

The Sumitomo Trust & Banking Co., Ltd.

Financial Results for the Third Quarter of the Fiscal Year 2010 [Japanese GAAP] (Consolidated)



Jan 31, 2011

Stock exchange listings	: Tokyo and Osaka (code: 8403)
URL	: http://www.sumitomotrust.co.jp/IR/company/index_en.html
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Filing date of quarterly securities report (Scheduled)	: February 14, 2011
Trading accounts	: Established
Payment date of cash dividends (Scheduled)	: —
Supplementary explanatory material	: Prepared
Information meeting (Scheduled)	: None

(All amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year 2010 (April 1, 2010 through December 31, 2010)

(1) Consolidated Results of Operations (Cumulative) (%: Change from the same period in the previous fiscal year)

	Ordinary Income		Ordinary Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine Months Ended						
December 31, 2010	613,246	(4.7)	99,193	7.6	76,852	47.2
December 31, 2009	643,626	(21.1)	92,172	77.0	52,212	155.9

	Net Income per Share	Net Income per Share (Fully Diluted)
	Yen	Yen
Nine Months Ended		
December 31, 2010	44.52	—
December 31, 2009	30.98	—

(Note) Net income per share (fully diluted) is not stated, as there are potential securities but not dilutive.

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Net Assets to Total Assets Ratio	Net Assets per Share
As of	Millions of Yen	Millions of Yen	%	Yen
December 31, 2010	19,920,671	1,501,384	6.0	648.16
March 31, 2010	20,551,049	1,449,945	5.6	619.15

(Reference) Net Assets less Minority Interests: December 31, 2010 1,194,379 millions of yen March 31, 2010 1,148,118 millions of yen

(Note) Net Assets to Total Assets Ratio = Net Assets less Minority Interests / Total Assets

2. Cash Dividends on Common Shares

	Annual Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2010	-	5.00	-	5.00	10.00
Fiscal Year Ending March 31, 2011	-	6.00	-	-	-
Fiscal Year Ending March 31, 2011 (Forecast)	-	-	-	6.00	12.00

(Note) Revision of dividend forecast during the third quarter of the fiscal year 2010: None

(Note) The figure above shows Cash Dividends on Common Shares. In regard to other types of shares, please refer to "Cash Dividends on Preferred Shares" as follows.

3. Consolidated Earnings Forecasts for the Fiscal Year 2010 (April 1, 2010 through March 31, 2011)

(%: Change from the same period in the previous fiscal year)

	Ordinary Income		Ordinary Profit		Net Income		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Fiscal Year Ending March 31, 2011	850,000	(1.1)	120,000	(19.0)	85,000	59.8	48.01

(Note) Revision of consolidated earnings forecasts during the third quarter of the fiscal year 2010: None

4. Other Information (For details, please refer to page 3, "2. Other Information" of "Accompanying Materials.")

(1) Changes in important subsidiaries during the third quarter of the fiscal year 2010: None

(Note) This item shows whether there have been changes in specified subsidiaries resulted in changes in the scope of consolidation during the third quarter of the fiscal year 2010 or not.

(2) Adoption of simplified accounting methods and specified accounting treatments: Yes

(Note) This item shows whether there is adoption of simplified accounting methods and specified accounting treatments to the preparation of quarterly consolidated financial statements or not.

(3) Changes in accounting principles, procedures and presentation methods

1) Changes due to revisions in accounting standards: Yes

2) Other changes: Yes

(Note) This item shows whether there are changes in accounting principles, procedures and presentation methods in the preparation of quarterly consolidated financial statements or not.

(4) Number of issued shares (Common share)

1) Number of issued shares (including treasury stock)

December 31, 2010 : 1,675,128,546 shares, March 31, 2010 : 1,675,128,546 shares

2) Number of treasury stock

December 31, 2010 : 584,657 shares, March 31, 2010 : 556,984 shares

3) Average number of issued shares (for three quarters of the fiscal year)

December 31, 2010 : 1,674,558,095 shares, December 31, 2009 : 1,674,591,791 shares

Presentation on the implementation status of the quarterly review procedures

These quarterly financial results stand out of range of quarterly review procedures based on "Financial Instruments and Exchange Act." At the time of these disclosure, the review procedures of the quarterly financial statements based on "Financial Instruments and Exchange Act" have not completed yet.

Explanation for proper use of forecasts and other note

Forecasts in this material are based on information, which is available at this moment, and assumptions of uncertain factors, which may affect future operating results. Actual results may differ materially from those forecasts depending on various future events and conditions.

(Cash Dividends on Preferred Shares)

Cash dividