented CSR activity	We provided support to schools for children of migrant workers from rural areas by donating books and stationery goods and held a gathering during which the staff of the Shanghai Branch mingled with the children.

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Features of Trust Banks' Balance Sheets

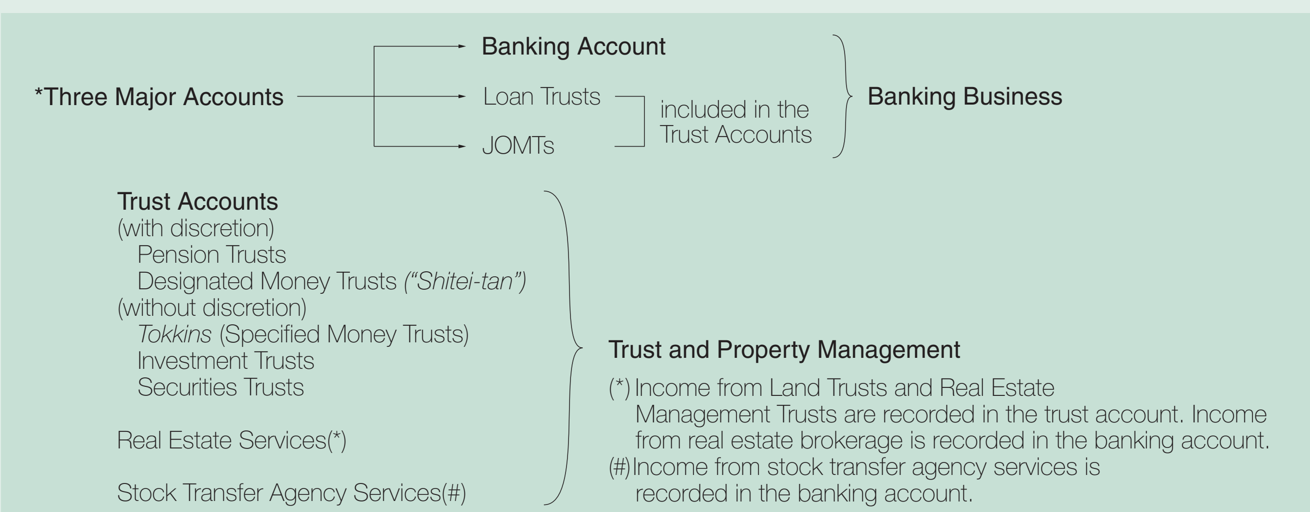
Financial statements of trust banks consist of two balance sheets: one for the banking account and the other for the trust account (Statements of Trust Account). They are classified by whether businesses are conducted based on trust agreements or not. The balance sheets for the banking account are similar to those of ordinary commercial banks, whereas those for the trust account are unique to trust banks.

Among various trust accounts, loan trusts and jointly-operated money trusts ("JOMTs") are subject to principal-guaranteed contracts provided by trust banks and covered by deposit insurance. From the viewpoint that the banking account bears contingent liability by virtue of principal-guaranteed contracts, these trusts subject to principal-guaranteed contracts are included in banks' risk-weighted assets for the purpose of calculating the capital adequacy ratio. At present, the total principal amount of the sum of the banking account, loan trusts and JOMT minus the loan amount lent from the trust accounts to the banking account is counted as risk-weighted assets.

Those loan trusts and JOMTs are booked and administrated separately from the banking account. The Sumitomo Trust and Banking Company, Limited (the "Bank"), though, refers to the banking account, loan trusts, and JOMTs as the "Three Major Accounts" and manages them as a part of the banking business. The Bank manages profits and losses, conducts asset liability management, and controls the default risks of the three major accounts in an integrated manner. As a case in point, the Bank's data for the loan-deposit margin on a "Three Major Account" basis are calculated through the aggregation of assets and liabilities in the banking account, loan trusts, and JOMTs.

On the other hand, various trust accounts other than loan trusts and JOMTs are referred to as "Fiduciary Accounts" since their principals are not guaranteed and all gains and losses are attributed to beneficiaries. Broadly speaking, there are two types of fiduciary accounts: those in which trust banks have discretion over investments (including pension trusts, designated money trusts, etc.), and those in which they do not have discretion acting as custodians (including investment trusts, tokkins (Specified money trusts), securities trusts, etc.). The statements of trust account disclose balances of all trust accounts including loan trusts and JOMTs. Separate balance sheets are also disclosed for loan trusts and JOMTs.

Loan trusts and JOMTs have reserve accounts for possible losses called reserve for possible impairment of principal. The reserve account for loan trusts is stipulated in the Loan Trust Act. In accordance with the Act, trust banks are currently required to set no less than 2.5% and no more than 4.0% of loan trust fees aside for the reserve until it amounts to 0.5% of the total principal amount of loan trusts. The reserve account for JOMTs is set aside at the rate of 0.3% of the balance of loans and other claims. For reference, non-performing claims of loan trusts and JOMTs are disposed of by direct write-offs to individual loans or other claims.



Balance sheets of trust banks feature accounts for internal transactions between the banking account and the trust account. These are noted as the "Borrowed Money from Trust Account" (i.e. the banking account's borrowing from the trust accounts), which is posted on the liability side of the banking account, and "Loans to Banking Account," posted on the asset side of the trust account. Assets on the balance sheets for loan trusts and JOMTs are classified into "Loans and Bills Discounted," "Securities," and "Others." "Others" accounts consist mainly of "Loans to Banking Account."

Features of Income Statements of Trust Banks

Main items comprising income statements of trust banks are as shown below:

Net Trust Fees (after credit costs for Loan Trusts and JOMTs)
+Net Interest Income
+Net Fees and Commissions
+Net Trading Income
+Other

Gross Profit
+Trust Account Credit Costs

Gross Business Profit before Credit Cost
−General and Administrative Expenses (excluding Non-recurring expenses)

Net Business Profit before Credit Cost
+Net Non-recurring Profit (Loss)

Ordinary Profit
+Extraordinary Profit (Loss)

Income (Loss) before Income Taxes
−Income Taxes-Current
−Income Taxes-Deferred

Net Income (Loss)

In addition to the above, "Total substantial credit costs" is a sum of "Total credit costs," costs in "Net gains on sales of stocks and other securities," and "Other non-recurring profit" which are related to investment in securities of domestic and overseas credit, and affiliates' total credit costs included in "Net income from affiliates by equity method."

Structure of Trust Banks' Earnings - Trust Fees vs. Other Fees & Commissions

Among various accounts on the income statements of trust banks, "Trust Fees" and "Fees and Commissions" require special mention. For the purpose of financial statements, fees and commissions earned based on trust agreements are booked as "Trust Fees" and those earned without trust agreements are booked as "Fees and Commissions." Trust fees include "Trust Fees from Loan Trusts and JOMTs" and "Other Trust Fees" derived from various trust businesses such as pension and institutional asset management, securities processing services (investment trusts and tokkins), and real estate services (Land trusts and real estate management trusts). "Fees and Commissions" are those derived from businesses such as custody services, stock transfer agency services, and real estate brokerage services, as well as banking businesses such as guaranty, foreign exchange, and securitization.

* Trust Fees

Trust fees from loan trusts and JOMTs

Other trust fees

- Pension asset management
  (Corporate and public pensions)
- Securities custody with trust contract services
  (Investment trusts, tokkins and others)
- Real estate services
  (Land trusts and real estate management trusts)

* Fees and Commissions

Fees from transfer agency services

Fees from real estate brokerage

Fees from securities custody services, other than trust contract etc.

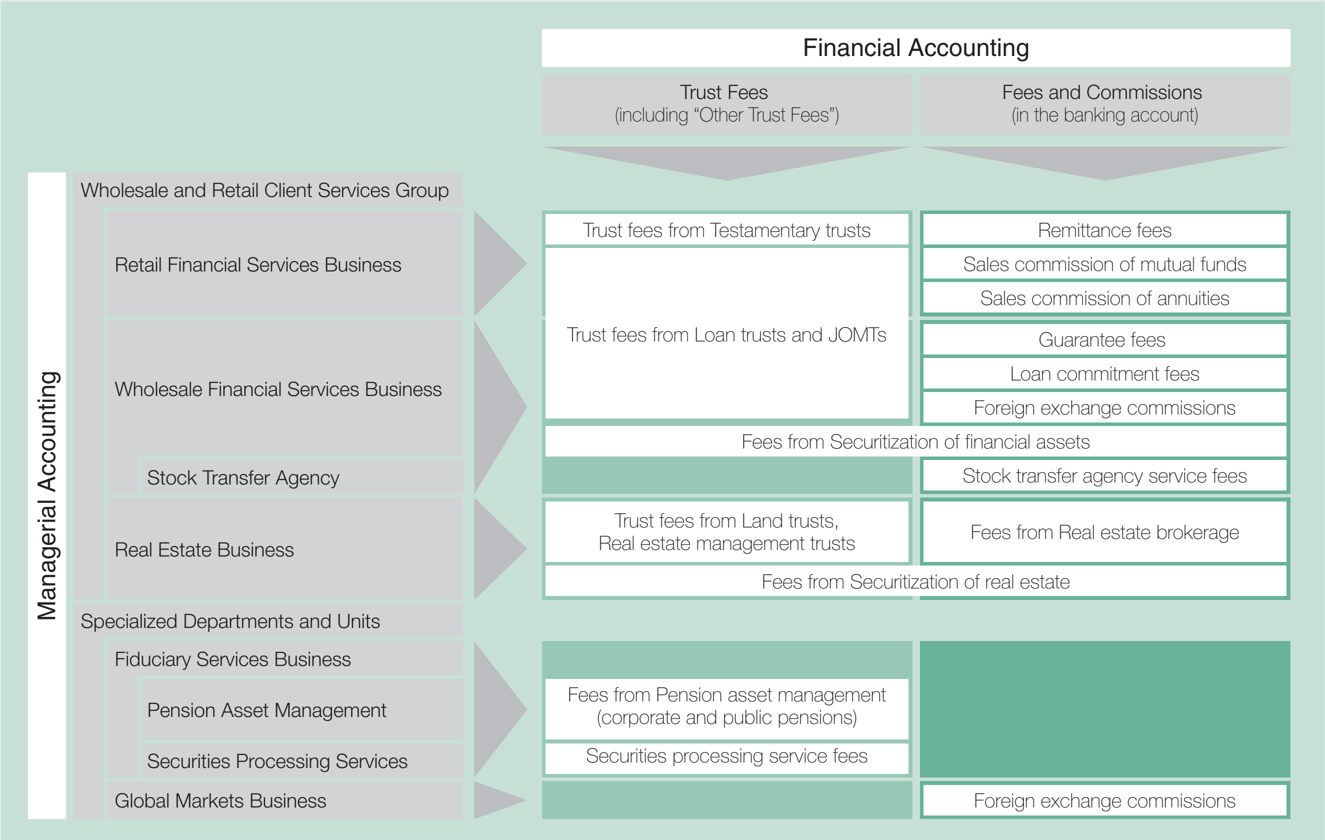
Fees from banking business (mutual funds sales, individual annuity sales, foreign exchange, securitization, etc.)

Managerial Accounting for Trust Banks

As of June 30, 2009, the Bank consists of two groups. One is the "Wholesale and Retail Client Services Group" comprised of three businesses: "Retail Financial Services Business," "Wholesale Financial Services Business," and "Real Estate Business." The other is the "Specialized Departments and Units" comprised of two businesses: "Fiduciary Services Business," and "Global Markets Business." Financial accounting for purposes of preparing financial statements of trust banks is not, however, designed to show the earning status of each business. For the purpose of managing profitability by each business, the Bank also provides figures based on managerial accounting.

To reconcile financial accounting and managerial accounting, one should particularly note the following reallocations of income among businesses. It should be noted that fee income, recorded as either "Trust Fees" or "Fees and Commissions" in terms of financial accounting, must be reallocated to each business based on client attributes in order to come up with figures by each business in terms of managerial accounting.

For example, trust fees from loan trusts and JOMTs are allocated to the Wholesale Financial Services Business and Retail Financial Services Business. Similarly, fees from the securitization of financial assets are reallocated to the Wholesale Financial Services Business. Foreign exchange commissions are reallocated to the Wholesale Financial Services Business as well as to the Global Markets Business. Fees from pension asset management (corporate and public pensions) and those from securities processing services—both of which are recorded under "Other Trust Fees" in financial accounting—are reallocated, respectively, to "Pension Asset Management" and "Securities Processing Services" to the Fiduciary Services Business. Fees from real estate brokerage and those from land trusts and real estate management trusts (for the purpose of securitization)—recorded separately under "Fees and Commissions" and "Other Trust Fees" in financial accounting—are combined and reallocated to the Real Estate Business.



As of April 2009, in order to generate overall solutions and foster proposal-making initiative through the Bank's Five Major Functions, the Bank abolished the Bank's divisional management system. The Bank believes that doing so is the key to revolutionizing the way the Bank develops new products, increases the Bank's abilities, promotes business as well as renews the Bank's self-awareness as individuals across the entire company without the walls that separated hitherto the Bank's various business segments. Further, in response to the dramatic changes in the financial market in Japan and overseas as well as the rapid deterioration in the business environment for domestic companies, "Credit Risk Management Group" comprised of Credit Supervision Departments I&II was created with the aim of strengthening the credit risk management system.

Overview of Fiscal Year 2008

Financial and Economic Environment

Concerning Japan's business environment during the current fiscal year, triggered by the bankruptcy of the major U.S. securities firm, Lehman Brothers, last fall, the turmoil in the global financial markets grew stark, and in the midst of the downturn of the global economy, Japan's exports and production slowed at an unprecedented pace, as the real economic growth rate turned negative substantially.

Stock prices and exchange rates tumbled dramatically, with the Nikkei 225 index falling from above 14,000 yen in June last year to 7,000 yen, renewing the lowest point recorded since the collapse of the bubble economy. Also, the yen/dollar rate rose from around $1=110 yen at the beginning of the year all the way to the 80-90 yen range at one point.

The asset quality of many financial institutions in Europe and the U.S. deteriorated, and as the liquidity in financial markets decreased remarkably, their real economies became substantially worse. In response, central banks in Europe and the U.S. took various measures such as large reductions in policy interest rates, and supplying abundant funds to short term financial markets. Under President Obama who took office in January this year, the U.S. government has also implemented large economic stimulus measures of over $780 billion.

During this time, the Bank of Japan pulled its policy interest rate down to 0.1%, while taking various steps to keep corporate financing moving smoothly. Also, taking over the Fukuda cabinet last September, the Aso cabinet put together an economic-stimulus package on a scale of 50 trillion yen.

Business Performance

Net Business Profit before Credit Costs Gained

Consolidated net business profit before credit costs increased by 24.2 billion yen from the previous fiscal year to 241.1 billion yen due to the significant increase in market-related profit including net gains on bonds, though net fees and commissions decreased due to the decline in mutual fund sales and real estate brokerage volume.

Ordinary Profit and Net Income Severely Reduced

Consolidated ordinary profit decreased by 107.3 billion yen from the previous fiscal year to 29.6 billion yen due to the increase in total substantial credit costs and impairment losses caused by the decline in stock prices.

In addition to above, after realizing gains on securities contributed to employee retirement benefit trusts, consolidated net income decreased by 74.3 billion yen from the previous fiscal year to 7.9 billion yen with net income per share of 4.74 yen.

Total Substantial Credit Costs

Consolidated total credit costs increased by 87.3 billion yen to 99.7 billion yen mainly due to significantly increasing the allowance for loan losses in the Bank resulting from the conservative reclassification of some borrowers owing to the trend of worsening domestic corporate performance, and enhanced provision based on across-the-board revaluation of real estate collaterals in subsidiaries.

Consolidated total substantial credit costs increased by 86.5 billion yen to 170.0 billion yen because of increasing impairment losses on overseas asset-backed securities at a level as high as in the previous fiscal year, and the increase in total credit costs.

Operation by Business

For "Retail Financial Services Business," because of the decline in sales of mutual funds and individual annuities, consolidated net business profit before credit costs decreased by 7.7 billion yen to 22.6 billion yen. Total depositary assets were at the same level as in March 2008, as the increase in time deposits covered the decline in market value of mutual funds, by approximately 370.0 billion yen. Loans to individuals increased significantly in the second half fiscal year 2008 and the execution amount for the period exceeded 200.0 billion yen, for the first time since the second half fiscal year 2005.

For "Wholesale Financial Services Business," consolidated net business profit before credit costs slightly decreased by 2.4 billion yen to 95.3 billion yen year-on-year. Net interest income decreased by 1.6 billion yen year-on-year, mainly due to the decrease in domestic and international credit related profits, but profit of domestic credit investment increased in the second half fiscal year 2008 year-on-year. On the contrary, net fees and commissions rose by 0.9 billion yen, due to the increase in securitization related fees and real estate non-recourse loan arrangement fees.

For "Real Estate Business," mainly due to the stagnant real estate market, and especially the significant decrease in large commercial brokerage deals, consolidated net business profit before credit costs decreased by 21.3 billion yen to 5.6 billion yen. Assets under management and securitization balance increased, while the rate of increase slowed down due to the market downturn.

For "Fiduciary Services Business," consolidated net business profit before credit costs decreased by 8.2 billion yen to 31.3 billion yen year-on-year. The volume of entrusted assets declined to 54.6 trillion yen due to the decreased market valuation and the shift of a contract by a public pension client from "Public pension" to "Investment advisory" (approximately 11 trillion yen). However, the market share of entrusted stock investment trusts exceeded 20% (cost basis) by successfully obtaining new transactions and keeping the increasing trend, and changes of pension trust balance due to share change among trustees have been positive for 26 consecutive quarters since September 2002.

For "Global Markets Business," due to the improvement in bond related profits as the financial management function went well, while trading profit declined, consolidated net business profit before credit costs increased significantly by 90.9 billion yen to 130.7 billion yen year-on-year.

Other than these five businesses, miscellaneous revenue and costs such as dividends from holding shares, funding costs, non-allocatable headquarters costs and differences between managerial and financial accounting are segmented as "Others." Other losses were 44.4 million yen mainly due to differences between managerial and financial accounting.

Net trust fees decreased by 10.1 billion yen year-on-year. Other trust fees which include those from pension trusts, securities processing and investment management businesses, among others, decreased by 6.3 billion yen year-on-year to 56.2 billion yen, due to decline in fair value of funds entrusted to pension trusts and mutual fund trusts as stock prices tumbled. Additionally, trust fees from loan trusts and JOMTs (jointly-operated money trusts) excluding write-offs of bad loans decreased by 3.8 billion yen to 8.1 billion yen year-on-year, mainly due to a decrease in the balance of loan trusts caused by the discontinuation of new offerings.

Net interest income increased by 12.4 billion yen year-on-year to 174.1 billion yen mainly due to the increased interest income from securities including redemption profit of mutual funds.

Net fees and commissions decreased by 26.6 billion yen year-on-year to 75.6 billion yen due to the decline in sales of mutual funds and individual annuities of retail financial services, in addition to the decrease in real estate brokerage volume.

Net trading income substantially decreased by 65.4 billion yen year-on-year while the liquidity in financial markets decreased remarkably.

Due to the significant increase in net gains on foreign government bonds, net other ordinary income increased by 121.8 billion yen year-on-year to 176.4 billion yen.

As a result of the aforementioned figures, gross profit before credit costs amounted to 438.7 billion yen, an increase by 32.0 billion yen year-on-year.

On the other hand, general and administrative expenses (excluding non-recurring expenses) increased by 1.2 billion yen to 201.0 billion yen due to an increase in non-personnel expenses mainly due to the increase in rent expenses accompanied by the relocation to the Bank's new Tokyo head office building.

Net business profit before credit costs, which represents the so-called actual business profit, was 241.1 billion yen, showing an increase of 24.2 billion yen year-on-year.

Consolidated BIS Capital Adequacy Ratio

Consolidated BIS capital adequacy ratio was 12.09%, an increase of 0.25%, and consolidated Tier I capital ratio was 7.63%, an increase of 0.30%, year-on-year. From the point of view of the quality of capital, consolidated core Tier I (excluding deferred tax assets) ratio was maintained at a sufficient level of 4.12%, whereas capital of core Tier I was defined by excluding preferred shares, preferred securities, and net deferred tax asset from Tier I. Despite the decrease of total capital by 49.4 billion yen caused by the decline of net unrealized gains on securities, total risk-weighted assets dropped by 714.5 billion yen mainly due to the decrease in the amount of credit risk-weighted assets.

The figures in U.S. dollars are converted from yen-base for convenience at the rate of 98.26 yen to 1.00 U.S. dollar, the exchange rate prevailing at March 31, 2009.

Operating Results (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	**2009**	2008	**Changes**	**2009**
Net Trust Fees	**¥ 64,448**	¥ 74,628	**¥ (10,180)**	**$ 656**
Net Interest Income	**174,172**	161,750	**12,422**	**1,773**
Net Fees and Commissions	**75,661**	102,302	**(26,641)**	**770**
Net Trading Income	**(52,027)**	13,403	**(65,430)**	**(529)**
Net Other Ordinary Income and Expenses (*)	**176,452**	54,622	**121,830**	**1,796**
General and Administrative Expenses (*)	**201,068**	199,847	**1,220**	**2,046**
Net of Other Income and Expenses	**(184,073)**	(60,588)	**(123,484)**	**(1,873)**
Income before Income Taxes	**53,565**	146,271	**(92,705)**	**545**
Net Income	**¥ 7,946**	¥ 82,344	**¥ (74,398)**	**$ 81**
Net Business Profit before Credit Costs	**¥ 241,153**	¥ 216,888	**¥ 24,265**	**$ 2,454**

(*) Excluding Non-recurring expenses

Net Trust Fees

Net trust fees consist of two types of fees. One is trust fees from loan trusts and JOMTs, which can be categorized as income from quasi-banking business, and the other is fees from asset management or trust and custody operations, such as pension trusts, designated money trusts, securities investment trusts, securities trusts, etc.

Whereas the first type is characterized by interest income, the second is a kind of non-interest income.

The first type of trust fees equaled 8.1 billion yen (before deducting trust accounts credit costs), a decrease of 31.7% from the previous fiscal year. Though the balance of loan trusts has been decreasing since the bank decided to discontinue the product, the decrease has been generally compensated by the increases in time deposits in the banking account. Other trust fees decreased by 6.3 billion yen, or 10.1%, mainly due to the decrease in Trust fees from pension trusts and securities investment trusts. Net trust fees in total saw a decrease of 10.1 billion yen, or 13.6%, from the previous fiscal year.

Net Trust Fees (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	**2009**	2008	**Changes**	**2009**
Trust Accounts Credit Costs (Deduction)	¥ (0)	¥ (11)	¥ 11	$ (0)
Trust Fees from Loan Trusts and Jointly-Operated Money Trusts (before deducting trust accounts credit costs)	8,172	11,977	(3,805)	83
Other Trust Fees	56,275	62,639	(6,363)	573
Net Trust Fees	¥ 64,448	¥ 74,628	¥ (10,180)	$ 656

Net Interest Income

Interest income decreased by 33.8 billion yen from 405.6 billion yen to 371.8 billion yen, while interest expenses decreased by 46.2 billion yen from 243.9 billion yen to 197.6 billion yen, which resulted in an increase in net interest income of 12.4 billion yen, or 7.6%, over the previous fiscal year. This gain was mainly attributed to the market-related product such as bonds and mutual funds.

Net Interest Income (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	**2009**	2008	**Changes**	**2009**
Interest Income	¥ 371,801	¥ 405,653	¥ (33,852)	$ 3,784
Interest on Loans and Discounts	210,159	224,495	(14,336)	2,139
Interest and Dividends on Securities	140,904	155,468	(14,564)	1,434
Interest on Deposits with Banks	10,001	13,992	(3,990)	102
Other Interest Income	10,736	11,697	(961)	109
Interest Expenses	¥ 197,628	¥ 243,903	¥ (46,274)	$ 2,011
Interest on Deposits	111,554	136,129	(24,574)	1,135
Interest on Payables under Repurchase Agreements	28,391	41,717	(13,325)	289
Interest on Bonds	12,849	15,527	(2,677)	131
Interest on Borrowings and Rediscounts	14,942	12,615	2,327	152
Interest on Payables under Securities Lending Transactions	550	2,582	(2,031)	6
Interest on Short-term Bonds	2,381	2,952	(570)	24
Interest on Interest Swaps	20,292	19,495	796	207
Other Interest Expenses	6,665	12,883	(6,218)	68
Net Interest Income	¥ 174,172	¥ 161,750	¥ 12,422	$ 1,773

Net Other Ordinary Income

Net other ordinary income (excluding non-recurring expenses) saw an increase of 121.8 billion yen from the previous fiscal year due to an increase in net gains on bonds and a decrease in expenses on derivatives other than for trading or hedging.

Net Other Ordinary Income (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2009	2008	Changes	2009
Other Ordinary Income	¥ 490,646	¥ 418,847	¥ 71,798	$ 4,993
Gains on Sales of Bonds (1)	142,346	62,108	80,237	1,449
Net Gains on Foreign Exchange Transactions	11,866	6,768	5,097	121
Gains on redemption of bonds (2)	721	2	718	7
Income from Derivatives other than for Trading or Hedging	3,029	—	3,029	31
Other (*)	332,682	349,968	(17,286)	3,386
Other Ordinary Expenses	¥ 314,193	¥ 364,225	¥ (50,031)	$ 3,198
Loss on Sales of Bonds (3)	12,288	6,592	5,695	125
Loss on redemption of bonds (4)	0	6,005	(6,005)	0
Loss on devaluation of bonds (5)	11,154	2,686	8,468	114
Expenses on Derivatives other than for Trading or Hedging	—	36,304	(36,304)	—
Other (*)	290,750	312,636	(21,885)	2,959
Net Other Ordinary Income	¥ 176,452	¥ 54,622	¥ 121,830	$ 1,796
Net Gains on Bonds [(1)+(2)-(3)-(4)-(5)]	¥ 119,624	¥ 46,826	¥ 72,797	$ 1,217

(*) Excluding Non-recurring expenses.

General and Administrative Expenses

General and administrative expenses (excluding non-recurring expenses) slightly increased by 1.2 billion yen, or 0.6%, as the same level of the previous fiscal year.

General and Administrative Expenses (Consolidated)

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2009	2008	Changes	2009
Taxes Other than Income Taxes	¥ 6,965	¥ 7,718	¥ (753)	$ 71
Personnel Expenses (*)	86,865	86,864	0	884
Other (Non-personnel Expenses)	107,237	105,264	1,972	1,091
General and Administrative Expenses	¥ 201,068	¥ 199,847	¥ 1,220	$ 2,046

(*) Excluding Non-recurring expenses.

Net of Other Income and Expenses

Net of other income and expenses decreased by 123.4 billion yen. Net gain on stocks and other securities decreased by 46.1 billion yen due to a decrease in gain on sales of stocks and other securities and an increase in losses on devaluation of stocks and other securities. Expenses related to non-performing loans (banking account credit costs) amounted to 100.7 billion yen, an increase of 87.3 billion yen from the previous fiscal year, due to an increase in specific loan loss allowance. Meanwhile, total substantial credit costs, the sum of total credit costs, costs in net gains on sales of stocks and other securities, and other non-recurring profit which are related to investment in securities of domestic and overseas credit, amounted to 121.3 billion yen, as described on page 63.

Net of Other Income and Expenses (Consolidated)

Years Ended March 31	Millions of Yen			Millions of U.S. Dollars
	2009	2008	Changes	2009
Net Gain on Stocks and Other Securities	¥ (48,370)	¥ (2,263)	¥ (46,107)	$ (492)
Gain on Sales of Stocks and Other Securities	7,229	31,403	(24,174)	74
Losses on Sales of Stocks and Other Securities	3,693	3,111	581	38
Losses on Devaluation of Stocks and Other Securities	51,906	30,555	21,351	528
Expenses Relating to Non-performing Loans (Banking Account Credit Costs)	¥ 100,701	¥ 13,349	¥ 87,351	$ 1,025
Written-Off of Loans	12,348	6,102	6,246	126
Provision for Allowance for Loan Losses	82,935	1,519	81,415	844
General Allowance	(2,410)	17,023	(19,433)	(25)
Specific Loan Loss Allowance	85,345	(14,888)	100,234	869
Allowance for Loans to Restructuring Countries	—	(614)	614	—
Losses on Sales of Loans	5,417	5,727	(310)	55
Other Gain	44,496	29,144	15,352	453
Other Expenses	79,498	74,119	5,378	809
Net of Other Income and Expenses	¥ (184,073)	¥ (60,588)	¥ (123,484)	$ (1,873)

Financial Conditions

Total Assets (please see page 64)

As of March 31, 2009, based on the substantial basis, eliminated 3,122.5 billion yen of netting by changes in the presentation of derivatives other than for trading-assets and their liabilities, the Bank's total assets stood at 21,330.1 billion yen, having increased by an actual 2,271.9 billion yen.

In the major accounts, Loans and bills discounted also increased by 483.3 billion yen, or 4.4%. In the same way, Securities increased by 192.3 billion yen, or 4.1%.

Total Liabilities, Total Net Assets and Shareholders' Equity (please see page 64)

As of March 31, 2009, on the substantial basis as for total assets, total liabilities amounted to 20,066.0 billion yen, having increased by an actual 2,288.8 billion yen from March 31, 2008, mainly due to an increase in time deposits.

Total net assets decreased by 16.9 billion yen, or 1.3% mainly due to the offsetting effect of two factors, Valuation difference on available-for-sale securities decreased by 168.2 billion yen and Minority interests increased by 180.5 billion yen, respectively.

Assets Classified under the Financial Reconstruction Law

As of March 31, 2009, the total of "Bankrupt and Practically Bankrupt," "Doubtful," and "Substandard" (Banking and Trust Accounts combined; non-consolidated basis) loans increased by 9.3 billion yen. Bankrupt and Practically Bankrupt categories increased by 21.1 billion yen, and the Doubtful category increased by 46.4 billion yen. The percentage of these classified assets to total loans and equivalent assets was 0.9%.

Total Assets Classified under the Financial Reconstruction Law
(Banking and Trust Accounts Combined)

Classification	Billions of Yen, except for percentages							
	Balance		Coverage Ratio		Collateral/Allowance		Allowance Ratio	
At March 31	**2009**	2008	**2009**	2008	**2009**		**2009**	2008
Bankrupt and Practically Bankrupt (A)	¥ **28.0**	¥ 6.9	**100%**	100%	Specific Allowance	**¥ 10.9**	**100%**	100%
					Collateral/Guarantee	**17.1**		
Doubtful (Kiken-Saiken) (B)	**73.7**	27.3	**87%**	87%	Uncovered	**8.9**		
					Specific Allowance	**34.3**	**79%**	62%
					Collateral/Guarantee	**30.6**		
Substandard (Yo-Kanri-Saiken) (C)	**14.7**	73.0	**65%**	77%	Uncovered	**5.0**		
					General Allowance	**0.9**	**15%**	48%
					Collateral/Guarantee	**8.8**		
Ordinary Assets (Seijo-Saiken)	**12,363.3**	12,084.6			General Allowance	**78.5**		
Total of (A), (B) and (C)	¥ **116.4**	¥ 107.1			Allowance for Losses to Restructuring Countries	—		
Total	**¥12,479.8**	¥12,191.6						

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

Classification	Billions of Yen, except for percentages							
	Balance		Coverage Ratio		Collateral/Allowance		Allowance Ratio	
At March 31	**2009**	2008	**2009**	2008	**2009**		**2009**	2008
Bankrupt and Practically Bankrupt (D)	¥ **27.8**	¥ 5.0	**100%**	100%	Specific Allowance	**¥ 10.9**	**100%**	100%
					Collateral/Guarantee	**16.9**		
Doubtful (Kiken-Saiken) (E)	**59.7**	14.5	**85%**	76%	Uncovered	**8.9**		
					Specific Allowance	**34.3**	**79%**	62%
					Collateral/Guarantee	**16.5**		
Substandard (Yo-Kanri-Saiken) (F)	**14.5**	72.2	**65%**	77%	Uncovered	**5.0**		
					General Allowance	**0.9**	**15%**	48%
					Collateral/Guarantee	**8.5**		
Ordinary Assets (Seijo-Saiken)	**12,098.1**	11,771.1			General Allowance	**78.5**		
Total of (D), (E) and (F)	¥ **101.9**	¥ 91.7			Allowance for Losses to Restructuring Countries	—		
Total	**¥12,200.0**	¥11,862.7						

Trust Accounts
(Non-consolidated)

Classification	Billions of Yen, except for percentages						
	Balance		Coverage Ratio		Collateral/Allowance		Allowances
At March 31	2009	2008	2009	2008	2009		2009
Bankrupt and Practically Bankrupt (G)	¥ 0.2	¥ 1.9	100%	100%	Collateral/Guarantee	¥ 0.2	Allowance for Loan Trusts (Tokubetsu-Ryuhokin)
Doubtful (Kiken-Saiken) (H)	14.1	12.8	100%	100%	Uncovered	—	¥ 1.0
					Collateral/Guarantee	14.1	Allowance for JOMTs
Substandard (Yo-Kanri-Saiken) (I)	0.3	0.7	100%	100%	Collateral/Guarantee	0.3	(Saiken Shoukyaku Junbikin) 0.6
Ordinary Assets (Seijo-Saiken)	265.2	313.5					
Total of (G), (H) and (I)	¥ 14.5	¥ 15.4					
Total	¥ 279.7	¥ 328.9					

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

	Millions of Yen			Millions of U.S. Dollars
Years Ended March 31	2009	2008	Changes	2009
Banking Account	¥ 54,964	¥ 10,205	¥ 44,759	$ 559
Written-Off of Loans	11,045	5,282	5,763	112
Provision for Allowance for Loan Losses	39,423	57	39,366	401
General Allowance	(7,624)	15,677	(23,301)	(78)
Specific Loan Loss Allowance	47,048	(15,004)	62,052	479
Allowance for Loans to Restructuring Countries	—	(614)	614	—
Losses on Sales of Loans	5,396	5,726	(329)	55
Recoveries of written-off claims	(901)	(861)	(40)	(9)
Trust Account	¥ (0)	¥ (11)	¥ 11	$ (0)
Total Credit Costs	¥ 54,964	¥ 10,193	¥ 44,770	$ 559
Total Substantial Credit Costs	¥121,312	¥ 75,596	¥ 45,715	$ 1,235
Losses Related to Overseas Credit Investment	73,137	79,349	(6,212)	744

Spread (Non-consolidated Domestic Three Major Accounts; Banking A/C and Principal Guaranteed Trust A/C combined)

	Percentage Points		
Years Ended March 31	2009	2008	Changes
Average Yield on Interest-Earning Assets (a)	1.48%	1.40%	0.08%
Loans and Bills Discounted (A)	1.58	1.54	0.04
Securities	1.66	1.39	0.27
Average Yield on Interest-Bearing Liabilities (b)	0.60	0.53	0.07
Deposits (B)	0.58	0.48	0.10
Gross Margin (a)-(b)	0.88	0.87	0.01
Loan-Deposit Margin (A)-(B)	1.00	1.06	(0.06)

Consolidated Balance Sheets

The Sumitomo Trust and Banking Company, Limited at March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Assets:			
Cash and Due from Banks	¥ **605,348**	¥ 891,560	$ **6,161**
Call Loans and Bills Bought	**9,597**	140,780	**98**
Receivables under Securities Borrowing Transactions	**295,941**	152,240	**3,012**
Monetary Claims Bought	**455,019**	581,167	**4,631**
Trading Assets (Notes 1 and 4)	**1,089,812**	1,078,192	**11,091**
Money Held in Trust	**22,102**	17,533	**225**
Securities (Notes 2, 4 and 14)	**4,794,815**	4,602,451	**48,797**
Loans and Bills Discounted (Notes 3 and 4)	**11,229,604**	10,746,228	**114,285**
Foreign Exchanges	**12,166**	7,946	**124**
Derivatives other than for Trading-Assets (Note 8)		1,802,243	
Lease Receivables and Investment Assets (Note 4)	**668,368**		**6,802**
Other Assets (Notes 4 and 8)	**1,411,193**	1,414,171	**14,362**
Tangible Fixed Assets (Note 6)	**129,530**	132,743	**1,318**
Intangible Fixed Assets (Note 7)	**142,913**	148,241	**1,454**
Deferred Tax Assets	**207,740**	83,050	**2,114**
Customers' Liabilities for Acceptances and Guarantees (Note 14)	**422,947**	488,865	**4,304**
Allowance for Loan Losses	**(166,971)**	(106,683)	**(1,699)**
Total Assets	¥ **21,330,132**	¥ 22,180,734	$ **217,078**
Liabilities:			
Deposits (Notes 4 and 9)	**11,909,027**	11,875,749	**121,199**
Negotiable Certificates of Deposit	**2,303,517**	2,456,695	**23,443**
Call Money and Bills Sold	**133,181**	140,152	**1,355**
Payables under Repurchase Agreements (Note 4)	**1,236,775**	790,588	**12,587**
Payables under Securities Lending Transactions (Note 4)	**—**	131,957	**—**
Trading Liabilities (Note 1)	**131,605**	338,217	**1,339**
Borrowed Money (Notes 4 and 10)	**1,460,149**	883,039	**14,860**
Foreign Exchanges	**532**	0	**5**
Short-term Bonds Payable	**333,561**	356,754	**3,395**
Bonds Payable (Note 11)	**556,622**	598,859	**5,665**
Borrowed Money from Trust Account (Note 12)	**547,115**	747,554	**5,568**
Derivatives other than for Trading-Liabilities (Note 13)		1,620,494	
Other Liabilities (Note 13)	**1,002,600**	437,776	**10,204**
Provision for Bonuses	**6,100**	6,272	**62**
Provision for Directors' Bonuses	**—**	75	**—**
Provision for Retirement Benefits	**8,539**	9,636	**87**
Provision for Reimbursement of Deposits	**890**	819	**9**
Provision for Contingent Loss	**6,302**	7,806	**64**
Provision for Relocation Expenses	**698**	2,243	**7**
Deferred Tax Liabilities	**34**	198	**0**
Deferred Tax Liabilities for Land Revaluation (Note 6)	**5,878**	6,021	**60**
Acceptances and Guarantees (Note 14)	**422,947**	488,865	**4,304**
Total Liabilities	¥ **20,066,080**	¥ 20,899,780	$ **204,214**
Net Assets:			
Shareholders' Equity:	**992,986**	1,013,338	**10,106**
Capital Stock	**287,537**	287,537	**2,926**
Capital Surplus	**242,555**	242,555	**2,469**
Retained Earnings	**463,346**	483,686	**4,716**
Treasury Stock	**(453)**	(441)	**(5)**
Valuation and Translation Adjustments:	**(119,080)**	58,029	**(1,212)**
Valuation Difference on Available-for-Sale Securities	**(102,248)**	65,958	**(1,041)**
Deferred Gains or Losses on Hedges	**(2,208)**	1,107	**(22)**
Revaluation Reserve for Land (Note 6)	**(4,511)**	(4,306)	**(46)**
Foreign Currency Translation Adjustment	**(10,111)**	(4,729)	**(103)**
Minority Interests	**390,146**	209,586	**3,971**
Total Net Assets	¥ **1,264,052**	¥ 1,280,954	$ **12,864**
Total Liabilities and Net Assets	¥ **21,330,132**	¥ 22,180,734	$ **217,078**

	Yen		U.S. Dollars
Net Assets per Share	¥ **521.85**	¥ 639.75	$ **5.31**

See accompanying notes.

Consolidated Statements of Income

The Sumitomo Trust and Banking Company, Limited for the years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Income:			
Trust Fees	**¥ 64,448**	¥ 74,628	**$ 656**
Interest Income	**371,801**	405,653	**3,784**
Interest on Loans and Discounts	**210,159**	224,495	**2,139**
Interest and Dividends on Securities	**140,904**	155,468	**1,434**
Other Interest Income (Note 1)	**20,737**	25,689	**211**
Fees and Commissions	**103,012**	131,132	**1,048**
Trading Income (Note 2)	**6,339**	16,288	**65**
Other Ordinary Income (Note 3)	**492,260**	418,847	**5,010**
Other Income (Note 4)	**50,112**	60,547	**510**
Total Income	**¥ 1,087,974**	¥ 1,107,099	**$ 11,072**
Expenses:			
Interest Expenses	**197,628**	243,903	**2,011**
Interest on Deposits	**111,554**	136,129	**1,135**
Interest on Borrowings and Rediscounts	**14,942**	12,615	**152**
Other Interest Expenses (Note 1)	**71,130**	95,158	**724**
Fees and Commissions Payments	**27,351**	28,829	**278**
Trading Expenses (Note 2)	**58,367**	2,885	**594**
Other Ordinary Expenses (Note 3)	**316,830**	364,225	**3,224**
General and Administrative Expenses (Note 5)	**211,096**	202,939	**2,148**
Other Expenses (Note 4)	**223,135**	118,044	**2,271**
Total Expenses	**¥ 1,034,408**	¥ 960,827	**$ 10,527**
Income before Income Taxes	**¥ 53,565**	¥ 146,271	**$ 545**
Income Taxes:			
Current	**45,937**	73,747	**468**
Deferred	**(10,540)**	(14,920)	**(107)**
Minority Interests in Income	**¥ 10,221**	¥ 5,098	**$ 104**
Net Income	**¥ 7,946**	¥ 82,344	**$ 81**

	Yen		U.S. Dollars
Net Income per Share	**¥ 4.74**	¥ 49.17	**$ 0.05**
Net Income per Share (fully-diluted)		49.17	

See accompanying notes.

Consolidated Statements of Changes in Net Assets

The Sumitomo Trust and Banking Company, Limited for the years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Shareholders' Equity:			
Capital Stock:			
Balance at the End of Previous Period	**¥ 287,537**	¥ 287,517	**$ 2,926**
Changes of Items during the Period:			
Issuance of New Shares	**—**	19	**—**
Total Changes of Items during the Period	**¥ —**	¥ 19	**$ —**
Balance at the End of Current Period	**¥ 287,537**	¥ 287,537	**$ 2,926**
Capital Surplus:			
Balance at the End of Previous Period	**¥ 242,555**	¥ 242,538	**$ 2,469**
Changes of Items during the Period:			
Issuance of New Shares	**—**	19	**—**
Disposal of Treasury Stock	**(0)**	(2)	**(0)**
Total Changes of Items during the Period	**¥ (0)**	¥ 16	**$ (0)**
Balance at the End of Current Period	**¥ 242,555**	¥ 242,555	**$ 2,469**
Retained Earnings:			
Balance at the End of Previous Period	**¥ 483,686**	¥ 429,674	**$ 4,923**
Changes of Items during the Period:			
Dividends from Surplus	**(28,468)**	(28,468)	**(290)**
Net Income	**7,946**	82,344	**81**
Disposal of Treasury Stock	**(24)**	—	**(0)**
Reversal of Revaluation Reserve for Land	**206**	136	**2**
Decrease in Reserve for Overseas Investment Loss	**—**	(0)	**—**
Total Changes of Items during the Period	**¥ (20,339)**	¥ 54,012	**$ (207)**
Balance at the End of Current Period	**¥ 463,346**	¥ 483,686	**$ 4,716**
Treasury Stock:			
Balance at the End of Previous Period	**¥ (441)**	¥ (389)	**$ (4)**
Changes of Items during the Period:			
Purchase of Treasury Stock	**(66)**	(81)	**(1)**
Disposal of Treasury Stock	**54**	30	**1**
Total Changes of Items during the Period	**¥ (12)**	¥ (51)	**$ (0)**
Balance at the End of Current Period	**¥ (453)**	¥ (441)	**$ (5)**
Total Shareholders' Equity:			
Balance at the End of Previous Period	**¥ 1,013,338**	¥ 959,340	**$ 10,313**
Changes of Items during the Period:			
Issuance of New Shares	**—**	39	**—**
Dividends from Surplus	**(28,468)**	(28,468)	**(290)**
Net Income	**7,946**	82,344	**81**
Purchase of Treasury Stock	**(66)**	(81)	**(1)**
Disposal of Treasury Stock	**29**	27	**0**
Reversal of Revaluation Reserve for Land	**206**	136	**2**
Decrease in Reserve for Overseas Investment Loss	**—**	(0)	**—**
Total Changes of Items during the Period	**¥ (20,352)**	¥ 53,997	**$ (207)**
Balance at the End of Current Period	**¥ 992,986**	¥ 1,013,338	**$ 10,106**

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Valuation and Translation Adjustments:			
Valuation Difference on Available-for-Sale Securities:			
Balance at the End of Previous Period	¥ 65,958	¥ 295,213	$ 671
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	(168,206)	(229,254)	(1,712)
Total Changes of Items during the Period	¥ (168,206)	¥ (229,254)	$ (1,712)
Balance at the End of Current Period	¥ (102,248)	¥ 65,958	$ (1,041)
Deferred Gains or Losses on Hedges:			
Balance at the End of Previous Period	¥ 1,107	¥ (9,710)	$ 11
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	(3,315)	10,817	(34)
Total Changes of Items during the Period	¥ (3,315)	¥ 10,817	$ (34)
Balance at the End of Current Period	¥ (2,208)	¥ 1,107	$ (22)
Revaluation Reserve for Land:			
Balance at the End of Previous Period	¥ (4,306)	¥ (4,168)	$ (44)
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	(205)	(137)	(2)
Total Changes of Items during the Period	¥ (205)	¥ (137)	$ (2)
Balance at the End of Current Period	¥ (4,511)	¥ (4,306)	$ (46)
Foreign Currency Translation Adjustment:			
Balance at the End of Previous Period	¥ (4,729)	¥ (3,517)	$ (48)
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	(5,381)	(1,212)	(55)
Total Changes of Items during the Period	¥ (5,381)	¥ (1,212)	$ (55)
Balance at the End of Current Period	¥ (10,111)	¥ (4,729)	$ (103)
Total Valuation and Translation Adjustments:			
Balance at the End of Previous Period	¥ 58,029	¥ 277,817	$ 591
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	(177,109)	(219,787)	(1,802)
Total Changes of Items during the Period	¥ (177,109)	¥ (219,787)	$ (1,802)
Balance at the End of Current Period	¥ (119,080)	¥ 58,029	$ (1,212)
Minority Interests:			
Balance at the End of Previous Period	¥ 209,586	¥ 210,749	$ 2,133
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	180,560	(1,163)	1,838
Total Changes of Items during the Period	¥ 180,560	¥ (1,163)	$ 1,838
Balance at the End of Current Period	¥ 390,146	¥ 209,586	$ 3,971
Total Net Assets:			
Balance at the End of Previous Period	¥ 1,280,954	¥ 1,447,907	$ 13,036
Changes of Items during the Period:			
Issuance of New Shares	—	39	—
Dividends from Surplus	(28,468)	(28,468)	(290)
Net Income	7,946	82,344	81
Purchase of Treasury Stock	(66)	(81)	(1)
Disposal of Treasury Stock	29	27	0
Reversal of Revaluation Reserve for Land	206	136	2
Decrease in Reserve for Overseas Investment Loss	—	(0)	—
Net Changes of Items Other than Shareholders' Equity	3,450	(220,950)	35
Total Changes of Items during the Period	¥ (16,902)	¥ (166,952)	$ (172)
Balance at the End of Current Period	¥ 1,264,052	¥ 1,280,954	$ 12,864

See accompanying notes.

Consolidated Statements of Cash Flows

The Sumitomo Trust and Banking Company, Limited for the years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Net Cash Provided by (Used in) Operating Activities:			
Income before Income Taxes	**¥ 53,565**	¥ 146,271	**$ 545**
Depreciation and Amortization	**17,296**	15,313	**176**
Impairment Losses	**419**	170	**4**
Amortization of Goodwill	**8,528**	8,238	**87**
Equity in Losses (Earnings) of Affiliates	**2,122**	2,702	**22**
Increase (Decrease) in Allowance for Loan Losses	**60,315**	(503)	**614**
Increase (Decrease) in Allowance for Investment Loss	**—**	(6,718)	**—**
Increase (Decrease) in Provision for Bonuses	**(171)**	275	**(2)**
Increase (Decrease) in Provision for Directors' Bonuses	**(75)**	(10)	**(1)**
Increase (Decrease) in Provision for Retirement Benefits	**(1,097)**	(522)	**(11)**
Increase (Decrease) in Provision for Reimbursement of Deposits	**70**	819	**1**
Increase (Decrease) in Provision for Contingent Loss	**(1,504)**	7,806	**(15)**
Increase (Decrease) in Provision for Relocation Expenses	**(1,545)**	2,243	**(16)**
Gain on Fund Management	**(371,801)**	(405,653)	**(3,784)**
Financing Expenses	**197,628**	243,903	**2,011**
Loss (Gain) Related to Securities	**(18,231)**	3,666	**(186)**
Loss (Gain) on Money Held in Trust	**(179)**	2,378	**(2)**
Foreign Exchange Losses (Gains)	**193,576**	92,386	**1,970**
Loss (Gain) on Disposal of Fixed Assets	**(167)**	1,378	**(2)**
Net Decrease (Increase) in Trading Assets	**(11,620)**	(469,305)	**(118)**
Net Increase (Decrease) in Trading Liabilities	**(206,612)**	284,535	**(2,103)**
Net Decrease (Increase) in Loans and Bills Discounted	**(483,581)**	(156,667)	**(4,921)**
Net Increase (Decrease) in Deposit	**57,956**	518,377	**590**
Net Increase (Decrease) in Negotiable Certificates of Deposit	**(153,177)**	102,046	**(1,559)**
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	**553,098**	(131,728)	**5,629**
Net Decrease (Increase) in Deposit (excluding Deposit Paid to Bank of Japan)	**103,588**	(58,073)	**1,054**
Net Decrease (Increase) in Call Loans	**236,598**	333,093	**2,408**
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	**(143,701)**	(152,240)	**(1,462)**
Net Increase (Decrease) in Call Money	**439,215**	93,434	**4,470**
Net Increase (Decrease) in Payables under Securities Lending Transactions	**(131,957)**	(160,208)	**(1,343)**
Net Decrease (Increase) in Foreign Exchange-Assets	**(4,219)**	(1,327)	**(43)**
Net Increase (Decrease) in Foreign Exchange-Liabilities	**532**	(3)	**5**
Net Decrease (Increase) in Lease Receivables and Investment Assets	**(4,321)**		**(44)**
Net Increase (Decrease) in Short-term Bonds Payable	**(24,537)**	22,784	**(250)**
Increase (Decrease) in Straight Bonds-Issuance and Redemption	**—**	2,150	**—**
Net Increase (Decrease) in Borrowed Money from Trust Account	**(200,439)**	(571,993)	**(2,040)**
Proceeds from Fund Management	**392,804**	410,907	**3,998**
Payments for Finance	**(186,724)**	(242,958)	**(1,900)**
Other Net	**90,954**	5,100	**926**
Sub Total	**¥ 462,606**	¥ (57,930)	**$ 4,708**
Income Taxes Paid	**(75,623)**	(95,829)	**(770)**
Net Cash Provided by (Used in) Operating Activities	**¥ 386,982**	¥ (153,759)	**$ 3,938**

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Net Cash Provided by (Used in) Investment Activities:			
Purchase of Securities	**¥ (10,255,117)**	¥ (7,926,748)	**$ (104,367)**
Proceeds from Sales of Securities	**9,029,638**	7,304,575	**91,895**
Proceeds from Redemption of Securities	**531,404**	853,548	**5,408**
Increase in Money Held in Trust	**(12,000)**	—	**(122)**
Decrease in Money Held in Trust	**7,609**	119	**77**
Purchase of Tangible Fixed Assets	**(8,845)**	(10,915)	**(90)**
Proceeds from Sales of Tangible Fixed Assets	**4,602**	1,484	**47**
Purchase of Intangible Fixed Assets	**(15,288)**	(13,351)	**(156)**
Proceeds from Sales of Intangible Fixed Assets	**1,021**	24	**10**
Purchase of Investments in Subsidiaries Resulting in Change in Scope of Consolidation (Note 2)	**—**	(24,225)	**—**
Net Cash Provided by (Used in) Investment Activities	**¥ (716,975)**	¥ 184,510	**$ (7,297)**
Net Cash Provided by (Used in) Financing Activities:			
Increase in Subordinated Borrowings	**60,000**	45,000	**611**
Decrease in Subordinated Borrowings	**(35,000)**	(58,500)	**(356)**
Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares	**29,500**	89,527	**300**
Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares	**(41,900)**	(26,900)	**(426)**
Proceeds from Issuance of Common Stock	**—**	39	**—**
Proceeds from Stock Issuance to Minority Shareholders	**180,055**	—	**1,832**
Cash Dividends Paid	**(28,473)**	(28,522)	**(290)**
Cash Dividends Paid to Minority Shareholders	**(9,404)**	(6,031)	**(96)**
Purchase of Treasury Stock	**(66)**	(81)	**(1)**
Proceeds from Sales of Treasury Stock	**29**	27	**0**
Net Cash Provided by (Used in) Financing Activities	**¥ 154,739**	¥ 14,559	**$ 1,575**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**(6,698)**	(1,295)	**(68)**
Net Increase (Decrease) in Cash and Cash Equivalents	**¥ (181,951)**	¥ 44,014	**$ (1,852)**
Cash and Cash Equivalents at Beginning of Year	**487,255**	443,240	**4,959**
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	**(671)**	—	**(7)**
Cash and Cash Equivalents at End of Year (Note 1)	**¥ 304,631**	¥ 487,255	**$ 3,100**

See accompanying notes.

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 Financial Instruments and Exchange Law of Japan (the "FIEL"), the Banking Act of Japan and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). Certain Japanese GAAP are partly different from International Financial Reporting Standards in terms of application and disclosure requirements.

The accounts of the Bank's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some modifications and expanded descriptions for facilitation of understanding by readers outside Japan) from the consolidated financial statements in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the FIEL. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying financial statements.

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-base financial statements for convenience, and only as a matter of arithmetical computation, at the rate of 98.26 yen to 1.00 U.S. dollar, the exchange rate prevailing at March 31, 2009. The translations would not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

In accordance with the FIEL, amounts of less than one million yen have been omitted. As a result, the totals in yen, and accordingly in U.S. dollars, shown in the consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Certain amounts in the previous year have been reclassified to in accordance with the current presentation.

Significant Accounting Policies and Practices

1. Scope of Consolidation

The consolidated financial statements include the accounts of the Bank and its significant subsidiaries, which are substantially controlled 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.

(1) Consolidated Subsidiaries 37 companies

Names of Principal Companies are represented in the "Subsidiaries and Affiliated Companies" at page 203 and omitted to show this section.

For the fiscal year ended March 31, 2009, STB Preferred Capital 4 (Cayman) Limited and 2 other companies were established and newly consolidated. HEISEI MARINE S.A. was excluded from the scope of consolidation due to liquidation. Sumishin Life Card Co., Ltd. was excluded from the scope of consolidation and accounted for by the equity method due to the decrease in the total voting rights ratio of the Bank by capital increase.

For the fiscal year ended March 31, 2008, Life Housing Loan Co., Ltd. and 2 other companies were newly consolidated for purchasing shares and others. Sumisei Leasing Co., Ltd. was merged with STB Leasing Co., Ltd.

(2) Unconsolidated Subsidiaries

Principal Companies for the fiscal years ended March 31, 2009 and 2008

STB iFund I

For the fiscal years ended March 31, 2009 and 2008, Hummingbird Co., Ltd. and 42 other companies are operators of silent partnership for lease transactions and their assets and profits or losses do not belong to them substantially. Therefore, they were excluded from the scope of consolidation following to Article 5, Paragraph 1, Item 2 of Consolidated Financial Statements Regulations. Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of Total assets, Total income, Net income, Retained earnings are so immaterial that they do not hinder a rational judgment of the Bank's financial position and results of operations when excluded from the scope of consolidation.

(Additional Information)

For the fiscal year ended March 31, 2008, pursuant to Article 8, Paragraph 7 of the Financial Statements Regulations, a special purpose entity, which was not regarded as a subsidiary, is excluded from the scope of consolidation.

Since the "Implementation Guidance on Disclosures about Certain Special Purpose Entities (Accounting Standards Board of Japan (hereinafter "ASBJ" Guidance No.15, March 29, 2007)" applied for the fiscal year started on or after April 1, 2007, the Bank has also applied it for the fiscal year ended March 31, 2008. These notes, however, are not stated considering their immateriality.

2. Application of the Equity Method

(1) Unconsolidated Subsidiaries accounted for by the Equity Method for the fiscal years ended March 31, 2009 and 2008

None

(2) Affiliates Accounted for by the Equity Method

8 companies for the fiscal year ended March 31, 2009, 7 for 2008

Principal Companies for the fiscal years ended March 31, 2009 and 2008

Japan Trustee Services Bank, Ltd.

SBI Sumishin Net Bank, Ltd.

BUSINEXT CORPORATION

For the fiscal year ended March 31, 2009, Sumishin Life Card Co., Ltd. was excluded from the scope of consolidation and accounted for by the equity method due to the decrease in the Bank's total voting ratio by capital increase.

(3) Unconsolidated Subsidiaries and Affiliates Not Accounted for by the Equity Method

Principal Companies for the fiscal years ended March 31, 2009 and 2008

STB iFund I

For the fiscal years ended March 31, 2009 and 2008, Hummingbird Co., Ltd. and 42 other companies were operators of silent partnership for lease transactions and their assets and profits or losses do not belong to them substantially. Therefore, they were excluded from the scope of application of the equity method following to Article 10, Paragraph 1, Item 2 of Consolidated Financial Statements Regulations. Other unconsolidated subsidiaries and affiliates not accounted for by the equity method are also excluded from the scope of consolidation because their total amounts in terms of Net assets, Retained earnings and others are so immaterial that they do not impact significantly on the consolidated financial statements when excluded from the scope of application of the equity method.

3. Balance Sheet Dates of Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries

For the fiscal year ended March 31, 2009, the balance sheet dates of consolidated subsidiaries are as follows:

November 30	1 company
December 31	10 companies
January 31	5 companies
March 31	21 companies
For 2008:	
August 31	1 company
November 30	1 company
December 31	11 companies
January 31	3 companies
March 31	20 companies

(2) For the fiscal year ended March 31, 2009, a subsidiary whose balance sheet date is November 30 is consolidated based on its preliminary financial statements as of February 28. Subsidiaries whose balance sheet dates are December 31 are consolidated based on their preliminary financial statements as of March 31. The other subsidiaries are consolidated based on the financial statements as of their balance sheet dates. A subsidiary changed its balance sheet date from August 31 to March 31. Necessary adjustments were made for any significant transactions between the balance sheet dates of the subsidiaries and the consolidated balance sheet date.

For the fiscal year ended March 31, 2008, subsidiaries whose balance sheet dates are August 31 and November 30 are consolidated based on their preliminary financial statements as of February 29. Other subsidiaries are consolidated based on the financial statements as of their balance sheet dates. Necessary adjustments were made for any significant transactions between the balance sheet dates of the subsidiaries and the consolidated balance sheet date.

4. Special Purpose Entities within the Scope of Disclosure

Pursuing to Article 8, Paragraph 7 of the Financial Statements Regulations, notes for a special purpose entity, which was not regarded as a subsidiary, are not stated considering their immateriality for the fiscal year ended 2009.

5. Accounting Policies

(1) 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 papers, and financial derivatives. The mark-to-market accounting method is adopted for such financial instruments, all of which are stated at fair values as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheets. Trading account securities and monetary claims are stated at fair value of the balance sheet date and financial derivatives for trading activities, such as swaps, futures and options, are valued on the assumption that they are settled at the balance sheet date.

Profits and losses on trading transactions shown as "Trading Income" and "Trading Expenses" include interests, changes in fair value of securities and monetary claims in the current period, and changes in values of financial derivatives on the assumption that they are settled at the balance sheet date.

(2) Evaluation for Securities

(a) Under the accounting standard for financial instruments, the Bank is required to explicitly determine the objectives of holding each security and classify them into (i) securities held for trading purposes (hereinafter trading securities), (ii) debt securities intended to be held to maturity (hereinafter held-to-maturity debt securities), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories (hereinafter available-for-sale securities).

Held-to-maturity debt securities are carried at amortized cost, using the moving average method. Equity securities issued by subsidiaries and affiliated companies that are neither consolidated nor accounted for using the equity method are stated at moving average cost. Japanese stocks classified as available-for-sale securities at fair value are revaluated at the average market price of the final month in the fiscal year. Available-for-sale securities other than Japanese stocks with fair value are revaluated at the balance sheet date. Available-for-sale securities with no available fair value are carried at cost or amortized cost using the moving average method. Valuation difference on available-for-sale securities is recorded as a separate component of Net assets and reported in the consolidated balance sheets.

(b) Securities invested in money held in trust are revaluated as the same treatment as (1) or (2) (a) mentioned above.

(3) Financial Derivatives

Derivatives other than for trading purposes are valued on the assumption that they are settled at the balance sheet date (the mark-to-market accounting method).

(4) Depreciation Methods

(a) Tangible Fixed Assets (except lease assets)

Tangible fixed assets except buildings acquired on and after April 1, 1998 are depreciated using the declining-balance method over the following estimated useful lives. Buildings acquired on and after April 1, 1998 are depreciated using the straight-line method over the following estimated useful lives.

Buildings:	3 to 60 years
Others:	2 to 20 years

The tangible fixed assets of subsidiaries are depreciated mainly using the declining-balance method over the estimated useful lives.

(b) Intangible Fixed Assets (except lease assets)

Intangible fixed assets are depreciated using the straight-line method. Expenses related to software for internal use are capitalized in “Intangible Fixed Assets” and depreciated over the estimated useful lives, generally 5 years.

(c) Lease Assets

Lease assets for finance leases without transfer of ownership in tangible fixed assets are depreciated using the straight-line method over the lease term assuming no salvage value.

(5) Allowance for Loan Losses

As for the Bank, allowance for loan losses is provided as detailed below, pursuant to the internal rules for self-assessment of assets’ quality (hereinafter Self-Assessment Rules) and the internal rules regarding allowance for loan losses.

For claims to debtors who are legally bankrupt (due to bankruptcy, subject to the Civil Rehabilitation Act of Japan, suspension of transactions with banks by the rules of clearinghouses, etc.) or virtually bankrupt, the specific allowance is provided based on the amount of claims, deducting the amount expected to be collected through the disposal of collateral or execution of guarantees.

For claims to debtors who are likely to become bankrupt, the specific allowance is provided for the amount considered to be necessary based on an overall solvency assessment, deducting the amount expected to be collected through the disposal of collateral or execution of guarantees.

For claims to debtors with more than certain amount of the Bank’s claims to debtors, 1) who are likely to become bankrupt, 2) to whom the Bank has Restructured loans (See following Note 3 in the “Notes to the Consolidated Balance Sheets”), or 3) whom the Bank classifies as special mention debtors other than substandard ones meeting certain credit criteria, where future cash flows from capital collection and interest receipt could be reasonably estimated, allowance is provided for the difference between the present value of expected future cash flows discounted at the original contracted interest rate before relaxing to support and the current book value of the claims.

For claims that are classified into categories other than those above, the general allowance is provided based on the historical loan-loss-ratio.

All claims are assessed by branches and credit supervision departments based on the Self-Assessment Rules. The Corporate Risk Management Department, which is independent from the branches and the credit supervision departments, subsequently conducts the audits of their assessments, and the allowance is adjusted to reflect the audit results.

As for the consolidated subsidiaries, the allowance for loan losses is provided for general claims based on the historical loan-loss-ratio, and individually for certain claims based on the amount not expected to be collected for each claim.

Regarding claims to debtors who are legally bankrupt or virtually bankrupt with collateral or guarantees, the amounts not expected to be collected, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted out of the original amount of claims. The deducted amount was 61,232 million yen and 32,227 million yen for the fiscal year ended 2009 and 2008, respectively.

(6) Provision for Bonuses

Provision for bonuses is provided for the estimated employees’ bonuses attributable to each fiscal year.

(7) Provision for Directors’ Bonuses

Provision for directors’ bonuses is provided for the estimated directors’ bonuses attributable to the fiscal year ended 2008.

(8) Provision for Retirement Benefits

Provision for retirement benefits is provided based on the projected benefit obligation and the fair value of the plan assets at the respective balance sheet date.

Prior service cost is recognized in income or expenses using the straight-line method over the average expected remaining service years (mainly 10 years). Actuarial gains and losses are recognized in income or expenses using the straight-line method over the average expected remaining service years (mainly 10 years).

(9) Provision for Reimbursement of Deposits

Provision for reimbursement of deposits is provided for the deposits which are no longer accounted as deposit under certain conditions against the estimated future reimbursement requested by customers calculated based on the past reimbursement record.

(10) Provision for Contingent Loss

Provision for contingent loss is provided for possible contingent loss on trust transactions based on individually estimated expected losses.

(11) Provision for Relocation Expenses

Provision for relocation expenses is provided for the reasonably estimated costs for integrating and jointly developing office buildings in the Tokyo district.

(12) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are primarily translated into yen at the exchange rate at each of the consolidated balance sheet dates.

Assets and liabilities of consolidated subsidiaries denominated in foreign currencies are translated into yen at the exchange rate at the end of each fiscal year.

(13) Accounting for Leases

For the fiscal year ended March 31, 2009, as for the Bank and its domestic consolidated subsidiaries, transactions of finance leases without transfer of ownerships started before April 1, 2008 have been accounted for according to the same accounting treatment used in the operating leases. Besides, as for the domestic consolidated subsidiaries, the income and expenses for transactions of finance leases without transfer of ownerships were accounted for by the sales revenue and costs of goods sold when lease payments were collected.

For the year ended 2008, all above finance leases were accounted for by treatment used in the operating leases.

(14) Hedge Accounting

(a) Interest-related Transactions

The Bank manages interest rate risk arising from various assets and liabilities, such as Loans, Bills discounted, Deposits, etc., by using financial derivatives transactions and applies deferred hedge accounting regulated by “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (the JICPA Industry Auditing Committee Report No.24, hereinafter “Report No.24”). In hedging activities to offset changes in the fair value of Deposits, Loans, etc., as hedged items, the Bank designates hedged items and interest rate swaps etc. as hedging transactions by grouping them by their maturities. As for cash-flow-hedge, the effectiveness of the hedge is assessed by confirming the correlation between the volatility factor of interest rate for hedged items and for hedging transactions.

In accordance with “Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry” (the JICPA Industry Auditing Committee Report No.15), the Bank had adopted “Macro Hedge Accounting” to account for certain interest related derivatives, which were utilized to manage interest rate exposure of certain changes of transactions such as loans and deposits. Deferred hedge gain (losses) resulted from “Macro Hedge Accounting” are amortized over the remaining period for each hedging transaction.

At March 31, 2009, deferred hedge losses and income (before net of taxes) resulted from “Macro Hedge Accounting” were 15,058 million yen and 14,924 million yen, respectively. At 2008, these were 28,797 million yen and 27,734 million yen, respectively.

(b) Currency-related Transactions

The Bank manages foreign exchange risk arising from various assets and liabilities denominated in foreign currencies by using financial derivatives transactions and applies deferred hedge accounting in accordance with “Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry” (the JICPA Industry Auditing Committee Report No.25, hereinafter “Report No.25”). The Bank designates specific currency swaps and foreign exchange swaps made to mitigate foreign exchange risks arising from monetary claims and debts denominated in foreign currencies as hedging transactions.

The effectiveness of the hedge is assessed by confirming that the monetary claims and debts denominated in foreign currency as hedged items exceed the position of those hedging transactions.

The Bank also applies fair value hedge to mitigate foreign currency exchange rate exposure in available-for-sale securities denominated in foreign currencies (other than bonds) as “Portfolio Hedges” when hedged foreign currency securities are specified in advance to the inception of the transactions and spot liabilities and forward liabilities exist on a foreign currency basis that exceed acquisition costs of the foreign currency securities designated as hedged items.

(c) Internal Hedge Transactions and others

Gain and losses arisen from hedging instruments such as interest rate swaps and cross currency swaps between consolidated companies and between the trading account and other accounts are either accounted as gain, losses or deferred as asset, liability or net asset and are not eliminated. This treatment is allowed by the Report No.24 and 25, under which the Bank operated strictly and non-arbitrarily in conformity with the standard equivalent to the third-party cover transactions that are required for hedge qualification.

The Bank also applies the individual deferred hedge accounting to specific assets and liabilities.

Consolidated subsidiaries apply the individual deferred hedge accounting, the individual fair value hedge accounting and the accrual-basis hedge accounting on interest rate swaps.

(15) National and Local Consumption Taxes

National and local consumption taxes of the Bank and consolidated subsidiaries were accounted for using the tax-exclusion method. However, consumption taxes not eligible for deduction such as those with purchasing properties are charged to expenses as incurred.

6. Evaluation for Assets and Liabilities of the Consolidated Subsidiaries

In the elimination of investments to the subsidiaries at consolidation process, the assets and liabilities of the subsidiaries including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Bank acquired control of the respective subsidiaries.

7. Amortization of Goodwill

The difference between the Bank and its subsidiaries' investments in affiliates and their share of the underlying net assets of the investees at the date of acquisition is recorded as goodwill. Goodwill is amortized within 20 years, reasonably determining its duration case by case. However, it is expensed as incurred during the each fiscal year if deemed immaterial.

8. Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

In preparing the consolidated statement of cash flows, cash and due from the 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."

Changes in Significant Accounting Policies and Practices

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

As "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issue Task Force No.18) became effective from the fiscal year beginning on and after April 1, 2008, the Bank has started to adopt this practical solution from the fiscal year ended March 31, 2009. However, this adoption did not affect the consolidated financial statements for the fiscal year ended March 31, 2009.

(Accounting Standard for Lease Transactions)

Although finance leases without transfer of ownerships had been accounted for according to the same accounting treatment used in the operating leases in the past, the Bank has adopted from the fiscal year ended March 31, 2009, "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16), which took effect from the fiscal year beginning on or after April 1, 2008.

(As lessee)

Lease assets arising from finance leases without transfer of ownership started on or after April 1, 2008, were depreciated based mainly on the straight-line method over a useful life equal to the lease term assuming no salvage value. On the other hand, transactions of finance leases without transfer of ownerships started before April 1, 2008 have continuously been accounted for according to the same accounting treatment used for operating leases.

(As lessor)

The accounting treatment of finance leases without transfer of ownership whose transactions started on or after April 1, 2008 was changed to one similar to the accounting treatment for ordinary sale transactions with the total amount equivalent to interest allocated appropriately over the lease term. For transactions of finance leases without transfer of ownership that started before April 1, 2008, the amount of leasing fixed assets offset by its accumulated depreciation was reclassified as "Lease receivable and investment assets" at April 1, 2008.

As a result, compared with the former treatment, "Lease Receivables and Investment Assets," "Tangible Fixed Assets" and "Other Liabilities" increased by 668,368 million yen, 658 million yen and 6,597 million yen, respectively. On the other hand, "Other Assets" decreased by 661,143 million yen and "Income before Income Taxes" increased by 1,286 million yen, respectively.

(Tentative Solution on Reclassification of Debt Securities)

The Bank applied the "Tentative Solution on Reclassification of Debt Securities" (ASBJ Practical Issue Task Force No.26) which was released on December 5, 2008 and reclassified some "Available-for-sale securities" as "Held-to-Maturity Debt Securities" on December 26, 2008. As a result, "Securities" increased by 2,933 million yen, "Deferred Tax Assets" decreased by 1,191 million yen, and "Valuation difference on available-for-sale securities" increased by 1,742 million yen, compared with the former classification. Regarding the detail of the reclassified bonds, refer to page 92, "7. Securities Reclassified by Holding Purpose" in "Securities."

Changes in the Presentation of the Consolidated Financial Statements

(Balance Sheet Presentation)

At the end of fiscal year ended March 31, 2009, "Other Assets" and "Other Liabilities" included "Derivatives other than for Trading-Assets," and "Derivatives other than for Trading-Liabilities," that amounted to 535,130 million yen and 459,873 million yen, respectively, as these were smaller than 5% of Total assets.

(Balance Sheet Presentation of Financial Derivatives Transactions)

On "Trading Assets" and "Trading Liabilities," or derivatives in "Other Assets" and "Other Liabilities," the derivatives transactions that meet the conditions stated in "Practical Guidelines for Financial Instruments Accounting" are offset from the fiscal year ended March 31, 2009, aiming to state the mitigated amounts of credit risk on individual transactions appropriately. As a result, "Trading assets" and "Trading liabilities" decreased by 1,499,769 million yen and "Other Assets" and "Other Liabilities" dropped by 1,622,747 million yen, compared with the former treatment.

Additional Information

(Partial Change of the Measurement of Fair Value for Available-for-Sale Securities)

The fair value of floating rate Japanese government bonds had been calculated based on their market prices in the past. However, at the end of fiscal year ended March 31, 2009, considering the recent financial market circumstances, the Bank judged that their market prices could not be recognized as fair value, and started to adopt the "rationally calculated value" for evaluation. As a result, "Securities" increased by 14,255 million yen, "Deferred Tax Assets" decreased by 5,787 million yen, and "Valuation difference on available-for-sale securities" increased by 8,467 million yen compared with those based on their market prices. The "rationally calculated value" is offered by third parties independent of the Bank. The price definition parameters of the "rationally calculated value" are interest rates of government bonds, swaption volatilities, and valuation models of that are such as the discounted cash flow method and option pricing models etc.

A share of asset-backed securities for overseas credit investment had been calculated based on their broker or vender prices that were considered as equivalent to their market prices. However, considering the recent situation in which the number of transactions is extremely small and where there is a significantly large spread between the amount sellers are asking and the amount buyers are bidding, the Bank judged that their broker or vender prices could not be recognized as fair value, and started to adopt the "rationally calculated value" for evaluation. As a result, "Securities" increased by 3,914 million yen, "Deferred Tax Assets" decreased by 1,589 million yen, "Valuation difference on available-for-sale securities" increased by 1,071 million yen, and "Other expenses" decreased by 2,110 million yen compared with those based on their broker or vender prices. The scope of this treatment is a part of overseas RMBS, CARDs and others. The pricing model to evaluate the "rationally calculated value" based on the management's rational estimation is the discounted cash flow method, and the parameters are default rates, recovery rates, pre-payment rates, discount rates, etc.

Notes to the Consolidated Balance Sheets

1. Trading Assets and Trading Liabilities

(1) Trading assets at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Trading Account Securities	**¥ 8,554**	¥ 6,640	**$ 87**
Derivatives of Trading Securities	**27**	—	**0**
Derivatives of Securities Related to Trading Transactions	**19**	65	**0**
Trading-Related Financial Derivatives	**354,568**	458,616	**3,608**
Other Trading Assets	**726,643**	612,870	**7,395**
Total	**¥ 1,089,812**	¥ 1,078,192	**$ 11,091**

(2) Trading liabilities at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Derivatives of Trading Securities	**¥ —**	¥ 51	**$ —**
Derivatives of Securities Related to Trading Transactions	**41**	308	**0**
Trading-Related Financial Derivatives	**131,563**	337,858	**1,339**
Total	**¥ 131,605**	¥ 338,217	**$ 1,339**

2. Securities

Securities held at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Government Bonds	**¥ 1,768,983**	¥ 1,088,849	**$ 18,003**
Local Government Bonds	**11,816**	25,723	**120**
Corporate Bonds	**401,797**	533,180	**4,089**
Stocks	**480,287**	769,373	**4,888**
Other Securities	**2,131,930**	2,185,325	**21,697**
Total	**¥ 4,794,815**	¥ 4,602,451	**$ 48,797**

Stocks included investments in unconsolidated subsidiaries and affiliates amounted 26,816 million yen and 30,190 million yen, and investment in capital of partnership amounted 30,727 million yen and 17,176 million yen at March 31, 2009 and 2008, respectively.

3. Loans and Bills Discounted

Loans and bills discounted at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Bills Discounted	**¥ 4,184**	¥ 5,089	**$ 43**
Loans on Bills	**279,123**	283,731	**2,841**
Loans on Deeds	**9,397,533**	8,812,392	**95,639**
Overdrafts	**1,548,763**	1,645,014	**15,762**
Total	**¥ 11,229,604**	¥ 10,746,228	**$ 114,285**

The Bank treats Bills discounted as financial transactions, which are regulated by the JICPA Industry Auditing Committee Report No.24. The Bank holds the right to sell or pledge such bills discounted at its discretion and the total face value of these bills amounted to 4,184 million yen and 5,089 million yen at March 31, 2009 and 2008, respectively.

Under the Bank's Self-Assessment Rules, the Bank classified loans as "Delinquent Loans" if borrowers were virtually bankrupt or potentially bankrupt. For claims to debtors who are legally bankrupt or virtually bankrupt with collateral or guarantees, the expected uncollectible amount, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are deducted directly out of the original amount of claims.

Loans and bills discounted at March 31, 2009 and 2008 included the followings:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Loans in Bankruptcy Proceedings	**¥ 21,990**	¥ 1,126	**$ 224**
Other Delinquent Loans	**133,070**	56,110	**1,354**
Loans more than Three Months Past Due	**5**	4	**0**
Restructured Loans	**21,809**	77,668	**222**
Total	**¥ 176,875**	¥ 134,910	**$ 1,800**

Loans in bankruptcy proceedings are non-accrual loans outstanding (not including direct write-off portion of loans) to borrowers who are legally bankrupt as defined in the Paragraph 1, Item 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No.97, 1965).

Other delinquent loans are non-accrual loans other than 1) loans in bankruptcy proceedings and 2) loans of which interest payments are rescheduled in order to assist the restructuring of borrowers.

Loans more than three months past due are loans for which principal or interest payments are more than three months past due from the date succeeding the due date, excluding loans classified as delinquent loans.

Restructured loans are loans whose terms have been relaxed to support borrowers who are in financial difficulties excluding delinquent loans and loans more than three months past due.

4. Assets Pledged

Assets pledged as collateral at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Assets Pledged as Collateral:			
Trading Assets	¥ **508,253**	¥ 343,204	$ **5,173**
Securities	**1,978,002**	1,118,018	**20,130**
Loans and Bills Discounted	**564,548**	267,889	**5,745**
Lease Receivables and Investment Assets	**3,870**	—	**39**
Other Assets	**17,262**	37,788	**176**
Corresponding Liabilities of the Assets Pledged as Collateral:			
Deposits	**22,097**	35,211	**225**
Payables under Repurchase Agreements	**1,236,775**	790,588	**12,587**
Payables under Securities Lending Transactions	**—**	131,957	**—**
Borrowed Money	**722,281**	174,667	**7,351**

In addition to the items outlined above, as of March 31, 2009, "Securities" of 699,234 million yen and "Other Assets" of 172 million yen were pledged mainly as collateral in substitution for settlement of cash or margin of future markets. "Other Assets" included margin of future markets of 1,369 million yen, security deposits of 16,681 million yen and cash collateral for derivatives transactions of 50,144 million yen.

As of March 31, 2008, "Securities" of 571,967 million yen and "Other Assets" of 197 million yen were pledged mainly as collateral in substitution for settlement of cash or margin of future markets. "Other Assets" included margin of future markets of 4,777 million yen, security deposits of 16,786 million yen and cash collateral for derivatives transactions of 5,076 million yen.

5. Commitment Line Contracts on Overdrafts and Loans

Commitment line contracts on overdrafts and loans are agreements to loan up to a committed limit upon the customers' request as long as there has been no breach of contracts. The balance of unused commitment line contracts was 8,486,202 million yen and 8,241,981 million yen, including 7,079,786 million yen and 6,655,788 million yen of those either maturing within 1 year or unconditionally cancelable at March 31, 2009 and 2008, respectively.

Because most of these contracts expire without being drawn down, the balance of unused commitment line contracts itself does not necessarily represent future cash flows of the Bank and its subsidiaries. In addition, most of these contracts contain clauses allowing the Bank and its subsidiaries to reject requests or to reduce committed limits, when there are reasonable reasons such as changes in the monetary condition or needs to protect claims. The Bank and its subsidiaries may request customers to provide necessary collateral such as real estate or securities at the time of the contract, and may ask customers to amend clauses or take measures to secure soundness of the credit thereafter through periodical internal monitoring procedures.

6. Tangible Fixed Assets

Tangible fixed assets at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Buildings	**¥ 105,293**	¥ 107,070	**$ 1,072**
Land	**84,735**	86,075	**862**
Lease assets	**220**	—	**2**
Construction in Progress	**944**	61	**10**
Other Tangible Fixed Assets	**35,996**	44,400	**366**
Subtotal	**¥ 227,189**	¥ 237,606	**$ 2,312**
Accumulated Depreciation	**(97,659)**	(104,863)	**(994)**
Total	**¥ 129,530**	¥ 132,743	**$ 1,318**

Total tax qualified deferred gains on Tangible fixed assets, which are allowed by the tax law, were 27,658 million yen and 28,337 million yen at March 31, 2009 and 2008. This included 1,116 million yen of the portion arisen for the fiscal year ended March 31, 2009.

In accordance with the "Act on Revaluation of Land" (Law No.34, promulgated on March 31, 1998, the "Act"), the Bank revaluated land used for business operation as of March 31, 1999, based on land prices of standardized premises as specified by the Paragraph 1, Article 2 of the "Enforcement Order on Act on Revaluation of Land," and the land prices specified in the Article 4 of the Act after relevant adjustments. Difference between the fair value and revalued book value of the land for business operations subject to the Article 10 of the Act was 6,830 million yen and 4,049 million yen at March 31, 2009 and 2008, respectively.

Net unrealized losses on revaluation, after deduction of "Deferred Tax Liabilities for Land Revaluation," are recorded as "Revaluation Reserve for Land" in "Net Assets."

7. Intangible Fixed Assets

Intangible fixed assets at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Software	**¥ 35,330**	¥ 31,480	**$ 360**
Goodwill	**106,980**	115,508	**1,089**
Other Intangible Fixed Assets	**602**	1,252	**6**
Total	**¥ 142,913**	¥ 148,241	**$ 1,454**

8. Other Assets

Other assets at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Domestic Exchange Settlement Account, Debit	**¥ 447**	¥ 683	**$ 5**
Prepaid Expenses	**3,247**	3,072	**33**
Accrued Income	**82,694**	113,531	**842**
Initial Margins of Futures Markets	**1,369**	4,777	**14**
Variation Margins of Futures Markets	**483**	3,776	**5**
Derivatives other than for Trading-Assets	**535,130**		**5,446**
Receivables for Securities Transactions	**100,033**	33,302	**1,018**
Others	**687,786**	1,255,026	**7,000**
Total	**¥ 1,411,193**	¥ 1,414,171	**$ 14,362**

At the end of fiscal year ended March 31, 2008, "Derivatives other than for Trading-Assets," amounted 1,802,243 million yen, was stated as a separate item on the consolidated balance sheets as it exceeded 5% of the Total assets. At the end of fiscal year ended March 31, 2009, "Other Assets" included this amounted to 535,130 million yen as these were smaller than 5% of Total assets. Regarding the detail of these treatments, refer to "Changes in the Presentation of the Consolidated Financial Statements."

As of March 31, 2008, Others included the amount of 6,316 million yen of the provisional withholding tax payment as the Bank received a reassessment notice from the tax office claiming the Bank's responsibility for collecting withholding tax on a part of its repurchase agreement transactions. After a petition, the Bank filed a lawsuit in the Tokyo District Court on March 31, 2005, and won the case on April 17, 2007. Although the defendant appealed to the Tokyo High Court on May 1, 2007, its appeal was dismissed on March 12, 2008. It filed the final appeal on March 26, 2008.

For the year ended March 31, 2009, the Supreme Court ruled on October 28, 2008 not to hear this appeal, and the judgment at the lower courts in favor of the Bank thereby became final and binding. The Bank received not only the provisional withholding tax payment refund but also an interest on the reimbursement that was accounted for by "Other Income."

9. Deposits

Deposits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Current Deposits, Ordinary Deposits and Deposits at Notice	**¥ 1,772,206**	¥ 1,836,096	**$ 18,036**
Time Deposits	**9,799,337**	9,729,318	**99,729**
Others	**337,483**	310,334	**3,435**
Total	**¥ 11,909,027**	¥ 11,875,749	**$ 121,199**

10. Borrowed Money

Borrowed money at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Subordinated Debt	**¥ 150,000**	¥ 125,000	**$ 1,527**
Other Borrowed Money	**1,310,149**	758,039	**13,333**
Total	**¥ 1,460,149**	¥ 883,039	**$ 14,860**

Average interest rates of the borrowed money were 0.76% and 1.15% for the years ended March 31, 2009 and 2008, respectively.

Years to Maturity

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
1 year or less	**¥ 915,338**	¥ 351,771	**$ 9,315**
More than 1 year but less than 2 years	**116,097**	110,659	**1,182**
More than 2 years but less than 3 years	**76,416**	101,151	**778**
More than 3 years but less than 4 years	**102,812**	58,560	**1,046**
More than 4 years but less than 5 years	**50,396**	90,634	**513**

11. Bonds Payable

Bonds Payable at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
The Sumitomo Trust and Banking Company, Ltd. (the Bank)			
Unsecured Subordinated Bonds	**¥ 289,882**	¥ 289,864	**$ 2,950**
Euro Perpetual Subordinated Notes	**—**	6,000	**—**
Euro Medium-Term Subordinated Notes	**—**	20,100	**—**
Subtotal	**289,882**	315,964	**2,950**
STB Finance Cayman Limited			
Euro Perpetual Subordinated Notes	**182,740**	218,195	**1,860**
Euro Medium-Term Subordinated Notes	**69,000**	49,700	**702**
Subtotal	**251,740**	267,895	**2,562**
STB Leasing Co., Ltd.			
Unsecured Bonds	**15,000**	15,000	**153**
Subtotal	**15,000**	15,000	**153**
Total	**¥ 556,622**	¥ 598,859	**$ 5,665**

Years to Maturity

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
1 year or less	**¥ 2,000**	¥ 2,000	**$ 20**
More than 1 year but less than 2 years	**6,000**	2,000	**61**
More than 2 years but less than 3 years	**3,000**	6,000	**31**
More than 3 years but less than 4 years	**2,000**	3,000	**20**
More than 4 years but less than 5 years	**91,983**	2,000	**936**

The Bank has publicly issued unsecured subordinated bonds under the shelf registration system for the domestic issuance. The past a couple of years ended March 31, 2009 and 2008, it were issued 50,000 million yen and 10,000 million yen bonds, bearing fixed interest at 1.95% and 2.49%, respectively, on May 10, 2007.

12. Borrowed Money from Trust Account

Borrowed money from trust account represents surplus funds in the trust accounts loaned to the banking account and utilized herein.

13. Other Liabilities

Other liabilities at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Domestic Exchange Settlement Account, Credit	**¥ 453**	¥ 380	**$ 5**
Income Taxes Payable	**9,818**	42,527	**100**
Accrued Expenses	**104,166**	97,417	**1,060**
Unearned Income	**22,497**	21,861	**229**
Variation Margins of Futures Markets	**2,521**	—	**26**
Derivatives Other than for Trading-Liabilities	**459,873**		**4,680**
Lease Obligations	**6,597**	—	**67**
Payables for Securities Transactions	**62,808**	825	**639**
Others	**333,863**	274,765	**3,398**
Total	**¥ 1,002,600**	¥ 437,776	**$ 10,204**

At the end of fiscal year ended March 31, 2008, "Derivatives other than for Trading-Liabilities," amounted 1,620,494 million yen, had been stated as a separate item on the consolidated balance sheets as it exceeded 5% of the Total assets. At the end of fiscal year ended March 31, 2009, "Other Liabilities" included this accounts that amounted to 459,873 million yen as these were smaller than 5% of Total assets. Regarding the detail of these treatments, refer to "Changes in the Presentation of the Consolidated Financial Statements."

14. Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees, other than those relating to Principal 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 Principal Guaranteed Trusts, the Bank guaranteed the principal amount of 607,193 million yen and 696,894 million yen for JOMTs, 159,492 million yen and 284,609 million yen for loan trusts at March 31, 2009 and 2008, respectively.

The Bank guaranteed 117,673 million yen and 118,207 million yen of corporate bonds in "Securities" which were privately offered (subject to the Paragraph 3, Article 2 of the FIEL) at the end of March 31, 2009 and 2008, respectively.

Notes to Consolidated Statements of Income

1. Other Interest Income and Expenses

(1) Other interest income for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Interest Income on Receivables under Securities Borrowing Transactions	**¥ 289**	¥ 302	**$ 3**
Interest Income on Deposits with Banks	**10,001**	13,992	**102**
Other Interest Income	**10,446**	11,395	**106**
Total	**¥ 20,737**	¥ 25,689	**$ 211**

(2) Other interest expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Interest Expenses on Payables under Repurchase Agreements	**¥ 28,391**	¥ 41,717	**$ 289**
Interest Expenses on Payables under Securities Lending Transactions	**550**	2,582	**6**
Interest Expenses on Short-term Bonds Payable	**2,381**	2,952	**24**
Interest Expenses on Bonds Payable	**12,849**	15,527	**131**
Interest Expenses on Interest Rate Swaps	**20,292**	19,495	**207**
Other Interest Expenses	**6,665**	12,883	**68**
Total	**¥ 71,130**	¥ 95,158	**$ 724**

2. Trading Income and Expenses

(1) Trading income for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Income from Trading Securities and Derivatives	**¥ 196**	¥ 108	**$ 2**
Income from Trading-related Financial Derivatives Transactions	**—**	11,899	**—**
Other Trading Income	**6,143**	4,280	**63**
Total	**¥ 6,339**	¥ 16,288	**$ 65**

(2) Trading expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Expenses on Securities and Derivatives Related to Trading Transactions	**¥ 1,401**	¥ 2,885	**$ 14**
Expenses on Trading-related Financial Derivatives Transactions	**56,965**	—	**580**
Total	**¥ 58,367**	¥ 2,885	**$ 594**

3. Other Ordinary Income and Expenses

(1) Other ordinary income for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Net Gains on Foreign Exchange Transactions	**¥ 11,866**	¥ 6,768	**$ 121**
Gains on Sales of Bonds	**142,346**	62,108	**1,449**
Gains on Redemption of Bonds	**721**	2	**7**
Income from Derivatives other than for trading or Hedging	**3,029**	—	**31**
Others	**334,296**	349,968	**3,402**
Total	**¥ 492,260**	¥ 418,847	**$ 5,010**

For the years ended March 31, 2009, Others mainly consisted of lease income received from consolidated subsidiaries. For the years ended March 31, 2008, Others mainly consisted of lease income and installments received from consolidated subsidiaries.

(2) Other ordinary expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Losses on Sales of Bonds	**¥ 12,288**	¥ 6,592	**$ 125**
Losses on Redemption of Bonds	**0**	6,005	**0**
Losses on Devaluation of Bonds	**11,154**	2,686	**114**
Expenses on Derivatives other than for Trading or Hedging	**—**	36,304	**—**
Others	**293,387**	312,636	**2,986**
Total	**¥ 316,830**	¥ 364,225	**$ 3,224**

For the years ended March 31, 2009, Others mainly consisted of lease expenses paid to consolidated subsidiaries. For the years ended March 31, 2008, Others mainly consisted of lease expenses and installments paid to consolidated subsidiaries.

4. Other Income and Expenses

(1) Other income for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Gains on Sales of Stocks and Other Securities	¥ 7,229	¥ 31,403	$ 74
Gains on Money Held in Trust	606	103	6
Gains on Dispositions of Fixed Assets	1,644	614	17
Recoveries of Written-Off Claims	905	865	9
Others	39,726	27,561	404
Total	¥ 50,112	¥ 60,547	$ 510

For the year ended March 31, 2009, Others included 7,396 million yen of gains on stock-related derivatives trading, 21,538 million yen of gains on contribution of securities to employee retirement benefit trusts and 1,763 million yen of the interests on refund following to the final decision of the lawsuit on a claim for a refund of the provisional withholding tax payment related to repurchased agreement transactions. For further information on the lawsuit, please see page 78, "8. Other Assets" in the "Notes to the Consolidated Balance Sheets."

For the year ended March 31, 2008, Others included 9,969 million yen of gains on return of retirement benefit trusts.

(2) Other expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Allowance for Loan Losses	¥ 82,957	¥ 1,519	$ 844
Written-Off of Loans	12,348	6,102	126
Losses on Sales of Stocks and Other Securities	3,693	3,111	38
Losses on Devaluation of Stocks and Other Securities	51,906	30,555	528
Losses on Money Held in Trust	427	2,482	4
Losses on Dispositions of Fixed Assets	1,476	1,993	15
Losses on Impairment of Fixed Assets	419	170	4
Others	69,905	72,109	711
Total	¥ 223,135	¥ 118,044	$ 2,271

For the year ended March 31, 2009, Others included 48,928 million yen of losses on devaluation of securities for domestic and overseas credit investment. In addition, losses on handling of securities for domestic and overseas credit investment have been accounted for by "Other Losses" on or after the year ended March 31, 2009.

For the year ended March 31, 2008, Others included losses on devaluation of 40,748 million yen and losses on sales of 7,480 million yen with respect to securities incurred as a result of reexamination of the overseas credit investment portfolio.

5. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Taxes other than Income Taxes	¥ 6,965	¥ 7,718	$ 71
Personnel Expenses	96,893	89,957	986
Others	107,237	105,264	1,091
Total	¥ 211,096	¥ 202,939	$ 2,148

Notes to Consolidated Statements of Changes in Net Assets

1. Shareholders' Equity

Under the Companies Act of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by a resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Banking Act of Japan provides that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal retained earnings until the total amount of legal retained earnings and additional paid-in capital equals 100% of common stock. Legal retained earnings and additional paid-in capital could be used to eliminate or reduce a deficit, or could be capitalized generally require a resolution of the shareholders' meeting. All additional paid-in capital and all legal retained earnings may be transferred to other capital surplus or retained earnings, which are potentially available for dividends.

The maximum amount that the Bank is able to distribute as dividend subject to the approval of shareholders is calculated based on the non-consolidated financial statements of the Bank in accordance with the Companies Act of Japan.

2. Issued Shares and Treasury Stock

Issued shares and Treasury stock for the years ended March 31, 2009 and 2008 consisted of the following:

	Thousands of Shares				
	Authorized	Number of Shares Outstanding at the End of Previous Period	Increase	Decrease	Number of Shares Outstanding at the End of Current Period
March 31, 2009					
Number of issued shares:					
Common Stock	3,000,000	1,675,128	—	—	1,675,128
Treasury Stock:					
Common Stock		477	109	61	525
March 31, 2008					
Number of issued shares:					
Common Stock	3,000,000	1,675,034	94	—	1,675,128
Treasury Stock:					
Common Stock		429	80	32	477

For the fiscal year ended March 31, 2009, Treasury stock increased by 109 thousand due to requests for redemption of odd-lot stocks and decreased by 61 thousand due to requests for additional purchase of odd-lot stocks.

For the fiscal year ended March 31, 2008, issued shares increased by 94 thousand due to the exercise of stock option plans. Treasury stock increased by 80 thousand due to requests for redemption of odd-lot stocks and decreased by 32 thousand due to requests for additional purchase of odd-lot stocks.

3. Dividends

Under the Bank's articles of incorporation, financial accounts are closed on March 31 of each year, and dividends, if any, are paid to shareholders who are recorded at March 31 according to a resolution of the Ordinary General Meeting of Shareholders. In addition to year-end dividends, interim dividends to shareholders may be decided by the Board of Directors as of September 30 of each year.

Dividends paid during fiscal year ended March 31, 2009 and 2008 consisted of the following:

Resolution	Type of Shares	Cash Dividends Declared	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen	Yen		
March 31, 2009					
June 27, 2008					
Ordinary General Meeting of Shareholders	Common Stock	¥ 14,234	¥ 8.50	March 31, 2008	June 30, 2008
November 14, 2008					
Board of Directors' Meeting	Common Stock	¥ 14,234	¥ 8.50	September 30, 2008	December 5, 2008
March 31, 2008					
June 28, 2007					
Ordinary General Meeting of Shareholders	Common Stock	¥ 14,234	¥ 8.50	March 31, 2007	June 29, 2007
November 15, 2007					
Board of Directors' Meeting	Common Stock	¥ 14,234	¥ 8.50	September 30, 2007	December 7, 2007

For the years ended March 31, 2009, dividends, whose record date is by this period and whose effective date of distribution is after the end of this period, are as follows:

Resolution	Type of Shares	Cash Dividends Declared	Resources allotted for the distribution	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen		Yen		
June 26, 2009						
Ordinary General Meeting of Shareholders	Common Stock	¥ 2,511	Retained earnings	¥ 1.50	March 31, 2009	June 29, 2009

Notes to Consolidated Statement of Cash Flows

1. Reconciliation of Cash and Cash Equivalents

The following table shows the reconciliation between cash and cash equivalents in the statements of cash flows, and cash and due from banks in the balance sheets at March 31, 2009 and 2008.

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Cash and Due from Banks	**¥ 605,348**	¥ 891,560	**$ 6,161**
Due from Banks (excluding due from the Bank of Japan)	**(300,716)**	(404,305)	**(3,060)**
Cash and Cash Equivalents	**¥ 304,631**	¥ 487,255	**$ 3,100**

2. Assets and Liabilities of the Newly Consolidated Subsidiaries as the Result of Stock Acquisition

For the fiscal year ended March 31, 2008, reconciliation of assets, liabilities and cash flows related to the acquisition of Life Housing Loan Co., Ltd. as the newly consolidated subsidiary was as follows:

Life Housing Loan Co., Ltd.

	Millions of Yen	Millions of U.S. Dollars
	2008	**2008**
Assets	**¥ 109,203**	**$ 1,111**
Loans and Bills Discounted	**102,227**	**1,040**
Liabilities	**(102,887)**	**(1,047)**
Borrowed Money	**(100,900)**	**(1,027)**
Goodwill	**18,974**	**193**
Purchase Price of Life Housing Loan's Stock	**25,291**	**257**
Cash and Cash Equivalents (Life Housing Loan Co., Ltd.)	**(1,189)**	**(12)**
Net Cash Used in the Life Housing Loan's Stock Purchase	**¥ 24,101**	**$ 245**

There were no corresponding items as of March 31, 2009.

Lease Transactions

1. Finance Leases

(1) Finance leases without transfer of ownerships

As lessee:

(a) Lease Assets

Instruments of Office Automation and others

(b) Depreciation Methods of Lease Assets

See described above "(4) Depreciation Methods" of "5. Accounting Policies" in the "Significant Accounting Policies and Practices."

(2) Transactions of finance leases without transfer of ownerships accounted for using the same accounting treatment used in operating leases

As lessee:

(a) Acquisition costs, accumulated depreciation, accumulated losses on impairment and net book value

Acquisition costs, accumulated depreciation, accumulated losses on impairment and net book value at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Acquisition Costs			
Other Assets	¥ —	¥ —	$ —
Tangible Fixed Assets	8	36	0
Intangible Fixed Assets	—	3	—
Total	¥ 8	¥ 40	$ 0
Accumulated Depreciation			
Other Assets	—	—	—
Tangible Fixed Assets	7	31	0
Intangible Fixed Assets	—	2	—
Total	¥ 7	¥ 34	$ 0
Accumulated Losses on Impairment			
Other Assets	—	—	—
Tangible Fixed Assets	—	—	—
Intangible Fixed Assets	—	—	—
Total	¥ —	¥ —	$ —
Net Book Value			
Other Assets	—	—	—
Tangible Fixed Assets	0	5	0
Intangible Fixed Assets	—	0	—
Total	¥ 0	¥ 5	$ 0

Acquisition costs are computed including the interest portion due to the fact that total future lease payments are considered immaterial compared with the amount of tangible fixed assets.

(b) Total future lease payments

Total future lease payments at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Due in 1 year or less	¥ 0	¥ 307	$ 0
Due more than 1 year	—	493	—
Total	¥ 0	¥ 801	$ 0

Future lease payments are computed including the interest portion because they are considered immaterial compared with the amount of tangible fixed assets.

(c) Provision for lessee's impairment losses on unrecognized finance lease assets at the end of the periods

There were no provision for lessee's impairment losses on unrecognized finance lease assets at March 31, 2009 and 2008.

(d) Annual lease payments, reversal of provision for lessee's impairment losses on unrecognized finance lease assets, estimated annual depreciation expenses and impairment losses

Annual lease payments, reversal of provision for lessee's impairment losses on unrecognized finance lease assets, estimated annual depreciation expenses and impairment losses for the fiscal years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Annual Lease Payments	**¥ 2**	¥ 12	**$ 0**
Reversal of Provision for Lessee's Impairment Losses on Unrecognized Finance Lease Assets	**—**	—	**—**
Estimated Annual Depreciation Expenses	**2**	12	**0**
Impairment Losses	**—**	—	**—**

(e) Computing methods for estimated annual depreciation expenses

Estimated annual depreciation expenses are computed using the straight-line method over the lease term assuming no salvage value.

As lessor:

(a) Acquisition costs, accumulated depreciation, accumulated losses on impairment and net book value

Acquisition costs, accumulated depreciation, accumulated losses on impairment and net book value at March 31, 2008 were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2008	2008
Acquisition Costs		
Other Assets	¥ 1,817,083	$ 18,493
Tangible Fixed Assets	—	—
Intangible Fixed Assets	—	—
Total	¥ 1,817,083	$ 18,493
Accumulated Depreciation		
Other Assets	1,182,933	12,039
Tangible Fixed Assets	—	—
Intangible Fixed Assets	—	—
Total	¥ 1,182,933	$ 12,039
Accumulated Losses on Impairment		
Other Assets	—	—
Tangible Fixed Assets	—	—
Intangible Fixed Assets	—	—
Total	¥ —	$ —
Net Book Value		
Other Assets	634,150	6,454
Tangible Fixed Assets	—	—
Intangible Fixed Assets	—	—
Total	¥ 634,150	$ 6,454

Acquisition costs, accumulated depreciation, accumulated losses on impairment and net book value, formerly included in "Equipment" or "Others," are reclassified into "Other Assets," "Tangible Fixed Assets" or "Intangible Fixed Asset" from the fiscal year ended March 31, 2008.

(b) Total of future lease payments receivable

Total of future lease payments receivable at March 31, 2008 were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2008	2008
Due in 1 year or less	¥ 213,560	$ 2,173
Due more than 1 year	427,338	4,349
Total	¥ 640,899	$ 6,522

At March 31, 2008, future lease payments receivable shown above included subleases of 796 million yen, whereas 302 million was due in 1 year or less, on the lessor. Besides, the amount on the lessee side was almost the same and was included in the future minimum lease payments shown in (b) of "As lessee."

(c) Annual lease receipt, Annual depreciation expenses, and Estimated interest receipt

Annual lease receipt, annual depreciation expenses, and estimated interest receipt for the year ended March 31, 2008 were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2008	2008
Annual Lease Receipt	¥ 274,475	$ 2,793
Annual Depreciation Expenses	240,440	2,447
Estimated Interest Receipt	30,860	314

(d) Calculation methods of interest income

Interest income represents the difference between the additional amount of the lease payments receivable and estimated salvage values, and the acquisition costs of the lease assets. The allocation of such interest income over the lease term is computed using the effective interest method.

2. Operating Leases

As lessee:

Total future lease payments under non-cancelable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Due in 1 year or less	**¥ 5,888**	¥ 5,673	**$ 60**
Due more than 1 year	**7,048**	5,699	**72**
Total	**¥ 12,936**	¥ 11,373	**$ 132**

As lessor:

Total future lease payments receivable under non-cancelable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Due in 1 year or less	**¥ 30,331**	¥ 26,653	**$ 309**
Due more than 1 year	**52,943**	65,318	**539**
Total	**¥ 83,275**	¥ 91,972	**$ 848**

Securities

The following information includes a portion of "Trading Assets," "Cash and Due from Banks" and "Monetary Claims Bought" treated as securities in "Accounting Standard for Financial Instruments" in addition to "Securities" in the consolidated balance sheets.

1. Trading Securities

	Millions of Yen	
March 31, 2009	Book Value	Valuation Difference Reflected on the Statements of Income
Trading Securities	**¥ 735,197**	**¥ 394**

	Millions of Yen	
March 31, 2008	Book Value	Valuation Difference Reflected on the Statements of Income
Trading Securities	¥ 619,510	¥ 450

2. Held-to-Maturity Debt Securities with Fair Value

	Millions of Yen				
				Unrealized Gain (Loss)	
March 31, 2009	Book Value	Fair Value	Difference	Gain	(Loss)
Government Bonds	**¥ 331,712**	**¥ 338,881**	**¥ 7,169**	**¥ 7,169**	**¥ (0)**
Local Government Bonds	**50**	**50**	**0**	**0**	**—**
Short-term Corporate Bonds	**—**	**—**	**—**	**—**	**—**
Corporate Bonds	**24,288**	**24,431**	**142**	**142**	**(0)**
Other Securities	**301,180**	**298,294**	**(2,885)**	**12,322**	**(15,208)**
Foreign Bonds	**301,180**	**298,294**	**(2,885)**	**12,322**	**(15,208)**
Total	**¥ 657,231**	**¥ 661,657**	**¥ 4,426**	**¥ 19,635**	**¥ (15,208)**

	Millions of Yen				
				Unrealized Gain (Loss)	
March 31, 2008	Book Value	Fair Value	Difference	Gain	(Loss)
Government Bonds	¥ 439,374	¥ 447,281	¥ 7,906	¥ 7,906	¥ (0)
Local Government Bonds	100	100	0	0	(0)
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	136,890	136,929	38	93	(54)
Other Securities	281	316	34	35	(0)
Foreign Bonds	281	316	34	35	(0)
Total	¥ 576,646	¥ 584,627	¥ 7,980	¥ 8,036	¥ (56)

1) Fair value is based on the closing market prices at the end of the fiscal years ended March 31, 2009 and 2008, respectively.

2) "Unrealized Gain" and "Unrealized Loss" are breakdowns of "Difference."

3) At the end of the fiscal year ended March 31, 2009, a share of asset-backed securities for overseas credit investment had been calculated based on their broker or vender prices that were considered as equivalent to their market prices. However, considering the recent situation in which the number of transactions is extremely small and where there is a significantly large spreads between the amount sellers are asking for, and that buyers are bidding at, the Bank judged that their broker or vender prices could not be recognized as fair value, and started to adopt the "rationally calculated value" for evaluation. As a result, "Fair value" and "Difference" of "Foreign Bonds" increased by 24,401 million yen compared with their broker or vender prices. The scope of this treatment is a part of overseas RMBS, CARDs and others. The pricing model to evaluate the "rationally calculated value" based on the management's rational estimation is the discounted cash flows method, and the parameters are default rates, recovery rates, pre-payment rates, discount rates, etc.

3. Available-for-Sale Securities at Fair Value

March 31, 2009	Millions of Yen				
	Cost	Book Value	Valuation Difference	Unrealized Gain (Loss)	
				Gain	(Loss)
Stocks	¥ 432,655	¥ 408,214	¥ (24,441)	¥ 45,775	¥ (70,216)
Bonds	1,540,872	1,561,195	20,323	22,416	(2,093)
Government Bonds	1,416,534	1,437,271	20,737	22,105	(1,368)
Local Government Bonds	11,758	11,766	7	21	(13)
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	112,580	112,158	(421)	289	(711)
Other Securities	2,126,369	2,061,444	(64,925)	14,383	(79,309)
Foreign Stocks	346	483	136	149	(12)
Foreign Bonds	1,634,165	1,588,837	(45,328)	10,677	(56,006)
Others	491,857	472,123	(19,733)	3,556	(23,289)
Total	**¥ 4,099,898**	**¥ 4,030,854**	**¥ (69,043)**	**¥ 82,575**	**¥ (151,618)**

March 31, 2008	Millions of Yen				
	Cost	Book Value	Valuation Difference	Unrealized Gain (Loss)	
				Gain	(Loss)
Stocks	¥ 478,667	¥ 669,831	¥ 191,163	¥ 217,008	¥ (25,844)
Bonds	829,653	829,100	(552)	5,021	(5,573)
Government Bonds	648,503	649,475	971	4,486	(3,515)
Local Government Bonds	25,441	25,623	182	210	(28)
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	155,708	154,001	(1,706)	323	(2,030)
Other Securities	2,603,717	2,523,932	(79,785)	17,814	(97,599)
Foreign Stocks	374	1,112	738	738	—
Foreign Bonds	1,979,586	1,910,582	(69,003)	12,700	(81,704)
Others	623,756	612,236	(11,519)	4,375	(15,895)
Total	¥ 3,912,038	¥ 4,022,864	¥ 110,826	¥ 239,843	¥ (129,017)

1) The book value of stocks in the consolidated balance sheets is calculated using the average market price during final month of the fiscal year, while that of securities other than stocks is mainly calculated using the market value at the end of the fiscal year.

2) "Unrealized Gain" and "Unrealized Loss" are breakdowns of "Valuation Difference."

3) Available-for-sale securities at fair value other than trading securities are written off when their respective fair value declines significantly compared to their costs and the decline is not temporary at each fiscal year end, and the valuation differences are recognized as losses.

For the year ended March 31, 2009, 106,086 millions yen, which includes 30,835 million yen of stocks, 1,283 million yen of corporate bonds, 52,686 million yen of foreign bonds and 21,280 million yen of others, were written off.

For the year ended March 31, 2008, 13,609 million yen of stocks with fair value and 3,994 million yen of other securities were written off.

According to the Self-Assessment Rules, a "Remarkable Decline in the Fair Value" is recognized which the classification of issuers is as follows:

- Issuers whose classification is ordinary:

  Fair value is 50% or more lower than cost.
- Issuers whose classification is other than ordinary:

  Fair value is 30% or more lower than cost.

For the year ended March 31, 2009, in addition to the above, a portion of securities were deemed impaired when fair value declined by more than 30% but less than 50% of cost continuously over a specified period.

For the year ended March 31, 2008, in light of the current turmoil in the international financial market where the recovery trend of fair value has not yet materialized, the Bank and its subsidiaries additionally wrote off foreign securities of 54,944 million yen, mainly for those securities whose fair values declined by more than 30%.

4) At the end of the fiscal year ended March 31, 2009, the fair value of floating rate Japanese government bonds had been calculated based on their market prices in the past. However, considering the recent financial market circumstances, the Bank judged that their market price could not be recognized as fair value, and started to adopt the "rationally calculated value" for evaluation. As a result,

"Book value" and "Valuation difference" of "Government Bonds" increased by 14,255 million yen compared with those based on their market prices. The "rationally calculated value" is offered by third parties independent of the Bank and whose price definition parameters are interest rates of government bonds, swaption volatilities thereof and others, and valuation models such as the discounted cash flow method and option pricing models among others.

5) At the end of the fiscal year ended March 31, 2009, a share of asset-backed securities for overseas credit investment had been calculated based on their broker or vender prices that were considered as equivalent to their market prices. However, considering the recent situation in which the number of transactions is extremely small and where there is a significantly large spreads between the amount sellers are asking for, and that buyers are bidding at, the Bank judged that their broker or vender prices could not be recognized as fair value, and started to adopt the "rationally calculated value" for evaluation. As a result, "Book value" of "Foreign Bonds" increased by 3,914 million yen, "Valuation difference" increased by 1,804 million yen compared with their broker or vender prices. The scope of this treatment is a part of overseas RMBS, CARDs and others. The pricing model to evaluate the "rationally calculated value" based on the management's rational estimation is the discounted cash flows method, and the parameters are default rates, recovery rates, pre-payment rates, discount rates, etc.

4. Held-to-Maturity Debt Securities Sold during the Fiscal Year

There were no corresponding items for the years ended March 31, 2009 and 2008.

5. Available-for-Sale Securities Sold during the Fiscal Year

	Millions of Yen		
Year ended March 31, 2009	Amount Sold	Gain	(Loss)
Available-for-Sale Securities	**¥ 9,096,368**	**¥ 148,577**	**¥ (19,077)**

	Millions of Yen		
Year ended March 31, 2008	Amount Sold	Gain	(Loss)
Available-for-Sale Securities	¥ 7,198,861	¥ 92,800	¥ (9,569)

6. Securities with No Available Fair Value

The following tables summarizes the book value of major securities with no available fair value at March 31, 2009 and 2008.

	Millions of Yen
March 31, 2009	Book Value
Held-to-Maturity Debt Securities	**¥ —**
Available-for-Sale Securities	
Unlisted Bonds	**265,350**

	Millions of Yen
March 31, 2008	Book Value
Held-to-Maturity Debt Securities	¥ —
Available-for-Sale Securities	
Unlisted Bonds	242,287

7. Securities Reclassified by Holding Purpose

For the year ended March 31, 2009, some asset-backed securities for overseas credit investment that have been classified as "Available-for-Sale Securities" were reclassified to "Held-to-Maturity Debt Securities." This reclassification is based on the judgment that the recent financial market circumstances are recognized as "rare circumstances where the entity has been experiencing difficulties continuously in selling debt securities at fairly valued prices for a certain period of time, because of an extreme decline in market liquidity caused by unexpectedly significant changes in the markets environment," considering the recent significant stagnation of transactions in the asset-backed security markets for overseas credit investment. The Bank made the decision to reclassify as "Held-to-Maturity Debt Securities" totaling 288,058 million yen, which was the fair value at the point of reclassification, on December 26, 2008.

The securities reclassified by holding purpose from "Available-for-sales" to "Held-to-maturity" at March 31, 2009 were as follows:

	Millions of Yen		
Year Ended March 31, 2009	Fair Value	Book Value	Valuation Difference on Available-for-Sale Securities on the Consolidated Balance Sheet
Foreign Bonds	¥ 298,023	¥ 300,957	¥ (56,728)

1) A share of asset-backed securities for overseas credit investment had been calculated based on their broker or vender prices that were considered as equivalent to their market prices. However, considering the recent situations for which the number of transactions is extremely small and where there is a significantly large spreads between the amount sellers are asking for and that buyers are bidding at, the Bank judged that their broker or vender prices could not be recognized as fair value, and started to adopt the "rationally calculated value" for evaluation. As for the details of the bonds valued based on the "rationally calculated value" based on the management's rational estimation, please refer to "2. Held-to-Maturity Debt Securities with Fair Value."

There were no corresponding items for the year ended March 31, 2008.

8. Redemption Schedule of Bonds Classified as Available-for-Sale Securities with Maturity and Held-to-Maturity Debt Securities

	Millions of Yen			
March 31, 2009	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Bonds	¥ 389,030	¥ 632,675	¥ 677,942	¥ 482,948
Government Bonds	295,221	359,353	632,640	481,766
Local Government Bonds	5,053	4,852	1,910	—
Short-term Corporate Bonds	—			
Corporate Bonds	88,755	268,468	43,391	1,181
Other Securities	41,310	1,422,326	342,177	527,973
Foreign Bonds	23,073	1,288,495	264,764	319,496
Others	18,236	133,830	77,413	208,476
Total	¥ 430,341	¥ 2,055,001	¥ 1,020,120	¥ 1,010,921

	Millions of Yen			
March 31, 2008	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Bonds	¥ 338,883	¥ 588,429	¥ 401,554	¥ 318,885
Government Bonds	172,210	294,614	304,549	317,474
Local Government Bonds	4,862	13,914	6,946	—
Short-term Corporate Bonds	—			
Corporate Bonds	161,810	279,900	90,057	1,411
Other Securities	61,187	616,935	1,015,865	747,942
Foreign Bonds	52,779	522,615	842,493	494,688
Others	8,407	94,319	173,372	253,253
Total	¥ 400,070	¥ 1,205,365	¥ 1,417,419	¥ 1,066,828

9. Investments in Subsidiaries and Affiliates with Fair Value (Non-consolidated)

There were no corresponding items at March 31, 2009 and 2008.

Money Held in Trust

1. Money Held in Trust for Trading Purpose

March 31, 2009	Millions of Yen	
	Book Value	Valuation Difference Reflected on the Statements of Income
Money Held in Trust for Trading Purpose	**¥ 10,102**	**¥ 83**

March 31, 2008	Millions of Yen	
	Book Value	Valuation Difference Reflected on the Statements of Income
Money Held in Trust for Trading Purpose	¥ 15,533	¥ (59)

2. Money Held in Trust being Held to Maturity

There were no corresponding items at March 31, 2009 and 2008.

3. Other Money Held in Trust (other than for trading purpose and being held to maturity)

March 31, 2009	Millions of Yen				
	Cost	Book Value	Valuation Difference	Unrealized Gain (Loss)	
				Gain	(Loss)
Other Money Held in Trust	**¥ 12,000**	**¥ 12,000**	**¥ —**	**¥ —**	**¥ —**

March 31, 2008	Millions of Yen				
	Cost	Book Value	Valuation Difference	Unrealized Gain (Loss)	
				Gain	(Loss)
Other Money Held in Trust	¥ 2,000	¥ 2,000	¥ —	¥ —	¥ —

There were no securities with fair value included in entrusted assets of the other money held in trust (other than for trading purpose and being held to maturity) at March 31, 2009 and 2008.

Valuation Difference on Available-for-Sale Securities

The following table shows component items of "Valuation Difference on Available-for-Sale Securities" in the consolidated balance sheets.

March 31	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Valuation Difference			
Available-for-Sale Securities	**¥ (165,378)**	¥ 111,382	**$ (1,683)**
Other Money Held in Trust	**—**	—	**—**
Total Valuation Difference	**(165,378)**	111,382	**(1,683)**
Amount Equivalent to Deferred Tax Assets (Liabilities)	**66,807**	(45,383)	**680**
Total (before adjustment for Minority Interests)	**(98,570)**	65,998	**(1,003)**
Minority Interests	**(14)**	(46)	**(0)**
Parent Company's portions in Available-for-Sale Securities owned by its affiliates	**(3,662)**	6	**(37)**
Valuation Difference on Available-for-Sale Securities	**¥ (102,248)**	¥ 65,958	**$ (1,041)**

1) Valuation difference does not include 3 million yen and 243 million yen booked on the consolidated statements of income by applying the fair value hedge accounting at March 31, 2009 and 2008, respectively.

2) Valuation difference includes foreign currency translation adjustments on foreign securities with no available fair value and investment associations.

3) As of the end of the fiscal year ended March 31, 2009, the unamortized balance of the valuation difference which occurred on the reclassification in holding purpose of securities is included in "Available-for-Sale Securities" of "Valuation Difference."

Financial Derivatives

1. Interest Related Transactions

Interest related transactions at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen							
	2009				2008			
	Contract Value		Fair Value	Valuation Difference	Contract Value		Fair Value	Valuation Difference
	Total	Over 1Year			Total	Over 1Year		
Listed								
Interest Futures								
Sold	¥ 8,803,089	¥ 1,522,803	¥ (40,321)	¥ (40,321)	¥ 20,238,554	¥ 3,724,235	¥ (60,221)	¥ (60,221)
Purchased	9,004,755	1,510,020	42,868	42,868	22,116,851	5,113,610	60,244	60,244
Interest Options								
Sold	171,068	88,222	(36)	(10)	331,025	—	(84)	(5)
Purchased	148,760	88,222	42	10	459,345	—	49	(7)
Over-the-Counter								
Forward Rate Agreements								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps								
Fix Rcv-Flt Pay	57,232,327	47,503,109	2,753,522	2,753,522	64,485,897	55,174,216	1,696,864	1,696,864
Flt Rcv-Fix Pay	54,474,389	44,842,984	(2,596,185)	(2,596,185)	65,926,234	55,970,605	(1,631,984)	(1,631,984)
Flt Rcv-Flt Pay	2,638,364	2,015,077	2,289	2,289	2,492,429	1,840,429	1,022	1,022
Interest Options								
Sold	19,959,296	19,492,960	(539,270)	(346,641)	23,603,453	23,474,767	(261,514)	(181,419)
Purchased	19,745,257	19,278,737	613,554	287,129	18,365,956	18,157,553	425,079	195,310
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ 236,462	¥ 102,661			¥ 229,455	¥ 79,802

1) Transactions listed above are evaluated on mark-to-market basis and calculated valuation difference is reflected on the consolidated statements of income.

The schedule above does not include derivatives transactions which are subject to hedge accounting treatments based on "Treatment for Accounting and Auditing of Application of Accounting Standards for Financial Instruments in the Banking Industry" (the JICPA Industry Auditing Committee Report No.24).

2) Fair values of listed transactions are calculated mainly using the closing prices on the Tokyo Financial Exchange on March 31, 2009 and 2008. Fair values of OTC transactions are calculated mainly using discounted cash flows method and option pricing models.

2. Currency Related Transactions

Currency related transactions at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen							
	2009				2008			
	Contract Value		Fair Value	Valuation Difference	Contract Value		Fair Value	Valuation Difference
	Total	Over 1Year			Total	Over 1Year		
Listed								
Currency Futures								
Sold	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—	—	—	—	—
Currency Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-Counter								
Currency Swaps	1,237,521	1,198,455	1,343	1,343	907,893	814,184	29,733	29,733
Forward								
Sold	5,307,048	649,602	(75,089)	(75,089)	3,804,622	582,392	100,595	100,595
Purchased	5,971,926	761,119	91,519	91,519	4,519,754	709,474	(124,816)	(124,816)
Currency Options								
Sold	5,002,604	3,295,210	(223,694)	(3,481)	2,769,260	1,545,083	(118,900)	(20,113)
Purchased	4,945,401	3,143,013	192,343	20,006	2,592,346	1,390,913	111,629	35,171
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (13,578)	¥ 34,298			¥ (1,759)	¥ 20,570

1) Transactions listed above are evaluated on a mark-to-market basis and calculated valuation difference is reflected on the consolidated statements of income.

2) The schedule above does not include three types of derivatives transactions.

First is subject to hedge accounting treatments based on "Treatment for accounting and Auditing of Application of Accounting Standards for Foreign Currency Transactions in the Banking Industry" (the JICPA Industry Auditing Committee Report No.25). Second is transactions accompanying foreign currency monetary claims or obligations, of which the value is included in the value of original claims or obligations on the consolidated balance sheets, based on the same report No.25. Last is transactions accompanying foreign currency monetary claims or obligations of which the values are eliminated on the consolidated balance sheets in the process of consolidation.

3) Fair values of OTC transactions are calculated mainly using discounted cash flow method and option pricing models.

3. Stock Related Transactions

Stock related transactions at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen							
	2009				2008			
	Contract Value				Contract Value			
	Total	Over 1Year	Fair Value	Valuation Difference	Total	Over 1Year	Fair Value	Valuation Difference
Listed								
Stock Index Futures								
Sold	¥ 7,713	¥ —	¥ (328)	¥ (328)	¥ 41,651	¥ —	¥ (383)	¥ (383)
Purchased	1,939	—	33	33	40,753	—	35	35
Stock Index Options								
Sold	2,961	—	(9)	14	7,475	—	(51)	14
Purchased	4,723	—	73	(49)	22,801	—	235	(100)
Over-the-Counter								
Stock Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Stock Index and Other Swaps								
Stock price index volatility receivable/ short-term floating interest rate payable	—	—	—	—	—	—	—	—
Short-term floating interest rate receivable/ Stock price index volatility payable	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (231)	¥ (330)			¥ (165)	¥ (434)

1) Transactions listed above are evaluated on a mark-to-market basis and calculated valuation difference is reflected on the consolidated statements of income.

The schedule above does not include derivatives transactions subject to hedge accounting treatments.

2) Fair values of listed transactions are calculated mainly using the closing prices on the Tokyo Stock Exchange.

4. Bond Related Transactions

Bond related transactions at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen							
	2009				2008			
	Contract Value		Fair Value	Valuation Difference	Contract Value		Fair Value	Valuation Difference
	Total	Over 1Year			Total	Over 1Year		
Listed								
Bond Futures								
Sold	¥ 156,670	¥ —	¥ (780)	¥ (780)	¥ 1,032,127	¥ —	¥ (3,958)	¥ (3,958)
Purchased	119,158	—	657	657	982,222	—	349	349
Bond Future Options								
Sold	27,512	—	(66)	41	150,930	—	(549)	230
Purchased	4,913	—	12	(6)	82,861	—	413	(275)
Over-the-Counter								
Bond Options								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Others								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total			¥ (177)	¥ (89)			¥ (3,745)	¥ (3,653)

1) Transactions listed above are evaluated on a mark-to-market basis and calculated valuation difference is reflected on the consolidated statements of income.

The schedule above does not include derivatives transactions subject to hedge accounting treatments.

2) Fair values of listed transactions are calculated mainly using the closing prices on the Tokyo Stock Exchange.

5. Commodity Related Transactions

There were no commodity related transactions at March 31, 2009 and 2008.

6. Credit Derivatives Transactions

Credit derivatives transactions at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen							
	2009				2008			
	Contract Value		Fair Value	Valuation Difference	Contract Value		Fair Value	Valuation Difference
	Total	Over 1Year			Total	Over 1Year		
Over-the-Counter								
Credit Derivatives								
Sold	¥ 80,000	¥ 80,000	¥(5,062)	¥(5,062)	¥ 80,000	¥ 80,000	¥ (1,870)	¥ (1,870)
Purchased	41,179	41,179	5,551	5,551	70,057	70,057	2,455	2,455
Total			¥ 489	¥ 489			¥ 584	¥ 584

1) Transactions listed above are evaluated on a mark-to-market basis and calculated valuation difference is reflected on the consolidated statements of income.

The schedule above does not include derivatives transactions subject to hedge accounting treatments.

2) Fair values are calculated using the discounted cash flows method.

3) "Sold" indicates credit risks assumed, and "Purchased" indicates credit risks transferred.

Provision for Retirement Benefits

The liabilities from the retirement benefits, which are included in the consolidated balance sheets as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Projected Benefit Obligation	**¥ (238,929)**	¥ (235,645)	**$ (2,432)**
Plan Assets (fair value)	**227,146**	237,143	**2,312**
Unfunded Projected Benefit Obligation	**(11,783)**	1,498	**(120)**
Unrecognized Net Actuarial Gain (Losses)	**120,629**	66,683	**1,228**
Unrecognized Net Prior Service Cost	**1,043**	1,354	**11**
Net Amount Recognized in the Consolidated Balance Sheets	**109,889**	69,535	**1,118**
Prepaid Pension Cost (-)	**118,428**	79,172	**1,205**
Total	**¥ (8,539)**	¥ (9,636)	**$ (87)**

Retirement benefits expenses, which are included in the consolidated statements of income for the years ended March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Service Costs-Benefits Earned during the Fiscal Period	**¥ 5,913**	¥ 6,153	**$ 60**
Interest Cost on Projected Benefit Obligation	**4,628**	4,566	**47**
Expected Return on Plan Assets	**(11,924)**	(12,408)	**(121)**
Amortization of Prior Service Cost	**363**	318	**4**
Amortization of Net Actuarial Gain (Losses)	**9,530**	2,517	**97**
Others	**1,465**	(205)	**15**
Retirement Benefits Expenses	**9,977**	942	**102**
Gains on Return of Retirement Benefit Trusts	**—**	(9,969)	**—**
Gains on Contribution of Securities to Employee Retirement Benefit Trusts	**(21,538)**	—	**(219)**
Total	**¥ (11,560)**	¥ (9,026)	**$ (118)**

The discount rate used by the Bank was 2.0% for the years ended March 31, 2009 and 2008. The rates of expected return on plan assets used by the Bank were 2.0 – 6.8% and 2.0 – 4.7% for the years ended March 31, 2009 and 2008, respectively.

Prior service cost is recognized in income or expenses using the straight-line method over the average expected remaining service years (mainly 10 years). Actuarial gains and losses are recognized in expenses using the straight-line method over the average expected remaining service years (mainly 10 years).

Stock Option Plans

The Bank maintains stock option plans from 1999. Under the plans, options are granted at 105% of the average market closing price during the month immediately prior to the month when the options were granted. The following tables are the summary of the stock option plans at March 31, 2008 and there are no plans at March 31, 2009.

1. Stock Option Plans

Year Ended March 31, 2008 Resolution Date	June 27, 2003	
Number of Eligible Persons by Positions	Directors	13
	Executive Officers	13
	Employees	415
Total Number and Type of Stock Granted	1,186,000 shares of Common Stock	
Grant Date	June 30, 2003	
Prerequisite to be Vested	None	
Required Service Period	None	
Exercise Period	from July 1, 2005 to June 30, 2007	

2. Size and Change of Stock Options

1) Number of Stock Options

Year Ended March 31, 2008	Shares
	2008
Resolution Date	June 27, 2003
Unvested Stock Options	
At the Beginning of Fiscal Year	—
Granted	—
Forfeited	—
Vested	—
At the End of Fiscal Year	—
Vested Stock Options	
At the Beginning of Fiscal Year	99,000
Vested	—
Exercised	94,000
Forfeited	5,000
At the End of Fiscal Year	—

2) Price Information

Year Ended March 31, 2008	Yen
	2008
Resolution Date	June 27, 2003
Exercise Price	¥ 415
Weighted-Average Exercise Date Stock Price	1,217
Fair Price on the Grant Date	

Income Taxes

Income taxes, which consist of corporation, inhabitant and enterprise taxes, are calculated based on taxable income.

For the year ended March 31, 2009, the approximate effective income tax rate was 40.60%, and the effective tax payout ratio after adopting deferred tax accounting was 66.08%.

For the year ended March 31, 2008, the difference between approximate effective income tax rate and effective tax payout ratio was less than 5%.

Deferred tax assets and liabilities at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Deferred Tax Assets:			
Allowance for Loan Losses			
(including Direct Write-offs of Loans with Guarantees or Collateral)	**¥ 77,830**	¥ 42,602	**$ 792**
Valuation Difference on Available-for-Sale Securities	**67,029**	—	**682**
Devaluation of Securities	**66,970**	52,474	**682**
Provision for Retirement Benefits	**16,954**	15,874	**173**
Tax Losses Carried Forward	**3,340**	7,113	**34**
Others	**11,457**	31,724	**117**
Subtotal	**¥ 243,583**	¥ 149,789	**$ 2,479**
Valuation Allowance	**(28,376)**	(13,445)	**(289)**
Amount set off Against Deferred Tax Liabilities	**(7,466)**	(53,293)	**(76)**
Deferred Tax Assets	**¥ 207,740**	¥ 83,050	**$ 2,114**
Deferred Tax Liabilities:			
Valuation Difference on Available-for-Sale Securities	**51**	45,235	**1**
Others	**7,450**	8,256	**76**
Subtotal	**¥ 7,501**	¥ 53,491	**$ 76**
Amount set off Against Deferred Tax Assets	**(7,466)**	(53,293)	**(76)**
Deferred Tax Liabilities	**¥ 34**	¥ 198	**$ 0**

Segment Information

1. Business Segments

The following tables present information attributable by business for the years ended March 31, 2009 and 2008, and identifiable assets of each business at March 31, 2009 and 2008.

	Millions of Yen					
Year Ended March 31, 2009	Trust Banking Business	Leasing Business	Financial-Related Business	Total	Elimination	Consolidated
Income:						
Unaffiliated Customers	¥ 703,118	¥ 339,135	¥ 45,720	¥ 1,087,974	¥ —	¥ 1,087,974
Intersegment	14,047	350	1,286	15,684	(15,684)	—
Total Income	717,165	339,486	47,006	1,103,659	(15,684)	1,087,974
Total Expenses	637,099	334,241	78,600	1,049,941	(15,532)	1,034,408
Income (Losses) before Income Taxes	¥ 80,066	¥ 5,245	¥ (31,593)	¥ 53,717	¥ (152)	¥ 53,565
Total Assets	¥ 20,574,514	¥ 1,134,552	¥ 284,439	¥ 21,993,505	¥ (663,373)	¥ 21,330,132
Depreciation and Amortization	15,525	1,303	467	17,296	—	17,296
Impairment Loss	341	77	—	419	—	419
Capital Expenditure	22,738	1,056	339	24,134	—	24,134

	Millions of Yen					
Year Ended March 31, 2008	Trust Banking Business	Leasing Business	Financial-Related Business	Total	Elimination	Consolidated
Income:						
Unaffiliated Customers	¥ 699,290	¥ 355,418	¥ 52,389	¥ 1,107,099	¥ —	¥ 1,107,099
Intersegment	15,259	476	1,549	17,285	(17,285)	—
Total Income	714,550	355,894	53,939	1,124,384	(17,285)	1,107,099
Total Expenses	582,598	347,320	47,309	977,228	(16,400)	960,827
Income (Losses) before Income Taxes	¥ 131,951	¥ 8,574	¥ 6,629	¥ 147,155	¥ (884)	¥ 146,271
Total Assets	¥ 21,389,944	¥ 1,140,201	¥ 372,591	¥ 22,902,737	¥ (722,002)	¥ 22,180,734
Depreciation and Amortization	13,922	932	458	15,313	—	15,313
Impairment Loss	82	63	23	170	—	170
Capital Expenditure	21,336	2,379	551	24,267	—	24,267

	Millions of U.S. Dollars					
Year Ended March 31, 2009	Trust Banking Business	Leasing Business	Financial-Related Business	Total	Elimination	Consolidated
Income:						
Unaffiliated Customers	$ 7,156	$ 3,451	$ 465	$ 11,072	$ —	$ 11,072
Intersegment	143	4	13	160	(160)	—
Total Income	7,299	3,455	478	11,232	(160)	11,072
Total Expenses	6,484	3,402	800	10,685	(158)	10,527
Income (Losses) before Income Taxes	$ 815	$ 53	$ (322)	$ 547	$ (2)	$ 545
Total Assets	$ 209,389	$ 11,546	$ 2,895	$ 223,830	$ (6,751)	$ 217,078
Depreciation and Amortization	158	13	5	176	—	176
Impairment Loss	3	1	—	4	—	4
Capital Expenditure	231	11	3	246	—	246

1) Business segment is determined by the principal business of each consolidated subsidiary.

2) The primary contents of each business segment are as follows:

(1) Trust Banking Business: trust banking and its supplemental and associated businesses.

(2) Leasing Business: leasing business.

(3) Financial-Related Business: real estate secured loan, credit cards and other businesses.

3) The tables above list Total income and Income (Losses) before income taxes, instead of Gross sales and Operating profit of companies in other industries.

4) Capital expenditures include IT related investments.

5) For the fiscal year ended March 31, 2009, although finance leases without transfer of ownerships had been accounted for according to the same accounting treatment used in the operating leases in the past, the Bank has adopted from the current fiscal year, "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16), which took effect from the fiscal year beginning on or after April 1, 2008.

As a result, compared with the former treatment, "Income (Losses) before Income Taxes" increased by 1,286 million yen in "Leasing Business" and "Total Assets" increased by 200 million yen in "Trust Banking Business," 7,680 million yen in "Leasing Business" and 3 million yen in "Financial Related Business," respectively.

6) For the fiscal year ended March 31, 2009, the Bank applied the "Tentative Solution on Reclassification of Debt Securities" (ASBJ Practical Issue Task Force No.26) which was released on December 5, 2008 and reclassified some of "Available-for-Sale Securities" to "Held-to-maturity debt securities" on December 26, 2008. As a result, "Total Assets" increased by 1,742 million yen in "Trust Banking Business," compared with those based on the former classification.

7) At the year ended March 31, 2009, on "Trading Assets" and "Trading Liabilities," or derivatives in "Other Assets" and "Other Liabilities," the derivatives transactions that meet the conditions stated in "Practical Guidelines for Financial Instruments Accounting" are offset from the year ended March 31, 2009, aiming to state the mitigated amounts of credit risk on individual transactions appropriately. As a result, "Total Assets" decreased by 3,122,516 million yen in "Trust Banking Business," compared with the former treatment.

2. Geographic Segments

The following tables present information attributable to domestic and overseas operations for the years ended March 31, 2009 and 2008, and identifiable assets of each operation at March 31, 2009 and 2008.

Year Ended March 31, 2009	Millions of Yen						
	Japan	Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Income:							
Unaffiliated Customers	¥ 999,173	¥ 34,471	¥ 32,613	¥ 21,714	¥ 1,087,974	¥ —	¥ 1,087,974
Intersegment	25,264	19,130	3,832	4,212	52,440	(52,440)	—
Total Income	1,024,438	53,602	36,445	25,927	1,140,414	(52,440)	1,087,974
Total Expenses	926,406	64,988	69,079	23,714	1,084,190	(49,781)	1,034,408
Income (Losses) before Income Taxes	¥ 98,031	¥ (11,386)	¥ (32,634)	¥ 2,213	¥ 56,224	¥ (2,658)	¥ 53,565
Total Assets	¥ 20,946,039	¥ 1,488,266	¥ 737,706	¥ 557,235	¥ 23,729,248	¥ (2,399,115)	¥ 21,330,132

Year Ended March 31, 2008	Millions of Yen						
	Japan	Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Income:							
Unaffiliated Customers	¥ 972,096	¥ 62,434	¥ 49,381	¥ 23,186	¥ 1,107,099	¥ —	¥ 1,107,099
Intersegment	23,703	17,289	3,681	5,356	50,029	(50,029)	—
Total Income	995,799	79,723	53,062	28,542	1,157,128	(50,029)	1,107,099
Total Expenses	794,965	89,068	97,968	26,209	1,008,211	(47,383)	960,827
Income (Losses) before Income Taxes	¥ 200,834	¥ (9,345)	¥ (44,906)	¥ 2,333	¥ 148,916	¥ (2,645)	¥ 146,271
Total Assets	¥ 21,217,581	¥ 1,538,712	¥ 928,336	¥ 583,634	¥ 24,268,265	¥ (2,087,530)	¥ 22,180,734

Year Ended March 31, 2009	Millions of U.S. Dollars						
	Japan	Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Income:							
Unaffiliated Customers	$ 10,169	$ 351	$ 332	$ 221	$ 11,072	$ —	$ 11,072
Intersegment	257	195	39	43	534	(534)	—
Total Income	10,426	546	371	264	11,606	(534)	11,072
Total Expenses	9,428	661	703	241	11,034	(507)	10,527
Income (Losses) before Income Taxes	$ 998	$ (116)	$ (332)	$ 23	$ 572	$ (27)	$ 545
Total Assets	$ 213,170	$ 15,146	$ 7,508	$ 5,671	$ 241,494	$ (24,416)	$ 217,078

1) The tables above list Total income and Income (Losses) before income taxes, which are classified by regions of geographic proximity, similarity in economic activities and business relationship, instead of Gross sales and Operating profit of companies in other industries.
2) Americas include the United States, Europe includes the United Kingdom and Asia/Oceania includes Singapore.
3) For the fiscal year ended March 31, 2009, although finance leases without transfer of ownerships had been accounted for according to the same accounting treatment used in the operating leases in the past, the Bank has adopted from the current fiscal year, "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16), which took effect from the fiscal year beginning on or after April 1, 2008.

As a result, compared with the former treatment, "Income (Losses) before Income Taxes" increased by 1,286 million yen in "Japan" and "Total Assets" increased by 7,882 million yen in "Japan" and 1 million yen in "Asia and Oceania," respectively.
4) For the fiscal year ended March 31, 2009, the Bank applied the "Tentative Solution on Reclassification of Debt Securities" (ASBJ Practical Issue Task Force No.26) which was released on December 5, 2008 and reclassified some of "Available-for-Sale Securities" to "Held-to-Maturity Debt Securities" on December 26, 2008. As a result, "Total Assets" increased by 2,408 million yen in "Americas" and decreased by 665 million yen in "Europe," compared with those based on the former classification.
5) At the year ended March 31, 2009, on "Trading Assets" and "Trading Liabilities," or derivatives in "Other Assets" and "Other Liabilities," the derivatives transactions that meet the conditions stated in "Practical Guidelines for Financial Instruments Accounting" are offset from the year ended March 31, 2009, aiming to state the mitigated amounts of credit risk on individual transactions appropriately. As a result, "Total Assets" decreased by 3,003,324 million yen in "Japan," 108,335 million yen in "Americas,"10,724 million yen in "Europe" and 132 million yen in "Asia and Oceania," compared with the former treatment.

3. Total Income from Overseas Operations

Total income from overseas operations for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen (except for percentage data)		Millions of U.S. Dollars
Years Ended March 31	**2009**	2008	**2009**
Total Income from Overseas Operations (A)	**¥ 88,800**	¥ 135,003	**$ 904**
Consolidated Total Income (B)	**1,087,974**	1,107,099	**11,072**
(A)/(B)	**8.1%**	12.1%	

1) The table above shows Total income from overseas operations instead of Gross sales of companies in other industries.
2) Total income from overseas operations consists of income from transactions of overseas branches of the Bank and consolidated overseas subsidiaries (excluding internal total income among consolidated companies). These extensive transactions are not categorized by transaction party, and geographic segment information is not presented.

Related Party Transactions

There were no material transactions with related parties to be reported for the fiscal years ended March 31, 2009 and 2008.
(Additional Information)

For the fiscal year ended March 31, 2009, "Accounting Standard for Related Party Disclosures" (ASBJ Statement No.11) released on October 17, 2006 and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No.13) released on October 17, 2006 were applied.

Amount per Share

Net income per share and Net income per share (fully-diluted) for the years ended March 31, 2009 and 2008 consisted of following:

Year Ended March 31, 2009	Net Income (Loss) [Millions of Yen] (Numerator)	Average Common Stock Outstanding [Thousands of Shares] (Denominator)	Per-Share Amount [Yen]
Net Income	¥ 7,946		
Basic Net Income per Share			
Net Income Available to Common Shareholders	7,946	1,674,615	¥ 4.74
Effect of Dilutive Securities			
Warrants		—	
Fully-Diluted Net Income per Share			
Net Income Available to Common Shareholders with Assumed Conversions	7,946	1,674,615	4.74

Year Ended March 31, 2008	Net Income (Loss) [Millions of Yen] (Numerator)	Average Common Stock Outstanding [Thousands of Shares] (Denominator)	Per-Share Amount [Yen]
Net Income	¥ 82,344		
Basic Net Income per Share			
Net Income Available to Common Shareholders	82,344	1,674,645	¥ 49.17
Effect of Dilutive Securities			
Warrants		10	
Fully-Diluted Net Income per Share			
Net Income Available to Common Shareholders with Assumed Conversions	82,344	1,674,655	49.17

Net assets per share is calculated by dividing Net assets excluding the amount of Preferred stock and Dividends on preferred stock outstanding by the number of common stock outstanding at each year-end.

Net assets per share for the years ended March 31, 2009 and 2008 consisted of following:

March 31, 2009	Net Assets [Millions of Yen] (Numerator)	Common Stock Outstanding [Thousands of Shares] (Denominator)	Net Assets per Share [Yen]
Net Assets as Reported	¥ 1,264,052		
Less: Minority Interests	(390,146)		
Net Assets Available to Common Shareholders	873,905	1,674,603	¥ 521.85

March 31, 2008	Net Assets [Millions of Yen] (Numerator)	Common Stock Outstanding [Thousands of Shares] (Denominator)	Net Assets per Share [Yen]
Net Assets as Reported	¥ 1,280,954		
Less: Minority Interests	(209,586)		
Net Assets Available to Common Shareholders	1,071,368	1,674,651	¥ 639.75

Subsequent Events

(1) The Bank held a meeting of its board of directors on May 15, 2009 and resolved to purchase part of its outstanding GBP denominated perpetual subordinated notes with the terms set out below which were cancelled at May 29, 2009.

1) Issuer	STB Finance Cayman Limited
2) Type of securities	GBP denominated Perpetual Subordinated Notes
3) Issue amount	GBP 500,000 thousand
4) Purchase amount	GBP 247,500 thousand (face value)
5) Purchase price	GBP 37,500 per GBP 50,000 nominal amounts of Notes
6) Purchase date	May 26, 2009
7) Cancellation date	May 29, 2009
8) Redemption gains	9,514 million yen (translated into yen at the exchange rate on March 31, 2009)

(2) The Bank held a meeting of its board of directors on May 25, 2009 and resolved to redeem the non-dilutive preferred securities in full, and accordingly that the Bank decided to dissolve the company.

(a) Summary of Non-dilutive Preferred Securities to be redeemed:

1) Issuer STB Preferred Capital (Cayman) Limited

2) Type of security, Aggregate amount to be redeemed and others

Perpetual preferred securities

8,300 shares

Aggregate amount to be redeemed

83,000 million yen

Redemption Date

July 27, 2009

(b) Dissolution of Subsidiary

Company Name

STB Preferred Capital (Cayman) Limited

A profile of the subsidiary to be dissolved is represented in the "Subsidiaries and Affiliated Companies" at page 203 and omitted to show this section.

Independent Auditors' Report

To 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 (the "Bank") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income for the years then ended, consolidated statements of changes in net assets for the years then ended, and the consolidated statements of cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank and consolidated subsidiaries as of March 31, 2009 and 2008, 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.

1. As discussed in "Changes in Significant Accounting Policies and Practices", the Bank applied "Tentative Solution on Reclassification of Debt Securities" (ASBJ Practical Issue Task Force No. 26) which was released on December 5, 2008 and reclassified a portion of "Available-for-sale securities" to "Held-to-maturity debt securities" on December 26, 2008.
2. As discussed in "Subsequent Events", the Bank's consolidated subsidiary (the "company") purchased a part of its outstanding GBP denominated perpetual subordinated notes on May 26, 2009. The Bank received the dividend, which was distributed by the company, funded by redemption gains on the cancellation of a part of the notes on May 29, 2009.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "Basis of Presenting Financial Statements" to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 26, 2009

Statements of Trust Account (Unaudited)

At March 31	Millions of Yen 2009	Millions of Yen 2008	Millions of U.S. Dollars 2009
Assets:			
Loans and Bills Discounted (Note 1)	¥ 369,126	¥ 447,059	$ 3,757
Securities (Note 2)	351,435	11,508,943	3,577
Money Held in Trust	65,304,242	61,015,610	664,607
Securities Held in Custody Accounts	420,212	434,419	4,277
Money Claims	9,524,281	8,908,810	96,929
Tangible Fixed Assets	4,485,986	4,343,235	45,654
Intangible Fixed Assets	37,706	33,370	384
Other Claims	1,505,504	2,822,637	15,322
Call Loans	32,700	45,100	333
Loans to Banking Account (Note 3)	547,115	747,554	5,568
Cash and Due from Banks	192,657	227,355	1,961
Total Assets	¥ 82,770,968	¥ 90,534,098	$ 842,367
Liabilities:			
Money Trusts (Note 4)	13,679,006	25,545,526	139,212
Pension Trusts	5,999,483	7,100,851	61,057
Property Formation Benefit Trusts	9,268	7,203	94
Loan Trusts (Note 5)	161,907	278,182	1,648
Securities Investment Trusts	24,659,872	21,484,220	250,966
Money Entrusted, other than Money Trusts	2,439,777	3,042,883	24,830
Securities Trusts	17,200,893	15,885,157	175,055
Money Claim Trusts	9,271,464	8,638,407	94,356
Land and Fixtures Trusts	51,863	149,581	528
Composite Trusts	9,297,432	8,402,083	94,621
Other Trusts	0	0	0
Total Liabilities	¥ 82,770,968	¥ 90,534,098	$ 842,367

See accompanying notes.

Basis of Presenting Financial Statements

The Trust account is separated from the Banking account in accordance with the Trust Act of Japan which requires trustees to administer the trust accounts separately from other accounts.

U.S. dollar amounts are translated solely for convenience at the rate of 98.26 yen to 1.00 U.S. dollar, at March 31, 2009.

Notes to Statements of Trust Account

1. Loans and Bills Discounted

Loans and bills discounted at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Loans on Deeds	**¥ 227,012**	¥ 282,204	**$ 2,310**
Loans on Bills	**142,113**	164,855	**1,446**
Total	**¥ 369,126**	¥ 447,059	**$ 3,757**

The balances of Guaranteed trust account loans at March 31, 2009 and 2008 stood at 279,719 million yen and 328,913 million yen respectively, which included the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Loans in Bankruptcy Proceedings	**¥ 17**	¥ —	**$ 0**
Other Delinquent Loans	**14,212**	14,656	**145**
Loans more than Three Months Past Due	**—**	—	**—**
Restructured Loans	**266**	745	**3**

Note: Refer to page 77 for the definition of each item.

2. Securities

Securities held at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Government Bonds	**¥ 94,255**	¥ 4,935,952	**$ 959**
Local Government Bonds	**29**	381,452	**0**
Corporate Bonds	**58,948**	1,402,317	**600**
Stocks	**68**	2,504,860	**1**
Foreign Securities	**198,132**	2,283,091	**2,016**
Other Securities	**—**	1,269	**—**
Total	**¥ 351,435**	¥ 11,508,943	**$ 3,577**

3. Loans to Banking Account

Loans to banking account are surplus funds generated through the management of trust assets, presented as Borrowed money from trust accounts in the Banking account.

4. Balance of Jointly-Operated Money Trusts

The Bank makes provisions for possible loan losses from Jointly-operated money trusts ("JOMTs"). JOMTs are included in "Money Trusts" in the statement of trust accounts.

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 accounts at March 31, 2009 and 2008 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
	2009	2008	**2009**
Assets:			
Loans and Bills Discounted	**¥ 279,719**	¥ 328,913	**$ 2,847**
Securities	**48**	9,796	**0**
Others	**328,380**	359,544	**3,342**
Total	**¥ 608,148**	¥ 698,254	**$ 6,189**
Liabilities:			
Principal	**607,193**	696,894	**6,179**
Reserve for Possible Impairment of Principal	**631**	924	**6**
Others	**323**	434	**3**
Total	**¥ 608,148**	¥ 698,254	**$ 6,189**

5. Balance of Loan Trusts

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 accounts at March 31, 2009 and 2008 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
	2009	2008	**2009**
Assets:			
Loans and Bills Discounted	**¥ —**	¥ —	**$ —**
Securities	**—**	—	**—**
Others	**161,923**	288,201	**1,648**
Total	**¥ 161,923**	¥ 288,201	**$ 1,648**
Liabilities:			
Principal	**159,492**	284,609	**1,623**
Reserve for Possible Impairment of Principal	**1,011**	1,839	**10**
Others	**1,419**	1,752	**14**
Total	**¥ 161,923**	¥ 288,201	**$ 1,648**

Non-consolidated Balance Sheets (Unaudited)

The Sumitomo Trust and Banking Company, Limited at March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Assets:			
Cash and Due from Banks	¥ **578,240**	¥ 860,067	$ **5,885**
Call Loans	**500**	54,022	**5**
Receivables under Securities Borrowing Transactions	**286,844**	152,240	**2,919**
Monetary Claims Bought	**364,291**	465,918	**3,707**
Trading Assets	**1,090,257**	1,079,618	**11,096**
Money Held in Trust	**22,102**	17,533	**225**
Securities	**5,091,016**	4,891,135	**51,812**
Loans and Bills Discounted	**11,488,687**	11,033,244	**116,921**
Foreign Exchanges	**12,166**	7,946	**124**
Other Assets	**1,042,226**	2,164,785	**10,607**
Tangible Fixed Assets	**115,011**	116,167	**1,170**
Intangible Fixed Assets	**24,265**	21,472	**247**
Deferred Tax Assets	**191,282**	63,670	**1,947**
Customers' Liabilities for Acceptances and Guarantees	**567,015**	687,736	**5,771**
Allowance for Loan Losses	**(136,880)**	(96,799)	**(1,393)**
Allowance for Investment Loss	**(1,185)**	(5,514)	**(12)**
Total Assets	¥ **20,735,842**	¥ 21,513,246	$ **211,030**
Liabilities:			
Deposits	**11,906,026**	11,810,218	**121,169**
Negotiable Certificates of Deposit	**2,313,517**	2,466,695	**23,545**
Call Money	**163,641**	140,152	**1,665**
Payables under Repurchase Agreements	**1,236,775**	790,588	**12,587**
Payables under Securities Lending Transactions	**—**	131,957	**—**
Trading Liabilities	**131,702**	339,643	**1,340**
Borrowed Money	**1,534,606**	770,820	**15,618**
Foreign Exchanges	**665**	469	**7**
Short-term Bonds Payable	**248,259**	304,814	**2,527**
Bonds Payable	**289,882**	315,964	**2,950**
Borrowed Money from Trust Account	**547,115**	747,554	**5,568**
Other Liabilities	**915,509**	1,965,696	**9,317**
Provision for Bonuses	**3,995**	3,954	**41**
Provision for Directors' Bonuses	**—**	75	**—**
Provision for Retirement Benefits	**214**	212	**2**
Provision for Reimbursement of Deposits	**890**	819	**9**
Provision for Contingent Loss	**6,302**	7,806	**64**
Provision for Relocation Expenses	**698**	2,243	**7**
Deferred Tax Liabilities for Land Revaluation	**5,878**	6,021	**60**
Acceptances and Guarantees	**567,015**	687,736	**5,771**
Total Liabilities	¥ **19,872,697**	¥ 20,493,446	$ **202,246**
Net Assets:			
Shareholders' Equity	**967,177**	956,540	**9,843**
Capital Stock	**287,537**	287,537	**2,926**
Capital Surplus:	**242,555**	242,555	**2,469**
Legal Capital Surplus	**242,555**	242,555	**2,469**
Other Capital Surplus	**—**	0	**—**
Retained Earnings:	**437,538**	426,888	**4,453**
Legal Retained Earnings	**46,580**	46,580	**474**
Other Retained Earnings	**390,957**	380,308	**3,979**
Reserve for Overseas Investment Loss	**0**	0	**0**
Other Voluntary Reserve	**341,870**	301,870	**3,479**
Retained Earnings Brought Forward	**49,087**	78,438	**500**
Treasury Stock	**(453)**	(441)	**(5)**
Valuation and Translation Adjustments	**(104,032)**	63,259	**(1,059)**
Valuation Difference on Available-for-Sale Securities	**(97,893)**	65,936	**(996)**
Deferred Gains or Losses on Hedges	**(1,627)**	1,629	**(17)**
Revaluation Reserve for Land	**(4,511)**	(4,306)	**(46)**
Total Net Assets	¥ **863,145**	¥ 1,019,800	$ **8,784**
Total Liabilities and Net Assets	¥ **20,735,842**	¥ 21,513,246	$ **211,030**

	Yen		U.S. Dollars
Net Assets per Share	¥ **515.43**	¥ 608.96	$ **5.25**

See accompanying notes.

Non-consolidated Statements of Income (Unaudited)

The Sumitomo Trust and Banking Company, Limited for the years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Income:			
Trust Fees	**¥ 64,478**	¥ 74,641	**$ 656**
Interest Income	**357,584**	387,552	**3,639**
Interest on Loans and Discounts	**198,780**	209,055	**2,023**
Interest and Dividends on Securities	**141,161**	155,491	**1,437**
Other Interest Income	**17,642**	23,005	**180**
Fees and Commissions	**67,808**	92,936	**690**
Trading Income	**6,339**	16,288	**65**
Other Ordinary Income	**161,302**	69,736	**1,642**
Other Income	**43,684**	52,537	**445**
Total Income	**¥ 701,198**	¥ 693,693	**$ 7,136**
Expenses:			
Interest Expenses	**202,009**	242,158	**2,056**
Interest on Deposits	**109,802**	131,746	**1,117**
Interest on Borrowings and Rediscounts	**27,708**	24,554	**282**
Other Interest Expenses	**64,498**	85,858	**656**
Fees and Commissions Payments	**39,485**	39,206	**402**
Trading Expenses	**58,367**	2,885	**594**
Other Ordinary Expenses	**23,440**	51,209	**239**
General and Administrative Expenses	**143,417**	135,182	**1,460**
Other Expenses	**172,939**	109,768	**1,760**
Total Expenses	**¥ 639,660**	¥ 580,410	**$ 6,510**
Income before Income Taxes	**¥ 61,538**	¥ 113,282	**$ 626**
Income Taxes:			
Current	**36,132**	65,661	**368**
Deferred	**(13,529)**	(22,303)	**(138)**
Net Income	**¥ 38,936**	¥ 69,924	**$ 396**

	Yen		U.S. Dollars
Net Income per Share	**¥ 23.25**	¥ 41.75	**$ 0.24**
Net Income per Share (fully-diluted)	—	41.75	—
Annual Dividends per Share	**10.00**	17.00	**0.10**

See accompanying notes.

Non-consolidated Statements of Changes in Net Assets (Unaudited)

The Sumitomo Trust and Banking Company, Limited for the years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Shareholders' Equity:			
Capital Stock:			
Balance at the End of Previous Period	¥ 287,537	¥ 287,517	$ 2,926
Changes of Items during the Period:			
Issuance of New Shares	—	19	—
Total Changes of Items during the Period	¥ —	¥ 19	$ —
Balance at the End of Current Period	¥ 287,537	¥ 287,537	$ 2,926
Capital Surplus:			
Legal Capital Surplus:			
Balance at the End of Previous Period	¥ 242,555	¥ 242,536	$ 2,469
Changes of Items during the Period:			
Issuance of New Shares	—	19	—
Total Changes of Items during the Period	¥ —	¥ 19	$ —
Balance at the End of Current Period	¥ 242,555	¥ 242,555	$ 2,469
Other Capital Surplus:			
Balance at the End of Previous Period	¥ 0	¥ 2	$ 0
Changes of Items during the Period:			
Disposal of Treasury Stock	(0)	(2)	(0)
Total Changes of Items during the Period	¥ (0)	¥ (2)	$ (0)
Balance at the End of Current Period	¥ —	¥ 0	$ —
Total Capital Surplus:			
Balance at the End of Previous Period	¥ 242,555	¥ 242,538	$ 2,469
Changes of Items during the Period:			
Issuance of New Shares	—	19	—
Disposal of Treasury Stock	(0)	(2)	(0)
Total Changes of Items during the Period	¥ (0)	¥ 16	$ (0)
Balance at the End of Current Period	¥ 242,555	¥ 242,555	$ 2,469
Retained Earnings:			
Legal Retained Earnings:			
Balance at the End of Previous Period	¥ 46,580	¥ 46,580	$ 474
Changes of Items during the Period:			
Total Changes of Items during the Period	¥ —	¥ —	$ —
Balance at the End of Current Period	¥ 46,580	¥ 46,580	$ 474
Other Retained Earnings:			
Balance at the End of Previous Period	¥ 380,308	¥ 338,715	$ 3,870
Changes of Items during the Period:			
Dividends from Surplus	(28,468)	(28,468)	(290)
Net Income	38,936	69,924	396
Disposal of Treasury Stock	(24)	—	(0)
Reversal of Revaluation Reserve for Land	206	136	2
Decrease in Reserve for Overseas Investment Loss	—	(0)	—
Total Changes of Items during the Period	¥ 10,649	¥ 41,592	$ 108
Balance at the End of Current Period	¥ 390,957	¥ 380,308	$ 3,979

(Continued)

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Total Retained Earnings:			
Balance at the End of Previous Period	**¥ 426,888**	¥ 385,296	**$ 4,344**
Changes of Items during the Period:			
Dividends from Surplus	**(28,468)**	(28,468)	**(290)**
Net Income	**38,936**	69,924	**396**
Disposal of Treasury Stock	**(24)**	—	**(0)**
Reversal of Revaluation Reserve for Land	**206**	136	**2**
Decrease in Reserve for Overseas Investment Loss	**—**	(0)	**—**
Total Changes of Items during the Period	**¥ 10,649**	¥ 41,592	**$ 108**
Balance at the End of Current Period	**¥ 437,538**	¥ 426,888	**$ 4,453**
Treasury Stock:			
Balance at the End of Previous Period	**¥ (441)**	¥ (389)	**$ (4)**
Changes of Items during the Period:			
Purchase of Treasury Stock	**(66)**	(81)	**(1)**
Disposal of Treasury Stock	**54**	30	**1**
Total Changes of Items during the Period	**¥ (12)**	¥ (51)	**$ (0)**
Balance at the End of Current Period	**¥ (453)**	¥ (441)	**$ (5)**
Total Shareholders' Equity:			
Balance at the End of Previous Period	**¥ 956,540**	¥ 914,963	**$ 9,735**
Changes of Items during the Period:			
Issuance of New Shares	**—**	39	**—**
Dividends from Surplus	**(28,468)**	(28,468)	**(290)**
Net Income	**38,936**	69,924	**396**
Purchase of Treasury Stock	**(66)**	(81)	**(1)**
Disposal of Treasury Stock	**29**	27	**0**
Reversal of Revaluation Reserve for Land	**206**	136	**2**
Decrease in Reserve for Overseas Investment Loss	**—**	(0)	**—**
Total Changes of Items during the Period	**¥ 10,636**	¥ 41,577	**$ 108**
Balance at the End of Current Period	**¥ 967,177**	¥ 956,540	**$ 9,843**
Valuation and Translation Adjustments:			
Valuation Difference on Available-for-Sale Securities:			
Balance at the End of Previous Period	**¥ 65,936**	¥ 294,424	**$ 671**
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	**(163,829)**	(228,488)	**(1,667)**
Total Changes of Items during the Period	**¥ (163,829)**	¥ (228,488)	**$ (1,667)**
Balance at the End of Current Period	**¥ (97,893)**	¥ 65,936	**$ (996)**
Deferred Gains or Losses on Hedges:			
Balance at the End of Previous Period	**¥ 1,629**	¥ (9,713)	**$ 17**
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	**(3,256)**	11,343	**(33)**
Total Changes of Items during the Period	**¥ (3,256)**	¥ 11,343	**$ (33)**
Balance at the End of Current Period	**¥ (1,627)**	¥ 1,629	**$ (17)**

Non-consolidated Statements of Changes in Net Assets (Unaudited)

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Revaluation Reserve for Land:			
Balance at the End of Previous Period	**¥ (4,306)**	¥ (4,168)	**$ (44)**
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	**(205)**	(137)	**(2)**
Total Changes of Items during the Period	**¥ (205)**	¥ (137)	**$ (2)**
Balance at the End of Current Period	**¥ (4,511)**	¥ (4,306)	**$ (46)**
Total Valuation and Translation Adjustments:			
Balance at the End of Previous Period	**¥ 63,259**	¥ 280,542	**$ 644**
Changes of Items during the Period:			
Net Changes of Items Other than Shareholders' Equity	**(167,291)**	(217,283)	**(1,703)**
Total Changes of Items during the Period	**¥ (167,291)**	¥ (217,283)	**$ (1,703)**
Balance at the End of Current Period	**¥ (104,032)**	¥ 63,259	**$ (1,059)**
Total Net Assets:			
Balance at the End of Previous Period	**¥ 1,019,800**	¥ 1,195,505	**$ 10,379**
Changes of Items during the Period:			
Issuance of New Shares	**—**	39	**—**
Dividends from Surplus	**(28,468)**	(28,468)	**(290)**
Net Income	**38,936**	69,924	**396**
Purchase of Treasury Stock	**(66)**	(81)	**(1)**
Disposal of Treasury Stock	**29**	27	**0**
Reversal of Revaluation Reserve for Land	**206**	136	**2**
Decrease in Reserve for Overseas Investment Loss	**—**	(0)	**—**
Net Changes of Items Other than Shareholders' Equity	**(167,291)**	(217,283)	**(1,703)**
Total Changes of Items during the Period	**¥ (156,654)**	¥ (175,705)	**$ (1,594)**
Balance at the End of Current Period	**¥ 863,145**	¥ 1,019,800	**$ 8,784**

See accompanying notes.

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

Basis of Presenting Financial Statements

The accompanying translated non-consolidated financial statements have been compiled from the non-consolidated financial statements that are prepared for Japanese domestic purposes in accordance with the Financial Instruments and Exchange Law of Japan (the "FIEL"), the Banking Act of Japan and accounting principles and practices generally accepted in Japan ("Japanese GAAP.") Certain Japanese GAAP are partly different from International Financial Reporting Standards in terms of application and disclosure requirements.

The accompanying non-consolidated 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 accrued.

The accompanying financial statements have been restructured and translated into English (with some modifications and expanded descriptions to facilitate understanding by readers outside Japan) from the financial statements in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the FIEL. Some supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation is not presented in the accompanying financial statements.

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-base financial statements for convenience, and as a matter of arithmetical computation only, at the rate of 98.26 yen to 1.00 U.S. dollars, the exchange rate prevailing at March 31, 2009. Such a translation is solely for convenience and should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

In accordance with the FIEL, amounts of less than one million yen have been omitted. As a result, the total in yen, and accordingly in U.S. dollars, shown in the non-consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Significant Accounting Policies and Practices

Refer to notes of consolidated financial statements for information other than mentioned above.

Changes in Significant Accounting Policies and Practices

Refer to notes of consolidated financial statements for information other than mentioned above.

Loans by Industry (Consolidated basis)

1. Banking Account

March 31	Millions of Yen 2009	Millions of Yen 2008	Millions of U.S. Dollars 2009
Domestic Offices (Excluding Offshore Loans):			
Manufacturing	¥ 1,726,031	¥ 1,274,624	$ 17,566
Agriculture, Forestry, Fishing, and Mining	24,345	19,302	248
Construction	133,774	128,755	1,361
Energy	145,816	160,516	1,484
Communication	156,015	143,738	1,588
Transportation	745,996	682,956	7,592
Wholesale and Retail	957,651	914,837	9,746
Finance and Insurance	1,347,071	1,563,721	13,709
Real Estate	1,787,260	1,697,833	18,189
Various Services	967,937	1,034,973	9,851
Local Governments	55,984	53,899	570
Individuals and Others	2,050,853	1,987,702	20,872
Subtotal	¥ 10,098,739	¥ 9,662,862	$ 102,776
Overseas Offices (Including Offshore Loans of Domestic Offices):			
Governments and Official Institutions	639	829	7
Banks and Other Financial Institutions	12,806	60,057	130
Others	1,117,419	1,022,479	11,372
Subtotal	¥ 1,130,864	¥ 1,083,366	$ 11,509
Total	¥ 11,229,604	¥ 10,746,228	$ 114,285

Note: U.S. dollar amounts are translated solely for convenience at the rate of 98.26 yen to U.S. 1.00 dollar, at March 31, 2009.

2. Trust Account

March 31	Millions of Yen 2009	Millions of Yen 2008	Millions of U.S. Dollars 2009
Domestic Offices (Excluding Offshore Loans):			
Manufacturing	¥ 16,058	¥ 25,150	$ 163
Construction	—	787	—
Energy	752	2,047	8
Communication	200	307	2
Transportation	8,464	10,015	86
Wholesale and Retail	3,359	6,932	34
Finance and Insurance	37,000	51,015	377
Real Estate	7,551	8,471	77
Various Services	90,500	111,562	921
Local Governments	18,206	30,421	185
Individuals and Others	187,032	200,347	1,903
Total	¥ 369,126	¥ 447,059	$ 3,757

Note: U.S. dollar amounts are translated solely for convenience at the rate of 98.26 yen to U.S. 1.00 dollar, at March 31, 2009.

Five-Year Summary

The Sumitomo Trust and Banking Company, Limited at/for the years ended March 31

Consolidated Statements of Banking Account	Millions of Yen				
	2009	2008	2007	2006	2005
At Year-End					
Assets:					
Cash and Due from Banks	¥ **605,348**	¥ 891,560	¥ 789,472	¥ 892,274	¥ 432,183
Securities	**4,794,815**	4,602,451	5,265,243	5,767,544	4,587,489
Loans and Bills Discounted	**11,229,604**	10,746,228	10,487,237	10,186,276	9,013,920
Premises and Equipment				109,653	106,826
Lease Receivables and Investment Assets	**668,368**				
Tangible Fixed Assets	**129,530**	132,743	131,120		
Intangible Fixed Assets	**142,913**	148,241	134,619		
Customers' Liabilities for Acceptances and Guarantees	**422,947**	488,865	516,865	533,760	399,099
Others	**3,503,575**	5,277,327	3,791,896	3,218,636	1,467,620
Allowance for Loan Losses	**(166,971)**	(106,683)	(106,671)	(76,206)	(80,806)
Allowance for Investment Loss	**—**	—	(6,718)	—	(17,958)
Total Assets	**¥ 21,330,132**	¥ 22,180,734	¥ 21,003,064	¥ 20,631,938	¥ 15,908,374
Liabilities:					
Deposits and Negotiable Certificates of Deposit	**14,212,545**	14,332,444	13,715,918	12,771,890	10,617,221
Acceptances and Guarantees	**422,947**	488,865	516,865	533,760	399,099
Others	**5,430,587**	6,078,470	5,322,373	6,049,210	3,897,076
Total Liabilities	**¥ 20,066,080**	¥ 20,899,780	¥ 19,555,157	¥ 19,354,861	¥ 14,913,397
Minority Interest	**¥**	¥	¥	¥ 159,085	¥ 85,250
Total Stockholders' Equity	**¥**	¥	¥	¥ 1,117,991	¥ 909,726
Total Liabilities, Minority Interest and Stockholders' Equity	**¥**	¥	¥	¥ 20,631,938	¥ 15,908,374
Net Assets:					
Shareholders' Equity	¥ **992,986**	¥ 1,013,338	¥ 959,340	¥	¥
Valuation and Translation Adjustments	**(119,080)**	58,029	277,817		
Minority Interests	**390,146**	209,586	210,749		
Total Net Assets	**¥ 1,264,052**	¥ 1,280,954	¥ 1,447,907	¥	¥
Total Liabilities and Net Assets	**¥ 21,330,132**	¥ 22,180,734	¥ 21,003,064	¥	¥
For The Year					
Income:					
Trust Fees	¥ **64,448**	¥ 74,628	¥ 73,226	¥ 68,900	¥ 71,316
Interest Income	**371,801**	405,653	344,541	271,359	238,698
Fees and Commissions	**103,012**	131,132	134,250	124,999	88,466
Trading Income	**6,339**	16,288	8,311	6,317	4,239
Other Ordinary Income	**492,260**	418,847	261,632	234,106	46,861
Other Income	**50,112**	60,547	36,618	85,929	79,930
Total Income	**¥ 1,087,974**	¥ 1,107,099	¥ 858,580	¥ 791,613	¥ 529,513
Expenses:					
Interest Expenses	**197,628**	243,903	184,455	120,386	89,684
Fees and Commissions Payments	**27,351**	28,829	30,498	24,427	20,996
Trading Expenses	**58,367**	2,885	166	812	72
Other Ordinary Expenses	**316,830**	364,225	222,739	200,514	51,008
General and Administrative Expenses	**211,096**	202,939	183,334	174,527	138,239
Other Expenses	**223,135**	118,044	69,606	99,603	71,657
Total Expenses	**¥ 1,034,408**	¥ 960,827	¥ 690,801	¥ 620,273	¥ 371,658
Income before Income Taxes	¥ **53,565**	¥ 146,271	¥ 167,778	¥ 171,340	¥ 157,854
Net Income	¥ **7,946**	¥ 82,344	¥ 103,820	¥ 100,069	¥ 96,865

	Yen				
Per Share (Common Stock)					
Net Income per Share	¥ **4.74**	¥ 49.17	¥ 62.05	¥ 59.91	¥ 59.86
Net Income per Share (fully-diluted)		49.17	62.04	59.87	58.07
Net Assets per Share	**521.85**	639.75	738.77	668.38	545.98

Financial Section

Five-Year Summary

The Sumitomo Trust and Banking Company, Limited at/for the years ended March 31

Non-consolidated Statements of Banking Account	Millions of Yen				
	2009	2008	2007	2006	2005
At Year-End					
Assets:					
Cash and Due from Banks	**¥ 578,240**	¥ 860,067	¥ 761,614	¥ 876,989	¥ 429,308
Securities	**5,091,016**	4,891,135	5,504,467	5,938,057	4,587,448
Loans and Bills Discounted	**11,488,687**	11,033,244	10,797,440	10,352,598	9,035,826
Premises and Equipment				93,237	96,126
Tangible Fixed Assets	**115,011**	116,167	114,020		
Intangible Fixed Assets	**24,265**	21,472	21,392		
Customers' Liabilities for Acceptances and Guarantees	**567,015**	687,736	741,588	648,335	561,253
Others	**3,009,670**	4,005,736	2,569,306	2,529,550	1,405,403
Allowance for Loan Losses	**(136,880)**	(96,799)	(97,879)	(66,501)	(77,076)
Allowance for Investment Loss	**(1,185)**	(5,514)	(6,993)	(535)	(19,704)
Total Assets	**¥ 20,735,842**	¥ 21,513,246	¥ 20,404,956	¥ 20,371,732	¥ 16,018,584
Liabilities:					
Deposits and Negotiable Certificates of Deposit	**14,219,544**	14,276,913	13,688,729	12,737,818	10,591,348
Acceptances and Guarantees	**567,015**	687,736	741,588	648,335	561,253
Others	**5,086,137**	5,528,795	4,779,131	5,889,529	3,962,969
Total Liabilities	**¥ 19,872,697**	¥ 20,493,446	¥ 19,209,450	¥ 19,275,682	¥ 15,115,571
Stockholders' Equity:					
Capital Stock				287,283	287,053
Reserves and Surplus				808,765	615,960
Total Stockholders' Equity	¥	¥	¥	¥ 1,096,049	¥ 903,013
Total Liabilities and Stockholders' Equity	¥	¥	¥	¥ 20,371,732	¥ 16,018,584
Net Assets:					
Shareholders' Equity	**¥ 967,177**	¥ 956,540	¥ 914,963	¥	¥
Valuation and Translation Adjustments	**(104,032)**	63,259	280,542		
Total Net Assets	**¥ 863,145**	¥ 1,019,800	¥ 1,195,505	¥	¥
Total Liabilities and Net Assets	**¥ 20,735,842**	¥ 21,513,246	¥ 20,404,956	¥	¥
For The Year					
Income:					
Trust Fees	**¥ 64,478**	¥ 74,641	¥ 73,226	¥ 68,900	¥ 71,316
Interest Income	**357,584**	387,552	333,194	265,252	238,477
Fees and Commissions	**67,808**	92,936	97,249	98,583	72,405
Trading Income	**6,339**	16,288	8,311	6,317	4,239
Other Ordinary Income	**161,302**	69,736	27,953	40,545	46,858
Other Income	**43,684**	52,537	23,745	80,263	69,389
Total Income	**¥ 701,198**	¥ 693,693	¥ 563,680	¥ 559,864	¥ 502,687
Expenses:					
Interest Expenses	**202,009**	242,158	187,521	122,323	91,547
Fees and Commissions Payments	**39,485**	39,206	39,500	37,278	34,236
Trading Expenses	**58,367**	2,885	166	812	72
Other Ordinary Expenses	**23,440**	51,209	16,392	33,747	50,972
General and Administrative Expenses	**143,417**	135,182	120,959	125,840	115,260
Other Expenses	**172,939**	109,768	66,643	91,281	70,597
Total Expenses	**¥ 639,660**	¥ 580,410	¥ 431,183	¥ 411,284	¥ 362,686
Income before Income Taxes	**¥ 61,538**	¥ 113,282	¥ 132,497	¥ 148,580	¥ 140,000
Net Income	**¥ 38,936**	¥ 69,924	¥ 81,813	¥ 88,497	¥ 84,700
Annual Dividends	**¥ 16,745**	¥ 28,469	¥ 28,455	¥ 20,057	¥ 19,992

	Yen				
Per Share (Common Stock)					
Net Income per Share	**¥ 23.25**	¥ 41.75	¥ 48.89	¥ 52.98	¥ 52.34
Net Income per Share (fully-diluted)	**—**	41.75	48.89	52.94	50.77
Annual Dividends per Share	**10.00**	17.00	17.00	12.00	12.00
Interim	**8.50**	8.50	8.50	6.00	—
Year-end	**1.50**	8.50	8.50	6.00	12.00
Net Assets per Share	**515.43**	608.96	713.90	655.26	541.95

Five-Year Summary

The Sumitomo Trust and Banking Company, Limited at the years ended March 31

Statements of Trust Account	Millions of Yen				
	2009	2008	2007	2006	2005
At Year-End					
Assets:					
Loans and Bills Discounted	**¥ 369,126**	¥ 447,059	¥ 591,989	¥ 755,381	¥ 912,294
Securities	**351,435**	11,508,943	10,496,104	7,725,066	6,717,120
Other Assets	**82,050,406**	78,578,095	66,061,854	53,189,419	45,016,095
Total Assets	**¥ 82,770,968**	¥ 90,534,098	¥ 77,149,949	¥ 61,669,866	¥ 52,645,509
Liabilities:					
Money Trusts	**13,679,006**	25,545,526	21,369,242	18,070,043	17,256,145
Pension Trusts	**5,999,483**	7,100,851	6,970,683	5,811,884	4,980,875
Property Formation Benefit Trusts	**9,268**	7,203	8,207	9,214	10,806
Loan Trusts	**161,907**	278,182	685,561	885,962	1,043,955
Other Trusts	**62,921,303**	57,602,333	48,116,254	36,892,761	29,353,727
Total Liabilities	**¥ 82,770,968**	¥ 90,534,098	¥ 77,149,949	¥ 61,669,866	¥ 52,645,509

Total Employable Funds (Non-consolidated)	Millions of Yen				
	2009	2008	2007	2006	2005
At Year-End					
Deposits	**¥ 14,219,544**	¥ 14,276,913	¥ 13,688,729	¥ 12,737,818	¥ 10,591,348
Money Trusts	**13,679,006**	25,545,526	21,369,242	18,070,043	17,256,145
Pension Trusts	**5,999,483**	7,100,851	6,970,683	5,811,884	4,980,875
Property Formation Benefit Trusts	**9,268**	7,203	8,207	9,214	10,806
Loan Trusts	**161,907**	278,182	685,561	885,962	1,043,955
Total Employable Funds*	**¥ 34,069,209**	¥ 47,208,679	¥ 42,722,424	¥ 37,514,923	¥ 33,883,131

* Total Employable Funds represents 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.

Risk Management

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Risk Management

1. Basic Philosophy on Risk Management

Sumitomo Trust is actively engaging in efforts to enhance its strength as an institution that combines banking, trust and real estate operations, and to strengthen its business strategies and management infrastructure, while seeking to achieve the right balance between its offensive and defensive capabilities. We recognize the importance of risk management as a key element of our "defensive" capability underlying the vigorous execution of business strategies and its place at the top of our management priorities.

In this fiscal year's financial markets, the disorder sparked by the U.S. subprime mortgage problems affected the overall markets in Japan and overseas, with some European and U.S. financial institutions suffering severe cash flow difficulties. A major U.S. investment bank went bankrupt in September 2008, suddenly accelerating the credit crunch, delivering severe blows not only on financial institutions but also on other industries. Furthermore, a score of Japanese companies were also witness to a rapid decline in their earnings.

In response to this situation, Sumitomo Trust strengthened its credit risk management and research functions by establishing a "Credit Risk Management Group," moving from a system with one Credit Supervision Department, to a two department system with "Credit Supervision Department I" and "Credit Supervision Department II," and increasing their staff along with the Business Research Department. We are continuing our work towards an improved and more sophisticated risk management organization.

We consider that the basis of risk management is to ensure the efficiency of PDCA (Plan, Do, Check, Action) cycles for each risk category across Sumitomo Trust according to the "Risk Management Policy" set by the Board of Directors. It is this Sumitomo Trust risk management framework, we recognize, that allows us to properly identify, assess, monitor, control and mitigate risk assets. Especially under the recent circumstances where the business environment is undergoing significant change and financial products have become increasingly complicated, it is essential to clarify authority and its delegation, organizational structure, and management processes, as well as to enhance human resources development in order to improve the effectiveness of the PDCA cycle. We consider that taking further steps to make the internal risk management framework more sophisticated is the key to strengthening our competitiveness in light of defensive capabilities.

(1) Types and Characteristics of Risks

Our "Risk Management Policy" classifies risk categories by the cause of risk we face in business operations, into credit risk, market risk, operational risk, and liquidity risk.

Credit risk is the risk of reduction or impairment of the value of assets (including off-balance sheet assets) that causes us to incur loss.

Market risk is the risk of loss caused by changes in the value of assets or liabilities we hold due to fluctuations of market factors such as interest rates, stock prices and foreign exchange rates.

Operational risk refers to the risk of losses arising from inappropriate business processes, and the activities of officers/employees and computer systems as well as external incidents. In our case, business processing risk, information security risk, compliance risk, human resource risk, event risk and reputational risk are included.

Liquidity risk includes funding risk and market liquidity risk.

• Risk Categories

Enterprise Risk Management (Risk Management through Comprehensive Assessment of All Risk Categories)	Integrated Risk Management (Quantitative Risk Management using VaR as an Integrated Measurement)	Risk Category	Risk Management related Department	Risk Description
		Credit Risk	Corporate Risk Management Department	Risk of incurring losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing, owing to reasons such as deterioration in the financial condition of a obligor.
		Market Risk	Corporate Risk Management Department	Risk of incurring losses due to fluctuations in the value of assets/liabilities or revenues thereof, either due to fluctuations of items such as interest rates, stock prices and foreign exchange rates, or owing to fluctuations in the value of other assets.
		Operational Risk	Corporate Risk Management Department	Risk of incurring loss resulting from inadequate or failed internal processes, people and systems or from external events (including the following risks).
		Business Processing Risk	Operations Process Planning Department (or Personnel Department for Internal Fraud)	Risk of incurring losses arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.
		Information Security Risk	IT & Business Process Planning Department	Risk of incurring losses for reasons such as loss of confidentiality, integrity or availability of information or information systems belonging to Sumitomo Trust, owing to factors such as information management, system failure or improper management of system development projects.
		Compliance Risk	Legal and Compliance Department	Risk of incurring losses for reasons such as penalties, claims or lawsuits arising from a lack of compliance with laws, regulations or social standards in Japan and abroad, or an inability to complete transactions due to contractual impediments including the lack of necessary provisions or lack of legal capacity by the transaction counterparty.
		Human Resource Risk	Personnel Department	Risk of incurring losses due to issues such as unequal or unfair management of personnel, including issues related to compensation, benefits, release from employment and harassment.
		Event Risk	Corporate Administration Department	Risk of incurring losses arising from extraordinary situations such as natural disasters, war and criminal offenses.
		Reputational Risk	Corporate Risk Management Department	Risk of incurring losses due to a (possible) major impact on business as a result of deterioration in reputation for Sumitomo Trust or its subsidiaries, owing to reasons such as mass media reports, rumors or speculation.
		Liquidity Risk	Corporate Risk Management Department	Risk of loss due to inability to secure necessary funds, or due to being forced to pay interest rates significantly above normal in fund procurement, and risk of loss due to inability to transact in a market, or due to being forced to accept disadvantageous prices in transactions.

(2) Organizational Structure for Risk Management

In accordance with the "Risk Management Policy," we set down the roles and responsibilities of operational organizations and departments related to risk management as follows:

1) Board of Directors

Formulates policies and plans concerning the management of overall risks that are faced by Sumitomo Trust, and disseminates the policies and plans throughout the company as well as vests relevant organizations with authority. It also establishes the Executive Committee and other committees as bodies to deliberate and decide on matters relating to specific business strategies, risk management and operations.

2) Executive Committee

Sets rules and provisions regarding the identification, assessment, monitoring, control and mitigation of risks in line with the policies set out by the Board of Directors, and develops frameworks to put them into practice.

3) Risk Management related Departments

Responsible for accurate recognition and continuous assessment, appropriate management and administration of risks, as well as integrity of the compliance (observance of relevant laws and regulations) frameworks, as independent departments.

Among them, the Corporate Risk Management Department has the company-wide coordination function for risk management for comprehensive management of various risks. Each risk category has a risk management related department in charge, which undertakes the monitoring and analysis of risks and the planning and promotion of appropriate risk management frameworks.

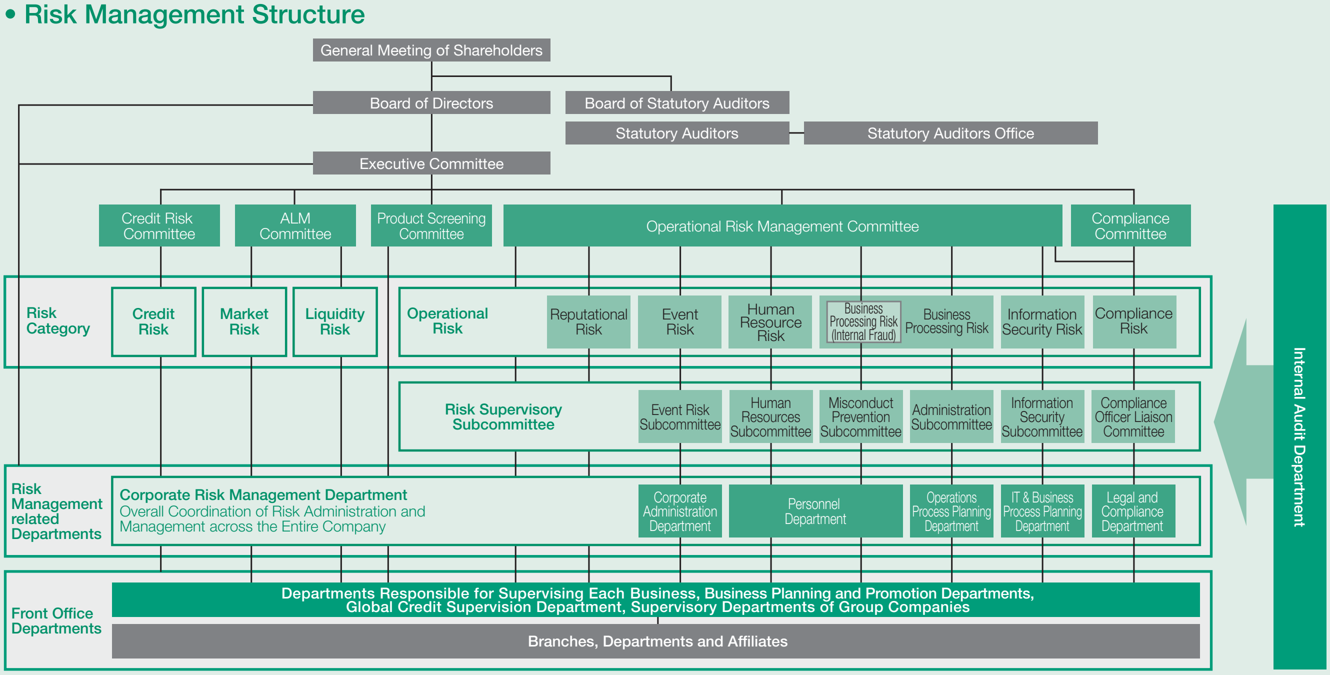
4) Front Office Departments

Execute transactions and operations with the purpose of increasing revenues, while also supervising the accompanying planning, examining, or engaging in administrative management. In accordance with the policies and plans set out by the Board of Directors, Front Office Departments engage in operational administration aimed at ensuring the effectiveness of risk management, such as implementing appropriate controls that reflect the scale and characteristics of risks.

5) Internal Audit Department

Involved in preparing the necessary framework to implement effective internal auditing. Reporting directly to the President and CEO, the Internal Audit Department assesses and verifies the status of all activities as an independent department.

• Risk Management Structure



(3) Enterprise Risk Management and Integrated Risk Management (Economic Capital Management)

It is our policy to identify various risks we face, including risk categories not included in the calculation of the capital adequacy ratio based on regulations, comprehensively measure them after individually assessing respective risk categories, and manage these risks by comparing them with our overall financial strength in terms of capital adequacy and efficiency (Enterprise Risk Management).

In addition, among risk categories, quantifiable risks (credit risk, market risk and operational risk) held by the Sumitomo Trust Group are measured quantitatively by the integrated VaR*, the combination of various risks measured by the unified criteria according to our business operations (the one-tailed confidence interval of 99.9%, the 1 year time horizon) (Integrated Risk Management).

* Value at Risk (VaR): Risk amount measurement indicator. The maximum amount of loss anticipated within a certain period (the time horizon) within the range of certain probability (the confidence interval). The larger the percentile of confidence interval, the greater the VaR, which means Sumitomo Trust applies conservative economic capital measurement. We are applying an adequately conservative level of measurement with a one-tailed confidence interval of 99.9%.

Aiming to achieve simultaneously both of the management goals of "securing of financial soundness" and "maximization of shareholders' value," the Integrated Risk Management seeks to control the total risk amount for the group as a whole. We evaluate our financial strength by comparing the amount of risk with capital adequacy, such as a "risk buffer" or "risk capital"; at the same time, we are pursuing capital efficiency by distributing the capital to each risk category or business, according to the business projects, to observe capital-based profit as an indicator.

We compare the "integrated risk amount" to "risk capital (Tier I capital + 60% of unrealized gains on Available-for-sale securities)" to confirm the "securing of financial soundness." From the viewpoint of protecting depositors, we strictly evaluate financial soundness by comparing the "integrated risk amount (under stress scenarios)," which is calculated under the condition that the diversification effect assumed among various risk categories cannot be expected, with the "risk buffer (Tier I capital + unrealized gains on Available-for-sale securities + perpetual subordinated debts)."

The integrated risk amount at the end of March 2009, in either of the cases indicated above, was within the capital (risk capital/risk buffer), which was evaluated that financial soundness was maintained (capital adequacy).

Regarding the "maximization of shareholders' value," "Risk capital" is allocated to each business, and capital efficiency for each business is assessed in terms of SVA (shareholder value added) and ROE (return on equity), using risk-adjusted return as an indicator (capital efficiency).

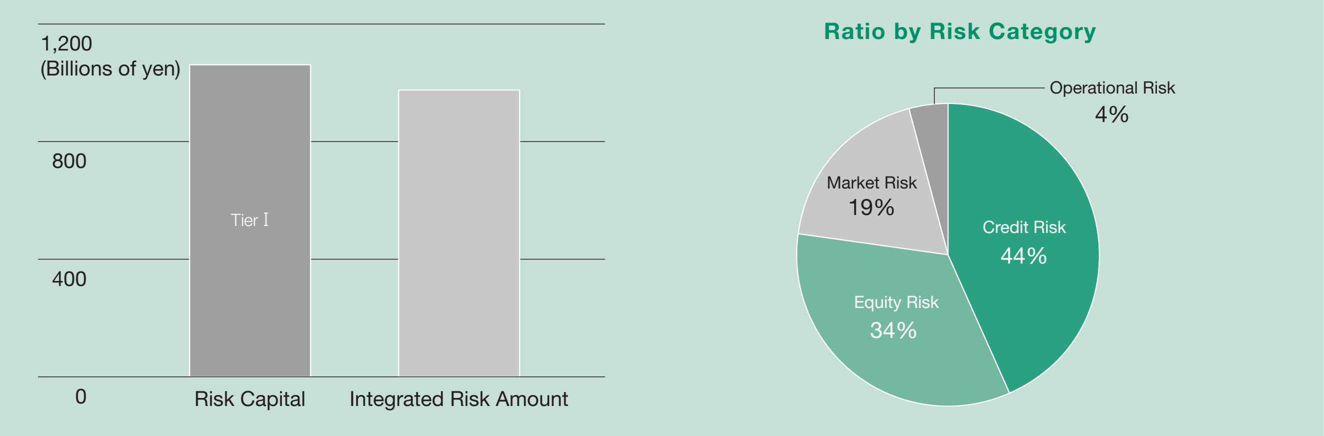
As the "market liquidity risk" within credit investments, sparked by the U.S. subprime mortgage problems, has come to the surface, in fiscal year 2009 we began quantifying price fluctuation risks in credit investments, and are rebuilding our framework to review capital adequacy. In addition, we will not merely stop at only grasping the amounts of risks involved with price fluctuation risks for credit investments, but will move along with our analysis for the causes of price fluctuations, and will investigate risk/return enhancements and risk hedge techniques as well. In these ways, we are also developing a more advanced and practical risk management framework.

• Verification of Capital Adequacy
(The One-tailed Confidence Interval of 99.9%, The 1 Year Time Horizon)

(As of the end of March 2009, Billions of yen)

Tier I	1,061.8
Risk Capital (Tier I + 60% of unrealized gains on available-for-sale securities)	1,061.8*
Integrated Risk Amount	975.4

* Zero gain on available-for-sale securities valuation as of end March 2009



(4) Coping with Basel II

Basel II is capital adequacy ratio rules set as a unified international standard determined by the Basel Committee on Banking Supervision. They have become applicable in Japan from the end of March 2007. Basel II aims to evaluate risks faced by financial institutions in more detail, while also encouraging enhanced risk management abilities of financial institutions. These have been based on the progress of practical risk management and more advanced financial technology at financial institutions in recent years, and thus Basel II is comprised of the following "Three Pillars."

Sumitomo Trust has built and is still improving the internal management framework for economic capital, which enables Sumitomo Trust to meet the requirements of Basel II, in the context of past enterprise risk management.

1) "The First Pillar"

The first pillar is designed to manage the required capital calculated under the regulation-prescribed methods. An internationally active bank is required under the Basel II to have total capital of at least 8% of the aggregate of credit risk, market risk and operational risk, in addition to further elaborating the measurement of credit risk.

Under Basel II, banks are to choose risk methods according to their internal risk management frameworks, and we have adopted the approaches indicated at the bottom left.

2) "The Second Pillar"

The second pillar comprises the management of overall risks, including "interest rate risk in the banking account" and "credit concentration risk," which are particularly important among risks not covered by the first pillar, by the banks themselves, and the examination of the banks' capital adequacy by the banking supervisory authorities through the processes of evaluation and supervision. It is aimed at maintaining and improving the soundness of the management of banks. We are managing these risks within the internal risk management framework.

3) "The Third Pillar"

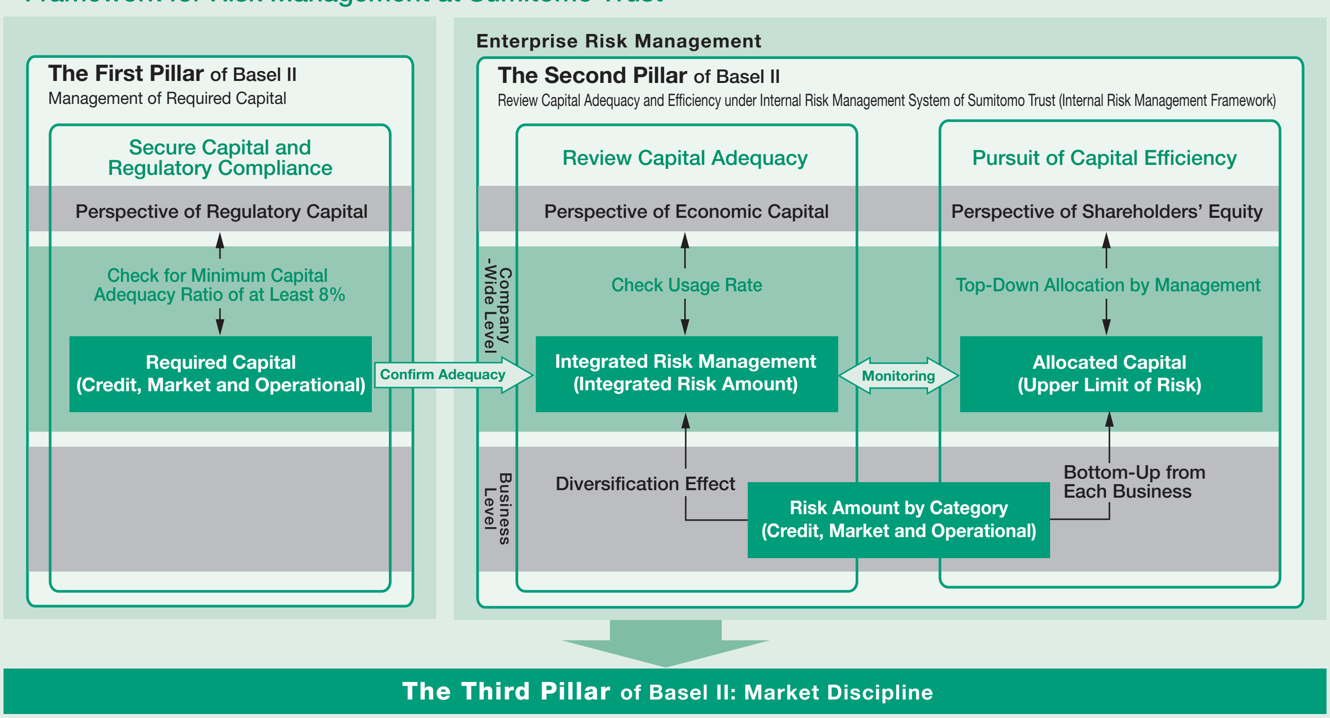
The third pillar is designed to aim at maintaining and improving the soundness of bank management by enhancing information disclosure regarding matters related to the first and second pillars, such as capital adequacy and risk management, thereby increasing the effectiveness of market discipline to be exerted on banks.

• Method and Calculation

$$\text{Capital Adequacy Ratio} = \frac{\text{Total Qualifying Capital}}{\text{Credit Risk} + \text{Market Risk} + \text{Operational Risk}}$$

Credit Risk	Foundation Internal Ratings-Based (IRB) Approach (see page 128)
Market Risk	Internal Models Approach (see page 135)
Operational Risk	Standardized Approach (see page 139)

• Framework for Risk Management at Sumitomo Trust



2. Credit Risk

(I) Internal Risk Management Framework

Credit risk is risk accompanying credit operations (loans based on the credibility of clients), which is the most basic risk involved in the "credit creation function"—the basic function of finance. Fully aware of the deteriorating environment of the global financial markets, and the worsening results of overseas securitization products as well as for domestic companies with the economic recession looming in the background, we are stepping up our efforts to make our credit risk management framework more sophisticated. At the same time, we are eager to meet new, but sound capital demand, and continue to diversify our credit portfolio and build stronger client foundations.

We are also taking the following measures to strengthen our internal risk management framework.

1) Stronger Credit Supervision and Research Functions

We established a "Credit Risk Management Group," and changed the Credit Supervision Department from a one department system to a two department system with Credit Supervision Department I and Credit Supervision Department II, increasing their staff along with the Business Research Department.

2) Established a "Credit Investment Committee"

Aiming to strengthen analysis and risk control for credit investments, we established a "Credit Investment Committee" as an organization under the Credit Risk Committee.

3) More Advanced Credit Rating Process

We are working towards a more advanced credit rating process, adopting evaluation elements which are more multifaceted than before, but that also which contains characteristics of leading indicators, including a review of the operations of our company's internal credit rating system.

(1) Risk Management Policy

The basic policy of our credit risk management calls for "a diversified credit portfolio" and "strict credit management for individual credits." For the former, we are making efforts to mitigate credit concentration risk by managing, on a sector-by-sector and country-by-country basis, the diversification of the overall credit portfolio, including large borrowers. For the latter, on the other hand, we are managing individual credits in a more elaborate manner through the operation of credit screening, self-assessment and internal credit ratings.

Furthermore, we have set a standard for profitability by taking into account expense rate and expected loss ratios for each credit rating, and reflect the results of this measurement in terms and conditions of each transaction in a bid to secure profit margins (spreads) commensurate with their risk amount for ensuring appropriate risk-return. Our credit risk management covers not only credit transactions in the banking account but also transactions in the principal guaranteed trust account (Money Trusts and Loan Trusts).

(2) Organizational Structure for Credit Risk Management

We have established a credit risk management framework under which various organizations and departments are closely organized for mutual support and effective checks and balances. Relevant organizations and departments assume their respective roles based on the credit strategies and credit risk management plans formulated by the Board of Directors:

1) Board of Directors

Decides on important matters related to credit risk management when establishing semiannual management plans. Based on reports on credit risk management (including the results of asset assessment), the Board of Directors decides on the credit strategy and economic capital plan, and approves standards for self-assessment, and for write-offs and reserves, strengthen and improve the fund management base, as well as securing the effective use of funds and the soundness of assets, including assets in trust.

2) Executive Committee

Based on the reports of credit risk management (including the results of asset assessment), the Executive Committee deliberates and decides on the credit strategy and economic capital plan, and brings them to the Board of Directors. Also, the Committee develops and reviews the framework to carry out self-assessment and the calculation of write-offs and reserves in an appropriate manner.

3) Credit Risk Committee

Deliberates and decides on basic credit policies as well as investment and loan transactions, and secures the strengthening and improvement of the fund management base, the effective use of funds and the soundness of assets, including assets in trust.

4) Corporate Risk Management Department

Undertakes credit risk management through the measuring of credit risk amounts, monitoring credit portfolios and validation of the appropriateness of self-assessment, write-offs and reserves, and verifies the appropriateness of the internal ratings system. Also, it designs and facilitates the management of credit risk in a proper manner as a risk management related department pertaining to credit risk.

5) Research Department

The department applies credit ratings based on industry research and research on credit strength of individual companies along with quantitative analysis, from a neutral standpoint independent from branches, departments, Credit Supervision Department I and Credit Supervision Department II.

6) Credit Supervision Department I and Credit Supervision Department II

Screens credit transactions strictly, provides appropriate guidance to branches and departments, and conducts self-assessment (secondary assessment), and deals with problematic loans.

7) Branches and Departments

Manage credit transactions appropriately and conduct self-assessment (initial assessment).

8) Internal Audit Department

Conducts the internal audit of internal risk management frameworks for various processes.

(3) Credit Concentration Risk Management

Based on the idea that keeping close tabs on credit exposure to each obligor as the basics of credit risk management, we manage loans, stocks, off-balance sheet and other transactions in a comprehensive and integrated manner. The credit amounts equivalent to derivatives transactions are calculated and managed on a current exposure basis (i.e., the reproduction cost of the transaction concerned). We place limits on credit exposures thus calculated, and also look into the impact of credit risk realization of large obligors and particular degree of concentration on industry sectors with large credit exposures, reporting to the Executive Committee on a quarterly basis.

To cope with country risk (the risk of investments or lending becoming irrecoverable due to political, economic or social conditions of that country), we control exposures by country (the total sum of exposures obligor in a given country) in addition to control of exposure to each obligor.

(4) Credit Ratings and Self-assessment

"Credit ratings"* that indicate the credit status of obligors and the possibility of defaults provide the basis for credit screening of individual transactions and credit portfolio management.

* Please refer to "3. Internal Ratings System," page 130 for details of our credit rating systems.

Our credit ratings use a method that combines a statistical quantitative model and qualitative assessment ascertaining characteristics of individual obligors, and they also serve as the basis for the credit risk calculation using the Internal Ratings-Based Approach ("IRB Approach") of the Basel II framework. Our credit rating systems assigns ratings from 1 through 10 to a wide range of obligors, from all corporate clients, including banks, to project finance (loan for a particular project, to be repaid with the cash flows of that project with no, or limited, recourse to the borrower's other assets) and other structured finance transactions.

In principle, we conduct the self-assessment for all assets in the banking account and the principal guaranteed trust account on a constant basis, and determine the classification of obligors by assessing clients' repayment capacity by their financial standing, cash positions, profit-earning capacity, etc., as well as the "asset classification" according to the risk of assets becoming irrecoverable and the risk of the value of assets being impaired. In Sumitomo Trust, we manage credit risk through self-assessment, and also write off bad loans and set aside loan loss reserves in an appropriate manner.

The credit rating systems and the self-assessment system share basic financial data of clients, and are administered in a mutually consistent manner, to enable Sumitomo Trust to evaluate the soundness of credit portfolios by properly reflecting the creditworthiness of clients. We are also striving to maintain appropriateness of the system by carrying out reviews of credit ratings.

• Comparative Table of Credit Ratings and Self-assessment

Credit Ratings	Self-assessment: Classification of obligors	Self-assessment: Categories
1	Sound	Not categorized (not Ⅱ, Ⅲ or Ⅳ)
2	Sound	Not categorized (not Ⅱ, Ⅲ or Ⅳ)
3	Sound	Not categorized (not Ⅱ, Ⅲ or Ⅳ)
4	Sound	Not categorized (not Ⅱ, Ⅲ or Ⅳ)
5	Sound	Not categorized (not Ⅱ, Ⅲ or Ⅳ)
6	Sound	Not categorized (not Ⅱ, Ⅲ or Ⅳ)
7	Requiring careful monitoring	Ⅱ
8	Requiring careful monitoring; 3-month delinquent/restructured	Ⅱ; Default (3-month delinquent/restructured)
9	At risk of bankruptcy	Ⅲ; Default
10	Legally bankrupt and virtually bankrupt	Ⅳ; Default

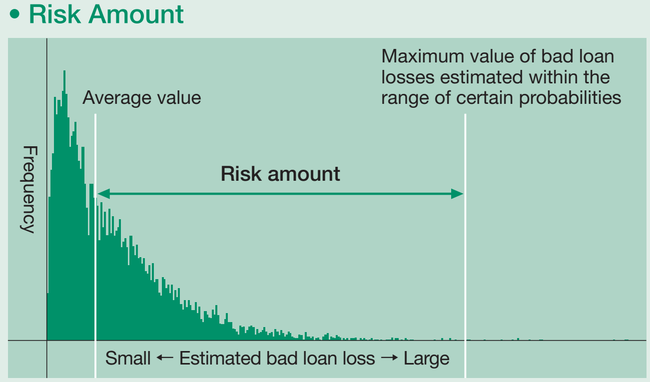
(Note) Individual credit ratings can be further adjusted, where necessary, through the addition of [+] or [-] symbols.

(5) Credit Risk Quantification

The measurement of credit risk amount we conduct is designed to quantitatively grasp the extent as to how far the company's assets are likely to incur losses from credit events over the coming year. In particular, based on estimates of default rates in each grade of credit rating and recovery rates, we measure the difference between the maximum value of bad loan losses estimated within the range of certain probabilities and the expected bad loan loss, which is the average value of estimated bad loan losses, as the credit risk amount. The measurement results are reported regularly to the Board of Directors.

As our risk measurement method, we have adopted Monte Carlo simulation, which generates a variety of scenarios (100,000 in our case) to plot a distribution of losses from which the maximum value of losses is estimated (See the chart below).

• Risk Amount



In the actual measurement, as our method is designed to factor in the correlation between individual assets, the risk amount figured out reflects not only the quality of assets, but also the effects of diversification of credit portfolios. Therefore, by regularly monitoring the risk amount, we can ascertain the status of our credit risk management policy, i.e., "a diversified credit portfolio" and "strict credit management for individual credits," and also can check the appropriateness of capital allocation and the soundness of business operations.

In managing the credit portfolio by making use of these features of monitoring, we seek an operation of the credit portfolio that maximizes returns on the overall portfolio, while maintaining the risk amount within a certain range through diversification by individual client and industry sector, and other measures.

The estimates of default rates and other factors used in the measurement and grasping of the risk amount are also used in measuring required capital adequacy ratio under Basel II. Going forward, we will develop more precise methods of credit risk measurements by expanding and improving internal data on the recovery rates and other factors.

Usually, the measurement of risk amount is conducted using the above-mentioned estimates calculated based on data on actual results. However, as a complementary measure, we also conduct "stress testing," intended to estimate the maximum possible losses that may arise from a situation that represents an aberration from historical data but could theoretically occur. We set out multiple stress scenarios and conduct simulations to see how the risk amount changes in each of these scenarios. The results of these tests are reported to the Board of Directors.

Prompted by the U.S. subprime mortgage problems, we are striving to enhance the method for measuring the amount of price risk inherent in credit risk and our capability of formulating stress scenarios.

(II) Coping with Basel II

(1) Measurement of Required Capital by the IRB Approach

As a method for calculating the amount of credit risk-weighted assets related to the calculation of the required capital under Basel II, Sumitomo Trust has adopted the IRB Approach, which uses credit ratings and other internal data for the management of obligors.

(a) Basic Process of the IRB Approach

Under the IRB Approach, the amount of regulatory required capital is calculated by the following three stages:

1) Assignment of Credit Ratings (Credit Ratings and Credit Pool Categories)

A bank develops its own ratings system (Internal Ratings Management)* in accordance with its risk profiles, and based on this system, the bank assigns ratings to obligors. Credit ratings ensure the consistency with the results of self-assessment, and the accuracy of credit ratings is secured with credit risk management related departments validating internal rating system and rating grades assigned to individual obligors.

* For details of our credit ratings system, please refer to "3. Internal Ratings System" on page 130.

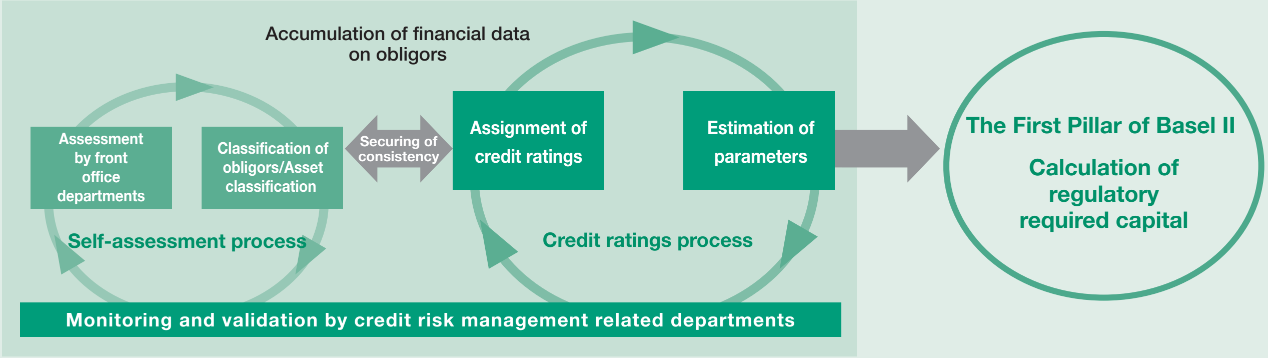
2) Estimation of Parameters

Estimation of some parameters (input variables) necessary for risk measurement is implemented by collecting the actual results (performance data) of credit extended to individual credit transactions on the basis of ratings assigned under 1).

3) Calculation of Minimum Required Capital

The minimum required capital is calculated by applying the result of 2) above to the calculating formula based on the notification by the Financial Services Agency.

• **Basic Process of the IRB Approach**



(b) Approaches Applicable to Respective Exposures

Under Basel II, methods of calculating risk weights and credit ratings used are varied depending on asset classes. Please refer to the table below for the breakdown of calculation methods and credit ratings we apply to respective exposures:

• Calculation Methods and Credit Ratings Applied to Respective Exposures

Approach	Asset Classification		Sub-category	Applicable Calculation Approaches*	Applicable Credit Ratings
Internal Ratings-based Approach	Corporate Exposure	Corporate Exposure	Large enterprises	Supervisory Formula	Obligor Ratings
			Leading small and medium-sized enterprises	Supervisory Formula	Obligor Ratings
		Specialized Lending	Loans for commercial real estate (with high volatility) Project Finance, Commodity Finance, Object Finance	Supervisory Slotting Criteria Approach	Structured Ratings
		Purchased Receivables	Regulatory formula for underlying assets	Supervisory Formula	Obligor Ratings
			Slotting criteria approach for underlying assets	Supervisory Slotting Criteria Approach	Structured Ratings
			Cases where classification is not possible due to multiple underlying assets	Top-down Approach	Credit Pools
		Sovereign Exposure		Supervisory Formula	Obligor Ratings
		Bank Exposure		Supervisory Formula	Obligor Ratings
		Equities, etc.	Domestic listed equities (including OTC equities), equities of domestic unlisted obligors	PD/LGD Approach	Obligor Ratings
			Equities of domestic unlisted firms with no credit exposure, foreign equities	Simplified Approach	—
	Retail Exposure	Retail Exposure	Residential mortgage exposures	Supervisory Formula	Credit Pools
			Qualifying revolving retail exposures	Supervisory Formula	Credit Pools
			Other retail exposures	Supervisory Formula	Credit Pools

* Supervisory Formula & PD/LGD Approach: Formulas prescribed in the Notification (by the Financial Services Agency) are used.
Supervisory Slotting Criteria Approach: An approach to calculate credit risk by mapping internal credit ratings to the five supervisory categories, each of which is associated with a specific risk weight.
Simplified Approach: An approach that uses predetermined risk weights.
External Ratings-based Approach: An approach that uses risk weights mapped to external ratings.
Top-Down Approach: An approach that regards purchased assets as an aggregate and uses formulas prescribed in the Notification (by the Financial Services Agency).

Notes:
1. We use the external ratings-based approach and the supervisory formula. For details, please refer to page 139, "(I) Securitization Exposures."
2. For "funds," we apply calculation methods that are appropriate for respective underlying assets.

(c) Estimated Parameters

As described below, there are three parameters which must be estimated in order to calculate the amount of credit risk-weighted assets. Exposures with higher levels of parameters need higher required capital. In order to ensure the objectivity and accuracy, we use, in principle, the same parameters used for internal risk management purposes for Basel II as well.

1) Probability of Default (PD)

The prior probability that a single obligor or a single transaction is likely to default during a specified period.

2) Loss Given Default (LGD)

The prior estimate of the ratio of a loss likely to be incurred in the event of a default by a certain obligor or a certain transaction to the exposure at default.

3) Exposure At Default (EAD)

The likely exposure amount at the time of occurrence of events of default, including additional credit that may be drawn from lines of credit or other financing, before a client defaults on obligations.

(d) PD Estimation Method

In our integrated risk management, we estimate PD, LGD and EAD, and of them, we use estimates of PD as parameters for the IRB Approach under Basel II.

For domestic credit ratings, we estimate PD in line with the definition of default, which equates with Basel II definition, on the basis of our performance data (the "internal historical data method"). For overseas credit ratings, we estimate PD on the basis of the mapping with default data provided by Moody's Investors Service, Inc. (the "mapping method").

In principle, we estimate PD for credit ratings on the basis of the cumulative default rate from the internal historical data for the latest 10 years and by taking into account applicable external data. For transactions subject to credit pool management that do not have the ratings migration, we estimate PD, in principle, by using the average of the actual default rates for the latest 10 years. Where the period of accumulation of performance data has yet to reach 10 years, we estimate PD on the basis of the actual default rates of the years for which the performance data is available.

(e) Usage of Various Estimates for Purposes other than Calculation of Capital Adequacy Ratio

Our estimates used for the calculation of the capital adequacy ratio coping with Basel II are applied for the following items:

1) Use of Estimated Typical PD

Quantitative measurement of credit risk, controls of credit limits, etc.

2) Use of Credit Ratings

Authority for originating transactions, criteria for self-assessment, standards for credit pricing, etc.

(2) Exposures where the Standardized Approach is Applied

The Standardized Approach calculates risk-weighted assets by using external ratings provided by qualified rating agencies, instead of our own credit ratings. We have adopted the IRB Approach. We, however, partially use the Standardized Approach, taking into account the need for accumulation of external ratings data, for exposures subject to the transitional phase to the IRB Approach (the "phased rollout of IRB Approach") and for insignificant exposures excluded from the scope of application of the IRB Approach.

We use ratings provided by the following qualified rating agencies to assess risk weights: Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); Standard & Poor's Rating Services (S&P); and Fitch Ratings Ltd. (Fitch).

(a) The "Phased Roll-out" Exposures

We apply the Standardized Approach to our subsidiaries (business units) that are in the middle of preparatory work toward the application of the IRB Approach.

Subject to our "phased rollout" exposures are, among subsidiaries undertaking lending operations*, those exposures that require a certain period for developing systems to estimate the necessary parameters to be applied for their credit pools or credit ratings. For these exposures, we plan to shift to the IRB Approach in sequence by the end of March 2011.

* First Credit Corporation, STB Leasing Co., Ltd. Group, and Sumishin Matsushita Financial Services Co., Ltd. In March 2009, Life Housing Loan Co., Ltd. moved to an IRB approach.

(b) The "Carved Out" Exposures

We apply the Standardized Approach to subsidiaries that undertake little credit businesses, if any, as well as certain transactions that are not significant in terms of credit risk management, carving them out from the IRB Approach.

Criteria whether to carve out business units or transactions from the IRB Approach are made after fully considering their importance with respect to the following points:

1) The size and frequency of the expected credit loss
2) Rank under the credit portfolio plan or the credit risk management policy
3) The ratio to overall credit risk-weighted assets

3. Internal Ratings System

(1) Outline of the Internal Ratings System

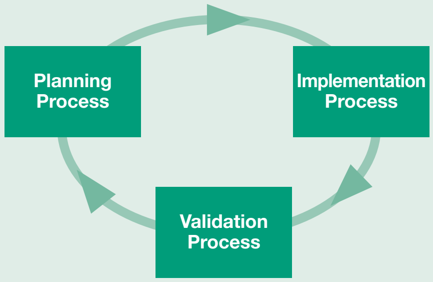
The internal ratings system ranks the PD (probability of default) of obligors and assigns a "typical PD" for each credit rating grade (credit rating and credit pool category) or for each credit pool. The typical PD is a single-year PD conservatively estimated to obtain the long-term and stable level by excluding the impact of economic cycles.

Our internal ratings system is intended to ensure an appropriate evaluation process for financial assets held by the Sumitomo Trust Group (excluding insignificant consolidated companies), and contribute to profit management and credit risk management in accordance with the Risk Management Policy. Moreover our internal credit ratings system is broadly divided into the domestic ratings system ("domestic ratings") and the overseas ratings system ("overseas ratings"). Each system includes obligor ratings assigned to corporations as well as structured ratings assigned to project finance transactions and securitized products, etc.

(2) Administration of the Internal Ratings System

The process related to credit rating assignment comprises the "Planning Process" for defining ratings and setting procedures and criteria ("Policy on Credit Ratings"), the "Implementation Process" for appropriately applying the credit ratings and credit pools assignment criteria, and the "Validation Process" for ensuring the suitability and objectivity of credit ratings.

• Administration Process of Credit Ratings



(a) Planning Process

The planning process is the procedure to establish credit rating criteria, credit pools categories and credit rating model* to secure the objectivity of the internal rating management, for which credit risk management related departments are responsible.

* Our credit rating model is the tool we have developed on our own to allocate the rating grade that corresponds statistically to the probability of default (PD) by using financial data of obligors.

(b) Implementation Process

In the implementation process, the credit rating assignment and assignment of credit pools are undertaken in accordance with the criteria prescribed in the planning process. In Sumitomo Trust, each designated department such as each business management department takes charge of credit ratings assignment and credit pool assignment as the "Implementation Department." The procedure of credit rating assignment consists of a new assignment, regular review and monthly review, and the rating system is run in a way where credit ratings are reviewed in a timely manner in response to changes in the creditworthiness of obligors.

Furthermore, we assign credit ratings to clients in a combination of "quantitative assessment" and "qualitative assessment." "Quantitative assessment" is an assessment based on our credit rating model and mapping with external ratings, while "qualitative assessment" is an assessment based on human judgments ("expert judgment"). As we take the approach to determine credit ratings by combining "quantitative assessment" and "qualitative assessment," the monitoring of the objectivity of "qualitative assessment" made by expert judgment ultimately becomes important in ensuring the suitability of ratings.

In Sumitomo Trust, throughout the implementation process, credit risk management related departments are monitoring the proper implementation of credit ratings in accordance with criteria set by the implementation department. Through the monitoring function of the implementation process, credit risk management related departments ensure the entire process, including the appropriateness of the objectivity of expert judgment.

• Implementation Process of Credit Ratings

(c) Validation Process

Credit risk management related departments, as "Validation Departments," carry out validation work once a year in order to ensure the accuracy and adequacy of results of the credit ratings model.

In the validation process, implementation departments provide data for validation, while validation departments undertake the validation of the following items:

1) Credit rating results — Suitability validation
2) Credit rating assignment criteria — Objectivity validation
3) Credit pool classification — Suitability validation
4) Parameters applied to credit ratings and credit pool — Suitability validation

(3) Procedures for Ratings Assignment under the Internal Ratings Systems

(a) Procedure for Assigning Domestic Credit Ratings (Obligor Ratings)

1) Subjects to be Rated

We assign credit ratings to all domestic corporate obligors (residents and nonresident Japanese).

2) Quantitative Assessment

In domestic ratings, we use the credit rating model under which obligors' financial indicators are explanatory variables, and the typical PD is the explained variable. In building the credit ratings model, we have classified our obligors into five industry categories of manufacturing, wholesale/retail, services (including nonbanks), transportation/communications and construction/real estate in order to reflect financial characteristics of each industry sector in the assessment, and adopt statistical methods to choose financial indicators with a high correlation to the PD. Also, financial data employed for the building of the model and the assessment of individual obligors by the model is used with information additional to public financial statements, such as unrealized losses, obtained by front office department, thus enabling the quantitative assessment that reflects the actual condition of obligors.

3) Qualitative Assessment

The staff of implementation departments responsible for assigning sector-by-sector credit ratings assess "keiretsu" corporate groupings, industry circumstance, external ratings, future cash flow stability and other information that are not reflected in financial indicators as expert judgment.

For expert judgment, the margin of modification is limited, and qualitative assessment items are indicated in writing in order to contain the arbitrariness of those staff responsible for the assignment of credit ratings. Furthermore, departments which manage credit risk supervise the content of revisions to ensure objectivity.

(b) Procedure for Assigning Overseas Credit Ratings (Obligor Ratings)

1) Subjects to be Rated

We assign credit ratings to all overseas obligors (nonresidents and non-Japanese).

2) Quantitative Assessment

Given the limited availability of data compared to domestic ratings, overseas ratings look to external ratings (Moody's, S&P and Fitch) as main judgment factors (for standard ratings and quantitative assessment ratings), and in principle, ratings on unsecured senior bonds are regarded as "standard ratings." When there are multiple external ratings, whichever is lower is used as the standard rating, in principle.

When there are no external ratings, we compare other companies in the same industry sector (in principle, multiple companies are selected from the same industry in the same country), or ratings based on the "Credit Statistics" publicized by rating agencies, and determine the "quantitative assessment ratings," as a prime factor for rating. Through this procedure, we secure the consistency of credit assessment criteria between obligors with external ratings and obligors without external ratings.

3) Qualitative Assessment

The qualitative assessment ratings by expert judgment are determined on the basis of qualitative assessment criteria for domestic credit ratings and also by incorporating assessment factors not used in Japan, and limits are imposed on the margin of modification for each item of assessment. Furthermore, departments which manage credit risk supervise the content of revisions to ensure objectivity.

(c) Procedure for Assigning Structured Ratings

1) Subjects to be Rated

Structured ratings are assigned to structured finance projects with the source of principal and interest payments as earnings and sales proceeds from specific financed assets. Structured ratings correspond to each PD level. Even when a single obligor or issuer is involved legally, in cases where the probability of default differs for each tranche due to different financial conditions, different ratings may be assigned to different tranche.

2) Quantitative Assessment

Two indicators are used for the quantitative assessment of structured ratings: 1) the loan to value (LTV), which is the ratio of the amount of loans taken out or bonds issued to the appraised value of the subject asset; and 2) the debt service coverage ratio (DSCR), which is the ratio of net cash flow to the amount of interest on loans or bonds plus contracted principal payments. In the quantitative assessment, we assess default risk during a given period and the certainty of redemptions by the sale of subject property at maturity and/or refinancing by combining the two indicators above.

In addition, we assess the DSCR conservatively in anticipation of changes in the environment during a given period.

3) Qualitative Assessment

In a real estate non-recourse loan, for example, when a highly creditworthy tenant has undertaken a long-term lease contract, or when credit enhancement by a sponsor(s) and arranger(s) can be expected, the assessment by expert judgment, in some cases, adjusts the rating level by taking these factors into consideration.

Since structured ratings are strongly individualized depending on specific transactions, we are ensuring the objectivity of ratings assigned by always undertaking the consensus decision-making at credit risk management related departments concerned on the adequacy of qualitative assessment.

(d) Procedures for Assignment of Credit Pool Categories

1) Transactions Subject to Credit Pool Categorization

A credit pool is a group of transactions with similar risk profiles with regard to risks relating to the obligors as well as the transactions. In principle, Sumitomo Trust applies the credit pool management approach to loans provided to individuals. However, business finance loans to individuals, the outstanding balance of which is 100 million yen or higher, are assigned obligor ratings and managed individually.

2) Assignment of Credit Pool Categories

Sumitomo Trust divides loans to individuals into several categories according to product type, obligor status, transaction status, collateral coverage status and delinquency status. The loans are divided into three sub-categories: "residential mortgage exposure," "qualifying revolving retail exposure" and "other retail exposures."

4. Market Risk and Liquidity Risk

(I) Internal Risk Management Framework

Market risk is the "risk of incurring losses due to fluctuations in the value of assets/liabilities or revenues thereof, either due to fluctuations of items, such as interest rates, stock prices and foreign exchange rates, commodity, credit spreads, or owing to fluctuations in the value of other assets."

Liquidity risk is the "risk of loss caused in a situation where it becomes difficult to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual, due to maturity mismatches between investment and funding and/or an unexpected outflow of funds (funding risk)" and the "risk of loss caused in a situation where it becomes impossible to conduct transactions on the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market volatility (market liquidity risk)."

(1) Risk Management Policy

We recognize market risk as the source of profits, and make it our basic management policy to proactively take risks within the allowable range and appropriately manage them in a manner that will maximize returns. With respect to liquidity risk (funding risk), we recognize this should be appropriately managed, and set a basic policy to manage it by setting an appropriate limit to avoid this risk by taking our own fund-raising capabilities into account. Regarding liquidity risk (market liquidity risk), our basic policy is to manage it by limiting the amount of transactions involving market risk to an appropriate level.

(2) Risk Management Framework

1) Board of Directors

The Board of Directors approves and determines the ALM Basic Plan and a risk management plan as important matters related to market risk and liquidity risk under management plans on a semiannual basis.

2) Executive Committee

On a semiannual basis, the Executive Committee deliberates and decides the ALM Basic Plan and a risk management plan referred by the ALM Committee. In addition, based on reports on the status of market risk management, the Executive Committee implements measures to develop and improve the framework for facilitating control functions.

3) ALM Committee*

On a semiannual basis, the ALM Committee plans the ALM Basic Plan on the company-wide comprehensive risk operational management for assets/liabilities as well as a risk management plan related to market and liquidity risk. The ALM Committee is held on a monthly basis and controls market and liquidity risks on a consolidated basis, and strives to ensure the soundness of the composition of assets and liabilities as well as stability of earnings.

* ALM: Asset-Liability Management, designed to manage cash flows, liquidity, foreign exchange risk, interest rate risk, etc. by grasping the attributes of maturities and interest rates from assets and liabilities.

4) Corporate Risk Management Department

As a middle office independent from departments responsible for business processing (back offices) and departments responsible for market trading (front offices), the Corporate Risk Management Department is in the position to ensure proper control functions among the front and back offices. The role of this department includes the monitoring of conditions of market and liquidity risks managed under the ALM Basic Plan, measuring of risk amount and profits/losses, and planning and promoting market and liquidity risk management measures. It monitors the status of observance of risk limits and loss limits. The department reports its findings to the members of the ALM Committee on a daily basis, and periodically and directly to the ALM Committee as well as the Board of Directors.

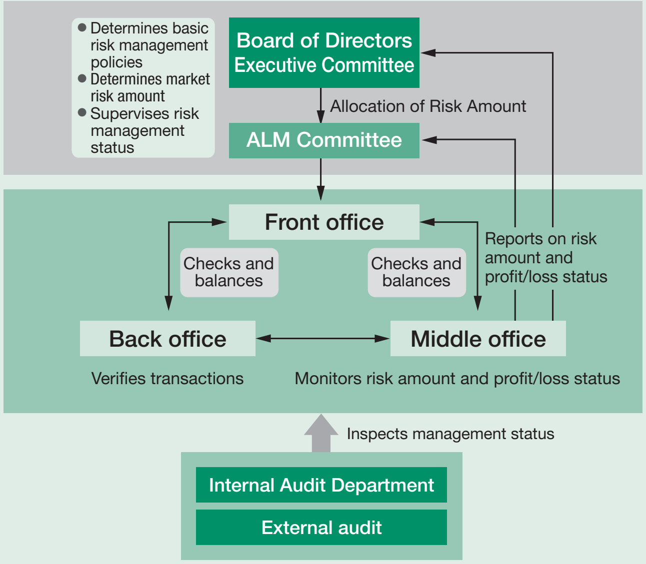
5) Internal Audit Department

Conducts internal auditing of the adequacy and effectiveness of the risk management framework.

6) External Audit

We have external audits conducted as necessary in order to ensure the appropriateness of the risk management processes and procedures.

• Market Risk/Liquidity Risk Management Framework



(3) Market Risk Management Approach

(a) Quantification of Market Risk

We employ Value at Risk (VaR) as a measure of market risk. VaR uses historical actual market fluctuation performance to statistically predict the maximum expected losses under specific conditions.

Based on the internal model developed on our own, we measure VaR and also manage risk by calculating various risk management indicators and carrying out simulations.

Our measurement of VaR using the internal model, in principle, basically employs the variance-covariance method, and at the same time also uses the historical simulation method for calculating some risks (nonlinear risks, etc.) such as in options transactions. By category, market risk can be classified into interest rates fluctuation risk, stock price fluctuation risk, foreign exchange rate fluctuation risk, etc. We calculate market risk by simply adding up all risk categories without considering the correlation between these categories.

(b) Back Testing

To validate the reliability of our internal model, we carry out back testing by comparing daily-calculated VaR with actual daily profit and loss. The middle office monitors the results of comparison between actual profit and loss and VaR on a daily basis, and, in the event of actual loss exceeding VaR, conducts a factor analysis, and assures the accuracy of the internal model. In addition, the quarterly results are reported to the Board of Directors.

To enhance the effectiveness of these market risk controls, we do back testing to verify the reliability and effectiveness of internal models used.

(c) Stress Testing

In addition to the management of market risk through the internal model, we regularly conduct stress tests that simulate the extent of potential losses under a situation with changes going beyond statistically expected levels (an overrun of the holding period, etc.). The middle office carries out appropriate stress testing using multiple stress scenarios, including scenarios based on changes that occurred in the market on the occasion of past market events and scenarios that reflect the maximum change that occurred over a certain period of time according to the portfolio characteristics. Stress testing is conducted on a daily basis, and testing results are reported to members of the ALM Committee, while the test results are also confirmed in a monthly report of the ALM Committee. The results of stress testing are also reported to the Board of Directors on a quarterly basis.

We have experienced intense market fluctuations due to financial crises, thus we are implementing more advanced risk management. To further strengthen our supplements to market risk measurement by VaR, we add various scenarios to stress testing, etc.

(d) Status of Market Risk

With respect to the monitoring of market risk amount in the banking account, in principle, VaR is calculated on a daily basis following the measurement criteria below:

VaR measurement standards

- Confidence interval: One-tailed 99%
- Holding period: 21 business days
- Observation period: 260 business days

The expiry of transactions is in accordance with contract terms.

With respect to the monitoring of market risk amount in the trading account, VaR is calculated on a daily basis following the measurement criteria below in principle:

VaR measurement standards

- Confidence interval: One-tailed 99%
- Time Horizon: 1 business day
- Observation period: 260 business days

The market risk amount (VaR) described above are managed to fall within the amount of risk capital allocated to market risks. In the assessment of the adequacy of capital, the integrated risk amount (overall VaR), which also includes risk amount of other risk categories than market risk, is compared with risk capital.

(4) Liquidity Risk Management Approach

Liquidity risks comprise funding risk and market liquidity risk. We manage funding risk on a daily basis by setting an upper limit on the daily financing gap (the amount of funds required) and check whether future financing gaps, including planned investment amounts, can be covered by assets easily convertible into cash and funds to be raised from the market, and conduct monitoring to ensure proper cash flow. In addition to the management described above, we perform liquidity stress tests based on various scenarios which assume stress unique to Sumitomo Trust and overall market stress. We are confirming that even if unexpected situations occur, there are sufficient liquid assets. Also, even in the recent financial crisis, we carry out thoroughly sound funding operations and take all possible measures to ensure appropriate liquidity risk management. For example, we have established three different settings for managing funding risk — “normal times,” “times of concern” and “times of emergency” — depending on the financing liquidity condition, and developed liquidity contingency plans for the “times of concern” and “times of emergency.”

Market liquidity risk is unavoidable risk that arises when we undertake market risk. We conduct risk management in ways to keep market liquidity risk involved in market risk within an appropriate range, for example by determining the amount of market risk we can undertake with due consideration as to whether the risk amount is at a level that enables transactions at reasonable prices in light of the market size. For market liquidity risks in credit investment made clear by U.S. subprime mortgage problems, we analyze the causes of price volatility risks, and are progressing in our development towards building a more advanced risk management system. The middle office monitors these liquidity risks and makes periodic reports to the ALM Committee and the Board of Directors. Meanwhile, regarding foreign exchange settlement risk, which refers to the risk of failing to receive currencies purchased in foreign exchange trading in exchange for the payment of sold currencies (due to bankruptcy of the counterparty), we are moving to mitigate settlement risk through the participation in settlement members of Continuous Linked Settlement Bank (CLS Bank) (A bank owned by the foreign exchange community which provides the largest multi-currency cash settlement system, eliminating settlement risk for over half the world’s foreign exchange payment instructions).

(5) Approach to Manage Credit Risk in Market Trading

When conducting market trading with financial institutions as counterparties, credit risk as well as market risk arises, making it necessary to conduct appropriate risk management in accordance with types of transactions. In order to contain credit risks associated with repetitive market trades with specific counterparties within a certain range, we are managing such risks by establishing credit lines for respective counterparties. Since last year, due to increased concerns about credit risks, we are working to decrease credit risks by reducing credit lines and cancelling transactions.

While in principle we treat principal or notional principal in contracted market trades as credit equivalents, we calculate credit equivalents by applying the current exposure method in principle for derivatives transactions. We also apply the same method to the calculation of credit equivalents regarding transactions with long settlement periods. Regarding these market trades, the middle office controls credit limits integrally for both on-balance sheet and off-balance sheet transactions on a monthly basis, and manage credit lines in an appropriate manner.

(II) Coping with Basel II

(1) Measurement of Market Risk Equivalent

The market risk equivalent refers to the sum of market risk in the trading account and foreign exchange risk and commodities risk in accounts other than the trading account, which is a factor used to calculate the capital adequacy ratio. We calculate the market risk equivalent mainly by applying the internal models approach*.

* We apply the Standardized Approach concerning individual risks at the parent company and exchange rate risks at consolidated subsidiaries.

The internal model used in measuring the market risk equivalent is the same as the internal model for internal management, but the time horizon for the trading account, which is just one day for internal management purposes, is set at 10 business days in conformity with Basel II. We validate the reliability and effectiveness of the internal model by conducting back testing. Due to large fluctuations since last year, a situation occurred where the actual loss in back testing exceeded VaR calculated by our internal model, but analysis results confirmed there are no problems with our internal models' accuracy and stability.

(2) Outlier Ratio

Regarding the amount of interest rate risk for the banking account under Basel II, when economic value calculated*1 under a certain interest rate fluctuation scenario*2 declines by more than 20% of the sum of Tier I capital (core capital) and Tier II capital (supplementary capital), a bank falls under the category of "outlier banks," and remedial actions to improve its stability will be made. The outlier ratio is obtained by dividing the overall amount of interest rate risk by the broadly defined capital (Tier I capital+ Tier II capital). As indicated by the table on page 162, our outlier ratio (on a consolidated basis) was 7.9% at the end of March 2009, keeping us out of the category of outlier banks. With respect to the amount of interest rate risk in the banking account, the amount of interest rate risk for internal management purposes and the overall amount of interest rate risk used for calculating the outlier ratio are not necessarily the same because of differences in the measurement method, calculation conditions and other matters.

*1 Our interest rate fluctuation scenario assumes an interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rate measured for the one year time horizon and the minimum observation period of five years for the Japanese yen, U.S. dollar and Euro.

Regarding currencies which account for less than 5% of our overall assets or liabilities, we uniformly use a parallel shift of 200 basis points upward or downward as an interest rate fluctuation scenario.

*2 Our risk measurement method uses the interest rate sensitivity approach. Core deposits are defined as the lowest of the following three, as an upper limit, for the five-year maturity (the average term of 2.5 years): 1) the lowest balance of deposits in the past five years; 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits; or 3) the amount equivalent to 50% of the current balance of deposits.

5. Operational Risk

(I) Internal Risk Management Framework

Operational risk is defined as the "risk of losses arising from inappropriate business processes, and the activities of officers/employees and computer systems as well as external incidents." In our case, business processing risk, information security risk, compliance risk, human resource risk, event risk and reputational risk are included.

(1) Risk Management Policy

The primary objective in operational risk management is to prevent such risk from occurring. We continuously carry out activities to enhance our staff's administrative capabilities and the quality of our services, in addition to the development of various rules and regulations and their strict implementation, and the enhancement of awareness of risk prevention through education and enlightenment. It is our basic policy to build the internal risk management framework and strengthen its operation so that we can respond promptly and contain damage to a minimum, if by any chance an accident does occur. Further, we control the amount of operational risk as part of integrated risk management by quantifying it, except for reputational risk.

From the viewpoint of building an effective operational risk management framework, we have developed framework for management of risks in six subcategories that constitute operational risk as well as the comprehensive framework for managing operational risk that integrate the subcategory structures.

1) Business Processing Risk

Risk of incurring losses arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud.

2) Information Security Risk

Risk of incurring losses, owing to factors such as improper management of information of our clients and the company, system failure or improper management of system development projects, etc. (including so-called system risk).

3) Compliance Risk

Risk of incurring losses for reasons such as penalties, claims or lawsuits arising from a lack of compliance with laws and regulations in Japan and abroad, or an inability to complete transactions due to contractual impediments including the lack of necessary provisions or lack of legal capacity by the transaction counterparty.

4) Human Resource Risk

Risk of incurring losses due to issues such as unequal or unfair management of personnel, (including issues related to compensation, benefits and release from employment), and harassment.

5) Event Risk

Risk of incurring losses arising from extraordinary situations such as natural disasters, war and criminal offenses.

6) Reputational Risk

Risk of incurring losses due to a (possible) major impact on business as a result of deterioration in reputation for Sumitomo Trust or its subsidiaries, owing to reasons such as mass media reports, rumors or speculation.

(2) Risk Management Framework

1) Board of Directors

Puts the structure in place to develop and improve the operational risk management system, risk processes and various rules and regulations on the basis of the Risk Management Policy laid down by the Board of Directors. The Board of Directors decides on important matters related to operational risk management activities (Operational Risk Management Plan) adopted on a semiannual basis.

The Board of Directors receives regular reports on the operational risk situation, including the occurrence of accidents and the amount of operational risk, and issues appropriate instructions after assessing the effectiveness of operational risk management.

2) Executive Committee

On the basis of reports on the operational risk management situation, deliberates the Operational Risk Plan, establishes a committee (Operational Risk Management Committee) concerning operational risk management, departments responsible for the management of respective risk subcategories and department(s) responsible for comprehensive management of operational risk, and maintains the proper conditions for operational risk management.

3) Risk Management related Departments

In addition to the Corporate Risk Management Department that comprehensively manages operational risk as a risk management related department independent from each business, we established risk management related departments for each of the risk subcategories to manage and operate the operational risk management framework appropriately in close coordination with each other.

Risk management related departments collect and assess various data related to risk management for the monitoring of risk profiles, and are also responsible for instructing each business, providing necessary information to the Board of Directors.

• Risk Management related Departments

Risk Category	Risk Management related Department
Operational Risk	Corporate Risk Management Department
Business Processing Risk	Operations Process Planning Department (Personnel Department for internal fraud)
Information Security Risk (system risk, information management)	IT & Business Process Planning Department
Compliance Risk (including legal risk)	Legal and Compliance Department
Human Resource Risk	Personnel Department
Event Risk	Corporate Administration Department
Reputational Risk	Corporate Risk Management Department

4) The Internal Audit Department

The Internal Audit Department conducts an internal audit of the adequacy and effectiveness of the risk management framework.

(3) Flow of Operational Risk

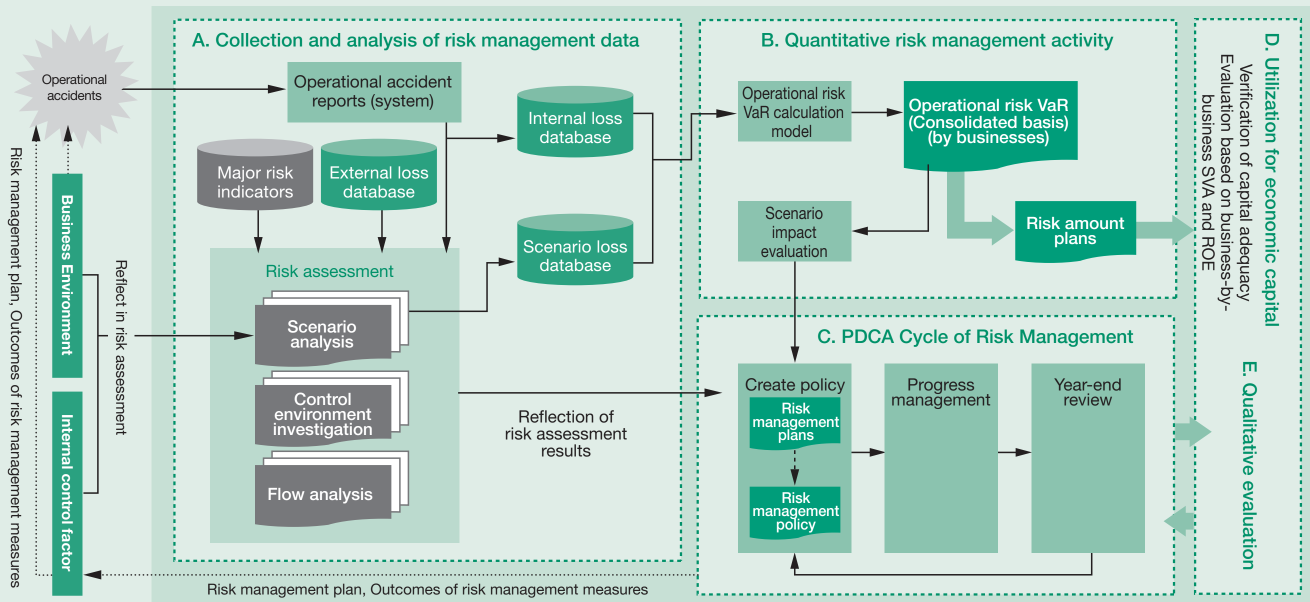
We have in place a framework to collect and analyze reports on operational accidents for Sumitomo Trust group as a whole and implement measures to prevent the recurrence of similar accidents, with the Corporate Risk Management Department, which is responsible for comprehensive management of operational risk, coordinating activities of other risk management related departments.

In addition, each business conducts risk assessment for itself both periodically and as necessary, identifies operational risks in each operation in the form of scenarios and estimates the amount and frequency of losses that may arise in each scenario (a situation that could have an impact on the management of Sumitomo Trust) and evaluates the extent of the impact. Based on the results thereof, each department formulates risk management plans and risk management measures regarding scenarios whose impact is estimated to be large, and follows up on the implementation status of those measures.

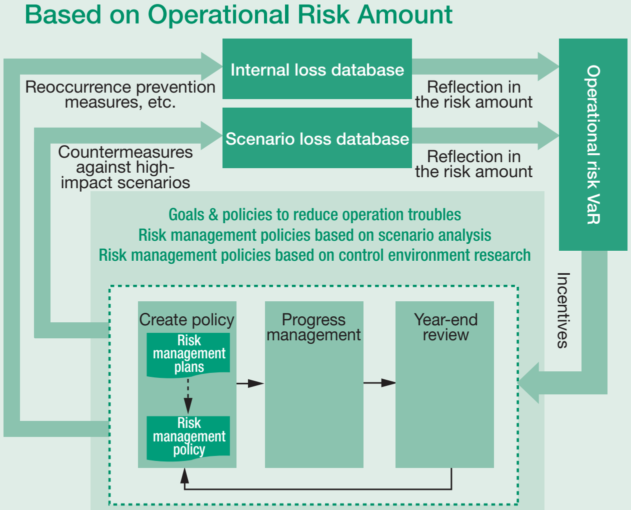
Additionally, on the basis of losses in scenarios made from internal loss data collected through operational accident reports and risk assessment results, we have estimated statistically the loss distribution and the event probability distribution. The amount of operational risk is calculated every half year by the Monte Carlo simulation method, which estimates the maximum value of losses arising during a given period. The operational risk amount thus calculated is distributed to each business, and is utilized for internal management, such as the risk quantity plan and corporate profits goal.

The status of the occurrence of operational accident, the results of risk assessments, risk quantity, etc. are periodically reported to the Executive Committee and the Board of Directors, and reviews and revisions are also made as necessary in order to ensure highly effective management.

• Overview of Operational Risk Management System



• Overview of "C. PDCA Cycle of Risk Management" Based on Operational Risk Amount



(4) Business Processing Risk Management Activities

On top of banking businesses at domestic and overseas, we are engaging in a broad range of trust and asset management businesses, including pension, investment management, real estate and stock transfer agency. As these businesses require a high level of expertise and high quality clerical work, we have established a department to oversee and provide guidance to business processing operations at each business to facilitate business processing administration to better respond to client needs. Each business is also undertaking business processing risk management activities on their own, based on the "Business Risk Management Policy," which provides for basic matters concerning business processing risk management, and the Business Risk Management Plan, drawn up semiannually by the Board of Directors.

In addition, with the aim of strengthening our business processing abilities, we have addressed the stricter assignment of authority and rules regarding business processing procedures, concentration of computer systems and business processing, enhancement of the level of our clerical staff through training, enhancement and strengthening of the checks and balances through an internal audit and other measures.

Moreover, in cases where we contract our business operations to outside entities, we select them from a comprehensive viewpoint by considering their 1) reliability; 2) internal management framework; 3) quality and technological abilities; 4) status of security management measures; and 5) measures to respond to system trouble and/or natural disasters. Even after we start outsourcing the work to selected entities, we strive to maintain and improve the quality of business processing operations and prevent the leakage of clients' personal information through measures such as periodic reviews of the operational situation at outsourcees to confirm the absence of any problems.

We also have in place a variety of check-and-balance structures from the standpoint of preventing internal fraud, and provide a range of training programs to make each officer and employee fully aware of the high degree of the public nature of services provided by a trust bank.

(5) Information Security Risk Management Activities

In order to maintain and enhance the safety and reliability of our computer systems, we have adopted the "Information Security Management Policy" ("Information Security Policy"), our basic policy on information security management, as well as specific observance standards, and are working to improve our computer system risk management system. Computer systems have become indispensable as a result of the rapid development of information technology (IT), and there is the concern that if our computer system breaks down or an unforeseen disaster occurs, the situation will be severe with far-reaching damage done, including a disruption in services to clients. Thus, in addition to conducting sufficient testing in the development of computer systems and working to prevent the occurrence of breakdowns, we regularly check on the progress in the development of important computer systems. Furthermore, in order to minimize the impact in the event of a system breakdown, we have prepared a double system infrastructure, built a backup system, designed a plan for dealing with emergencies (i.e., a contingency plan), and conducted training for a system breakdown.

We have established the risk management framework under which we monitor the risk situation and, when problems are discovered, follow procedures and deal with the problems promptly. While the spread of the Internet has helped enhance client conveniences, new risks have emerged such as threats to clients' personal information as well as our sensitive internal information as a result of illegal access from the outside. We are working to ensure security by vigilantly watching around the clock for any such attacks and through constant improvements to our computer systems.

Our "Information Security Policy" has provided for the protection of personal information. We have designated information management officers responsible for the protection of clients' personal information, and also set forth criteria that must be observed regarding the collection, utilization, safekeeping/storing and disposal of personal information. In addition, since the announcement in April 2005 of the "Declaration for the Protection of Personal Information," we have redoubled our efforts to protect personal information by further reinforcing the existing information management system and improving various other regulations and systems from the viewpoint of the adequate protection and utilization of personal information. Furthermore, we are continuously providing education and information to all of our officers and employees in order to make them act with a greater awareness of the necessity of managing information security on a company-wide basis.

(6) Activities to Manage other Operational Risks

In the management of event risk, we have built a system that enables us to continue business operations with the guidance from an emergency headquarters so that we can execute business operations in an appropriate manner even in the event of natural disasters and other unexpected accidents. We also have in place a business continuity plan and conduct regular training in order to secure the effectiveness of the plan. In addition, we have built a human resource risk management framework from the viewpoint of appropriately managing and preventing such problems as ones arising from dissatisfaction with performance evaluation and unfair treatment, and sexual harassment and abuse of authority. Furthermore,

• Standardized Approach

Business Category	Remarks	Assumed Margin
Retail Banking	Deposit-taking and lending operations in the retail market (small and medium businesses and individuals)	12%
Commercial Banking	Deposit-taking and lending operations outside the retail market	15%
Settlement Services	Settlement-related operations	18%
Retail Brokerage	Securities business operations mainly targeting small-lot clients	12%
Trading & Sales	Operations related to trading transactions; securities, foreign exchange rate and interest rate business operations mainly for large-lot clients	18%
Corporate Finance	Intermediation of corporate M&A; underwriting, sale and acceptance of subscriptions for securities and other operations related to clients' fund raising (excluding operations subject to retail banking and commercial banking)	18%
Agency Services	Business operations undertaken as agents for clients	15%
Asset Management	Asset management operations for clients	12%

for the management of reputational risk, we have built a system to collect information on media reports and rumors about us, and promptly and appropriately respond to them through public relations and investor relations activities from the viewpoint of preventing such reports and rumors from making a significant impact on our business management.

* For compliance risk, please refer to page 42.

(II) Coping with Basel II

Method used for the Calculation of Operational Risk Amount

Since the end of March 2007, we have been managing operational risk as part of required capital under Basel II. We use the Standardized Approach for the calculation of the operational risk amount under Basel II. Under this method, we measure the amount of operational risk by first classifying our business operations into eight categories (as listed on the previous page), and then multiplying gross income for each category by different percentages commensurate with risk.

With an eye to the shift to the Advanced Measurement Approaches, we will tackle the further sophistication of operational risk management.

6. Other Matters Related to Risk Management

(I) Securitization Exposures

Securitization is a transaction where credit risks of multiple underlying assets are divided into two or more different classes forming a senior and subordinated structure, and then transferred partially or wholly to third parities. Well-known such assets, by type of underlying assets, include residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and collateralized loan obligations (CLO). In a securitization transaction, credit risk measurements differ between an originator, who brings securitized products to the market, and an investor, who purchases securitization exposures. The originator does not bear any credit risk, if such risk is completely transferred in a securitization transaction, but is left with some credit risk, if it undertook liquidity facilities or accepted a subordinated portion in designing securitized products. The investor who purchased securitized products naturally bears credit risk inherent in such products.

We participate in the securitization market principally as an investor, but also have a track record of designing securitized products as an originator. We are also in the business of appropriately managing underlying assets for investors as a trustee in securitization, though we do not bear credit risk in doing so.

(1) Risk Management Policy in the Internal Risk Management Framework

(a) Investor

In principle, we invest in securitization products assigned with high external ratings, and during investment periods, try to secure stable earnings opportunities by regularly monitoring not only external ratings but also the status and performance of underlying assets.

(b) Originator

We will consider the possibility of making more active use of securitization transactions, undertaken as an originator, going forward as a means of controlling our loan portfolio. In doing so, we plan to design transactions that would effectively realize the intended transfer of credit risks, and also calculate credit risk-weighted assets we bear after securitization in an appropriate manner.

In implementing securitization transactions, we have adopted a method of sale that recognizes the extinguishment of financial assets with the transfer to others of control of contractual rights over financial assets, in line with accounting standards for financial products. In the case of loans, for example, we recognize the extinguishment of assets, in principle, when the transfer of assets is legally completed and the payment for the transfer is received. In the case where we hold retained equity after the execution of a securitization transaction, we do not recognize the sale of assets for a portion related to the retained equity concerned, and include it in credit risk-weighted assets.

(2) Quantification of Securitization Exposures

In calculating the amount of credit risk for securitization exposures, we use specific individual credit ratings assigned to securitization exposures, and measure the risk amount in much the same way as with ordinary corporate exposures. Interest rate risk associated with securitization exposures is subject to the calculation of market risk.

(3) Coping with Basel II

We prioritize calculation methods for credit risk-weighted assets in securitization exposures, and choose applicable calculation methods with the highest priority. For securitization exposures assigned with qualifying external ratings, we use an "External Ratings-Based Approach" to calculate risk weights. For securitization exposures without qualifying external ratings, we apply the "Supervisory Formula" commensurate with the characteristics of underlying assets to the calculation of risk weights. Securitization exposures to which neither of the above-mentioned approaches can be applied are deducted from total capital. The total of capital charges against securitization exposures held is not to exceed the amount of required capital in the case where the IRB Approach is applied to underlying assets.

Qualifying rating agencies we use when we calculate credit risk-weighted assets with the "External Ratings-Based Approach" are Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); Standards & Poor's Rating Services (S&P); and Fitch Ratings Ltd. (Fitch).

(II) Capital Contribution and Equity Exposures in the Banking Account

We purchase equities through the banking account as part of investment operations, and also make capital participation in organizations that can be expected to bring benefit to us and acquire equities in our clients to help strengthen business relations with them.

(1) Risk Management Policy in the Internal Risk Management Framework

While some of the equities we hold are intended to gain short term investment returns or returns pertaining to long-term business relations, listed stocks are marked to market and as such exposed to the risk of market price fluctuations.

We measure the risk of equity exposures by broadly classifying them into those listed and unlisted. For listed equity exposures with market prices, we recognize the volatility of market prices as risk, and measure equity VaR with the estimated holding period (time horizon) of one month, and the one-tailed 99% confidence interval, in the same way as other market risks in the banking account, such as interest-rate risk.

Regarding unlisted equities, for which market price fluctuations cannot be observed directly, the amount of risk with a 1 year time horizon is measured by the method of indirectly estimating the volatility of an appropriate alternative indicator or by invoking the PD/LGD approach prescribed under Basel II.

As stocks of consolidated subsidiaries are canceled out with capital accounts of such subsidiaries on the consolidated financial statement, capital on the consolidated financial statement is affected not by price fluctuations of equities of subsidiaries but by fluctuations of prices of assets held by subsidiaries. Thus, the risk to be measured is not the risk of the value of stocks held declining but the credit risk and market risk directly borne by subsidiaries. In contrast, the risk to be measured for equity method affiliates is the risk of the value of stocks held declining.

(2) Coping with Basel II

As the risk calculation approach under Basel II, we apply different methods for domestic and overseas equity exposures.

As for domestic equities, equity exposures to obligors and listed companies are calculated with the Regulatory Formula using credit ratings assigned. We apply the Simplified Approach to exposures to domestic stocks without credit ratings and overseas equities, and calculate risk assets by multiplying those exposures by risk weights set separately for listed and unlisted equities.

However, for equities acquired before the end of September 2004 and held continuously since then, risk weights under the Standardized Approach are applicable pending the calculation of credit risk-weighted assets as of June 30, 2014 (the grandfathering rule).

(III) Credit Risk Mitigation Measures

(1) Risk Management Policy in the Internal Risk Management Framework

Controls of credit exposures can be achieved not simply by reducing the balance of outstanding credit but also by seeking to protect loans with collateral and guarantees. These protection measures are collectively called “credit risk mitigation techniques.”

While we measure the creditworthiness of clients comprehensively by looking at their business status and technological capabilities as well as their future potential, we also employ the credit risk mitigation techniques in order to cover the deficiency in creditworthiness or enhance the quality of loans.

What is necessary in doing so is that the credit risk mitigation techniques are “valid” both legally and practically. In order to ensure that validity, we set internal standards for sound and reliable protection and management. In recent years, we have witnessed the emergence of a new strain of collateral, which is not included in the past standard method, such as “intellectual property rights.” We intend to respond to the demands of the times, and are striving to build up our capabilities to accurately assess new kinds of assets.

(a) Netting of Loans against Deposits

We net loans owned against deposits from the same counterparty, in principle, on the basis of Japanese laws and only with clients who have concluded bank transaction agreements containing clauses for timely netting.

(b) Legally Valid Bilateral Netting Agreements

When we conduct derivatives transactions and repurchase agreement transactions, we conclude, in principle, legally valid bilateral netting agreements (ISDA master agreements, etc.) with counterparties. When there emerge reasons for early termination, we mitigate credit risk by invoking bilateral netting agreements for the closeout netting of multiple derivatives transactions and repurchase agreement transactions concluded with counterparties concerned. We are also pushing for the conclusion of the Credit Support Annex (“CSA”) as associated agreements to ISDA master agreements in order to minimize credit risk in derivatives transactions. CSAs are bilateral agreements for credit enhancement, under which we and CSA counterparties calculate the present value of a derivatives transaction and the party with revaluation loss provides the other party with unrealized gains via collateral with the value equivalent to the revaluation loss.

Collateral is offered and received on a continuing basis between us and the CSA counterparty to make the revaluation gain/loss neutral. When the creditworthiness of one party deteriorates and is downgraded, however, the need arises to offer additional collateral* to account for the impact of the downgrade.

* The value of additional collateral varies depending on individual agreements with CSA counterparties.

(c) Outline of Assessment, Management Policies and Procedures Regarding Collateral

While collateral cannot be determined uniformly due to varying specific circumstances of obligors, we accept collateral that is most suitable for the use and character of loans and has good security qualifications.

We investigate and assess collateral in a prudent manner, bearing in mind the degree of difficulty in actual disposal and realization of collateral as well as legal limitations and economic constraints.

Principal collateral we accept includes the following:

- Commercial bills before maturity that fully meet statutory requirements with settlement certainty
- Yen-denominated time deposits and deposits at notice with us
- Beneficiary rights of principal of designated money in money trusts or beneficiary rights of principal and income of such trusts with us
- Beneficiary certificates of loan trust with us (both registered and bearer form)
- Public and corporate bonds, listed stocks and securities investment trusts (bearer form)
- Land or land and buildings located in Japan for manageability, easy to dispose of and with certain collateral quality
- Ships with certain collateral quality
- Foundations having good-quality, well-managed properties with settlement certainty in terms earning capacity
- Claims payable to specific persons that meet certain requirements

The assessment of collateral is conducted once a year, in principle, for real estate and ships, while equities and other collateral with market value are assessed by current prices.

(d) Guarantees

Guarantees are classified into several types, including specific debt guarantees covering only specific debts and revolving guarantees. In any event, we recognize guarantees that are consistent with our validity criteria for the effects of credit risk mitigation, including those with confirmed guarantee capacity and guarantee intentions, and also recognize guaranteed transactions in the process of screening credit applications. While we broadly recognize the validity of guarantees not only with formal guarantee agreements but also under signed memorandums and commitments to guarantee depending on accompanying terms and conditions, we set requirements for documents and other materials used to confirm potential guarantors' abilities and intentions of providing guarantees and give importance to the substantive effectiveness of guarantees instead of simply relying on written guarantee agreements.

Guarantors tend to be parent companies of obligors, and we are not relying on any particular guarantors. Since there are usually close relations between obligors and guarantors, the effect of diversification due to guarantees cannot be expected to any large extent. But we at least recognize equating the creditworthiness of guaranteed debt with the creditworthiness of guarantors.

(2) Coping with Basel II

The Basel II framework narrowly defines types and requirements of credit risk mitigation technique that can be used to mitigate risk-weighted assets in the calculation of credit risk-weighted assets. As described above, we make use of credit risk mitigation technique as much as possible, and set the scope of the credit risk mitigation technique applicable to the calculation of our capital adequacy ratio as follows, after scrutinizing their eligibility for the notified requirements:

<Qualifying Financial Asset Collateral>

- Netting of loans against deposits (limited to jurisdictions where netting is authorized in a stable manner and also based on judicial precedents, etc., with balancing-out agreements in place)
- Legally valid bilateral netting agreements and credit enhancement by CSA, regarding derivatives transactions and repurchase agreement transactions
- Listed securities (Acceptable listed securities are shares. When accepting shares as qualifying financial assets collateral, we take into consideration the relationship between the obligor and the issuer of the shares)

<Qualifying Assets Collateral>

- Qualifying real estate asset collateral (land only or land and accompanying buildings)
- Other qualifying asset collateral (ships)

<Guarantee and Credit Derivatives>

- We accept guarantees mainly from public-sector organizations and business enterprises (guarantors) and purchase credit derivatives mainly from financial institutions (protection providers). Qualifying guarantors and protection providers are entities with sufficient creditworthiness as represented by a credit rating higher than a prescribed level, etc. so that credit risk mitigation effects are ensured.

(3) Regarding the concentration of credit and market risks resulting from the use of credit risk mitigation technique

- Guarantees and credit derivatives are deemed to involve concentration risk.
- Guarantors tend to be the parent companies of obligors, and we are not relying on any particular guarantors. In our controls of the credit limits regarding an obligor, we monitor and control concentration risk through total management of the entire group to which the obligor belongs regardless of whether a guarantee is provided by the parent or not.
- The total notional principal amount of credit derivatives purchased by Sumitomo Trust is not significant as credit risk. We manage the notional principal amount as part of the credit limits for the protection provider.

Capital Adequacy Ratio

Consolidated

We calculate the BIS capital adequacy ratio on both a consolidated and non-consolidated basis in line with provisions of Article 14-2 of the Banking Law and on the basis of calculation formulae prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (the Financial Services Agency 2006 Notification No.19, hereinafter referred to as the "Notification"). Applying uniform international standards, we have adopted the Foundation Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets and the Standardized Approach for the calculation of operational risk, and also introduced market risk regulations.

BIS Capital Adequacy Ratio

	Millions of Yen	
At March 31	**2009**	2008
Tier I		
Capital Stock	¥ 287,537	¥ 287,537
Noncumulative Perpetual Preferred Stock	—	—
Deposit for Subscriptions to Shares	—	—
Capital Surplus	242,555	242,555
Retained Earnings	463,345	483,685
Treasury Stock (Deduction)	453	441
Deposit for Subscriptions to Treasury Stock	—	—
Expected Distributed Amount (Deduction)	2,511	14,234
Net Unrealized Loss on Available-for-Sale Securities (Deduction)	109,615	—
Foreign Currency Translation Adjustments	(10,111)	(4,729)
Share Warrants	—	—
Minority Interests	306,969	209,362
Noncumulative Preferred Securities Issued by Overseas Special Purpose Companies	280,000	183,000
Business Rights Equivalents (Deduction)	—	—
Goodwill Equivalents (Deduction)	106,980	115,508
Equivalent to Intangible Fixed Assets Recorded through Business Combination (Deduction)	—	—
Equivalent to the Increase in the Capital Associated with Securitization Transactions (Deduction)	1,062	—
Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance (Deduction)	7,865	14,918
Total Tier I before Deduction of Deferred Tax Assets (Aggregate Sum of Items Above)	1,061,806	1,073,308
Deducted Amounts of Deferred Tax Assets (Deduction)*1	—	—
Total (A)	1,061,806	1,073,308
Noncumulative Preferred Securities Attached with Step-up Interest Rate Clause*2 (a)	156,000	100,000
Tier II		
45% of Net Unrealized Gain on Available-for-Sale Securities	—	48,096
45% of Revaluation Reserve for Land	614	771
General Allowance for Loan Losses	9,383	3,213
Excess of Qualifying Allowance over Expected Loss	—	—
Debt Capital	673,625	708,859
Perpetual Subordinated Debt*3	292,740	314,195
Subordinated Term Debt and Fixed-term Preferred Stock*4	380,885	394,664
Total	683,624	760,940
Included in Capital (B)	683,624	760,940
Tier III		
Subordinated Short-term Debt	—	—
Included in Capital (C)	—	—
Items for Deduction		
Items for Deduction*5 (D)	62,542	101,958
Total Qualifying Capital		
(A) + (B) + (C) - (D) (E)	1,682,888	1,732,290
Risk-Weighted Assets		
Asset (On-balance Sheet) Items	11,340,590	11,722,611
Off-balance Sheet Transaction Items	1,603,280	2,022,727
Amount of Credit Risk-Weighted Assets (F)	12,943,870	13,745,339
Amount of Market Risk Equivalents ((H)/8%) (G)	284,753	162,263
(Reference) Market Risk Equivalents (H)	22,780	12,981
Amount of Operational Risk Equivalents ((J)/8%) (I)	682,848	718,385
(Reference) Operational Risk Equivalents (J)	54,627	57,470
Amount Obtained by Multiplying by 12.5 the Excess of the Amount Obtained by Multiplying the Old Required Capital by the Rate Prescribed by the Notification over the New Required Capital (K)	—	—
Total ((F) + (G) + (I) + (K)) (L)	¥ 13,911,473	¥ 14,625,988
BIS Capital Adequacy Ratio = E/L x 100 (%)	12.09	11.84
Tier I Capital Ratio = A/L x 100 (%)	7.63	7.33
Ratio of Noncumulative Preferred Securities with Step-up Interest Rate Clauses to Tier I Capital = a/A x 100 (%)	14.69	9.31

*1 As of March 31, 2009, deferred tax assets total ¥207,705 million in net terms. The upper limit on the inclusion of deferred tax assets in capital is ¥212,361 million.

*2 Listed in the Notification Article 5, Paragraph 2, i.e. stocks and other securities with high probability of redemptions through such measures as attachment of step-up interest rate clauses (including noncumulative preferred securities issued by overseas special purpose companies).

*3 Debt capital listed in the Notification Article 6, Paragraph 1, 4 that have all of the characteristics listed below:
(1) Paid-up debts unsecured and subordinate to other debts
(2) Not redeemable, except for certain cases
(3) Used for compensation of loss while continuing business
(4) Allowed to defer interest payment obligations

*4 Listed in the Notification Article 6, Paragraph 1, 5 and 6. However, subordinated term debts are limited to those with an original maturity of over five years.

*5 Listed in the Notification Article 8, Paragraph 1, 1 through 6, and include the amounts equivalent to intentional holdings of other financial institutions' capital funding means and the amounts equivalent to investments in those provided for under the Notification Article 8, Paragraph 1, 2.

*6 We received an external audit by KPMG AZSA & Co. on the calculation of the consolidated BIS capital adequacy ratio in line with 'Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits' (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, June 12, 2007).

The external audit is not part of the accounting audit of the consolidated financial statements but was conducted on parts of the internal risk management framework concerning the calculation of the consolidated BIS capital adequacy ratio under agreed-upon examination procedures and is a report of the results. It thus does not represent an opinion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of the internal control which concern the ratio.

Outline of Capital Funding Means

An outline of capital funding means for the BIS capital adequacy ratio is as follows:

Capital	Capital Funding Means	Outline	
Tier I	Common Stock	Full Voting Stock	Shareholders' equity listed in the Notification Article 5, Paragraph 1, and our standard stock with no limitations on holders' rights.
	Preferred Securities	See Table below for Details	Preferred securities listed in the Notification Article 5, Paragraph 3, which meet all of the conditions below: •Noncumulative preferred capital •Paid-up securities that are unsecured and subordinate to other debts •Used for compensation of loss within the Bank while business is continued
Tier II	Perpetual Subordinated Bonds	•Date of Redemption not Provided •Step-up of Interest Rate (Prepayments will be allowed after 5 years subject to approval by the regulatory authorities)	Instrument included as the debt capital listed in the Notification Article 6, Paragraph 1, 4 that have all of the characteristics below: •Paid-up securities that are unsecured and subordinate to other debts •Not redeemable except for some cases •Used for compensation of loss while business is continued •Allowed to defer interest payment obligations
	Perpetual Subordinated Loans		
	Subordinated Bonds	Maturities of 10 years and 20 years (Bullet payment)	Instrument included as the debt capital listed in the Notification Article 6, Paragraph 1, 5 and 6, but subordinated debts are limited to those with five-year minimum maturity.
		•Date of Redemption Provided •Step-up of Interest Rate (Prepayments will be allowed after 5 years subject to approval by the regulatory authorities)	
	Subordinated Loans		

Details of preferred securities issued by overseas special purpose companies included in the Tier I of capital for consolidated BIS capital adequacy ratio calculation are the following:

1. Issuer	STB Preferred Capital 2 (Cayman) Limited	STB Preferred Capital 3 (Cayman) Limited	STB Preferred Capital 4 (Cayman) Limited	STB Preferred Capital 5 (Cayman) Limited
2. Description of Securities	Noncumulative Preferred Securities	Same as on the left	Same as on the left	Same as on the left
3. Maturity	Perpetual (the Securities may be redeemed in whole or in part on any dividend payment date on or after seven years from the issuance at the option of the Issuer subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements).	Perpetual (the Securities may be redeemed in whole or in part on any dividend payment date on or after ten years from the issuance at the option of the Issuer subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements).	Same as on the left	Perpetual (the Securities may be redeemed in whole or in part on any dividend payment date on or after five years from the issuance at the option of the Issuer subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements).
4. Dividend Rate	<1st year - 10th year > Fixed Rate <Thereafter> Step-up Floating Rate	Same as on the left	Series A <1st year - 10th year > Fixed Rate <Thereafter> Step-up Floating Rate Series B <1st year - 10th year > Fixed Rate <Thereafter> Non Step-up Floating Rate	<1st year - 5th year > Fixed Rate <Thereafter> Non Step-up Floating Rate
5. Issue Amount	¥50 billion	¥50 billion	Series A ¥56 billion Series B ¥54 billion	¥70 billion
6. Issue Date	December 7, 2005	March 2, 2007	June 24, 2008	December 18, 2008
7. Outline of Dividend Payment	Dividends are payable by the Issuer in the presence of distributable amount of the Bank in conformity with the calculation of preferred shares of the bank. If the Bank pays any dividends on any of its common stock with respect to any financial year of the Bank, then the Issuer will be required to pay full dividends on the Securities for the applicable year.	Same as on the left	Same as on the left	Same as on the left
8. Dividend Limitation	Dividends will not be paid if any of certain criteria have met. The criteria include the following: When the Bank did not pay dividend on any class of preferred shares. When the Bank's BIS capital adequacy ratio or Tier I capital ratio is to decline below the minimum percentages required by Japanese banking regulations.	Same as on the left	Same as on the left	Same as on the left
9. Rights to the Remaining Assets	The Securities are intended to provide holders, through the perpetual subordinated loan to the Bank, with rights to remaining assets that are the same as those to which holders would be entitled if they had purchased noncumulative nonvoting perpetual preferred stock issued directly by the Bank.	Same as on the left	Same as on the left	Same as on the left

Scope of Consolidation

(1) The Difference between Companies Belonging to the Group of Companies Subject to the Consolidated Capital Adequacy Ratio as Prescribed by the Notification Article 3 (hereinafter referred to as the "Consolidated Group") and Companies Included in the Scope of Consolidation in line with the Consolidated Financial Statements Rule is as follows:

Subsidiaries under the Banking Law that are not included in the scope of consolidation by applying provisions of the Consolidated Financial Statements Rule, Article 5, Paragraph 2, are included in the Consolidated Group subject to the calculation of the capital adequacy ratio.

(2) The number of consolidated subsidiaries that belong to the Consolidated Group is 39. The principal companies are the following.

Name	Principal Business Operations
STB Leasing Co., Ltd.	Leasing
Sumishin Matsushita Financial Services Co., Ltd.	Leasing, Installment Finance, Credit Card Service
First Credit Corporation	Money Lending
Sumishin Realty Company, Limited	Real Estate Brokerage
STB Asset Management Co., Ltd.	Investment Management and Advisory
Sumitomo Trust and Banking Co. (U.S.A.)	Financial and Trust Services

(3) There are two affiliated companies that undertake financial services subject to the Notification, Article 9.

Name	Principal Business Operations
Japan Pension Operation Service, Ltd.	Pension Benefit Computing and Clerical Agent Services
Japan Trustee Services Bank, Ltd.	Trust and Banking Services

(4) There are a total of 43 companies that are subject to deduction items listed in the Notification, Article 8, Paragraph 1, 2 (a) through (c). The principal companies are the following.

Name	Principal Business Operations
Hummingbird Co., Ltd.	Rental Business through an Anonymous Partnership

Companies that are Subject to Deduction Items Listed in the Notification, Article 8, Paragraph 1, 2 (a) through (c).

	2009	2008
Companies that Failed to Meet the Regulatory Required Capital and Shortfall Amounts	**Not applicable**	Not applicable

(5) Of Companies Listed in the Banking Law, Article 16-2, Paragraph 1, 11, those Dedicated to Auxiliary Businesses, and Companies Listed in the Banking Law, Article 16-2, Paragraph 1, 12, all belong to the Consolidated Group.

(6) There are no particular restrictions on the transfer of funds and capital within the Consolidated Group.

Capital Adequacy

Consolidated

(1) Amount of Required Capital against Credit Risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

	Millions of Yen	
At March 31	2009	2008
Portfolios to which the Standardized Approach is Applied	¥ 122,771	¥ 139,101
Exposures to Business Units Set for Phased Roll-Out Application	95,479	111,819
Exposures Excluded from Application	27,291	27,282
Portfolios to which the IRB Approach is Applied and the Breakdown by Portfolio	956,829	919,489
Corporate Exposures	756,985	721,132
Sovereign Exposures	27,651	22,362
Bank Exposures	26,171	27,321
Residential Mortgage Exposures	55,270	47,427
Qualifying Revolving Retail Exposures	593	643
Other Retail Exposures	13,099	12,307
Purchased Receivables	46,759	70,469
Other Assets	30,299	17,825
Securitization Exposures	29,047	55,968
Exposures to which the Standardized Approach is Applied	—	—
Exposures to which the IRB Approach is applied	29,047	55,968

Note: From March 31, 2009, retail exposure for Life Housing Loan, Ltd. is being presented using the IRB Approach instead of the standardized approach.

(2) Amount of Required Capital against Credit Risk concerning Equity Exposures to which the IRB Approach is Applied

	Millions of Yen	
At March 31	2009	2008
Equity Exposures	¥ 68,584	¥ 87,999
PD/LGD Approach	13,357	13,973
Simple Risk Weight Method of the Market-based Approach	20,686	18,937
Internal Models Method of the Market-based Approach	—	—
Transitional Measures	34,540	55,087

(3) Amount of Required Capital against Credit Risk concerning Exposures Held in Funds

	Millions of Yen	
At March 31	2009	2008
	¥ 44,723	¥ 72,645

(4) Amount of Required Capital against Market Risk

	Millions of Yen	
At March 31	2009	2008
Market Risk	¥ 22,780	¥ 12,981
Amount of Required Capital by Category under the Standardized Approach	2,302	1,818
Interest Rate Risk	1,827	1,543
Equity Position Risk	—	—
Foreign Exchange Risk	475	275
Commodities Risk	—	—
Options Transactions	—	—
Internal Models Approach	20,477	11,162

(5) Amount of Required Capital against Operational Risk

At March 31	Millions of Yen 2009	2008
Standardized Approach	¥ 54,627	¥ 57,470

(6) Total Required Capital

At March 31	Millions of Yen 2009	2008
Total Required Capital	¥ 1,112,917	¥ 1,170,079

Credit Risk

Consolidated

(1) Balance of Exposures Related to Credit Risk (excluding exposures held in funds and securitization exposures)

	Millions of Yen				
	2009				
	Credit Risk Exposures				
At March 31		Loans, Commitments and Other Off-balance Sheet Exposures other than Derivatives	Securities	Over-The-Counter Derivatives	Exposures 3 Months or Longer Overdue or Exposures in Default
Japan	¥ 17,132,762	¥ 14,249,427	¥ 2,648,897	¥ 234,438	¥ 156,551
Outside Japan	2,756,350	698,632	1,400,347	657,370	14,225
Total for Regions	¥ 19,889,113	¥ 14,948,059	¥ 4,049,244	¥ 891,809	¥ 170,777
Manufacturing	2,797,512	2,518,087	255,246	24,178	8,763
Agriculture	3,656	2,350	1,283	22	—
Forestry	245	245	—	—	—
Fishing	8,400	8,303	29	67	526
Mining	17,040	16,782	—	257	—
Construction	191,010	183,047	7,629	333	18,671
Energy and Utilities	212,586	169,089	42,172	1,324	—
Communication	223,550	211,532	11,754	263	37,806
Transportation	905,880	806,944	84,843	14,092	—
Wholesale and Retail	1,445,269	1,362,918	76,393	5,957	6,119
Finance and Insurance	1,784,226	1,483,972	101,518	198,735	75
Real Estate	2,198,696	1,991,676	197,663	9,356	43,389
Various Services	1,119,156	1,094,741	19,334	5,080	4,522
Local Public Bodies	91,010	79,243	11,766	—	—
Individuals	2,158,535	2,158,535	—	—	14,593
Others	6,732,336	2,860,587	3,239,609	632,139	36,310
Total for Industry Sectors	¥ 19,889,113	¥ 14,948,059	¥ 4,049,244	¥ 891,809	¥ 170,777
One Year or Shorter	4,495,786	4,013,341	403,023	79,421	
Over One Year to less than Five Years	7,801,862	5,693,410	1,809,987	298,463	
Five Years or Longer	7,591,464	5,241,307	1,836,233	513,924	
Total for All Durations	19,889,113	14,948,059	4,049,244	891,809	
Average Balance during the Period	¥ 19,869,381	¥ 15,003,039	¥ 3,921,898	¥ 944,444	

Notes: 1 Exposures subject to the calculation of credit risk-weighted assets excluding those subject to funds, securitization, other assets and those excluded from the application.
2 "Others" in the industry sectors include non-residents and state public services. Exposures for the duration of over five years include those with no fixed maturities.
3 Average balance during the period is the average figure of those as of March 31, 2008; September 30, 2008; and March 31, 2009.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and the netting against the company's cash balance.
5. The above data represents exposures to original debtors in loan participations.

At March 31	Millions of Yen 2008				
		Credit Risk Exposures			
		Loans, Commitments and Other Off-balance Sheet Exposures other than Derivatives	Securities	Over-The-Counter Derivatives	Exposures 3 Months or Longer Overdue or Exposures in Default
Japan	¥ 16,942,522	¥ 14,357,996	¥ 2,353,612	¥ 230,912	¥ 92,950
Outside Japan	2,689,109	776,939	1,133,133	779,035	1,379
Total for Regions	¥ 19,631,631	¥ 15,134,936	¥ 3,486,746	¥ 1,009,948	¥ 94,330
Manufacturing	2,623,956	2,170,392	435,247	18,316	6,592
Agriculture	3,932	2,758	1,154	18	—
Forestry	212	212	—	—	—
Fishing	4,216	3,958	218	39	—
Mining	15,118	14,808	—	310	—
Construction	222,122	211,253	9,987	881	3,434
Energy and Utilities	239,380	189,373	48,515	1,491	—
Communication	230,299	215,398	14,710	191	3,730
Transportation	877,856	749,158	113,978	14,718	—
Wholesale and Retail	1,514,807	1,419,645	89,251	5,910	33,255
Finance and Insurance	2,127,583	1,804,697	148,072	174,813	—
Real Estate	2,144,606	1,957,590	177,679	9,335	14,374
Various Services	1,302,520	1,273,710	23,493	5,316	5,124
Local Public Bodies	131,640	106,017	25,623	—	—
Individuals	2,086,420	2,086,420	—	—	13,257
Others	6,106,956	2,929,540	2,398,812	778,603	14,561
Total for Industry Sectors	¥ 19,631,631	¥ 15,134,936	¥ 3,486,746	¥ 1,009,948	¥ 94,330
One Year or Shorter	4,893,325	4,421,063	384,518	87,744	
Over One Year to less than Five Years	6,765,890	5,443,675	932,214	390,000	
Five Years or Longer	7,972,414	5,270,198	2,170,013	532,203	
Total for All Durations	19,631,631	15,134,936	3,486,746	1,009,948	
Average Balance during the Period	¥ 20,155,995	¥ 15,063,307	¥ 4,155,166	¥ 937,521	

Notes: 1 Exposures subject to the calculation of credit risk-weighted assets excluding those subject to funds, securitization, other assets and those excluded from the application.
2 "Others" in the industry sectors include non-residents and state public services. Exposures for the duration of over five years include those with no fixed maturities.
3 Average balance during the period is the average figure of those as of March 31, 2007; September 30, 2007; and March 31, 2008.

(2) General Allowance for Loan Losses

At March 31	Millions of Yen		
	2009	2008	Change
	Balance	Balance	
General Allowance for Loan Losses	¥ **92,124**	¥ 93,609	¥ (1,484)

(3) Specific Allowance for Loan Losses (breakdown by region, industry sector)

At March 31	Millions of Yen 2009 Balance	2008 Balance	Change
Japan	¥ 67,285	¥ 13,074	¥ 54,210
Outside Japan	7,561	—	7,561
Total for Regions	¥ 74,846	¥ 13,074	¥ 61,772
Manufacturing	1,662	1,202	459
Agriculture	2	—	2
Forestry	—	—	—
Fishing	0	—	0
Mining	25	—	25
Construction	2,755	153	2,602
Energy and Utilities	9	4	4
Communication	27,116	55	27,061
Transportation	133	3	130
Wholesale and Retail	388	1,415	(1,026)
Finance and Insurance	368	6	362
Real Estate	22,239	2,957	19,282
Various Services	1,933	885	1,048
Local Public Bodies	—	1,575	(1,575)
Individuals	2,904	3,025	(121)
Others	15,306	1,790	13,516
Total for Industry Sectors	¥ 74,846	¥ 13,074	¥ 61,772

(4) Allowance for Loan Losses from Borrowers in Specified Foreign Countries (breakdown by industry sector)

Not applicable as of the end of March, 2008 and the end of March, 2009

(5) Amount of Written-off Loans (breakdown by industry sector)

Year Ended March 31	Millions of Yen 2009	2008
Manufacturing	¥ 1,681	¥ 491
Agriculture	1	—
Forestry	0	—
Fishing	19	—
Mining	—	—
Construction	2,887	300
Energy and Utilities	1	—
Communication	1,069	(557)
Transportation	9	—
Wholesale and Retail	(69)	4,489
Finance and Insurance	4	11
Real Estate	2,731	42
Various Services	452	154
Local Public Bodies	—	—
Individuals	1,365	486
Others	2,193	683
Total for Industry Sectors	¥ 12,348	¥ 6,102

(6) Amount of Exposures by Risk-Weight Category (Standardized Approach)

	Millions of Yen			
	2009		2008	
At March 31		Subject to Rating		Subject to Rating
Balance of Exposures to which the Standardized Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category	¥ 2,067,647	¥ 149,821	¥ 2,403,388	¥ 157,043
0%	275,372	—	310,012	—
10%	2,868	—	824	—
20%	243,136	19,750	381,767	26,778
35%	—	—	28,501	—
50%	89,879	52,806	72,577	64,634
100%	1,436,043	77,264	1,599,878	65,621
150%	20,345	—	9,825	8
Amounts Deducted from Capital under the Notification, Article 8, Paragraph 1, 3 and 6	—		—	

(7) Amount of Exposures by Risk-Weight Category (IRB Approach)

	Millions of Yen	
At March 31	2009	2008
Specialized Lending under the Slotting Criteria	¥ 1,323,267	¥ 1,288,935
High-Volatility Commercial Real Estate Exposures	266,231	287,595
Maturities of 2.5 years or Longer	107,997	164,574
Strong 95%	40,778	24,242
Good 120%	58,772	102,630
Satisfactory 140%	8,446	37,701
Weak 250%	0	—
Default 0%	—	—
Maturities of less than 2.5 Years	158,233	123,021
Strong 70%	4,885	25,109
Good 95%	54,492	58,922
Satisfactory 140%	85,930	38,989
Weak 250%	12,925	—
Default 0%	—	—
Other Exposures	¥ 1,057,036	¥ 1,001,340
Maturities of 2.5 years or Longer	836,988	767,626
Strong 70%	425,182	360,928
Good 90%	216,302	229,439
Satisfactory 115%	165,049	160,695
Weak 250%	30,453	16,563
Default 0%	—	—
Maturities of less than 2.5 Years	220,048	233,713
Strong 50%	53,352	65,827
Good 70%	74,899	93,315
Satisfactory 115%	82,053	71,836
Weak 250%	7,255	2,733
Default 0%	2,487	—
Equity Exposures to which the Simple Risk Weight Method of the Market-based Approach is Applied	¥ 62,807	¥ 58,497
Listed Stocks 300%	7,288	10,668
Unlisted Stocks ... 400%	55,518	47,829

Application of the IRB Approach

(1) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On_EAD), and EAD of Off-balance sheet asset items (Off_EAD) by obligor category for Corporate Exposures

	Millions of Yen				
	2009				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	**0.07%**	**45.85%**	**24.64%**	**¥ 2,371,933**	**¥ 708,684**
Ratings 5 – 6	**0.89%**	**44.81%**	**71.83%**	**4,327,188**	**780,521**
Ratings 7 – 8	**19.33%**	**43.96%**	**216.36%**	**690,450**	**67,788**
Ratings 8- – 10	**100.00%**	**43.29%**	**—**	**133,418**	**2,478**
Total	**3.64%**	**45.07%**	**66.82%**	**¥ 7,522,991**	**¥ 1,559,472**

Note: Specialized lending and purchased receivables are excluded.

	Millions of Yen				
	2008				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	0.06%	45.87%	23.81%	¥ 1,981,642	¥ 848,074
Ratings 5 – 6	0.94%	44.77%	73.70%	4,330,527	900,337
Ratings 7 – 8	18.59%	44.11%	210.26%	656,492	92,979
Ratings 8- – 10	100.00%	44.97%	—	63,789	7,832
Total	2.95%	45.07%	68.73%	¥ 7,032,451	¥ 1,849,221

Note: Specialized lending and purchased receivables are excluded.

(2) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On_EAD), and EAD of Off-balance sheet asset items (Off_EAD) by obligor category for Sovereign Exposures

	Millions of Yen				
	2009				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	**0.01%**	**44.97%**	**9.04%**	**¥ 3,583,116**	**¥ 25,518**
Ratings 5 – 6	**1.33%**	**45.00%**	**117.17%**	**12,927**	**1,431**
Ratings 7 – 8	**14.68%**	**36.23%**	**173.76%**	**5**	**—**
Ratings 8- – 10	**—**	**—**	**—**	**—**	**—**
Total	**0.01%**	**44.97%**	**9.47%**	**¥ 3,596,049**	**¥ 26,950**

Note: Specialized lending and purchased receivables are excluded.

	Millions of Yen				
	2008				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	0.01%	45.00%	9.75%	¥ 2,654,913	¥ 53,913
Ratings 5 – 6	1.73%	45.00%	134.80%	12,411	384
Ratings 7 – 8	14.68%	45.00%	232.15%	3,076	—
Ratings 8- – 10	—	—	—	—	—
Total	0.04%	45.00%	10.59%	¥ 2,670,401	¥ 54,297

Note: Specialized lending and purchased receivables are excluded.

(3) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On_EAD), and EAD of Off-balance sheet asset items (Off_EAD) by obligor category for Bank Exposures

	Millions of Yen				
	2009				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	**0.04%**	**47.00%**	**19.59%**	**¥ 424,353**	**¥ 663,421**
Ratings 5 – 6	**0.46%**	**46.41%**	**62.54%**	**39,357**	**112,207**
Ratings 7 – 8	**9.40%**	**45.00%**	**182.97%**	**5,000**	**131**
Ratings 8- – 10	**—**	**—**	**—**	**—**	**—**
Total	**0.13%**	**46.92%**	**25.49%**	**¥ 468,711**	**¥ 775,760**

Note: Specialized lending and purchased receivables are excluded.

	Millions of Yen				
	2008				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	0.04%	46.29%	17.77%	¥ 782,207	¥ 776,714
Ratings 5 – 6	0.73%	46.55%	70.69%	27,637	43,183
Ratings 7 – 8	—	—	—	—	—
Ratings 8- – 10	—	—	—	—	—
Total	0.07%	46.30%	20.07%	¥ 809,845	¥ 819,897

Note: Specialized lending and purchased receivables are excluded.

(4) The Probability of Default (PD), weighted average of Risk-weights (RW) and balance of Equity Exposures to which the PD/LGD Approach is applied by obligor category

	Millions of Yen		
	2009		
At March 31	PD	RW	Balance
Ratings 1 – 4	**0.07%**	**106.13%**	**¥ 51,453**
Ratings 5 – 6	**0.29%**	**157.15%**	**68,861**
Ratings 7 – 8	**15.43%**	**511.38%**	**182**
Ratings 8- – 10	**100.00%**	**—**	**19**
Total	**0.24%**	**135.88%**	**¥ 120,516**

	Millions of Yen		
	2008		
At March 31	PD	RW	Balance
Ratings 1 – 4	0.06%	108.34%	¥ 30,134
Ratings 5 – 6	0.32%	162.24%	84,926
Ratings 7 – 8	9.40%	461.59%	136
Ratings 8- – 10	100.00%	—	19
Total	0.28%	148.47%	¥ 115,216

(5) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On-EAD), EAD of Off-balance sheet asset items (Off-EAD), Undrawn Commitment, and weighted average of Credit Conversion Factor (CCF) applied to Undrawn Commitment for Retail Exposures by exposure pool

	Millions of Yen						
	2009						
At March 31	PD	LGD	RW	On_EAD	Off_EAD	Undrawn Commitment	CCF
Residential Mortgage							
Current	**0.39%**	**52.88%**	**32.74%**	**¥ 1,614,891**	**¥ 100,422**	**¥ 206**	**75%**
Overdue	**37.46%**	**53.65%**	**323.23%**	**6,732**	**73**	**—**	**—**
Default	**100.00%**	**46.93%**	**—**	**7,934**	**67**	**—**	**—**
Qualifying Revolving Retail							
Current	**1.46%**	**100.00%**	**53.88%**	**6,832**	**3,453**	**68,121**	**5%**
Overdue	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Default	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other Retail (consumer)							
Current	**1.16%**	**53.23%**	**57.48%**	**114,034**	**8,258**	**124,882**	**5%**
Overdue	**27.59%**	**53.56%**	**141.91%**	**3,172**	**106**	**291**	**25%**
Default	**100.00%**	**47.77%**	**—**	**1,658**	**755**	**148**	**29%**
Other Retail (commercial)							
Current	**0.37%**	**54.39%**	**34.71%**	**118,346**	**7,427**	**—**	**—**
Overdue	**15.54%**	**54.39%**	**115.27%**	**825**	**153**	**—**	**—**
Default	**100.00%**	**50.10%**	**—**	**1,053**	**497**	**—**	**—**
Total	**1.22%**	**53.21%**	**35.50%**	**¥ 1,875,483**	**¥ 121,215**	**¥ 193,650**	**65%**

Notes: 1 LGD estimates include EL default amounts for exposures in default.
2 "Overdue" denotes credits less than 3 months overdue.

	Millions of Yen						
	2008						
At March 31	PD	LGD	RW	On_EAD	Off_EAD	Undrawn Commitment	CCF
Residential Mortgage							
Current	0.34%	53.65%	31.32%	¥ 1,438,443	¥ 108,771	¥ 130	75%
Overdue	37.46%	53.65%	323.23%	5,977	64	—	—
Default	100.00%	49.04%	—	6,077	92	—	—
Qualifying Revolving Retail							
Current	1.46%	100.00%	53.88%	7,465	3,697	72,777	5%
Overdue	—	—	—	—	—	—	—
Default	—	—	—	—	—	—	—
Other Retail (consumer)							
Current	1.09%	53.15%	54.63%	120,900	8,259	124,720	5%
Overdue	27.59%	53.56%	141.92%	3,317	173	352	17%
Default	100.00%	48.18%	—	1,200	770	152	23%
Other Retail (commercial)							
Current	0.36%	54.39%	34.28%	89,197	8,898	95	75%
Overdue	15.54%	54.39%	115.27%	783	89	—	—
Default	100.00%	50.09%	—	1,434	577	—	—
Total	1.15%	53.92%	34.34%	¥ 1,674,797	¥ 131,396	¥ 198,228	69%

Notes: 1 LGD estimates include EL default amounts for exposures in default.
2 "Overdue" denotes credits less than 3 months overdue.

(6) Losses in the Previous Period and Comparison of Losses in the Current Period with those in the Previous Period

	Millions of Yen				
	2009		2008		
Year Ended March 31	Actual Credit Losses	Writebacks	Actual Credit Losses	Writebacks	Change in Actual Credit Losses
Corporate Exposures	¥ 43,407	¥ (28,170)	¥ (2,175)	¥ (46,387)	¥ 45,583
Sovereign Exposures	54	(0)	(31)	(32)	85
Bank Exposures	75	—	—	—	75
Equity Exposures under the PD/LGD Approach	—	—	—	—	—
Retail Exposures	2,369	(430)	812	(1,239)	1,556

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

Factor Analysis

Losses in fiscal year 2008 increased ¥47.2 billion year-on-year, the main reason for which being write-offs of loans and allowances for loan losses due to the increase in loans to special mention debtors and other non-performing loans.

(7) Estimated Credit Losses

	Millions of Yen	
	Estimated Credit Losses	Actual Credit Losses
Corporate Exposures	¥ 144,403	¥ 43,407
Sovereign Exposures	539	54
Bank Exposures	628	75
Equity Exposures under the PD/LGD Approach	378	—
Retail Exposures	11,455	2,369

Notes: 1 Estimated credit losses are the average of estimates calculated as of March 31, 2007; September 30, 2007; March 31, 2008; September 30, 2008 and March 31, 2009. Estimated credit losses for retail exposures are the average of estimates calculated as of March 31, 2008; September 30, 2008 and March 31, 2009.
2 Actual credit losses are the sum of losses for one year ended March 31, 2009.

Credit Risk Mitigation Technique

Consolidated

Exposures to which Credit Risk Mitigation Technique are Applied

	Millions of Yen			
	2009			
At March 31	Eligible Financial Collateral	Other Eligible IRB Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardized Approach is Applied	¥ 3,922	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	1,918,158	195,076	202,290	40,000
Corporate Exposures	423,682	185,956	87,724	—
Sovereign Exposures	192,656	9,120	101,906	—
Bank Exposures	1,301,819	—	12,659	40,000
Residential Mortgage Exposures	—	—	—	—
Qualifying Revolving Retail Exposures	—	—	—	—
Other Retail Exposures	—	—	—	—

At March 31	Millions of Yen			
	2008			
	Eligible Financial Collateral	Other Eligible IRB Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardized Approach is Applied	¥ 38,217	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	1,149,722	140,097	135,242	40,000
Corporate Exposures	390,109	140,097	40,693	—
Sovereign Exposures	320	—	89,186	—
Bank Exposures	759,292	—	5,362	40,000
Residential Mortgage Exposures	—	—	—	—
Qualifying Revolving Retail Exposures	—	—	—	—
Other Retail Exposures	—	—	—	—

Note: From March 31, 2008, the scope of credit risk mitigation technique has been enlarged.

Derivative Products and Long Settlement Transactions

Consolidated

Derivative Products

At March 31	Millions of Yen	
	2009	2008
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	**¥ 3,944,297**	¥ 2,193,778
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	**1,170,022**	1,010,837
Foreign Exchange Related	**946,417**	629,347
Interest Rate Related	**4,546,341**	2,720,259
Gold Related	—	—
Equity Related	—	—
Precious Metals (Excluding Gold) Related	—	—
Other Commodities Related	—	—
Credit Derivatives	**206**	1,044
Effect of Mitigating Credit Equivalents due to Close-out Netting Contracts (Deduction)	**(4,322,943)**	(2,339,813)
Amounts of Collateral	**278,160**	—
Deposits	**260,129**	—
Securities	**18,031**	—
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	**891,862**	1,010,837
Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents	**120,000**	120,000
Purchase of Protection by Credit Default Swaps	**40,000**	40,000
Purchase of Protection by Total Return Swaps	—	—
Purchase of Protection by First-to-Default Credit Derivatives	—	—
Purchase of Protection by Second-to-Default Credit Derivatives	—	—
Providing Protection by Credit Default Swaps	**80,000**	80,000
Providing Protection by Total Return Swaps	—	—
Providing Protection by First-to-Default Credit Derivatives	—	—
Providing Protection by Second-to-Default Credit Derivatives	—	—
Notional Principal Amounts of Credit Derivatives used to Allow for the Effect of Credit Risk Mitigation Technique	**¥ 40,000**	¥ 40,000

Note: Credit equivalents are calculated with the current exposure approach.

Long Settlement Transactions

Not applicable as of the end of March, 2008 and the end of March, 2009

Securitization Exposures (Originator)

Consolidated

Fiscal Year 2008

(1) Outline of Securitizations during Fiscal Year 2008, Type and Status of Principal Underlying Assets

We conducted the following single securitization transaction as an originator during fiscal year 2008.

Date of Securitization:	March 2009
Type of Underlying Assets:	Mortgage Loans
Aggregate Sum of Underlying Assets:	¥65,582 million (at the time of securitization), ¥64,093 million (as of the end of March 2009)
Type of Transaction:	Asset transfer-type securitization transaction
Rating Agency:	Moody's Investors Service, Inc. (Moody's) Standard & Poors Rating Services (S&P)
Initial Issue Amount:	Preferred Earnings Right ¥ 60,000 million (Aaa/Moody's, AAA/S&P) Subordinate Earnings Right ¥ 5,582 million (no rating)
Date of Redemption:	December 2045

We hold part of the exposures related to this securitization transaction, and quantitative data in (2)–(9) below include data related to this securitization transaction.

(2) Amounts of Securitization Exposures Held and Breakdown of Underlying Assets by Type

	Millions of Yen			
	2009			
		Aggregate Sum of Underlying Assets		
At March 31	Exposure Amounts		Asset Transfer-Type Securitization Transaction	Synthetic Securitization Transaction
Housing Loans	¥ 14,337	¥ 87,285	¥ 87,285	¥ —
Credit Card Loans, Consumer Loans	—	—	—	—
Auto Loans, Other Loans to Individuals	—	—	—	—
Commercial Real Estate-Secured Loans	—	—	—	—
Loans and Bonds to Corporates	—	—	—	—
Claims on Lease Payments	—	—	—	—
Accounts Receivable, Other Claims on Corporates	—	—	—	—
Total	¥ 14,337	¥ 87,285	¥ 87,285	¥ —

(3) Cumulative Total for Fiscal Year 2008 of Principal Underlying Assets Overdue for Three Months or Longer or in Default Related to Securitization Exposures Held, Cumulative Total of Losses for Fiscal Year 2008, and their Breakdowns by Type of Principal Underlying Assets

	Millions of Yen	
	2009	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses for Fiscal Year 2008
Housing Loans	¥ 206	¥ 230
Credit Card Loans, Consumer Loans	—	—
Auto Loans, Other Loans to Individuals	—	—
Commercial Real Estate-Secured Loans	—	—
Loans and Bonds to Corporates	—	—
Claims on Lease Payments	—	—
Accounts Receivable, Other Claims on Corporates	—	—
Total	¥ 206	¥ 230

(4) Balance and Amounts of Required Capital of Securitization Exposures Held by Risk-Weight Category

	Millions of Yen	
	2009	
At March 31	Balance	Required Capital
Risk-Weight Category (IRB Approach)	¥ 14,337	¥ 1,519
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	14,035	1,217
Capital Deduction	302	302
Risk-Weight Category (Standardized Approach)	—	—
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	—	—
Capital Deduction	—	—
Total	¥ 14,337	¥ 1,519

(5) Amount Equivalent to the Increase in Capital Following Securitization and Breakdown by Type of Principal Underlying Assets

	Millions of Yen
At March 31	2009
Housing Loans	¥ 1,062
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 1,062

(6) Amount of Securitization Exposures by Type of Principal Underlying Assets Deducted from Capital under Provisions of the Notification Article 247

	Millions of Yen
At March 31	2009
Housing Loans	¥ 302
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 302

(7) Items by Type of Principal Underlying Assets of Securitization Exposures with Early Redemption Clauses

Not applicable

(8) Amounts of Gains/Losses on Sale in Association with Securitization Transactions Recognized during Fiscal Year 2008 and Breakdown by Type of Principal Underlying Assets

	Millions of Yen
Year Ended March 31	2009
Housing Loans	¥ 1,788
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 1,788

(9) Amounts of Credit Risk-Weighted Assets Calculated with the Application of Transitional Measures with respect to Securitization Exposures

Not applicable

Securitization Exposures (Originator) Consolidated

Fiscal Year 2007

(1) Outline of Securitizations during Fiscal Year 2007, Type and Status of Principal Underlying Assets

We conducted the following single securitization transaction as an originator during fiscal year 2007.

Date of Securitization:	July 2007	
Type of Underlying Assets:	Mortgage Loans	
Aggregate Sum of Underlying Assets:	¥30,202 million (at the time of securitization), ¥27,021 million (as of the end of March 2008)	
Type of Transaction:	Asset transfer-type securitization transaction	
Rating Agency:	Moody's Investors Service, Inc. (Moody's)	
	Standard & Poors Rating Services (S&P)	
Initial Issue Amount:	Class A	¥ 3,000 million (Aaa/Moody's, AAA/S&P)
	Class B	¥ 23,570 million (A2/Moody's, A/S&P)
	Class C	¥ 3,330 million (no rating)
	Subordinated Earnings Right	¥ 302 million (no rating)
Date of Redemption:	December 2036	

We hold part of the exposures related to this securitization transaction, and quantitative data in (2)–(9) below include data related to this securitization transaction.

(2) Amounts of Securitization Exposures Held and Breakdown of Principal Underlying Assets by Type

	Millions of Yen			
	2008			
		Aggregate Sum of Underlying Assets		
At March 31	Exposure Amounts		Asset Transfer-Type Securitization Transaction	Synthetic Securitization Transaction
Housing Loans	¥ 302	¥ 27,021	¥ 27,021	¥ —
Credit Card Loans, Consumer Loans	—	—	—	—
Auto Loans, Other Loans to Individuals	—	—	—	—
Commercial Real Estate-Secured Loans	—	—	—	—
Loans and Bonds to Corporates	—	—	—	—
Claims on Lease Payments	—	—	—	—
Accounts Receivable, Other Claims on Corporates	—	—	—	—
Total	¥ 302	¥ 27,021	¥ 27,021	¥ —

(3) Cumulative Total for Fiscal Year 2007 of Principal Underlying Assets Overdue for Three Months or Longer or in Default Related to Securitization Exposures Held, Cumulative Total of Losses for Fiscal Year 2007, and their Breakdowns by Type of Principal Underlying Assets.

	Millions of Yen	
	2008	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses for Fiscal Year 2007
Housing Loans	¥ 82	¥ 49
Credit Card Loans, Consumer Loans	—	—
Auto Loans, Other Loans to Individuals	—	—
Commercial Real Estate-Secured Loans	—	—
Loans and Bonds to Corporates	—	—
Claims on Lease Payments	—	—
Accounts Receivable, Other Claims on Corporates	—	—
Total	¥ 82	¥ 49

(4) Balance and Amounts of Required Capital of Securitization Exposures Held by Risk-Weight Category

	Millions of Yen	
	2008	
At March 31	Balance	Required Capital
Risk-Weight Category (IRB Approach)	¥ 302	¥ 302
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	—	—
Capital Deduction	302	302
Risk-Weight Category (Standardized Approach)	—	—
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	—	—
Capital Deduction	—	—
Total	¥ 302	¥ 302

(5) Amount Equivalent to the Increase in Capital Following Securitization and Breakdown by Type of Principal Underlying Assets

Not applicable

(6) Amount of Securitization Exposures by Type of Principal Underlying Assets Deducted from Capital under Provisions of the Notification Article 247

At March 31	Millions of Yen 2008
Housing Loans	¥ 302
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 302

(7) Items by Type of Principal Underlying Assets of Securitization Exposures with Early Redemption Clauses

Not applicable

(8) Amounts of Gains/Losses on Sale in Association with Securitization Transactions Recognized during Fiscal Year 2007 and Breakdown by Type of Principal Underlying Assets

Year Ended March 31	Millions of Yen 2008
Housing Loans	¥ (30)
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ (30)

(9) Amounts of Credit Risk-Weighted Assets Calculated with the Application of Transitional Measures with respect to Securitization Exposures

Not applicable

Securitization Exposures (Investor) — Consolidated

(1) Amount of Securitization Exposures Held and Breakdown of Principal Underlying Assets by Type

	Millions of Yen	
	2009	2008
At March 31	Exposure	Exposure
Housing Loans	**¥ 423,684**	¥ 572,423
Credit Card Loans, Consumer Loans	**130,124**	195,014
Auto Loans, Other Loans to Individuals	**36,362**	24,347
Commercial Real Estate-Secured Loans	**64,396**	100,294
Loans and Bonds to Corporates	**231,619**	458,670
Claims on Lease Payments	**104,932**	129,706
Accounts Receivable, Other Claims on Corporates	**7,087**	6,512
Total	**¥ 998,207**	¥ 1,486,969

(2) Balance and Amounts of Required Capital of Securitization Exposures Held by Risk-Weight Category

	Millions of Yen			
	2009		2008	
At March 31	Balance	Required Capital	Balance	Required Capital
Risk-Weight Category (IRB Approach)	**¥ 998,207**	**¥ 27,528**	¥ 1,486,969	¥ 55,666
20% or less	**871,491**	**6,539**	1,268,110	9,782
over 20% and 100% or less	**97,766**	**5,065**	163,426	8,734
over 100% and less than 1,250%	**23,539**	**10,513**	30,693	12,411
Capital Deduction	**5,410**	**5,410**	24,739	24,739
Risk-Weight Category (Standardized Approach)	—	—	—	—
20% or less	—	—	—	—
over 20% and 100% or less	—	—	—	—
over 100% and less than 1,250%	—	—	—	—
Capital Deduction	—	—	—	—
Total	**¥ 998,207**	**¥ 27,528**	¥ 1,486,969	¥ 55,666

(3) Amount of Securitization Exposures by Type of Principal Underlying Assets Deducted from Capital under Provisions of the Notification Article 247

	Millions of Yen	
At March 31	2009	2008
Housing Loans	**¥ 1,056**	¥ —
Credit Card Loans, Consumer Loans	**1,001**	711
Auto Loans, Other Loans to Individuals	—	—
Commercial Real Estate-Secured Loans	—	—
Loans and Bonds to Corporates	**3,353**	24,027
Claims on Lease Payments	—	—
Accounts Receivable, Other Claims on Corporates	—	—
Total	**¥ 5,410**	¥ 24,739

(4) Amounts of Credit Risk-Weighted Assets Calculated with the Application of Transitional Measures with respect to Securitization Exposures

Not applicable as of the end of March, 2008 and the end of March, 2009

Market Risk

Consolidated

(1) End of Period Value at Risk (VaR) and Maximum, Minimum and Mean VaR for the Period

• Market Risk in FY2008

	Banking Account	Trading Account
As of March 31, 2009	**¥ 117.9 billion**	**¥ 1.6 billion**
Maximum	**187.7 billion**	**9.0 billion**
Minimum	**111.6 billion**	**0.7 billion**
Mean	**134.0 billion**	**2.1 billion**

(For the April, 2008 - March, 2009 Period)

• Market Risk in FY2007

	Banking Account	Trading Account
As of March 31, 2008	¥ 83.2 billion	¥ 0.5 billion
Maximum	106.2 billion	1.5 billion
Minimum	78.8 billion	0.3 billion
Mean	94.1 billion	0.7 billion

(For the April, 2007 - March, 2008 Period)

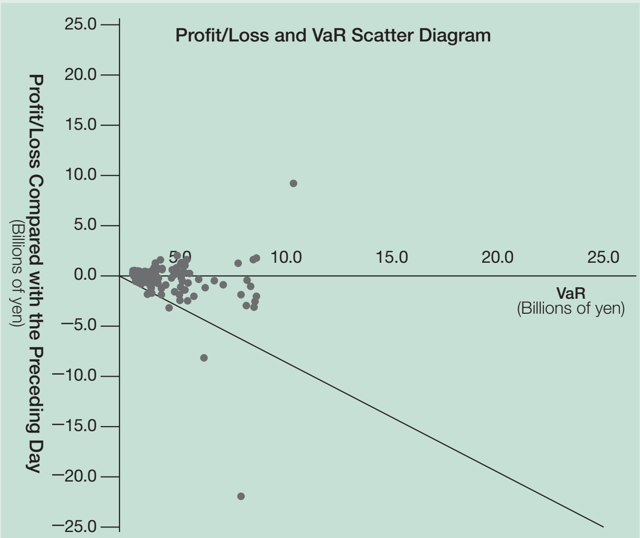
VaR Measurement Standards

Banking Account	Confidence Interval: One-tailed 99%	Time Horizon: 21 business days	Observation Period: One Year
Trading Account	Confidence Interval: One-tailed 99%	Time Horizon: 1 business day	Observation Period: One Year

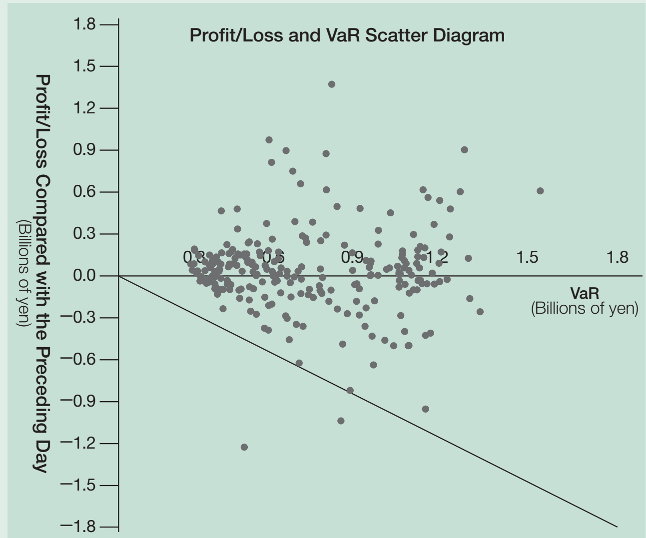
(2) Results of Back Testing and Reasons for Large Deviations between Actual Losses and VaR

• Back Testing of the Trading Account

FY 2008



FY 2007



Note: As shown above, for fiscal year 2008 back testing of the trading accounts shows six instances of losses in excess of VaR. Due to the cataclysmic market changes in the aftermath of the bankruptcy of U.S. major investment bank in September, 2008, there were several instances where back testing showed losses in excess of VaR. Our analysis, however, verified the accuracy and security of the internal model.

Capital Subscriptions or Equity Exposures in the Banking Account

Consolidated

	Millions of Yen							
	2009				2008			
At March 31	Book Value		Market Value		Book Value		Market Value	
Consolidated Book and Market Values*1								
Listed Equity Exposures	¥ 408,697		¥ 408,697		¥ 670,944		¥ 670,944	
Capital Subscriptions or Equity Exposures not included in “Listed Equity Exposures”	49,599		49,599		75,509		75,509	
	Gains/Losses	Gains	Losses	Written-off	Gains/Losses	Gains	Losses	Written-off
Amounts of Gains/Losses on Sale and Written-off of Capital Subscriptions or Equity Exposures*1, 2	(48,370)	7,229	3,693	51,906	(2,263)	31,403	3,111	30,555
Amounts of Unrealized Gains/Losses Recognized in the Consolidated Balance Sheets and not Recognized in the Consolidated Statements of Income	(24,304)				191,902			
Amounts of Unrealized Gains/Losses not Reported in the Consolidated Balance Sheets and Statements of Income	Not applicable				Not applicable			

*1 Figures for Available-for-Sale Securities include only Japanese and foreign stocks.
*2 Consolidated Statements of Income figures for gains/losses on stock holdings and related written-off.

	Millions of Yen	
At March 31	2009	2008
Amounts by Portfolio Category*	¥ 590,594	¥ 823,335
Outstanding Shares Held	407,271	649,621
Portfolios Adopting the Market-based Approach	62,807	58,497
Portfolios Adopting the PD/LGD Approach	120,516	115,216

* Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.

Amounts Held in Funds

Consolidated

At March 31	Millions of Yen	
	2009	2008
Aggregate Sum of Exposures Held in Funds	**¥ 192,559**	¥ 271,693
Look-through Approach	**102,323**	132,076
Simple Majority Formula	**34,240**	56,861
Investment Criteria Formula	**10,699**	14,185
Internal Models Approach	**—**	—
Probability Approach	**41,327**	63,601
Others	**3,968**	4,969

Note: Exposures subject to the calculation of credit risk-weighted assets are shown.

Interest Rate Risk in the Banking Account

Consolidated

Gains/Losses and Changes in Economic Value due to Interest Rate Shocks under the Internal Control Management used by the Consolidated Group

• Outlier Ratio

At March 31	**2009**	2008
Overall Amount of Interest Rate Risk	**¥ 137.9 billion**	¥ 154.8 billion
Outlier Ratio	7.9%	8.4%

Notes: 1 Our interest rate fluctuation scenario assumes an interest rate shock consisting of the 1st and 99th percentile of the fluctuation range measured for a one year holding period and a minimum observation period of five years.

2 Our risk measurement method uses the interest rate sensitivity approach. Core deposits are defined as the lowest of the following three items, as an upper limit, for the five-year maturity (an average term of 2.5 years): 1) the lowest balance of deposits in the past five years, 2) the balance after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

Capital Adequacy Ratio

Non-consolidated

BIS Capital Adequacy Ratio

At March 31	Millions of Yen 2009	2008
Tier I		
Capital Stock	¥ 287,537	¥ 287,537
Noncumulative Perpetual Preferred Stock	—	—
Deposit for Subscriptions to Shares	—	—
Legal Capital Surplus	242,555	242,555
Other Capital Surplus	—	0
Legal Retained Earnings	46,580	46,580
Other Retained Earnings	391,524	380,726
Others	279,999	182,999
Treasury Stock	453	441
Deposit for Subscriptions to Treasury Stock	—	—
Expected Distributed Amount (Deduction)	2,511	14,234
Net Unrealized Loss on Available-for-Sale Securities (Deduction)	105,437	—
Subscription Rights to Shares	—	—
Business Rights Equivalents (Deduction)	—	—
Goodwill Equivalents (Deduction)	—	—
Equivalent to Intangible Fixed Assets Recorded through Business Combination (Deduction)	—	—
Equivalent to the Increase in the Capital Associated with Securitization Transactions (Deduction)	1,513	—
Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance (Deduction)	8,861	16,467
Total Tier I before Deduction of Deferred Tax Assets (Aggregate Sum of Items Above)	1,129,420	1,109,255
Deducted Amount of Deferred Tax Assets (Deduction)*1	—	—
Total (A)	1,129,420	1,109,255
Noncumulative Preferred Securities Attached with Step-up Interest Rate Clause*2 (a)	156,000	100,000
Noncumulative Preferred Securities Issued by Overseas Special Purpose Companies	280,000	183,000
Tier II		
45% of Net Unrealized Gain on Available-for-Sale Securities	—	47,378
45% of Revaluation Reserve for Land	614	771
General Allowance for Loan Losses	—	—
Excess of Qualifying Allowance over Expected Loss	—	—
Debt Capital	673,625	708,859
Perpetual Subordinated Debt*3	292,740	314,195
Subordinated Term Debt and Fixed-term Preferred Stock*4	380,885	394,664
Total	674,240	757,009
Included in Capital (B)	674,240	757,009
Tier III		
Subordinated Short-term Debt	—	—
Included in Capital (C)	—	—
Items for Deduction		
Items for Deduction*5 (D)	72,000	100,377
Total Qualifying Capital		
((A) + (B) + (C) - (D)) (E)	1,731,659	1,765,887
Risk-Weighted Assets		
Asset (On-balance Sheet) Items	10,841,202	11,133,407
Off-balance Sheet Transaction Items	1,665,469	2,063,356
Amount of Credit Risk-Weighted Assets (F)	12,506,671	13,196,764
Amount of Market Risk Equivalents ((H)/8%) (G)	278,815	158,819
(Reference) Market Risk Equivalents (H)	22,305	12,705
Amount of Operational Risk Equivalents ((J)/8%) (I)	502,883	552,025
(Reference) Operational Risk Equivalents (J)	40,230	44,162
Amount Obtained by Multiplying by 12.5 the Excess of the Amount Obtained by Multiplying the Old Required Capital by the Rate Prescribed by the Notification over the New Required Capital (K)	—	—
Total ((F) + (G) + (I) + (K)) (L)	¥ 13,288,370	¥ 13,907,609
BIS Capital Adequacy Ratio = E/L x 100 (%)	13.03	12.69
Tier I Capital Ratio = A/L x 100 (%)	8.49	7.97
Ratio of Noncumulative Preferred Securities with Step-up Interest Rate Clauses to Tier I Capital = a/A x 100 (%)	13.81	9.01

*1 As of March 31, 2009, deferred tax assets total ¥191,077 million in net terms. The upper limit on the inclusion of deferred tax assets in capital is ¥225,884 million.
*2 Listed in the Notification Article 17, Paragraph 2, i.e. stocks and other securities with high probability of redemptions through such measures as attachment of step-up interest rate clauses (including Noncumulative preferred securities issued by overseas special purpose companies).
*3 Debt capital listed in the Notification Article 18, Paragraph 1, 4 that have all of the characteristics listed below:
(1) Paid-up debts unsecured and subordinate to other debts
(2) Not redeemable except for certain cases
(3) Used for compensation of loss while continuing business
(4) Allowed to defer interest payment obligations
*4 Listed in the Notification Article 18, Paragraph 1, 5 and 6. However, subordinated term debts are limited to those with an original maturity of over five years.
*5 Listed in the Notification Article 20, Paragraph 1, 1 through 5, and include the amounts equivalent to intentional holdings of other financial institutions' capital funding means.
*6 We received an external audit by KPMG AZSA & Co. of the calculation of the non-consolidated BIS capital adequacy ratio in line with 'Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits' (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, June 12, 2007).
The external audit is not part of the accounting audit of the non-consolidated financial statements but was conducted on part of the internal risk management framework concerning the calculation of the non-consolidated BIS capital adequacy ratio under agreed-upon examination procedures and is a report of the results. It thus does not represent the opinion of the external auditor regarding the non-consolidated BIS capital adequacy ratio itself or parts of the internal control which concern the ratio.

Outline of Capital Funding Means

An outline of capital funding means for the BIS capital adequacy ratio is as follows:

Capital	Capital Funding Means	Outline	
Tier I	Common Stock	Full Voting Stock	Shareholders' equity listed in the Notification Article 17, Paragraph 1, and our standard stock with no limitations on holders' rights.
	Preferred Securities	See Table below for Details	Preferred securities listed in the Notification Article 17, Paragraph 4, which meet all of the conditions below: •Noncumulative preferred capital •Paid-up securities that are unsecured and subordinate to other debts •Issuance proceeds are made available to the Bank immediately with no limitations and can be used for compensation of loss within the Bank while business is continued
Tier II	Perpetual Subordinated Bonds	•Date of Redemption not Provided •Step-up of Interest Rate (Prepayments will be allowed after 5 years subject to approval by the regulatory authorities)	Instrument included as the debt capital listed in the Notification Article 18, Paragraph 1, 4 that have all of the characteristics below: •Paid-up securities that are unsecured and subordinate to other debts •Not redeemable except for some cases •Used for compensation of loss while business is continued •Allowed to defer interest payment obligations
	Perpetual Subordinated Loans		
	Subordinated Bonds	Maturities of 10 years and 20 years (Bullet payment)	Instrument included as the debt capital listed in the Notification Article 18, Paragraph 1, 5 and 6, but subordinated debts are limited to those with five-year minimum maturity.
		•Date of Redemption Provided •Step-up of Interest Rate (Prepayments will be allowed after 5 years subject to approval by the regulatory authorities)	
	Subordinated Loans		

Details of preferred securities issued by overseas special purpose companies included in "Others" of the Tier I of capital for non-consolidated BIS capital adequacy ratio calculation are the following:

1. Issuer	STB Preferred Capital 2 (Cayman) Limited	STB Preferred Capital 3 (Cayman) Limited	STB Preferred Capital 4 (Cayman) Limited	STB Preferred Capital 5 (Cayman) Limited
2. Description of Securities	Noncumulative Preferred Securities	Same as on the left	Same as on the left	Same as on the left
3. Maturity	Perpetual (the Securities may be redeemed in whole or in part on any dividend payment date on or after seven years from the issuance at the option of the Issuer subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements).	Perpetual (the Securities may be redeemed in whole or in part on any dividend payment date on or after ten years from the issuance at the option of the Issuer subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements).	Same as on the left	Perpetual (the Securities may be redeemed in whole or in part on any dividend payment date on or after five years from the issuance at the option of the Issuer subject to the prior approval of the holders of the ordinary shares and applicable regulatory requirements).
4. Dividend Rate	<1st year - 10th year > Fixed Rate <Thereafter> Step-up Floating Rate	Same as on the left	Series A <1st year - 10th year > Fixed Rate <Thereafter> Step-up Floating Rate Series B <1st year - 10th year > Fixed Rate <Thereafter> Non Step-up Floating Rate	<1st year - 5th year > Fixed Rate <Thereafter> Non Step-up Floating Rate
5. Issue Amount	¥50 billion	¥50 billion	Series A ¥56 billion Series B ¥54 billion	¥70 billion
6. Issue Date	December 7, 2005	March 2, 2007	June 24, 2008	December 18, 2008
7. Outline of Dividend Payment	Dividends are payable by the Issuer in the presence of distributable amount of the Bank in conformity with the calculation of preferred shares of the bank. If the Bank pays any dividends on any of its common stock with respect to any financial year of the Bank, then the Issuer will be required to pay full dividends on the Securities for the applicable year.	Same as on the left	Same as on the left	Same as on the left
8. Dividend Limitation	Dividends will not be paid if any of certain criteria have met. The criteria include the following: When the Bank did not pay dividend on any class of preferred shares. When the Bank's BIS capital adequacy ratio or Tier I capital ratio is to decline below the minimum percentages required by Japanese banking regulations.	Same as on the left	Same as on the left	Same as on the left
9. Rights to the Remaining Assets	The Securities are intended to provide holders, through the perpetual subordinated loan to the Bank, with rights to remaining assets that are the same as those to which holders would be entitled if they had purchased noncumulative nonvoting perpetual preferred stock issued directly by the Bank.	Same as on the left	Same as on the left	Same as on the left

Capital Adequacy

Non-consolidated

(1) Amount of Required Capital against Credit Risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

	Millions of Yen	
At March 31	2009	2008
Portfolios to which the Standardized Approach is Applied	¥ 20,797	¥ 17,543
Exposures to Business Units Set for Phased Roll-Out Application	—	—
Exposures Excluded from Application	20,797	17,543
Portfolios to which the IRB Approach is Applied and the Breakdown by Portfolio	1,024,481	999,282
Corporate Exposures	756,498	721,014
Sovereign Exposures	27,651	22,362
Bank Exposures	26,163	27,304
Residential Mortgage Exposures	48,432	46,774
Qualifying Revolving Retail Exposures	593	643
Other Retail Exposures	11,648	11,961
Purchased Receivables	43,166	65,543
Other Assets	110,326	103,678
Securitization Exposures	29,612	50,864
Exposures to which the Standardized Approach is Applied	—	—
Exposures to which the IRB Approach is Applied	29,612	50,864

(2) Amount of Required Capital against Credit Risk concerning Equity Exposures to which the IRB Approach is Applied

	Millions of Yen	
At March 31	2009	2008
Equity Exposures	¥ 65,907	¥ 85,234
PD/LGD Approach	13,357	13,973
Simple Risk Weight Method of the Market-based Approach	18,235	16,583
Internal Models Method of the Market-based Approach	—	—
Transitional Measures	34,315	54,677

(3) Amount of Required Capital against Credit Risk concerning Exposures Held in Funds

	Millions of Yen	
At March 31	2009	2008
	¥ 44,723	¥ 72,645

(4) Amount of Required Capital against Market Risk

	Millions of Yen	
At March 31	2009	2008
Market Risk	¥ 22,305	¥ 12,705
Amount of Required Capital by Category under the Standardized Approach	1,827	1,543
Interest Rate Risk	1,827	1,543
Equity Position Risk	—	—
Foreign Exchange Risk	—	—
Commodities Risk	—	—
Options Transactions	—	—
Internal Models Approach	20,477	11,162

(5) Amount of Required Capital against Operational Risk

At March 31	Millions of Yen 2009	2008
Standardized Approach	¥ 40,230	¥ 44,162

(6) Total Required Capital

At March 31	Millions of Yen 2009	2008
Total Required Capital	¥ 1,063,069	¥ 1,112,608

Credit Risk

Non-consolidated

(1) Balance of Exposures Related to Credit Risk (excluding exposures held in funds and securitization exposures)

	Millions of Yen				
	2009				
	Credit Risk Exposures				
At March 31		Loans, Commitments and Other Off-balance Sheet Exposures other than Derivatives	Securities	Over-The-Counter Derivatives	Exposures 3 Months or Longer Overdue or Exposures in Default
Japan	¥ 15,629,558	¥ 12,756,617	¥ 2,639,050	¥ 233,889	¥133,732
Outside Japan	2,720,507	662,843	1,400,292	657,370	14,225
Total for Regions	¥ 18,350,065	¥ 13,419,461	¥ 4,039,343	¥ 891,260	¥147,958
Manufacturing	2,765,587	2,486,162	255,246	24,178	8,763
Agriculture	3,656	2,350	1,283	22	—
Forestry	212	212	—	—	—
Fishing	8,400	8,303	29	67	526
Mining	17,040	16,782	—	257	—
Construction	183,784	175,821	7,629	333	18,671
Energy and Utilities	212,484	168,986	42,172	1,324	—
Communication	203,789	191,772	11,754	263	37,806
Transportation	874,821	775,893	84,836	14,092	—
Wholesale and Retail	1,429,389	1,347,039	76,393	5,957	6,119
Finance and Insurance	1,771,559	1,471,922	101,450	198,186	75
Real Estate	2,115,830	1,908,847	197,626	9,356	43,389
Various Services	1,104,400	1,080,019	19,299	5,080	4,522
Local Public Bodies	91,010	79,243	11,766	—	—
Individuals	1,931,020	1,931,020	—	—	12,120
Others	5,637,076	1,775,082	3,229,854	632,139	15,964
Total for Industry Sectors	¥ 18,350,065	¥ 13,419,461	¥ 4,039,343	¥ 891,260	¥147,958
One Year or Shorter	4,369,199	3,886,757	403,023	79,417	
Over One Year to less than Five Years	7,490,072	5,382,109	1,809,987	297,975	
Five Years or Longer	6,490,793	4,150,594	1,826,331	513,867	
Total for All Durations	¥ 18,350,065	¥ 13,419,461	¥ 4,039,343	¥ 891,260	
Average Balance during the Period	¥ 18,303,605	¥ 13,449,059	¥ 3,910,654	¥ 943,891	

Notes: 1 Exposures subject to the calculation of credit risk-weighted assets excluding those subject to funds, securitization, other assets and those excluded from the application.
2 “Others” in the industry sectors include non-residents and state public services. Exposures for the duration of over five years include those with no fixed maturities.
3 Average balance during the period is the average figure of those as of March 31, 2008; September 30, 2008; and March 31, 2009.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and the netting against the company’s cash balance.
5. The above data represents exposures to original debtors in loan participations.

At March 31	Millions of Yen				
	2008				
	Credit Risk Exposures				Exposures 3 Months or Longer Overdue or Exposures in Default
		Loans, Commitments and Other Off-balance Sheet Exposures other than Derivatives	Securities	Over-The-Counter Derivatives	
Japan	¥ 15,374,125	¥ 12,798,537	¥ 2,344,842	¥ 230,744	¥ 82,338
Outside Japan	2,643,932	734,779	1,130,127	779,025	1,379
Total for Regions	¥ 18,018,058	¥ 13,533,317	¥ 3,474,969	¥ 1,009,770	¥ 83,717
Manufacturing	2,583,470	2,130,410	434,742	18,316	6,592
Agriculture	3,932	2,758	1,154	18	—
Forestry	212	212	—	—	—
Fishing	4,216	3,958	218	39	—
Mining	15,118	14,808	—	310	—
Construction	213,618	202,749	9,987	881	3,434
Energy and Utilities	239,320	189,313	48,515	1,491	—
Communication	209,075	194,194	14,689	191	3,730
Transportation	851,728	724,039	112,969	14,718	—
Wholesale and Retail	1,496,830	1,401,741	89,178	5,910	33,255
Finance and Insurance	2,114,267	1,797,754	141,877	174,636	—
Real Estate	2,012,795	1,826,643	176,816	9,335	14,374
Various Services	1,285,105	1,256,406	23,382	5,316	5,124
Local Public Bodies	131,640	106,017	25,623	—	—
Individuals	1,894,689	1,894,689	—	—	12,470
Others	4,962,035	1,787,619	2,395,813	778,603	4,735
Total for Industry Sectors	¥ 18,018,058	¥ 13,533,317	¥ 3,474,969	¥ 1,009,770	¥ 83,717
One Year or Shorter	4,692,278	4,220,095	384,518	87,663	
Over One Year to less than Five Years	6,724,333	5,402,215	932,214	389,903	
Five Years or Longer	6,601,445	3,911,005	2,158,236	532,203	
Total for All Durations	¥ 18,018,058	¥ 13,533,317	¥ 3,474,969	¥ 1,009,770	
Average Balance during the Period	¥ 18,616,983	¥ 13,535,637	¥ 4,144,086	¥ 937,259	

Notes: 1 Exposures subject to the calculation of credit risk-weighted assets excluding those subject to funds, securitization, other assets and those excluded from the application.
2 “Others” in the industry sectors include overseas and state public services. Exposures for the duration of over five years include those with no fixed maturities.
3 Average balance during the period is the average figure of those as of March 31, 2007; September 30, 2007; and March 31, 2008.

(2) General Allowance for Loan Losses

At March 31	Millions of Yen		
	2009	2008	Change
	Balance	Balance	
General Allowance for Loan Losses	¥ **80,813**	¥ 88,437	¥ (7,624)

(3) Specific Allowance for Loan Losses (breakdown by region, industry sector)

At March 31	Millions of Yen 2009 Balance	2008 Balance	Change
Japan	¥ 48,505	¥ 8,361	¥ 40,143
Outside Japan	7,561	—	7,561
Total for Regions	¥ 56,066	¥ 8,361	¥ 47,705
Manufacturing	1,066	1,154	(87)
Agriculture	—	—	—
Forestry	—	—	—
Fishing	—	—	—
Mining	—	—	—
Construction	1,410	119	1,291
Energy and Utilities	—	—	—
Communication	27,028	36	26,992
Transportation	—	—	—
Wholesale and Retail	6	1,344	(1,338)
Finance and Insurance	45	—	45
Real Estate	10,679	1,438	9,241
Various Services	528	544	(15)
Local Public Bodies	—	1,575	(1,575)
Individuals	710	745	(35)
Others	14,590	1,402	13,187
Total for Industry Sectors	¥ 56,066	¥ 8,361	¥ 47,705

(4) Allowance for Loan Losses from Borrowers in Specified Foreign Countries (breakdown by industry sector)

Not applicable as of the end of March, 2008 and the end of March, 2009

(5) Amount of Written-off Loans (breakdown by industry sector)

Year Ended March 31	Millions of Yen 2009	2008
Manufacturing	¥ 1,505	¥ 491
Agriculture	—	—
Forestry	—	—
Fishing	16	—
Mining	—	—
Construction	2,758	300
Energy and Utilities	—	—
Communication	1,065	(557)
Transportation	—	—
Wholesale and Retail	(178)	4,478
Finance and Insurance	0	11
Real Estate	2,711	8
Various Services	303	139
Local Public Bodies	—	—
Individuals	1,275	411
Others	1,588	(1)
Total for Industry Sectors	¥11,045	¥ 5,282

(6) Amount of Exposures by Risk-Weight Category (Standardized Approach)

	Millions of Yen			
	2009		2008	
At March 31		Subject to Rating		Subject to Rating
Balance of Exposures to which the Standardized Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category	**¥ 268,184**	¥ —	¥ 235,110	¥ —
0%	**—**	—	5,076	—
10%	**—**	—	—	—
20%	**10,270**	—	13,428	—
35%	**—**	—	—	—
50%	**—**	—	—	—
100%	**257,913**	—	216,605	—
150%	**—**	—	—	—
Amounts Deducted from Capital under the Notification, Article 20, Paragraph 1, 2 and 5	**—**		—	

(7) Amount of Exposures by Risk-Weight Category (IRB Approach)

	Millions of Yen	
At March 31	2009	2008
Specialized Lending under the Slotting Criteria	**¥ 1,323,267**	¥ 1,288,935
High-Volatility Commercial Real Estate Exposures	**266,231**	287,595
Maturities of 2.5 years or Longer	**107,997**	164,574
Strong ……… 95%	**40,778**	24,242
Good ……… 120%	**58,772**	102,630
Satisfactory …… 140%	**8,446**	37,701
Weak ……… 250%	**0**	—
Default ……… 0%	**—**	—
Maturities of less than 2.5 Years	**158,233**	123,021
Strong ……… 70%	**4,885**	25,109
Good ……… 95%	**54,492**	58,922
Satisfactory …… 140%	**85,930**	38,989
Weak ……… 250%	**12,925**	—
Default ……… 0%	**—**	—
Other Exposures	**¥ 1,057,036**	¥ 1,001,340
Maturities of 2.5 years or Longer	**836,988**	767,626
Strong ……… 70%	**425,182**	360,928
Good ……… 90%	**216,302**	229,439
Satisfactory …… 115%	**165,049**	160,695
Weak ……… 250%	**30,453**	16,563
Default ……… 0%	**—**	—
Maturities of less than 2.5 Years	**220,048**	233,713
Strong ……… 50%	**53,352**	65,827
Good ……… 70%	**74,899**	93,315
Satisfactory …… 115%	**82,053**	71,836
Weak ……… 250%	**7,255**	2,733
Default ……… 0%	**2,487**	—
Equity Exposures to which the Simple Risk Weight Method of the Market-based Approach is Applied	**¥ 55,567**	¥ 51,556
Listed Stocks …… 300%	**7,233**	10,668
Unlisted Stocks … 400%	**48,334**	40,887

Application of the IRB Approach

(1) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On_EAD), and EAD of Off-balance sheet asset items (Off_EAD) by obligor category for Corporate Exposures

	Millions of Yen				
	2009				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	**0.07%**	**45.85%**	**24.64%**	**¥ 2,371,933**	**¥ 708,684**
Ratings 5 – 6	**0.89%**	**44.81%**	**71.83%**	**4,319,793**	**780,521**
Ratings 7 – 8	**19.33%**	**43.96%**	**216.36%**	**690,450**	**67,788**
Ratings 8- – 10	**100.00%**	**43.29%**	**—**	**133,418**	**2,478**
Total	**3.64%**	**45.07%**	**66.81%**	**¥ 7,515,596**	**¥ 1,559,472**

Note: Specialized lending and purchased receivables are excluded.

	Millions of Yen				
	2008				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	0.06%	45.87%	23.81%	¥ 1,981,641	¥ 848,073
Ratings 5 – 6	0.94%	44.77%	73.68%	4,329,532	900,336
Ratings 7 – 8	18.59%	44.11%	210.26%	656,492	92,978
Ratings 8- – 10	100.00%	44.97%	—	63,789	7,831
Total	2.95%	45.07%	68.72%	¥ 7,031,456	¥ 1,849,221

Note: Specialized lending and purchased receivables are excluded.

(2) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On_EAD), and EAD of Off-balance sheet asset items (Off_EAD) by obligor category for Sovereign Exposures

	Millions of Yen				
	2009				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	**0.01%**	**44.97%**	**9.04%**	**¥ 3,583,116**	**¥ 25,518**
Ratings 5 – 6	**1.33%**	**45.00%**	**117.17%**	**12,927**	**1,431**
Ratings 7 – 8	**14.68%**	**36.23%**	**173.76%**	**5**	**—**
Ratings 8- – 10	**—**	**—**	**—**	**—**	**—**
Total	**0.01%**	**44.97%**	**9.47%**	**¥ 3,596,049**	**¥ 26,950**

Note: Specialized lending and purchased receivables are excluded.

	Millions of Yen				
	2008				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	0.01%	45.00%	9.75%	¥ 2,654,913	¥ 53,913
Ratings 5 – 6	1.73%	45.00%	134.80%	12,411	384
Ratings 7 – 8	14.68%	45.00%	232.15%	3,076	—
Ratings 8- – 10	—	—	—	—	—
Total	0.04%	45.00%	10.59%	¥ 2,670,401	¥ 54,297

Note: Specialized lending and purchased receivables are excluded.

(3) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On_EAD), and EAD of Off-balance sheet asset items (Off_EAD) by obligor category for Bank Exposures

	Millions of Yen				
	2009				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	**0.04%**	**47.00%**	**19.60%**	**¥ 423,158**	**¥ 663,421**
Ratings 5 – 6	**0.46%**	**46.41%**	**62.54%**	**39,357**	**112,207**
Ratings 7 – 8	**9.40%**	**45.00%**	**182.97%**	**5,000**	**131**
Ratings 8- – 10	**—**	**—**	**—**	**—**	**—**
Total	**0.13%**	**46.92%**	**25.51%**	**¥ 467,516**	**¥ 775,760**

Note: Specialized lending and purchased receivables are excluded.

	Millions of Yen				
	2008				
At March 31	PD	LGD	RW	On_EAD	Off_EAD
Ratings 1 – 4	0.04%	46.29%	17.79%	¥ 779,672	¥ 776,714
Ratings 5 – 6	0.73%	46.55%	70.69%	27,637	43,183
Ratings 7 – 8	—	—	—	—	—
Ratings 8- – 10	—	—	—	—	—
Total	0.07%	46.31%	20.09%	¥ 807,310	¥ 819,897

Note: Specialized lending and purchased receivables are excluded.

(4) The Probability of Default (PD), weighted average of Risk-weights (RW) and balance of Equity Exposures to which the PD/LGD Approach is applied by obligor category

	Millions of Yen		
	2009		
At March 31	PD	RW	Balance
Ratings 1 – 4	**0.07%**	**106.13%**	**¥ 51,453**
Ratings 5 – 6	**0.29%**	**157.15%**	**68,861**
Ratings 7 – 8	**15.43%**	**511.38%**	**182**
Ratings 8- – 10	**100.00%**	**—**	**19**
Total	**0.24%**	**135.88%**	**¥ 120,516**

	Millions of Yen		
	2008		
At March 31	PD	RW	Balance
Ratings 1 – 4	0.06%	108.34%	¥ 30,134
Ratings 5 – 6	0.32%	162.24%	84,926
Ratings 7 – 8	9.40%	461.59%	136
Ratings 8- – 10	100.00%	—	19
Total	0.28%	148.47%	¥ 115,216

(5) The Probability of Default (PD), Loss Given Default (LGD), weighted average of Risk-weights (RW), Exposure At Default (EAD) of On-balance sheet asset items (On-EAD), EAD of Off-balance sheet asset items (Off-EAD), Undrawn Commitment, and weighted average of Credit Conversion Factor (CCF) applied to Undrawn Commitment for Retail Exposures by exposure pool

	Millions of Yen						
	2009						
At March 31	PD	LGD	RW	On_EAD	Off_EAD	Undrawn Commitment	CCF
Residential Mortgage							
Current	**0.34%**	**53.65%**	**31.28%**	**¥ 1,486,484**	**¥ 94,569**	**¥ 206**	**75%**
Overdue	**37.46%**	**53.65%**	**323.23%**	**6,732**	**73**	**—**	**—**
Default	**100.00%**	**48.74%**	**—**	**5,812**	**67**	**—**	**—**
Qualifying Revolving Retail							
Current	**1.46%**	**100.00%**	**53.88%**	**6,832**	**3,453**	**68,121**	**5%**
Overdue	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Default	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other Retail (consumer)							
Current	**1.25%**	**53.29%**	**60.26%**	**107,367**	**2,638**	**10,431**	**10%**
Overdue	**27.59%**	**53.56%**	**141.91%**	**3,172**	**106**	**290**	**26%**
Default	**100.00%**	**46.20%**	**—**	**1,430**	**755**	**148**	**29%**
Other Retail (commercial)							
Current	**0.36%**	**54.39%**	**34.28%**	**89,433**	**7,427**	**—**	**—**
Overdue	**15.54%**	**54.39%**	**115.27%**	**825**	**153**	**—**	**—**
Default	**100.00%**	**49.85%**	**—**	**931**	**497**	**—**	**—**
Total	**1.12%**	**53.90%**	**34.49%**	**¥ 1,709,023**	**¥ 109,743**	**¥ 79,198**	**66%**

Notes: 1 LGD estimates include EL default amounts for exposures in default.
2 “Overdue” denotes credits less than 3 months overdue.

	Millions of Yen						
	2008						
At March 31	PD	LGD	RW	On_EAD	Off_EAD	Undrawn Commitment	CCF
Residential Mortgage							
Current	0.34%	53.65%	31.13%	¥ 1,438,443	¥ 101,906	¥ 130	75%
Overdue	37.46%	53.65%	323.23%	5,977	64	—	—
Default	100.00%	48.74%	—	5,702	92	—	—
Qualifying Revolving Retail							
Current	1.46%	100.00%	53.88%	7,465	3,697	72,777	5%
Overdue	—	—	—	—	—	—	—
Default	—	—	—	—	—	—	—
Other Retail (consumer)							
Current	1.21%	53.20%	59.51%	113,761	2,690	11,059	7%
Overdue	27.59%	53.56%	141.92%	3,317	173	349	17%
Default	100.00%	46.06%	—	893	770	152	23%
Other Retail (commercial)							
Current	0.36%	54.39%	34.28%	89,197	8,898	95	75%
Overdue	15.54%	54.39%	115.27%	783	89	—	—
Default	100.00%	49.85%	—	1,328	577	—	—
Total	1.11%	53.92%	34.38%	¥ 1,666,870	¥ 118,961	¥ 84,564	69%

Notes: 1 LGD estimates include EL default amounts for exposures in default.
2 “Overdue” denotes credits less than 3 months overdue.

(6) Losses in the Previous Period and Comparison of Losses in the Current Period with those in the Previous Period

	Millions of Yen				
	2009		2008		
Year Ended March 31	Actual Credit Losses	Writebacks	Actual Credit Losses	Writebacks	Change in Actual Credit Losses
Corporate Exposures	¥ 43,407	¥ (28,170)	¥ (2,175)	¥ (46,387)	¥ 45,583
Sovereign Exposures	54	(0)	(31)	(32)	85
Bank Exposures	75	—	—	—	75
Equity Exposures under the PD/LGD Approach	—	—	—	—	—
Retail Exposures	1,506	(408)	294	(733)	1,212

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

Factor Analysis

Losses in fiscal year 2008 increased ¥46.9 billion year-on-year, the main reason for which being write-offs of loans and allowances for loan losses due to the increase in loans to special mention debtors and other non-performing loans.

(7) Estimated Credit Losses

	Millions of Yen	
	Estimated Credit Losses	Actual Credit Losses
Corporate Exposures	¥ 144,359	¥ 43,407
Sovereign Exposures	539	54
Bank Exposures	627	75
Equity Exposures under the PD/LGD Approach	378	—
Retail Exposures	10,542	1,506

Notes: 1 Estimated credit losses are the average of estimates calculated as of March 31, 2007; September 30, 2007; March 31, 2008; September 30, 2008 and March 31, 2009. Estimated credit losses for retail exposures are the average of estimates calculated as of March 31, 2008; September 30, 2008 and March 31, 2009.
2 Actual credit losses are the sum of losses for one year ended March 31, 2009.

Credit Risk Mitigation Technique

Non-consolidated

Exposures to which Credit Risk Mitigation Technique are Applied

	Millions of Yen			
	2009			
At March 31	Eligible Financial Collateral	Other Eligible IRB Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardized Approach is Applied	¥ —	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	1,918,158	195,076	202,290	40,000
Corporate Exposures	423,682	185,956	87,724	—
Sovereign Exposures	192,656	9,120	101,906	—
Bank Exposures	1,301,819	—	12,659	40,000
Residential Mortgage Exposures	—	—	—	—
Qualifying Revolving Retail Exposure	—	—	—	—
Other Retail Exposures	—	—	—	—

At March 31	Millions of Yen			
	2008			
	Eligible Financial Collateral	Other Eligible IRB Collateral	Guarantees	Credit Derivatives
Portfolios to which the Standardized Approach is Applied	¥ —	¥ —	¥ —	¥ —
Portfolios to which the IRB Approach is Applied	1,149,722	140,097	135,242	40,000
Corporate Exposures	390,109	140,097	40,693	—
Sovereign Exposures	320	—	89,186	—
Bank Exposures	759,292	—	5,362	40,000
Residential Mortgage Exposures	—	—	—	—
Qualifying Revolving Retail Exposure	—	—	—	—
Other Retail Exposure	—	—	—	—

Note: From March 31, 2008, the scope of credit risk mitigation technique has been enlarged.

Derivative Products and Long Settlement Transactions

Non-consolidated

Derivative Products

At March 31	Millions of Yen	
	2009	2008
Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero)	**¥ 3,957,326**	¥ 2,194,232
Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	**1,185,842**	1,014,866
Foreign Exchange Related	**961,518**	633,232
Interest Rate Related	**4,547,060**	2,720,403
Gold Related	**—**	—
Equity Related	**—**	—
Precious Metals (Excluding Gold) Related	**—**	—
Other Commodities Related	**—**	—
Credit Derivatives	**206**	1,044
Effect of Mitigating Credit Equivalents due to Close-out Netting Contracts (Deduction)	**(4,322,943)**	(2,339,813)
Amounts of Collateral	**278,160**	—
Deposits	**260,129**	—
Securities	**18,031**	—
Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique	**907,682**	1,014,866
Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents	**120,000**	120,000
Purchase of Protection by Credit Default Swaps	**40,000**	40,000
Purchase of Protection by Total Return Swaps	**—**	—
Purchase of Protection by First-to-Default Credit Derivatives	**—**	—
Purchase of Protection by Second-to-Default Credit Derivatives	**—**	—
Providing Protection by Credit Default Swaps	**80,000**	80,000
Providing Protection by Total Return Swaps	**—**	—
Providing Protection by First-to-Default Credit Derivatives	**—**	—
Providing Protection by Second-to-Default Credit Derivatives	**—**	—
Notional Principal Amounts of Credit Derivatives used to Allow for the Effect of Credit Risk Mitigation Technique	**¥ 40,000**	¥ 40,000

Note: Credit equivalents are calculated with the current exposure approach.

Long Settlement Transactions

Not applicable as of the end of March, 2008 and the end of March, 2009

Securitization Exposures (Originator)

Non-consolidated

Fiscal Year 2008

(1) Outline of Securitizations during Fiscal Year 2008, Type and Status of Principal Underlying Assets

We conducted the following single securitization transaction as an originator during fiscal year 2008.

Date of Securitization:	March 2009
Type of Underlying Assets:	Mortgage Loans
Aggregate Sum of Underlying Assets:	¥65,582 million (at the time of securitization), ¥64,093 million (as of the end of March 2009)
Type of Transaction:	Asset transfer-type securitization transaction
Rating Agency:	Moody's Investors Service, Inc. (Moody's) Standards & Poors Rating Services (S&P)
Initial Issue Amount:	Preferred Earnings Right ¥ 60,000 million (Aaa/Moody's, AAA/S&P) Subordinate Earnings Right ¥ 5,582 million (no rating)
Date of Redemption:	December 2045

We hold part of the exposures related to this securitization transaction, and quantitative data in (2)–(9) below include data related to this securitization transaction.

(2) Amounts of Securitization Exposures Held and Breakdown of Principal Underlying Assets by Type

	Millions of Yen			
	2009			
		Aggregate Sum of Underlying Assets		
At March 31	Exposure Amounts		Asset Transfer-Type Securitization Transaction	Synthetic Securitization Transaction
Housing Loans	¥ 14,337	¥ 87,285	¥ 87,285	¥ —
Credit Card Loans, Consumer Loans	—	—	—	—
Auto Loans, Other Loans to Individuals	—	—	—	—
Commercial Real Estate-Secured Loans	—	—	—	—
Loans and Bonds to Corporates	—	—	—	—
Claims on Lease Payments	—	—	—	—
Accounts Receivable, Other Claims on Corporates	—	—	—	—
Total	¥ 14,337	¥ 87,285	¥ 87,285	¥ —

(3) Cumulative Total for Fiscal Year 2008 of Principal Underlying Assets Overdue for Three Months or Longer or in Default Related to Securitization Exposures Held, Cumulative Total of Losses for Fiscal Year 2008, and their Breakdowns by Type of Principal Underlying Assets

	Millions of Yen	
	2009	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses for Fiscal Year 2008
Housing Loans	¥ 206	¥ 155
Credit Card Loans, Consumer Loans	—	—
Auto Loans, Other Loans to Individuals	—	—
Commercial Real Estate-Secured Loans	—	—
Loans and Bonds to Corporates	—	—
Claims on Lease Payments	—	—
Accounts Receivable, Other Claims on Corporates	—	—
Total	¥ 206	¥ 155

(4) Balance and Amounts of Required Capital of Securitization Exposures Held by Risk-Weight Category

	Millions of Yen	
	2009	
At March 31	Balance	Required Capital
Risk-Weight Category (IRB Approach)	¥ 14,337	¥ 1,519
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	14,035	1,217
Capital Deduction	302	302
Risk-Weight Category (Standardized Approach)	—	—
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	—	—
Capital Deduction	—	—
Total	¥ 14,337	¥ 1,519

(5) Amount Equivalent to the Increase in Capital Following Securitization and Breakdown by Type of Principal Underlying Assets

	Millions of Yen
At March 31	2009
Housing Loans	¥ 1,513
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 1,513

(6) Amounts of Securitization Exposures by Type of Principal Underlying Assets Deducted from Capital under Provisions of the Notification Article 247

	Millions of Yen
At March 31	2009
Housing Loans	¥ 302
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 302

(7) Items by Type of Principal Underlying Assets of Securitization Exposures with Early Redemption Clauses

Not applicable

(8) Amounts of Gains/Losses on Sale in Association with Securitization Transactions Recognized during Fiscal Year 2008 and Breakdown by Type of Principal Underlying Assets

Year Ended March 31	Millions of Yen 2009
Housing Loans	¥ 2,547
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 2,547

(9) Amounts of Credit Risk-Weighted Assets Calculated with the Application of Transitional Measures with respect to Securitization Exposures

Not applicable

Securitization Exposures (Originator) Non-consolidated

Fiscal Year 2007

(1) Outline of Securitizations during Fiscal Year 2007, Type and Status of Principal Underlying Assets

We conducted the following single securitization transaction as an originator during fiscal year 2007.

Date of Securitization:	July 2007	
Type of Underlying Assets:	Mortgage Loans	
Aggregate Sum of Underlying Assets:	¥30,202 million (at the time of securitization), ¥27,021 million (as of the end of March 2008)	
Type of Transaction:	Asset transfer-type securitization transaction	
Rating Agency:	Moody's Investors Service, Inc. (Moody's)	
	Standard & Poors Rating Services (S&P)	
Initial Issue Amount:	Class A	¥ 3,000 million (Aaa/Moody's, AAA/S&P)
	Class B	¥ 23,570 million (A2/Moody's, A/S&P)
	Class C	¥ 3,330 million (no rating)
	Subordinated Earnings Right	¥ 302 million (no rating)
Date of Redemption:	December 2036	

We hold part of the exposures related to this securitization transaction, and quantitative data in (2)–(9) below include data related to this securitization transaction.

(2) Amounts of Securitization Exposures Held and Breakdown of Principal Underlying Assets by Type

	Millions of Yen			
	2008			
		Aggregate Sum of Underlying Assets		
At March 31	Exposure Amounts		Asset Transfer-Type Securitization Transaction	Synthetic Securitization Transaction
Housing Loans	¥ 302	¥ 27,021	¥ 27,021	¥ —
Credit Card Loans, Consumer Loans	—	—	—	—
Auto Loans, Other Loans to Individuals	—	—	—	—
Commercial Real Estate-Secured Loans	—	—	—	—
Loans and Bonds to Corporates	—	—	—	—
Claims on Lease Payments	—	—	—	—
Accounts Receivable, Other Claims on Corporates	—	—	—	—
Total	¥ 302	¥ 27,021	¥ 27,021	¥ —

(3) Cumulative Total for Fiscal Year 2007 of Principal Underlying Assets Overdue for Three Months or Longer or in Default Related to Securitization Exposures Held, Cumulative Total of Losses for Fiscal Year 2007, and their Breakdowns by Type of Principal Underlying Assets.

	Millions of Yen	
	2008	
Year Ended March 31	Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default	Cumulative Total Losses for Fiscal Year 2007
Housing Loans	¥ 82	¥ 49
Credit Card Loans, Consumer Loans	—	—
Auto Loans, Other Loans to Individuals	—	—
Commercial Real Estate-Secured Loans	—	—
Loans and Bonds to Corporates	—	—
Claims on Lease Payments	—	—
Accounts Receivable, Other Claims on Corporates	—	—
Total	¥ 82	¥ 49

(4) Balance and Amounts of Required Capital of Securitization Exposures Held by Risk-Weight Category

	Millions of Yen	
	2008	
At March 31	Balance	Required Capital
Risk-Weight Category (IRB Approach)	¥ 302	¥ 302
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	—	—
Capital Deduction	302	302
Risk-Weight Category (Standardized Approach)	—	—
20% or less	—	—
over 20% and 100% or less	—	—
over 100% and less than 1,250%	—	—
Capital Deduction	—	—
Total	¥ 302	¥ 302

(5) Amount Equivalent to the Increase in Capital Following Securitization and Breakdown by Type of Principal Underlying Assets

Not applicable

(6) Amount of Securitization Exposures by Type of Principal Underlying Assets Deducted from Capital under Provisions of the Notification Article 247

	Millions of Yen
At March 31	2008
Housing Loans	¥ 302
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ 302

(7) Items by Type of Principal Underlying Assets of Securitization Exposures with Early Redemption Clauses

Not applicable

(8) Amounts of Gains/Losses on Sale in Association with Securitization Transactions Recognized during Fiscal Year 2007 and Breakdown by Type of Principal Underlying Assets

	Millions of Yen
Year Ended March 31	2008
Housing Loans	¥ (30)
Credit Card Loans, Consumer Loans	—
Auto Loans, Other Loans to Individuals	—
Commercial Real Estate-Secured Loans	—
Loans and Bonds to Corporates	—
Claims on Lease Payments	—
Accounts Receivable, Other Claims on Corporates	—
Total	¥ (30)

(9) Amounts of Credit Risk-Weighted Assets Calculated with the Application of Transitional Measures with respect to Securitization Exposures

Not applicable

Securitization Exposures (Investor)

Non-consolidated

(1) Amounts of Securitization Exposures Held and Breakdown of Principal Underlying Assets by Type

	Millions of Yen	
	2009	2008
At March 31	Exposure	Exposure
Housing Loans	**¥ 423,684**	¥ 572,423
Credit Card Loans, Consumer Loans	**130,124**	195,014
Auto Loans, Other Loans to Individuals	**36,222**	23,047
Commercial Real Estate-Secured Loans	**64,396**	100,294
Loans and Bonds to Corporates	**232,189**	453,609
Claims on Lease Payments	**104,122**	123,652
Accounts Receivable, Other Claims on Corporates	**7,087**	6,512
Total	**¥ 997,827**	¥ 1,474,554

(2) Balance and Amounts of Required Capital of Securitization Exposures Held by Risk-Weight Category

	Millions of Yen			
	2009		2008	
At March 31	Balance	Required Capital	Balance	Required Capital
Risk-Weight Category (IRB Approach)	**¥ 997,827**	**¥ 28,093**	¥ 1,474,554	¥ 50,562
20% or less	**870,541**	**6,533**	1,260,755	9,738
over 20% and 100% or less	**97,766**	**5,065**	163,426	8,734
over 100% and less than 1,250%	**23,539**	**10,513**	30,693	12,411
Capital Deduction	**5,981**	**5,981**	19,678	19,678
Risk-Weight Category (Standardized Approach)	—	—	—	—
20% or less	—	—	—	—
over 20% and 100% or less	—	—	—	—
over 100% and less than 1,250%	—	—	—	—
Capital Deduction	—	—	—	—
Total	**¥ 997,827**	**¥ 28,093**	¥ 1,474,554	¥ 50,562

(3) Amount of Securitization Exposures by Type of Principal Underlying Assets Deducted from Capital under Provisions of the Notification Article 247

At March 31	Millions of Yen	
	2009	2008
Housing Loans	**¥ 1,056**	¥ —
Credit Card Loans, Consumer Loans	**1,001**	711
Auto Loans, Other Loans to Individuals	**—**	—
Commercial Real Estate-Secured Loans	**—**	—
Loans and Bonds to Corporates	**3,923**	18,967
Claims on Lease Payments	**—**	—
Accounts Receivable, Other Claims on Corporates	**—**	—
Total	**¥ 5,981**	¥ 19,678

(4) Amounts of Credit Risk-Weighted Assets Calculated with the Application of Transitional Measures with respect to Securitization Exposures

Not applicable as of the end of March, 2008 and the end of March, 2009

Market Risk

Non-consolidated

(1) End of Period Value at Risk (VaR) and Maximum, Minimum and Mean VaR for the Period

• Market Risk in FY2008

	Banking Account	Trading Account
As of March 31, 2009	**¥ 114.3 billion**	**¥ 1.6 billion**
Maximum	**183.3 billion**	**9.0 billion**
Minimum	**107.6 billion**	**0.7 billion**
Mean	**130.2 billion**	**2.1 billion**

(For the April, 2008 - March, 2009 Period)

• Market Risk in FY2007

	Banking Account	Trading Account
As of March 31, 2008	¥ 80.0 billion	¥ 0.5 billion
Maximum	102.9 billion	1.5 billion
Minimum	75.6 billion	0.3 billion
Mean	90.7 billion	0.7 billion

(For the April, 2007 - March, 2008 Period)

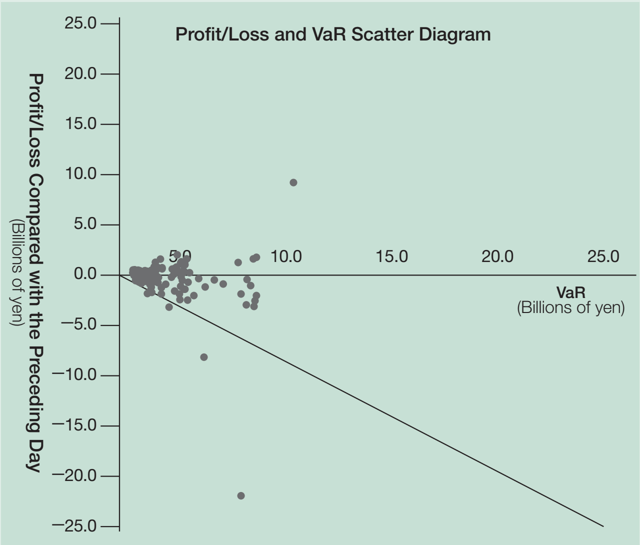
VaR Measurement Standards

Banking Account	Confidence Interval: One-tailed 99%	Time Horizon: 21 business days	Observation Period: One Year
Trading Account	Confidence Interval: One-tailed 99%	Time Horizon: 1 business day	Observation Period: One Year

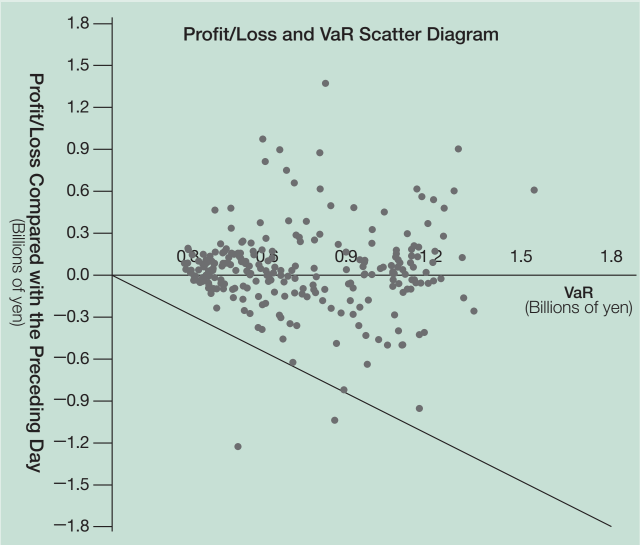
(2) Results of Back Testing and Reasons for Large Deviations between Actual Losses and VaR

• Back Testing of the Trading Account

FY 2008



FY 2007



Note: As shown above, for fiscal year 2008 back testing of the trading accounts shows six instances of losses in excess of VaR. Due to the cataclysmic market changes in the aftermath of the bankruptcy of U.S. major investment bank in September, 2008, there were several instances where back testing showed losses in excess of VaR. Our analysis, however, verified the accuracy and security of the internal model.

Capital Subscriptions or Equity Exposures in the Banking Account

Non-consolidated

	Millions of Yen							
	2009				2008			
At March 31	Book Value		Market Value		Book Value		Market Value	
Non-consolidated Book and Market Values*1								
Listed Equity Exposures	¥ 408,442		¥ 408,442		¥ 670,506		¥ 670,506	
Capital Subscriptions or Equity Exposures not included in "Listed Equity Exposures"	49,095		49,095		75,003		75,003	
	Gains/Losses	Gains	Losses	Written-off	Gains/Losses	Gains	Losses	Written-off
Amounts of Gains/Losses on Sale and Written-off of Capital Subscriptions or Equity Exposures*1, 2	(46,661)	7,214	3,631	50,244	4,230	30,382	991	25,160
Amounts of Unrealized Gains/Losses Recognized in the Non-consolidated Balance Sheets and not Recognized in the Non-consolidated Statements of Income	(24,478)				191,568			
Amounts of Unrealized Gains/Losses not Reported in the Non-consolidated Balance Sheets and Statements of Income	Not applicable				Not applicable			

*1 Figures for Available-for-Sale Securities include only Japanese and foreign stocks.
*2 Non-consolidated Statements of Income figures for gains/losses on stock holdings and related written-off.

	Millions of Yen	
At March 31	2009	2008
Amounts by Portfolio Category*	¥ 580,693	¥ 811,559
Outstanding Shares Held	404,609	644,786
Portfolios Adopting the Market-based Approach	55,567	51,556
Portfolios Adopting the PD/LGD Approach	120,516	115,216

* Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.

Amounts Held in Funds

Non-consolidated

At March 31	Millions of Yen 2009	2008
Aggregate Sum of Exposures Held in Funds	**¥ 192,559**	¥ 271,693
Look-through Approach	**102,323**	132,076
Simple Majority Formula	**34,240**	56,861
Investment Criteria Formula	**10,699**	14,185
Internal Models Approach	**—**	—
Probability Approach	**41,327**	63,601
Others	**3,968**	4,969

Note: Exposures subject to the calculation of credit risk-weighted assets are shown.

Interest Rate Risk in the Banking Account

Non-consolidated

Gains/Losses and Changes in Economic Value due to Interest Rate Shocks under the Internal Control Management used by the Parent Company

• Outlier Ratio

At March 31	2009	2008
Overall Amount of Interest Rate Risk	**¥ 122.6 billion**	¥ 139.5 billion
Outlier Ratio	**6.8%**	7.5%

Notes: 1 Our interest rate fluctuation scenario assumes an interest rate shock consisting of the 1st and 99th percentile of the fluctuation range measured for a one year holding period and a minimum observation period of five years.
2 Our risk measurement method uses the interest rate sensitivity approach. Core deposits are defined as the lowest of the following three items, as an upper limit, for the five-year maturity (an average term of 2.5 years): 1) the lowest balance of deposits in the past five years, 2) the balance after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

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1. Business Outline

In addition to products usually handled by banks, such as deposits, mutual funds, individual annuities, and housing loans, the Retail Financial Services Business provides a wide range of products and services which are only in trust banks (real estate & will trusts, estate settlement services), providing consulting that is customized to the needs of each individual client. We thereby aim to become our retail clients' main bank for asset management and asset servicing.

Starting in 1977 when we placed financial consultants ahead of other banks, our staff with specialized knowledge such as Asset Management Advisors have been providing complete services as an advisory partner who can be trusted and relied on, focused on face to face transactions. We also provide direct channels via the Internet and telephone, and by enhancing business partnerships through such mediums as ATMs that are located in convenience stores, we aim for improvements in clients' convenience.

2. Product and Service Outline

1. Deposits

In addition to the favorable interest rate time deposit product "Good Select," we have developed a lineup of distinctive deposit instruments such as the pension-type time deposit "Kisetsu No Tayori*," which features interest compounded on a semi annual basis and allows the client to receive part of their principal plus interest on a quarterly basis, and the time deposit "Wakuwaku Select," providing clients with product purchasing rights upon the expiration of the deposit term. In the area of foreign currency deposits, we offer products including a foreign currency time deposit product that is available in a choice of five currencies and features an attractive interest and fee structure (nickname: Foreign Currency Revolution), as well as offering foreign currency ordinary deposits.

* From one year after the deposit date, we repay a fixed amount together with the corresponding interest, every three months until half of the original deposited principal has been paid out.

2. Mutual Funds

By taking advantage of our links with STB Asset Management Co., Ltd., a mutual funds management company within the Sumitomo Trust Group, the Retail Financial Services Business has developed a rich variety of mutual funds products. Our investment targets range from domestic and overseas bonds and stocks to real estate investment trusts. They feature a versatile lineup of investment styles including diversified investments in global bonds and stocks and investments in special markets, industry sectors and funds of funds, which invest in multiple investment trusts. In this way, we can offer the proper combination of instrument to appropriately meet each client's specific needs.

STB Asset Management Co., Ltd., received the "Mixed Asset Fund First Prize" in the "Mutual Funds/Aggregate Category" of the "R&I Fund Awards 2009."

3. Insurance

We aim to enrich and provide a sense of security in our clients' lifestyles and as a way of consulting we utilize life insurance products such as variable annuity insurance and single premium whole life insurance, and handle a wide range of client needs. For example, we provide consultations on preparing for living costs after retirement; leaving assets for one's important family members, and increasing assets while holding down risks of losses, in addition to fire insurance which covers risks of disasters in housing.

4. Discretionary Investment Management Products

Sumitomo Trust is very highly regarded as an asset management expert by many pension funds and institutional investors. To provide the cutting edge management skills and know-how in this area to our individual clients, which have been cultivated by our Retail Financial Services Business, we provide the discretionary investment management products by lining up "Sumishin SMA" and "Sumishin Fund Wrap," as advanced management services in our product line.

- Sumishin Fund Wrap

We began handling the "Sumishin Fund Wrap" as a new discretionary investment management product since January 2009, with a minimum investment of 10 million yen. "Sumishin Fund Wrap" proposes management portfolios from 5 categories with 10 types that are matched to clients. Its simple product design allows us to provide the discretionary investment management products to a broader range of clients.

5. Loans

We are responding to the demand for consultation on loans, centered on housing loans, at 19 branch offices across Japan which feature Housing Loan Centers. To meet clients' needs in different phases of life, we provide housing loans such as "Relay Plan Flex," consumer loans such as the discretionary "Housing Card Loan," home equity loans for clients with housing loans, and our "Apartment Loan," which provides capital for construction, enlargement, renovation, or refinancing of lease-use apartments, rental condominiums, etc.

- Housing Loan "Relay Plan Flex"

  Sumitomo Trust's housing loan "Relay Plan Flex" is designed for clients planning to construct or enlarge, or renovate their home or to purchase land for constructing a home. "Relay Plan Flex" offers a choice of free repayment and auto repayment services under which clients have the option of arranging partial early repayment by telephone or via the internet.

6. Will Trust and Estate Settlement Services

The rapid aging of the population has raised various social issues in Japan, one of which is how to address diversifying asset inheritance needs. Sumitomo Trust provides a will trust service in which our professional staff including financial consultants handle everything from consultation on will writing through storage and execution. We also offer estate settlement services to give clients appropriate advice concerning property succession and assist with various procedures. Moreover, we offer the asset succession planning product "Estate Planning."

7. Advantage Service

We provide our "Advantage Service" for individual clients, with fee discounts and higher deposit interest corresponding to their balance of time deposits, mutual funds, housing loans, etc. We provide three service levels of Platinum, Gold and Silver, with no need to submit an application. We also provide our "Omatome Service" that determines the level by adding up the balances of family members that live together.

8. Second Life Support Service

In order to support those clients who are starting their second life as they enter the "retirement" phase, which is one of the biggest life-events, we provide our special interest plan combining time deposits with different periods, and a plan combining mutual funds with special interest rate time deposits. We also provide a wide range of services to meet client demands such as the following: "Trust Generation Club"—a membership-based service that is fully loaded with financial & non-financial privileges, information on tax and pension related matters, and hosting of various asset management seminars, etc.

9. Asset Management-Type Packages (mutual funds + time deposits)

In order to meet our clients' total asset management needs, we offer a choice of two types of "Asset Management-Type Package" plans, which combine interest bearing time deposits with mutual funds. One is the "Periodic Plan" which offers the clients to deposit funds on a periodic basis, and the other is the "Portfolio Plan" which provides a stable and profitable mid-to-long- term investment combining the time deposit product with mutual funds.

10. Private Banking

Beginning with providing a wide range of asset management products including customized products and asset servicing products useful for asset preservation and inheritance such as business inheritance trust, we are building a system that employs a full-time relationship manager to respond to various needs such as asset management, real estate utilization and asset inheritance. Through STB Wealth Partners Co., Ltd., we also provide consulting on inheritance and business succession, as we work to provide complete client support by the entire Sumitomo Trust Group. We also provide non-financial services including guidance in medical consulting services, appraisal of artwork and health support in partnership with specialist companies.

Further information about main product, please see page 193.

1. Business Outline

Wholesale Financial Services Business covers a wide range of clients from large to small and mid-size companies, to financial institutions, to non-profit organizations, and to overseas financial markets in a consolidated business structure. Based on the rich functions and expertise gained through banking and trust operations, Sumitomo Trust provides solutions to each client to aid in raising corporate and asset value. In addition to providing standard corporate loans, making the most of trust and financial intermediary functions, Sumitomo Trust is placing efforts in asset management-type financial intermediary business by providing clients with asset management products.

2. Product and Service Outline

In addition to making available conventional corporate loans and deposit facilities, we also provide the following products and services.

1. Asset Securitization Arrangements

Asset securitization arrangements are operations that involve splitting off special assets such as monetary claims (loans, accounts receivable, etc.) and real estate*1 from their owners and creating financial instruments based upon the revenue (cash flow) produced by these assets, to raise funds from investors.

Asset securitization arrangement methods include (1) the trust method (a method of entrusting assets and allowing investors to obtain the rights to cash flows accruing from these assets) and (2) the SPC*2 method (a method by which assets are transferred to a corporation such as an SPC and bonds are issued that treat these assets as collateral). Sumitomo Trust was an early pioneer of asset securitization arrangements. For example, we developed accounts receivable trusts in 1991 and we have proceeded actively with the development of new products in order to meet our clients' needs using both of the above methods. As a result, we currently hold a top class performance record among domestic financial institutions in terms of both quality and quantity and we also have secured a position as a major player in the asset securitization field.

*1 Real estate-related securitization is provided by the Real Estate Business.
*2 SPC: Special Purpose Company.

2. Real Estate Non-Recourse Loans

A real estate non-recourse loan is a form of financing for purchasing real estate in which real estate securitization* is carried out and the assets are transferred to an SPC. The loan itself is repaid exclusively from the cash flow originating from the real estate or the proceeds on its sale. At Sumitomo Trust, we are cooperating with Real Estate Business, actively working to advance good quality real estate securitization projects.

* A type of asset securitization arrangement. The security is issued using the revenue obtained from real estate, such as rent income, as its resource.

3. Syndicated Loans

A syndicated loan is a scheme by which an arranger, or lead bank, organizes a syndicate consisting of several financial institutions that jointly supply funds to the borrower under the same conditions. Sumitomo Trust is engaged in composing syndicated loans in areas such as real estate non-recourse loans and buyout finance. We are also developing the securitization of such credits and developing credit loan market (secondary market).

4. Project Finance

Project finance, which employs the cash flow generated from special projects as the repayment source and limits its collateral to the relevant project's assets, is used to raise funds for infrastructure projects such as resource development and the building of power stations, roads, etc. At Sumitomo Trust, we respond to the capital needs of a wide variety of long-term projects in various fields like wind power generation and other new energy businesses.

5. Buyout Finance

Buyout finance consists mainly of finance for the purpose of providing acquisition capital when private equity funds seek to acquire companies or their business groups. Sumitomo Trust actively arranges buyout finance to meet clients' needs, such as selling non-core business groups or subsidiaries in the course of corporate business reorganization, as well as taking listed corporations private, etc.

6. M&A Advisory

Sumitomo Trust has positioned M&A advisory activities related to corporate mergers and acquisitions, capital alliances, business transfers, etc., as an effective means for our corporate clients to solve their management issues and improve their corporate value, and we are actively engaged in these advisory activities.

M&A advisory extends across a broad spectrum of industrial sectors including manufacturing, distribution, finance and service sectors. We handle many kinds of cases including business reorganization and the sale of non-core businesses associated with the restructuring of major corporations, business acquisitions contributing to improving the value of core businesses, supporting corporate revitalization as stipulated by the Civil Rehabilitation Law and MBOs (Management Buyouts). Moreover, we provide a total service package making use of our accumulated trust bank know-how on everything from pensions to real estate.

7. Consulting for Corporate Clients

In order to contribute to improving the corporate value of our corporate clients, we offer total package solutions that organically make use of our banking, trust and real estate functions in the field of corporate consulting. Among major themes, we provide consultation in respect of business restructuring and business succession measures, consulting on financial strategy in response to changes in accounting standards, countermeasures plans in respect of corporate acquisitions, intra-group corporate reorganization and diverse fundraising techniques and capital policies based on various client needs.

8. Credit Investment

Credit investment comprises activities aimed at constructing a portfolio made up of receivables and financial instruments such as loans and traded securities, and pursuing a return while attempting to control risk should the borrower or the financial instrument issuer go into default (= credit risk).

Sumitomo Trust is carrying out investment using a variety of instruments centered on corporate bonds, syndicated loans and a wide range of asset-backed securities. In addition, we handle investment in domestic and foreign private equity funds.

9. Stock Transfer Agency

As an agent of record for listed companies, we completed our transition to handle the move to electronic stock certificates in January 2009, and our transfer agency service system promptly and accurately processes large amounts of clerical work such as managing stockholder lists, performing dividend calculations, purchasing odd lots of stock and distributing general shareholders' meeting-related documents. As of the end of March 2009, we performed stock transfer agency tasks for 1,143 companies (including 6 foreign companies), and handling related clerical work for 8.4 million shareholders.

Moreover, by deploying expert legal affairs consultants who have thorough knowledge of stock related matters at two offices in Tokyo and Osaka, we are able to meet the needs of our client companies with a comprehensive system for providing consultation. This consultation includes how to respond to a succession of revisions to various legal systems such as the Companies Act, various matters related to corporate organization strategies, and developing defenses against hostile takeovers in keeping with the rise of interest in this issue in recent years.

Description of Businesses

Wholesale and Retail Client Services Group/ Real Estate Business

• Real Estate Business Model

1. Business Outline

The Real Estate Business combines performance and knowhow that are unique to Sumitomo Trust, which has made real estate a core business ever since its establishment over 80 years ago. By drawing on this heritage and working in close cooperation with the other groups and divisions as well as with external partners, the Real Estate Business plays a key role within the Sumitomo Trust Group's business model, which benefits from the synergies created by the combined operations of banking, trust and real estate. In the current fiscal year, we established our Real Estate Consulting Department, aiming to propose suitable solutions for a wide range of client needs concerning real estate, by specialist staff with rich experience. As the Real Estate Business of the Wholesale and Retail Client Services Group, we will redouble our efforts to provide services leveraging our banking and trust functions by further strengthening our cooperation with the Wholesale and Retail Financial Services Business.

The business operations of the Real Estate Business can be roughly classified into the following three categories: (1) real estate transactions (including brokerage, securitization and consulting), (2) real estate investment management (including REIT [real estate investment trusts] and private real estate fund investment), and (3) real estate infrastructure services (including real estate trusts and appraisal services). We will develop a host of business opportunities by joining these three businesses together organically. Operated by a large staff of professionals such as licensed real estate appraisers and first-class architects, and personnel specializing in the real estate business, the Real Estate Business will provide real estate related total solutions in collaboration with our subsidiaries and affiliates which have their own distinctive strengths, including Sumishin Realty Company, Limited, STB Research Institute, Co., Ltd. And STB Real Estate Investment Management, Co., Ltd.

Moreover, Sumitomo Trust has been actively pursuing new businesses including real estate securitization since the early days of this market, beginning with a land trust established as Japan's first land trust fiduciary in 1984. The following are some of our more notable recent activities: (1) the establishment of STB Real Estate Investment Management as the Japanese commercial banking industry's first investment advisory company specializing in real estate securitization (in November 2005), (2) the establishment of the Eco-land-Fund as the industry's first soil contamination improvement fund (in December 2005), (3) the listing of Top REIT, Inc. on the Tokyo Stock Exchange (in March 2006) and (4) the signing of business alliance contracts with several other financial organizations.

2. Product and Service Outline

Real Estate Transaction Services

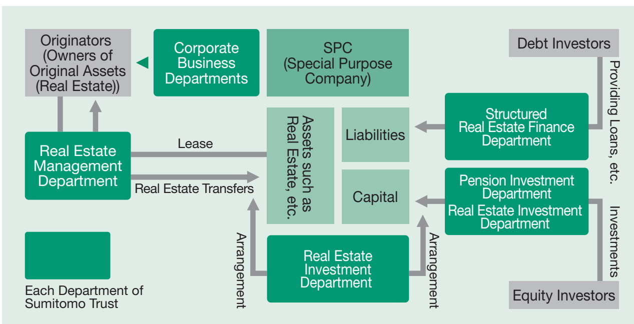
1. Real Estate Brokerage

In the commercial real estate brokerage business, we handle a wide diversity of transactions ranging from office and condominium sites to factories, distribution center sites, commercial facilities and hotels by making use of our ample experience in this field and our broad information network. Moreover, our subsidiary Sumishin Realty offers housing brokerage for individual and brokerage for small and medium-sized commercial properties.

2. Real Estate Securitization-related Business

Sumitomo Trust is a pioneer of the real estate securitization business, which is characterized by the one-stop provision of the following real estate-securitization operations: (1) grasping of client needs, (2) evaluation of real estate properties, (3) arrangement, (4) fund-raising for equity-tranche (investment of Sumitomo Trust's own funds and gathering of investors), (5) fund-raising for debt-tranche (adjustment of terms of financing, etc.), and (6) real estate management and operation after securitization.

• Real Estate Securitization Scheme and the Role of Sumitomo Trust



3. Consulting on Effective Use of Real Estate and in Construction

In the construction consulting business, Sumitomo Trust provides comprehensive consulting services concerning the functions and quality of buildings and the architectural processes and costs at each stage from planning through estimation, design, construction work and completion in order to meet the needs of our clients (including construction ordering parties and business proprietors). Also, in the field of consulting concerning effective real estate utilization, we employ development-type consulting beginning with construction project plans for commercial and distribution facilities aimed at effective property use and extending to design and construction.

Real Estate Investment Management

Real Estate Investment Advisory Services

We are endeavoring to develop this business by providing real estate investment information to investors as well as by creating and offering real estate investment products that make full use of our real estate-related information gathering power and judgment abilities.

STB Real Estate Investment Management, which was established in November 2005, is an investment advisory company specializing in real estate securitization. This company offered its first private real estate fund composition and has begun fund management for institutional investors. The volume of entrusted assets has increased steadily and the volume of outstanding assets under management of this company is 207.5 billion yen as of March 2009.

It also provides investors with accurate investment advice, and has also constructed a thorough asset management system. In the real estate investment trusts J-REIT (Japanese Real Estate Investment Trust) field, Top REIT, Inc. established jointly by Nippon Steel City Produce, Inc., Oji Real Estate Co., Ltd. and Sumitomo Trust, was listed in March 2006 and has made steady progress.

In the risk management area, the Real Estate Investment Department is seeking out and obtaining investment instruments, as well as conducting risk analysis, risk evaluation and monitoring with a view of further strengthening a risk management framework.

Furthermore, Sumitomo Trust is providing information and investment advisory services to real estate investors by making optimum use of the advantages offered by STB Research Institute — the Group's real estate think tank — and by utilizing this company's analysis capabilities with respect to real estate investment market trends as well as the investment value and risk of real estate financial instruments.

Real Estate Infrastructure Services

1. Real Estate-related Trust Operations

In the real estate securitization market, the need for trust services is increasing exponentially. In response, we are working to promote rationalization and improve the efficiency of our business by means of a real estate total management system that centralizes control over the information system and accounting system, and we are strengthening our business structure through staff increases.

In addition, we are promoting measures in consideration of client demand based on a client service questionnaire concerning business service content and clerical work quality. As such a measure we improved the real estate total management system ("SMART"), specifically offering services that enable corporate clients to have access to accounting information via the internet. Thus we provide services which meet the needs of our clients.

With regard to the existing long-term lease land trust business, we are attempting to restructure this business in order to improve its profitability. In addition, in certain cases we sell property in secondary market following consultations with the consignor.

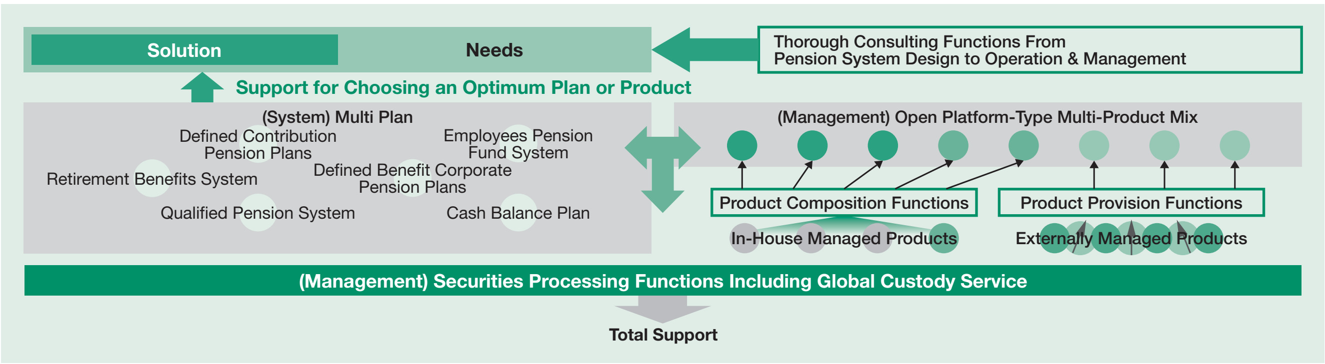
2. Real Estate Appraisal Operations

In line with the Corporate Real Estate (CRE) strategies, management integration, accounting system changes and real estate securitization, the demand for real estate appraisal is becoming very high. Sumitomo Trust is entrusted with a wide variety of appraisal projects from many private companies and public organizations, and is highly praised as an authoritative appraisal organization. We are capable of responding to a broad range of appraisal needs thanks to our large staff of experienced real estate appraisers.

Description of Businesses

Specialized Departments and Units/ Fiduciary Business

• Fiduciary Business Model



1. Business Outline

The Fiduciary Business is constructed from three businesses: the pension trust, the investment management business and the securities processing services. The pension trust business provides corporate clients with pension trust services in package form, ranging from pension system-related consultation and actual system planning and operation, to pension fund operation and management and pension subscriber/beneficiary management and benefit payments. The investment management business provides corporate clients including domestic and overseas institutional investors with advice about a wide variety of asset management services and investments, and also performs product planning and management of investment trusts that can be purchased by individual investors. The securities processing services business provides services: such as custody and settlement of domestic and overseas securities. These characteristic services of Sumitomo Trust make adept use of our high-level expertise concerning asset operations and asset management and are highly regarded by our clients. As of the end of March 2009, the Fiduciary Business had approximately 25 trillion yen in assets under management, while the total volume of entrusted assets reached approximately 74 trillion yen.

2. Product and Service Outline

Pension Trust Business

1. Pension Plan Designing

In the pension trust business, we provide system planning consulting in the form of optimized plans that reflect management strategy, as well as personnel and financial situations of corporate clients, to help them introduce new corporate pension systems or to modify existing systems. Moreover, in order to realize our clients' goals, we offer practical support concerning system introduction and operation including labor-management consultation and negotiating with government and regulatory authorities.

In recent years, in addition to defined benefit corporate pension plans, clients are steadily adopting defined contribution pension plans. In introducing defined contribution pension plans, both support and thorough investment education for beneficiaries is essential. To further strengthen our services in response to this trend, we have improved our services to meet the needs of both business owners and pension beneficiaries. We have improved information provision service levels through an exclusive call center and the Internet. We also provide support not only when the plan is introduced, but for post-introduction phase as well, by offering practical asset investment seminars focused on life planning after retirement through the "Sophistication of Continuing Education."

2. Asset Management

The pension asset management services provided by Sumitomo Trust begin with consulting, in which we discuss with the client their objectives and the most appropriate course of asset management. Through these consultations, we come to a shared understanding of the assumed environment and risk factors such as interest rate rises and stock price declines, following which we offer asset management products in line with the client's wishes. In addition, one of the features of our services is that they are provided as optimized combinations of our rich product offering including both in-house developed products and products available from other financial institutions.

Our asset management goals are to improve portfolio performance and reduce risk not only through traditional stock and bond choices but also through aggressive investment in new investment choice such as alternative investments (hedge funds, managed futures, private equity, real estate securitization products, etc.).

3. Management of Subscribers and Beneficiaries

Through Japan Pension Operation Service, Ltd., a company we established in December 2004 together with Mizuho Trust and Banking, Co., Ltd., we perform services such as corporate pension plan administration, subscriber and beneficiary record-keeping administration and allowance payments. By combining the human resources and know-how of Sumitomo Trust and Mizuho Trust, we deliver a high level of service promptly and efficiently using a state-of-the-art system complemented by a thorough risk management system.

4. Others

In addition to our corporate pension plans, we provide a variety of retirement benefit services including various liability assessment services based on retirement benefit accounting standards and the handling of retirement benefit trusts.

Investment Management Business

Sumitomo Trust's investment management business manages entrusted assets and offers an investment advisory service for domestic and overseas corporate and individual clients. In particular, we focus on providing corporate clients with pension trusts and other asset management services. For individual clients, we provide products centered on mutual funds managed by our subsidiary, STB Asset Management, Co., Ltd. and provided by branch offices of Sumitomo Trust and the Post Office.

Our asset management products, managed by our fund managers, have obtained high evaluations from clients and even specialized agencies such as asset management consulting companies. This rich lineup supports the strength of our pension trust business together with consulting strengths, which allows us to succinctly grasp our clients' asset management needs. Moreover, by making use of the advantages of our position as a leading domestic asset management organization, we carefully select high quality products available from other financial institutions, such as real estate funds or hedge funds, and provide them in combination with our own products. This is another distinctive feature of Sumitomo Trust.

Securities Processing Services Business

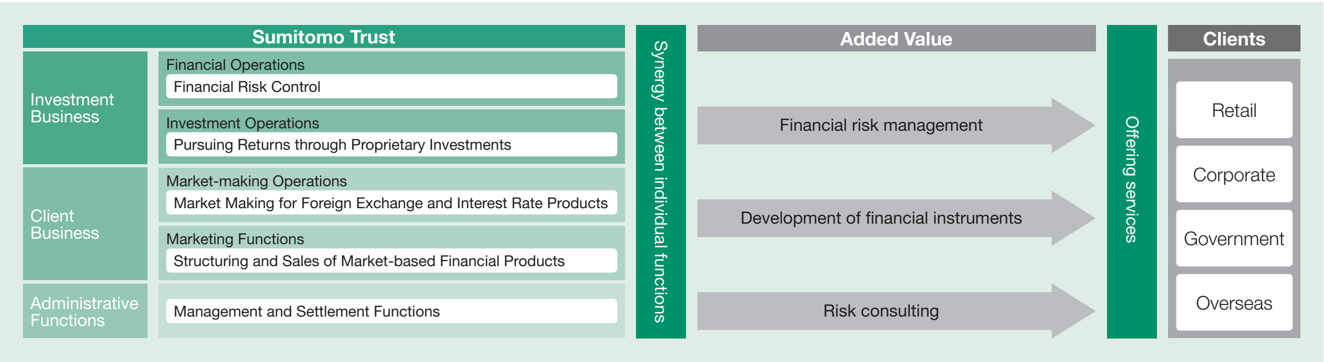
The securities processing services business safely stores securities in which our clients have invested, and also provides a wide range of services related to securities processing, such as trading settlement, interest and dividend collection, producing client-use reports on the custody and storage situation of securities and securities lending. Many of our securities custody services are provided through Japan Trustee Services Bank, Ltd. (JTSB), which is a joint venture by Sumitomo Trust, Resona Bank, Ltd., and Chuo Mitsui Trust Holdings, Inc. A trust bank specializing in securities processing services, JTSB has consolidated the assets of its three parent companies and is today providing efficient high-quality services while maintaining an entrusted assets base of approximately 260 trillion yen as of the end of March 2009.

Also, through our overseas subsidiaries in the United States and Luxembourg, we have developed the global custody service, which provides centralized securities custody services for institutional investors and other clients, concerning securities investment spanning multiple markets including North America, South America, Europe, Asia, Oceania, Middle East and Africa. Moreover, our highly detailed Japanese-language service, which allows Japanese investors to perform overseas security investment smoothly, is enjoying a favorable client response.

Description of Businesses

Specialized Departments and Units/ Global Markets Business

• Global Markets Business Model



1. Business Outline

The business operations of Global Markets Business are broadly divided into the investment business, client business, and administrative functions.

The investment business consists of (1) financial operations, which control the financial risks, and (2) proprietary investment activities, which are aimed at obtaining revenue through investment on our own account. The client business includes (3) market-making operations, which involve performing and acting as an agent for a variety of market-trading services relating to foreign exchange and interest rates for both individual and corporate clients, and (4) marketing functions, including composition, sales and consulting concerning market based financial instruments.

2. Product and Service Outline

Investment Business

1. Financial Operations

Constantly changing financial markets influence Sumitomo Trust's balance sheet. Financial operations contribute to managing these market risks properly and thereby securing stable earnings from a company-wide standpoint. Specifically, we are performing market environment analysis, risk measurement and hedging operations in order to control our risks.

2. Investment Operations

These operations view changes in financial markets as positive earnings opportunities and respond to these changes through investment in a wide variety of assets including bonds, stocks, credit, real estate and commodities. Our aim is to maximize our profit while diversifying risk by appropriately combining the three factors of choices of investment assets (risk), investment period and investment technology.

Client Business

1. Market-making Operations

In these operations, we make full use of the financial technology and market-making abilities we have accumulated as a leading player in the financial markets, and we perform and act as an agent for a variety of market-making activities relating to foreign exchange and interest rates. Our market- making operations are the base of a variety of financial instruments developed by Sumitomo Trust. As such, the operation plays the role of a sort of "production department" for financial instruments.

2. Marketing Functions

By making full use of our financial technology and market-making abilities in close cooperation with our Wholesale and Retail Client Services Group, we offer financial instruments that match individual and corporate client needs in a timely fashion and at an appropriate price.

For corporate clients, we also provide risk consulting by making use of the technology we have accumulated in the course of in-house risk management through financial operations. We measure interest rate and foreign currency risks that corporations are exposed to, and we perform services including financial and asset management strategy planning and providing actual instruments in order to control these risks.

Administrative Functions

Global Markets Business serves a role providing management and settlement functions. We are also working to enhance service quality through a more advanced information system.

Names of Products and Services

Sumishin SRI Japan Open Fund (Nickname: Good Company)

Good Company is a mutual fund which makes investments in the stocks of Japanese companies that are working hard to fulfill their CSR. We conduct a multifaceted evaluation of CSR in terms of the four evaluation criteria of legal responsibility, social responsibility, environmental responsibility and economic responsibility.

Good Select

Good Select is a time deposit product which allows depositors to choose the interest rate type (floating or fixed) and the deposit term (two, three, or five years). We are able to offer a competitive interest rate because, as a rule, cancellations before maturity are not permitted. For the floating rate type the interest rate is the benchmark interest rate with a premium reset every six months and for the fixed rate type it is a competitive interest rate higher than that for Sumitomo Trust's Super Time Deposit product for a given deposit term.

Kisetsu No Tayori

Kisetsu No Tayori is a time deposit product which allows depositors to draw down a fixed amount of the initial principal once every three months*1 until it reaches half of the principal. With principal guarantee and half yearly compound interest the product offers a sense of security and the periodic payments offer convenience. Thus, depositors can use it as a supplement to their pension.

"Kisetsu" means "season" and "tayori" refers to "news" and "tidings." We gave this product the name Kisetsu No Tayori to liken the ability of the depositor to receive payouts four times a year with "news of the arrival of the four seasons."

*1 Applicable from one year after the initial deposit.

Wakuwaku Select

Wakuwaku Select is a special agreement-attached time deposit that provides the client with the right to purchase JTB Corp.*2 products using a gift card called Wakuwaku Plus upon expiration of the deposit term using the principle and interest from the deposit. The client can select to receive the entire amount of the maturity value in cash, or split it between Wakuwaku Plus and cash.

"Wakuwaku" is a Japanese word describing the feeling of anticipation of a fun thing happening. We gave this product the name Wakuwaku Select because we want depositors to spend the time until maturity in a state of wakuwaku, making plans for their next vacation.

*2 JTB: a major travel agency in Japan.

Foreign Currency Revolution ("Gaika kakumei")

Foreign Currency Revolution is a foreign currency time deposit which allows depositors to choose from five foreign currencies. We gave it this name because it has revolutionary features. For example, through the internet depositors can access the foreign exchange market 24 hours a day (in principle) in real time.

Sumishin SMA (Separately Managed Account)

Our portfolio manager interviews clients on their investment policy and risk tolerance and then proposes a completely custom-made asset allocation strategy. Based on agreed investment policies, the individual client and Sumitomo Trust conclude a discretionary investment management contract for the client's asset management. The minimum investment amount is 30 million yen.

Sumishin Fund Wrap

We ask clients to fill in a questionnaire to understand their investment policy and risk tolerance and then propose the asset management options (asset allocation) that we believe are the most suitable for the clients. Based on the agreed asset management options, the client and Sumitomo Trust conclude a discretionary investment management contract for the client's asset management. The minimum investment amount is 10 million yen.

Relay Plan Flex

Relay Plan Flex is one of Sumitomo Trust's housing loan products. It offers the flexibility of advance repayment and a choice of interest rates. For example, borrowers can make partial advance repayments and have surplus funds automatically used for repayment via the internet or by telephone.

Housing Card Loan

Housing Card Loan is a loan service for clients who have taken out a Sumitomo Trust housing loan. It allows borrowers to effectively utilize their property value by establishing a revolving credit line on the property which enables them to freely borrow funds from ATMs at any time.

Apartment Loan

Apartment Loan provides capital for construction, extension, rebuilding, or refinancing for rental apartments, rental condominiums, etc. for effective utilization of land. It can also be used to provide capital for the purchase of real estate for investment.

Estate Planning

Through detailed analysis of clients' assets to assess current conditions and for asset succession, this service offers support in approaches to asset succession and in forming specific asset succession plans.

Advantage Service

This is a service providing individual clients with fee discounts and higher deposit interest rates, depending on the balance of their time deposits, mutual funds, housing loans, etc. No application is required for any of our three service levels: Platinum, Gold and Silver. Also available is our "Omatome Service," which enables clients to combine the account balances of their immediate family and determine their service levels.

"Omatome" means combining several things into one, and we chose the name because the client's service level will be determined based on the combined account balance of the family.

Shintaku-Sedai Club

This is a membership service that supports individual clients under 65 who are approaching retirement and want to make preparations for an affluent "second life", by providing enriched benefit plans for finances, travel, daily life, and on health. The Japanese word "Shintaku" means Trust, and "Sedai" means generation. The name Shintaku-Sedai Club was adopted because we hope that the soon-to-retire generation will constitute our core clientele.

Asset Management-Type Packages

Asset Management-Type Packages are mutual fund-time deposit package products available for clients investing in mutual funds designated by Sumitomo Trust. Additional interest is added to the time deposit portion, calculated on the purchase value of the mutual funds*3. We offer two plan types of these packages: periodic plan and portfolio plan.

*3 Upper limit of 30 million yen.

Overseas Credit Investment related Terms

Securities backed by securitized assets

Structured product backed by other securitized assets; referred to as "securities backed by securitized assets."

Equity type security

Most subordinated tranche (i.e. "equity") in terms of interest and principal payments in a securitized asset scheme.

CDO Mezzanine

Portion of securitized portfolio of corporate loans and bonds rated A or BBB at time of issuance.

Synthetic CDO

Structured product backed by credit derivatives on a company's credit risk.

ABS-CDO

A category of resecuritization product, backed by other asset-backed securities.

CLO Equity

Most subordinated tranche in a securitized asset product backed by corporate loans.

SIV Capital note

Equity portion of a structured product issued by a special investment vehicle (SIV) that mainly invests in securitized assets and bonds.

CLO Warehousing loan

A short-term bridge loan to a CLO issuing body for the purchase of assets needed to complete a pool for securitization.

Notes on Mutual Funds and Other Products

The following note is required by the FIEL that was enforced in September 2007.

Mutual funds carry various fees at purchase and at other times

- Load: varies according to the amount of purchase, a maximum of 3.15% (3.0% before tax) of the price on the date of purchase.
- Redemption fee: none
- Redemption processing fee: a maximum of 0.1% of the price on the date of purchase, and a maximum of 0.5% of the value at redemption.
- Trust fee: a maximum of 2.1% (2.0% before tax) per annum of the net asset amount held in the fund.
- Other fees: overhead expenses charged to net asset amount such as brokerage fees and taxes related to transactions, fees required for futures & option trades, custody fees, audit fees (including consumption tax where required), and other expenses.

*For details, please read the prospectus for each mutual fund.

Mutual funds risks

Mutual funds are mainly invested in domestic and overseas equities and fixed income securities, real estate investment trusts, etc., either directly or through investment trust securities. The net asset values (NAVs) of mutual funds fluctuate depending on the price movements of their component equities, fixed income securities, real estate investment trusts, etc., and of fluctuations in exchange rates, among other factors. It is therefore possible that the NAVs will fall below principal value.

Other important notices

•Mutual funds involve risk. Performance varies due to the market environment. The NAV is influenced by fluctuations in the prices of component securities, and, in cases where foreign-currency denominated assets are components, also by fluctuations in exchange rates. As such there is no guarantee of principal preservation. •When a purchase application is submitted, Sumitomo Trust provides a prospectus for the fund. We ask investors to read the prospectus and make an independent investment judgment. •The risk of loss of principal is borne by investors. •Mutual funds are not deposits, so they are not covered by the Japanese Deposit Insurance System. •The mutual funds handled by Sumitomo Trust are not covered by any investor protection fund. •Sumitomo Trust acts as a sales agent for accepting applications, while a management company manages the funds. •This Report was produced by Sumitomo Trust and is not a disclosure document as stipulated in the Financial Instruments and Exchange Law.

Information concerning the sales company

- Trade name: The Sumitomo Trust and Banking Company, Limited; Financial Institution Registered (No. 5) with the Director General of the Kinki Finance Bureau
- Association memberships: Japan Securities Dealers Association (JSDA)
  Japan Securities Investment Advisors Association (JSIAA)
  The Financial Futures Association of Japan (FFAJ)

Handling fees for special donation trusts

- During the profit calculation period, the trustee (Sumitomo Trust) will deduct an amount equivalent to 15/1,000ths of the principal per annum (or 8/1,000ths of the principal in the case that the investment is in government bonds) from the trust assets as a trust fee, in addition to an amount equivalent to consumption tax and local consumption tax payable in accordance with this trust fee. However, if the investment is made in the form of a designated money-in-trust beneficiary right (joint trust general account), for which Sumitomo Trust is the trustee, or of a deposit with Sumitomo Trust, no trust fee will be deducted. Any trust fees, expenses, taxes, and public dues will be defrayed from the trust assets.

Risks involved in special donation trusts

- In the case that assets entrusted as special donation trusts are invested in government bonds, local authority bonds, corporate bonds, or bonds issued by organizations as stipulated under special legislation, as the prices of these bonds are subject to fluctuation due to changes in interest rates, when a portion of these bonds are sold before maturity in order to provide beneficiaries with payments from the trust, there is a possibility that a loss of principal will occur. Moreover, there is a possibility that a loss of principal will occur due to deterioration in the credit status of the issuers of the bonds.
- If the investment is in the form of a designated money-in-trust beneficiary right (joint trust general account), there is a possibility that a loss of principal will occur in the event of the bankruptcy of the trustee. Similarly, if the investment is in the form of deposits or savings, there is a possibility that a loss of principal will occur in the event of the bankruptcy of the financial institution in which the deposits or savings are deposited or invested.

Other important notices

- Special donation trusts are performance-based products, thus any risks of a decline in the value of assets is borne by the client.
- Fiduciary contracts pertaining to special donation trusts cannot be cancelled or terminated except in cases of reasons that are stipulated in the trust contract.

Company outline

- Business name: The Sumitomo Trust and Banking Company, Limited
- Address: 5-33 Kitahama 4-chome, Chuo-ku, Osaka-shi 540-8639, Japan

Notes on Foreign Currency Deposits(*) (as of April 1, 2009)

Because foreign currency deposits are financial instruments that entail risk of fluctuations in the principal, we advise you to transact in appropriate amounts over appropriate periods according to your understanding of the mechanisms and risks of foreign currency deposit instruments, as well as your experience in financial instrument investment, asset situation, and purpose in making foreign currency deposits.

(*) Foreign currency ordinary deposit (retail client use), and foreign currency time deposit (Nickname: Gaika Kakumei). Both of these instruments are targeted at retail clients resident in Japan.

(1) When exchanging yen for a foreign currency (deposit) or exchanging a foreign currency for yen (redemption) either over the counter or via a telephone service, an exchange handling fee will be charged (0.5 yen one way/1.0 yen both ways per U.S. dollar; 0.75 yen one way/1.5 yen both ways per euro; 1.0 yen one way/2.0 yen both ways per Australian dollar; New Zealand dollar or U.K. pound). Similarly, when exchanging yen for a foreign currency (deposit) or exchange a foreign currency for yen (redemption) via internet bank services, an exchange handling fee will be charged (0.2 yen one way/0.4 yen both ways per U.S. dollar or Euro; 0.4 yen one way (0.8 yen both ways per Australian dollar; New Zealand dollar or U.K. pound).

* Simple comparison of the advantages and disadvantages between transactions over the counter or via a telephone service and those via internet bank services cannot be made based solely upon the differences in exchange handling fee since they differ in methods of presenting exchange rates.
* Exchange handling fee is subject to change due to changes in market practices and conditions.

(2) In the case that redemption is accompanied by a foreign currency transfer, a money transfer handling fee will be charged (maximum amount: 5,000 yen per transaction (consumption tax is not charged)) in addition to the cost of the transfer. Other charges may also apply.
(3) The total amount to be borne by you comprises the amounts described in (1) and (2) above.
(4) In foreign currency deposits, because foreign exchange losses can occur due to fluctuations in foreign exchange rates, there is a possibility that the yen value of the investment at the time of redemption will fall below its value at the time of deposit, resulting in a loss of principal. Moreover, because foreign exchange handling charges are charged both ways (as described above), even in cases where there is no fluctuation in foreign exchange rates, the yen value of the investment at the time of redemption may fall below its value at the time of deposit.
(5) In the case that a Gaika Kakumei contract is redeemed before maturity due to unavoidable circumstances, a charge based on a predetermined calculation method will be applied.
(6) Foreign currency deposits are not covered by the deposit insurance system.
(7) Foreign currency deposits cannot be deposited or redeemed in the form of foreign currency cash, checks, or traveler's checks.
(8) For more information, please refer to the explanations for each instrument, which are available at branches of Sumitomo Trust and on the company's website (Japanese only).

◦ Gaika Kakumei is a fixed interest rate deposit product while foreign currency ordinary deposits are variable interest rate products.
◦ Before opening a foreign currency ordinary deposit (account type varies by foreign currency) or buying a Gaika Kakumei product, please carefully read the prospectus, which is available at a Sumitomo Trust branch or on the company's website (Japanese only).
◦ Please see a Sumitomo Trust branch or call the Sumitomo Trust Information Desk (tel: 81-120-897-117, available 24 hours a day year round) for further information.

Important notices concerning Sumishin SMA (Separately Managed Account)

Risks associated with Sumishin SMA

◦ Sumishin SMA mainly invests in mutual funds and foreign mutual funds

The net asset value of mutual funds ("funds") fluctuates depending on changes in prices of securities in the portfolio, and fluctuations in foreign exchange rates, which could cause the price to fall below the invested amount. This could also happen if there are changes in the management and financial conditions of the issuers of securities or asset management companies, or their reputation.

Therefore, due to fluctuations in fund prices, the invested amount of Sumishin SMA fluctuates and may fall below the invested principal.

Gains and losses arising on invested assets of Sumishin SMA belong to clients. Consequently, the principal invested in Sumishin SMA is not guaranteed.

The nature of mutual funds or foreign mutual funds which are the main component of the portfolio of Sumishin SMA differs by each fund. The factors that cause fluctuation in net asset value are as follows:

◦ Stock price fluctuation risk

In the case of funds that invest in equity, falling stock markets generally lead to a decline in prices of stocks in which funds invest and become a factor in the decrease of the funds' net asset value.

◦ Interest rates fluctuation risk

In the case of funds that invest in bonds, increasing interest rates generally lead to a fall in bond prices and become a factor in the decrease of the funds' net asset value.

For example, a decline in interest rates generally leads to a rise in prices of securities such as government and corporate bonds, whereas a rise in interest rates generally leads to a fall in such prices. Also, the price of government and corporate bonds with long maturities generally fluctuates in response to changes in interest rates more greatly than those with short maturities.

◦ Credit risk

A loss in principal may occur if there are changes in the management and financial conditions of the issuers of stock and bonds, or their reputation. If the business condition of the issuers deteriorates or if they fall into bankruptcy, the value of their stocks will decline significantly, causing a major impact on the funds' net asset value. In the case of bonds, a decline in issuers' financial and credit standing will decrease their bond prices significantly, and this will have a major impact on the funds' net asset value.

◦ Foreign exchange risk and risk involved in investing in foreign securities

In the case of funds that invest in foreign securities, the appreciation of the yen generally becomes a factor in the lowering of the funds' net asset value. For example, even though the value of securities in the portfolio has gone up in the denominated foreign currency, the value in yen may decline, depending on the range of decline in exchange rates of such currency against yen, and this may cause a fall in the funds' net asset value.

In addition, when investing in foreign securities, it is possible that changes in the country or region's political and economic conditions, social systems and relations with other countries may lead to a significant change in the funds' net asset value, and this may cause a loss in principal.

In the case of funds that invest in foreign securities the assets may be managed overseas. Changes in the management and financial conditions of asset management companies may impair the asset's value and result in losses in funds, and this may cause a loss in principal.

◦ Risk resulting from being linked with a specific index

There are various indices as indicators of movements of domestic and foreign markets. In the case of funds that are managed with the aim of tracking the indices (index funds), it is possible that a fall in index prices may cause the funds' net asset value to fluctuate greatly, and this may cause a loss in principal.

[Asset: Typical index]

Domestic bonds:	NOMURA Bond Performance Index (NOMURA-BPI)
Domestic equities:	TOPIX
Foreign bonds:	Citigroup World Government Bond Index (excluding Japan, on a Japanese yen basis)
Foreign equities:	MSCI Kokusai Index (excluding Japan, on a Japanese yen basis)

◦ This material was produced by Sumitomo Trust with an aim of increasing clients' understanding of Sumishin SMA. The stated contents, figures, diagrams are based on the facts at the time of the production of the material (August 2007) and may be amended without prior notice.
◦ This material was produced for the purpose of providing information useful for asset management strategy and investment decisions, not for the purpose of soliciting investment.

- No consideration was made with respect to whether or not investment in financial instruments provided in this material suits the specific conditions of each client. Clients are requested to make such judgments themselves prior to investment.
- The contents of this material, including simulations and back testing data, are not guarantees of future performance. Some of the data are based on information obtained from various information sources, and Sumitomo Trust does not guarantee the accuracy or reliability of such information. Sumitomo Trust shall not be liable for any loss or damage arising from the use of this material.
- All rights pertaining to this material, except for reference to materials of other companies, belong to Sumitomo Trust. No part or all of this material shall be used or copied without prior consent for any purpose.
- As Sumishin SMA is intended to invest in securities with variable prices, such as mutual funds, the value of clients' assets will fluctuate due to changes in stock prices, interest rates, foreign exchanges and this may cause a loss in principal. Therefore, unlike deposits in financial institutions, the principal is not guaranteed. Moreover, discretionary investment management contracts are not protected by the Deposit Insurance Corporation of Japan. All of the gains or losses arising from investments in Sumishin SMA belong to clients.
- The cooling-off system (written cancellation of contract) is not applicable to Sumishin SMA (discretionary investment management contract).
- Clients are requested to obtain "Document to be read prior to the conclusion of a discretionary investment management contract" and read it carefully before application.
- For the purpose of making a contract, please obtain this material and other documents such as "Document for the conclusion of a discretionary investment management contract," "Discretionary investment management contract document" and "Terms and conditions for a discretionary investment management account" and confirm the details thereof.
- Trade name: The Sumitomo Trust and Banking Company Limited.; Financial Institution Registered (No. 5) with the Director General of the Kinki Finance Bureau
- Association memberships: Japan Securities Dealers Association (JSDA)
The Financial Futures Association of Japan (FFAJ)
Japan Securities Investment Advisors Association (JSIAA)

Important notices concerning Sumishin Fund Wrap

Risks associated with Sumishin Fund Wrap

Sumishin Fund Wrap mainly invests in mutual funds that invest in domestic and foreign securities, bonds or alternative investments. Its value varies on a daily basis due to changes in prices of securities and fluctuations in interest rates and foreign exchange rates, and this may cause a loss in principal.

Gains and losses arising on invested assets of Sumishin Fund Wrap belong to clients.

The nature of funds that is the main component of the portfolio of Sumishin Fund Wrap differs by each fund. The factors that cause fluctuation in fund prices are as follows:

1. Stock price fluctuation risk
2. Interest rates fluctuation risk
3. Credit risk
4. Foreign exchange risk and risk involved in investing in foreign securities
5. Risk resulting from being linked with a specific index

[Asset: Typical index]

Domestic equities:	TOPIX (including dividends)
Domestic bonds:	NOMURA Bond Performance Index (NOMURA-BPI)
Foreign equities:	MSCI Kokusai index (excluding Japan, on a Japanese yen basis)
Foreign bonds:	Citigroup World Government Bond Index (excluding Japan, on a Japanese yen basis)
J-REIT:	Tokyo Stock Exchange REIT Index (including dividends)
G-REIT:	S&P Global REIT Index (excluding Japan, including dividends, on a Japanese yen basis)
Commodities:	DJ-UBS Commodity Index (on a Japanese yen basis)
Hedge fund:	HFRI Fund Weighted Composite Index

Costs and fees for Sumishin Fund Wrap

In Sumishin Fund Wrap, the following costs are primarily borne by clients.

- Fees pertaining to Sumishin Fund Wrap
- Trust fees pertaining to domestic mutual funds in the portfolio of Sumishin Fund Wrap

For further details, please refer to "Costs and fees for Sumishin Fund Wrap."

Other important notices

- This material was produced by the Sumitomo Trust and Banking Co., Ltd. and is not a disclosure document as stipulated in the Financial Instruments and Exchange Law.
- Unlike deposits (including trusts products subject to principal-guaranteed contracts such as loan trusts), Sumishin Fund Wrap does not guarantee the principal or return. In addition, it is not covered by deposit insurance or an investor protection fund.
- As investment performances fluctuates due to such factors as market environments, all profits and losses arising on invested assets of Sumishin Fund Wrap belong to clients.
- Explanations on risks are offered to clients in "Document to be read prior to the conclusion of discretionary investment management contract (Sumishin Fund Wrap)" prior to or at the time of application. Client are advised to confirm the details and make their own independent judgment for the final decision.
- Whether or not application for Sumishin Fund Wrap is made does not impact on any other transactions with the Sumitomo Trust and Banking Co., Ltd.
- The provision of Article 37-6 of the Financial Instruments and Exchange Law (cooling-off system) is not applicable to Sumishin Fund Wrap.
- This material was produced based on information that the Sumitomo Trust and Banking Co., Ltd. deems highly reliable. However, Sumitomo Trust does not guarantee the accuracy or reliability of such information. Prices and figures presented in this material are past performances, estimates or calculations, and actual results may differ from those figures. In addition, the past performances presented in this material are not guarantees of future performance.

Information concerning the sales company

- Trade name: The Sumitomo Trust and Banking Company, Limited; Financial Institution Registered (No. 5) with the Director General of the Kinki Finance Bureau
- Association memberships: Japan Securities Dealers Association (JSDA)
Japan Securities Investment Advisors Association (JSIAA)
The Financial Futures Association of Japan (FFAJ)

Principal Subsidiaries and Affiliates

The Sumitomo Trust Group consists of Sumitomo Trust, 37 consolidated subsidiaries and 8 equity method affiliates (As of June 30, 2009). The Sumitomo Trust Group provides a wide spectrum of financial services with trust banking at its core.

RETAIL FINANCIAL SERVICES BUSINESS

Sumishin Card Company, Limited (Credit cards — Consolidated subsidiary)

[Scope of Business]

Established in 1983 as a credit card company of the Sumitomo Trust Group, Sumishin Card Company, Limited is a member of the VJA Group (formerly, the Visa Japan Group), and has approximately 150,000 cardholders (as of March 2009). Sumishin Card offers high added value credit services such as the Sumishin VISA Point Club, a cooperative promotion with Sumitomo Trust introduced in November 2005 through which cardholders can accumulate points through transactions with Sumitomo Trust, and the Sumishin VISA Platinum Card introduced in October 2007. This company is also taking steps to expand its financial operations through the introduction of products such as new revolving payment services as well as purpose-free loans.

[Strategic Role in the Group]

Sumishin Card provides credit cards and various unsecured loans to retail clients of Sumitomo Trust. In its mainstay credit card operations, this company works closely with Sumitomo Trust's Retail Financial Services Business to expand the Group's retail operations base centering on the Sumishin VISA Point Club.

Sumishin Guaranty Company Limited (Loan guaranty operations — Consolidated subsidiary)

[Scope of Business]

Sumishin Guaranty Company Limited was established in 1977 to conduct guaranty operations for Sumitomo Trust's retail loans. It provides guaranty services to clients using loans for individuals, such as Sumitomo Trust's housing loans and card loans.

[Strategic Role in the Group]

The principal operations of Sumishin Guaranty are housing loan guaranty services for clients using Sumitomo Trust's housing loans. In step with the expansion of Sumitomo Trust's housing loan operations, this company's loan guaranty balance has been following a rising trend, with the balance of housing loan guaranties reaching 1,543.1 billion yen as of the end of March 2009.

STB Wealth Partners Co., Limited (Consulting operations for wealthy individuals — Consolidated subsidiary)

[Scope of Business]

STB Wealth Partners Co., Limited commenced operations in 2005 as a consulting company for Sumitomo Trust's wealthy retail customers. It provides this client segment with wide ranging consulting on inheritance and business succession matters and asset valuation services.

[Strategic Role in the Group]

Sumitomo Trust collaborates with STB Wealth Partners to provide highly professional private banking services to wealthy clients.

WHOLESALE FINANCIAL SERVICES BUSINESS

STB Leasing Co., Ltd. (Leasing — Consolidated subsidiary)

[Scope of Business]

In addition to general finance leasing, STB Leasing Co., Ltd. offers products tailored to the needs of clients including the liquidation of lease charge securities and operating leasing. STB Leasing & Financial Group Co., Ltd., a whole subsidiary of Sumitomo Trust, was established in March 2008 as a holding company of STB Leasing Co., Ltd. and Sumishin Matsushita Financial Services Co., Ltd. This company provides new financial services as a leasing company of the Sumitomo Trust Group.

[Strategic Role in the Group]

STB Leasing plays an active role in enhancing the Sumitomo Trust Group's capacity to offer solutions that address the increasingly diverse financial needs of our corporate clients. This company provides leasing solutions by further strengthening its collaborative marketing efforts with Sumitomo Trust.

Sumishin Matsushita Financial Services Co., Ltd.
(Leasing, installment finance, credit cards and finance, trust-related operations — Consolidated subsidiary)

[Scope of Business]

Upon the capital participation of Sumitomo Trust, Sumishin Matsushita Financial Services Co., Ltd. became a joint venture company of Sumitomo Trust and Matsushita Electric Industrial Co., Ltd. (now Panasonic Corporation) in April 2005. This company integrates the diverse know-how of the former Matsushita Leasing & Credit Co., Ltd. in leasing services for manufacturers and credit operations with the financing and trust expertise of Sumitomo Trust and the leasing know-how of STB Leasing to provide its clients with comprehensive financial solutions.

[Strategic Role in the Group]

Sumishin Matsushita Financial Services aims to maximize synergies by leveraging Sumitomo Trust's expertise in operating leases, factoring (purchasing of receivables), and will trust and estate settlement agency services as well as by utilizing the client bases of both companies using such methods as mutually introducing products to clients. Through this cooperative approach, it plans to provide various solutions in a variety of areas including housing loan related operations.

First Credit Corporation (Real estate-secured loans — Consolidated subsidiary)

[Scope of Business]

First Credit Corporation specializes in real estate-secured loans. It meets the financing needs of individual and corporate clients by performing accurate valuations of real estate used as collateral.

[Strategic Role in the Group]

First Credit plays an active role in Sumitomo Trust's comprehensive real estate business by utilizing the synergistic effects generated through Sumitomo Trust's expertise in brokerage and financing of large-scale real estate projects and First Credit's own strengths in financing small and medium-sized projects.

Life Housing Loan, Ltd. (Housing loans — Consolidated subsidiary)

[Scope of Business]

Life Housing Loan, Ltd. is a housing loan specialist company with strengths that include introduction routes from a wide variety of contacts within the real estate business and a consultation-type credit analysis model encompassing detailed interviews with clients. Under a management policy of "answering a wide variety of needs for housing-related loans," this company is responding actively to social changes such as job diversification, the social advancement of women and the aging society with its attendant falling birth rate.

[Strategic Role in the Group]

Life Housing Loan became a member of the Sumitomo Trust Group in May 2007. As a result, this company became able to make use of the Group's nationwide real estate information network, individual and corporate client trading base, and alliance channels to other companies. Accordingly, Life Housing Loan is now able to respond to an even greater range of client needs.

BUSINEXT CORPORATION

(Loans for small and medium-sized companies and business owners — Equity method affiliate)

[Scope of Business]

BUSINEXT CORPORATION is a loan company for small and medium-sized companies as well as unincorporated private enterprises, which was jointly established in January 2001 with the major consumer loan company Aiful Corp. This company performs lending using its unique quantitative scoring method. It provides mainly unsecured loans as well as real-estate-backed loans and medical-treatment-receivables-backed loans.

[Strategic Role in the Group]

BUSINEXT complements Sumitomo Trust's financial services for large corporations by providing loans to small and medium-sized companies and unincorporated private enterprises, thereby helping to support the business operations of a wide variety of clients.

Japan TA Solution, Ltd. (Data processing and computing — Consolidated subsidiary)

[Scope of Business]

Japan TA Solution, Ltd. was jointly established by Sumitomo Trust (holding an 80% stake) and Japan Securities Agents, Ltd. (holding a 20% stake) in August 2002, in order to improve the efficiency and competitiveness of the Group's stock transfer agency operations. This company is entrusted by both parent companies to handle stock on behalf of approximately 1,500 client companies (as of the end of March 2009). It carries out system development/operation and data processing for stock transfer agencies, and was the first company in the industry to adopt this type of business model.

Japan TA Solution, Ltd. launched its new CAROL2009 custody service system to synchronize with the introduction of electronic stock certificates (January 2009), accurately understanding the changing trends in various systems and stock markets, and working to quickly meet the needs of client corporations and shareholders.

[Strategic Role in the Group]

In tandem with the expansion of Sumitomo Trust's stock transfer agency operations, by focusing on the move to electronic stock certificates, the Group can look forward to benefiting from economies of scale in the future.

REAL ESTATE BUSINESS

Sumishin Realty Company, Limited (Real estate brokerage — Consolidated subsidiary)

[Scope of Business]

Sumishin Realty Company, Limited began its existence as the Sumitomo Trust Group's residential brokerage company in January 1986. It now provides real estate brokerage services for many purposes including residential, investment and commercial properties. With 69 offices in Japan (as of May 2009), this company works in concert with Sumitomo Trust to conduct business on a nationwide scale.

[Strategic Role in the Group]

Sumishin Realty and the Retail Financial Services Business offer collaborative services in fields extending from real estate brokerage to housing loans. Sumishin Realty is also establishing joint offices with Sumitomo Trust in order to create a system that facilitates collaboration (There are 34 such branches as of May 2009). This company is also strengthening its linkages with the Real Estate Business in fields including joint brokerage of small to medium-scale real estate for investment and commercial use.

STB Research Institute Co., Ltd. (Surveys, research and consulting — Consolidated subsidiary)

[Scope of Business]

STB Research Institute Co., Ltd. was established in July 1988 as a corporate think-tank specializing in cities and real estate. It now operates as a research & consulting institution focused on real estate market and real estate financial area, taking advantage of compiled research studies over 20 years. In addition to real estate market services, this company also provides unique consulting services as a third-party evaluator of real estate investment.

[Strategic Role in the Group]

In addition to its role as a think-tank, STB Research Institute provides advice in evaluating the risk of properties to be acquired and the investment strategy when Sumitomo Trust and its corporate clients purchase real estate investment funds.

STB Real Estate Investment Management Co., Ltd. (Investment advisory — Consolidated subsidiary)

[Scope of Business]

STB Real Estate Investment Management Co., Ltd. was established in November 2005 as an investment consulting company specializing in real estate securitization. In addition to operating core funds that employ an investment strategy of aiming for stable returns through diversified investment in prime assets such as office buildings and commercial facilities, this company provides wide-ranging investment opportunities including operating logistics facilities and development funds.

[Strategic Role in the Group]

STB Real Estate Investment Management plays a core role in Sumitomo Trust's real estate investment management business. This company provides investors with integrated management services that make full use of the experience accumulated by Sumitomo Trust over many years of business, such as real estate trading, real estate management and operation and real estate securitization.

FIDUCIARY BUSINESS

Japan Pension Operation Service, Ltd. (Pension plan administration services — Equity method affiliate)

[Scope of Business]

Japan Pension Operation Service, Ltd. (JPOS) was established in December 2004 as a joint venture between Sumitomo Trust and Mizuho Trust & Banking Co., Ltd. JPOS handles administrative services related to corporate pension plans such as membership management and corporate pension benefit payments, as well as system development and operation. As of the end of March 2009, JPOS was entrusted by the two parent companies with the management of the corporate pension plans for approximately 3.1 million current and former employees.

[Strategic Role in the Group]

JPOS primarily uses the system developed by Sumitomo Trust and integrates the expertise of Sumitomo Trust and Mizuho Trust & Banking to provide more sophisticated pension trust services to its clients.

Japan Trustee Services Bank, Ltd. (Trust banking — Equity method affiliate)

[Scope of Business]

Japan Trustee Services Bank, Ltd. (JTSB) was established in June 2000 through a joint investment by Sumitomo Trust and Daiwa Bank (currently Resona Bank, Limited) as a trust bank specializing in securities processing services, and the Mitsui Trust Holdings Group (currently Chuo Mitsui Trust Holdings, Inc.) acquired a stake in September 2002. JTSB specializes in asset servicing in pension trusts, stock mutual funds and other areas centering on assets entrusted to it by the three parent companies.

[Strategic Role in the Group]

JTSB pursues the economies of scale provided by concentrating the assets entrusted to it by the three parent companies. It supports the key operations of Sumitomo Trust's Fiduciary Services Group by carrying out efficient and thorough management.

STB Asset Management Co., Ltd. (Mutual funds management and consulting — Consolidated subsidiary)

[Scope of Business]

STB Asset Management Co., Ltd. satisfies the asset management needs of individual and corporate clients mainly by providing investment management and investment advisory services. It offers a wide spectrum of products ranging from active and passive management of domestic and foreign stocks and bonds to alternative investments such as real estate investment trusts (REITs), absolute return products, and balanced funds. Using its product development and management capabilities, this company supports Sumitomo Trust's multi-product strategy and the collective strength of the Group.

[Strategic Role in the Group]

STB Asset Management plays an active role in investment management, providing performance-based products sold by the Retail Financial Services Business and performing other services.

Sumitomo Trust and Banking Co. (U.S.A.) (Global custody services — Consolidated subsidiary)
Sumitomo Trust and Banking (Luxembourg) S.A. (Global custody services — Consolidated subsidiary)

[Scope of Business]

These two companies provide global custody services linking Japan with the United States and Europe (Luxembourg) as centralized agents in securities settlement, servicing and tax payment primarily for institutional investors that invest directly in the world's securities markets. Together, they hold one of the largest amounts of entrusted assets of any Japanese bank affiliated custodian.

[Strategic Role in the Group]

These companies offer precise foreign securities processing services and facilitate foreign securities investment by Sumitomo Trust's clients by providing detailed information in Japanese.

OTHER BUSINESS

SBI Sumishin Net Bank, Ltd. (Internet bank, Equity method affiliate)

[Scope of Business]

This is an Internet specialist bank established jointly with SBI Group in September 2007. It aims at maximizing utilization of the Internet's characteristics, providing easy to use, attractive products and services. It provides yen deposit accounts with 24 hour transactions, real-time transaction foreign currency deposits, services linked to SBI Securities accounts, housing loans and credit card loans through non-face-to-face transactions, etc.

[Strategic Role in the Group]

In order to maintain sound and solid management as a bank, in addition to providing support and Sumitomo Trust's know-how on bank management, we provide Sumitomo Trust Group's various products and services to clients of SBI Sumishin Net Bank.

Subsidiaries and Affiliated Companies
as of June 30, 2009

Japan

Name	Paid-in Capital (Millions)	Ownership (%)	Group Ownership (%)	Established
The Sumishin Shinko Company Limited	¥ 50	100.0	0.0	June 1948
Sumishin Guaranty Company Limited	¥ 300	100.0	0.0	August 1977
First Credit Corporation	¥ 13,500	100.0	0.0	March 1979
STB Leasing & Financial Group Co., Ltd.	¥ 50	100.0	0.0	March 2008
STB Leasing Co., Ltd.	¥ 5,064	0.0	100.0	July 1985
STB Wealth Partners Co., Limited	¥ 155	100.0	0.0	November 1989
Life Housing Loan, Ltd.	¥ 1,000	100.0	0.0	January 1992
Sumishin Business Service Company, Limited	¥ 80	100.0	0.0	July 1995
STB Real Estate Investment Management Co., Ltd.	¥ 300	100.0	0.0	November 2005
STB Business Partners Co., Ltd.	¥ 100	85.0	15.0	April 2006
Japan TA Solution, Ltd.	¥ 2,005	80.0	0.0	July 1998
Sumishin Matsushita Financial Services Co., Ltd.	¥ 20,520	0.0	66.0	February 1967
Sumishin Card Company, Limited	¥ 50	50.0	45.0	June 1983
STB Investment Corporation	¥ 35	40.0	60.0	March 2000
Sumishin Information Service Company Limited	¥ 100	35.0	65.0	February 1973
STB Asset Management Co., Ltd.	¥ 300	30.0	70.0	November 1986
STB Research Institute Co., Ltd.	¥ 300	29.8	70.1	July 1988
Sumishin Realty Company, Limited	¥ 300	5.0	95.0	January 1986
SBI Sumishin Net Bank, Ltd.	¥ 22,500	50.0	0.0	June 1986
Japan Pension Operation Service, Ltd.	¥ 1,500	50.0	0.0	December 2004
BUSINEXT CORPORATION	¥ 9,000	40.0	0.0	January 2001
Sumishin Life Card Company, Limited	¥ 255	40.0	0.0	October 2004
Human Resource Management Service & Consulting Co., Ltd.	¥ 519	38.9	0.0	May 2002
Top REIT Asset Management Co., Ltd.	¥ 300	38.0	0.0	October 2004
Japan Trustee Services Bank, Ltd.	¥ 51,000	33.3	0.0	June 2000
Japan Trustee Information Systems, Ltd.	¥ 300	5.0	28.3	November 1988

Overseas

Name	Paid-in Capital (Millions)	Ownership (%)	Group Ownership (%)	Established
The Sumitomo Trust Finance (H.K.) Limited	$ 45	100.0	0.0	July 1978
Sumitomo Trust and Banking (Luxembourg) S.A.	$ 30	100.0	0.0	April 1985
Sumitomo Trust and Banking Co. (U.S.A.)	$ 56	100.0	0.0	May 2002
STB Consulting (China) Co., Ltd.	¥ 100	100.0	0.0	October 2004
STB Omega Investment Limited	$ 60	75.0	0.0	June 2006
STB Finance Cayman Limited	$ 0.01	100.0	0.0	January 1993
STB Preferred Capital (Cayman) Limited	¥ 85,000	100.0	0.0	February 1999
STB Preferred Capital 2 (Cayman) Limited	¥ 51,500	100.0	0.0	November 2005
STB Preferred Capital 3 (Cayman) Limited	¥ 51,500	100.0	0.0	February 2007
STB Preferred Capital 4 (Cayman) Limited	¥ 111,600	100.0	0.0	May 2008
STB Preferred Capital 5 (Cayman) Limited	¥ 70,900	100.0	0.0	November 2008
Fresco Asset Funding Corporation	$ 0.001	0.0	0.0	January 2000

* As defined by the accounting principles accepted in Japan.

Board of Directors, Executive Officers and Auditors
as of June 30, 2009

Chairman of the Board
Atsushi Takahashi*1

Vice Chairman
Takaaki Hatabe*1

President and CEO
Hitoshi Tsunekage*1

Senior Executive Officer
Akio Otsuka*1

Senior Executive Officer
Kiyoshi Mukohara*1

Senior Executive Officer
Teruhiko Sugita*1
General Manager, Structured Finance Department

Senior Executive Officer
Tomoaki Ando*1

Managing Executive Officer
Shuichi Kusakawa*1

Managing Executive Officer
Rikiya Hattori*1

Managing Executive Officer
Hidehiko Asai

Managing Executive Officer
Mitsuru Nawata

Managing Executive Officer
Sumikazu Tsutsui*1

Managing Executive Officer
Tetsuo Ohkubo*1

Managing Executive Officer
Fuminari Suzuki

Managing Executive Officer
Koichi Hozumi
General Manager, Global Credit Supervision Dept. II

Managing Executive Officer
Junichi Sayato*1

Managing Executive Officer
Yasuyuki Yagi

Executive Officer
Shigemasa Shibata

Executive Officer
Masayuki Imanaka
General Manager,
Tokyo Corporate Business Dept. II

Executive Officer
Yukihiro Kitano

Executive Officer
Ibuki Mori

Executive Officer
Kouji Nohara
Regional Executive, Nagoya
General Manager, Nagoya Branch

Executive Officer
Koji Inagaki
General Manager,
Tokyo Corporate Business Dept. I

Executive Officer
Seiichiro Nemoto
General Manager,
Asset Management Department

Executive Officer
Koji Yosomiya
President and CEO,
First Credit Corporation
(Subsidiary of Sumitomo Trust)

Executive Officer
Takashi Imai
General Manager, Kyoto Branch

Executive Officer
Keiji Tanaka
Regional Executive, Americas
General Manager, New York Branch

Executive Officer
Toshifumi Aga
General Manager,
Corporate Business Department, Osaka

Executive Officer
Satoru Abe
General Manager,
Retail Business Planning and
Promotion Department

Executive Officer
Jun Sasaki
General Manager, Global Markets
Planning Department General Manager,
Treasury Unit, Global Markets

Executive Officer
Hideki Hiraki
General Manager,
Corporate Risk Management Department

Standing Statutory Auditor
Masaru Suzuki

Statutory Auditor
Koichi Takamura*2

Statutory Auditor
Tatsuya Tsuboi

Statutory Auditor
Hitoshi Maeda*2

Statutory Auditor
Toshio Hoshino*2

*1 Directors
*2 External Auditors

Organization

as of June 30, 2009

International Network
as of June 30, 2009

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Telephone: 86-10-6513-9020
Facsimile: 86-10-6513-9243

The Sumitomo Trust Finance (H.K.) Limited
Suites 704-706, 7th Floor,
Three Exchange Square,
8 Connaught Place, Central,
Hong Kong
Telephone: 852-2801-8800
Facsimile: 852-2840-0496/0502

STB Consulting (China) Co., Ltd.
7th Floor, Chang Fu Gong Office Building,
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Chaoyang District, Beijing 100022,
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Facsimile: 86-10-6525-7992

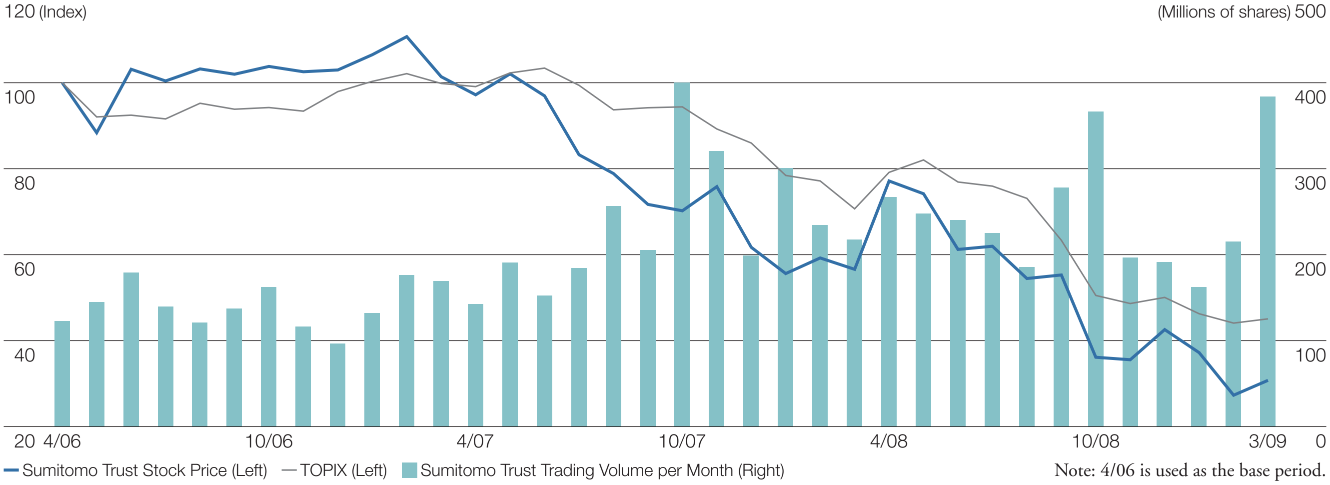
REPUBLIC OF KOREA

Seoul Representative Office
100-716, 20th Floor, Samsung Life Building, #150, 2-Ka, Taepyung-Ro,
Chung-Ku, Seoul, Korea
Telephone: 82-2-757-8725/7
Facsimile: 82-2-757-8721

Stock Information

as of March 31, 2009

Stock Index and Trading Volume

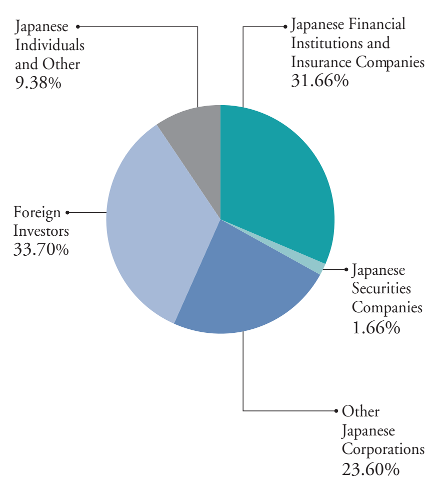


Note: 4/06 is used as the base period.

Principal Shareholders

	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	111,546	6.66
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	107,981	6.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	85,631	5.11
The Bank of New York Mellon as Depositary Bank for Deposit Receipt Holders	38,847	2.31
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	26,634	1.59
Northern Trust Co. (AVFC) Sub A/C American Clients	24,331	1.45
KUBOTA Corporation	21,984	1.31
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	20,201	1.20
SSBT OD05 Omnibus Account China Treaty Clients	19,001	1.13
The Nomura Trust and Banking Co., Ltd. (Trust Account)	17,778	1.06

Breakdown of Shareholders



ADR (American Depositary Receipts) Information

ADR Ratio: 1ADR : 1ORD

Symbol: STBUY

CUSIP: 865625206

Exchange: OTC (Over-the-Counter)

Depositary Bank: The Bank of New York Mellon
Depositary Receipts Division
101 Barclay Street, 22nd Floor, New York,
NY 10286, U.S.A.
Telephone: +1 (201) 680-6825
U.S.toll free: 888-269-2377 (888-BNY-ADRS)
http://adrbnymellon.com

Other Data

Authorized Stock (Thousands): 3,400,000

Issued Stock (Thousands): 1,675,128

Number of Stockholders: 49,018

Corporate Data
as of March 31, 2009

Company Name:
The Sumitomo Trust and Banking Company, Limited

Address:
Head Office:
5-33, Kitahama 4-chome,
Chuo-ku, Osaka 540-8639, Japan
Telephone: +81 (6) 6220-2121

Tokyo Office:
GranTokyo South Tower,
9-2, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-6611, Japan
Telephone: +81 (3) 3286-1111

Date of Establishment:
July 1925

Paid-in Capital:
¥287.5 billion

Number of Employees:
6,049

Independent Public Accountants:
KPMG AZSA & Co.

Contact IR:
Telephone: +81 (3) 3286-8354
Facsimile: +81 (3) 3286-4654
e-mail: rstbirnews@sumitomotrust.co.jp
URL: http://www.sumitomotrust.co.jp/IR/company/index_en.html

I am honored and pleased as CFO of Sumitomo Trust to present our 2009 AR to you. In producing this report, we have incorporated a substantial volume of information on our company, ranging from our basic values to our current strategies and business performance.

We take pride in, and place a high priority on maintaining highly transparent disclosure in IR activities. Our efforts are reflected by the fact that seven out of eight times from 2001 to 2008 the Security Analysts Association of Japan awarded us the "No.1 Fair Disclosure Company" position among Japanese banks. We are determined to stay the No.1 Fair Disclosure Bank and for that purpose we welcome your comments and/or inquiries about this report.

If you would like to know more about Sumitomo Trust, please visit our IR site or contact our IR Office to receive our newsletter (rstbirnews@sumitomotrust.co.jp). We would like to further improve our IR activities through sincere communication with you.

Junichi Sayato

Sumitomo Trust & Banking Co., Ltd.

For further information, please contact:

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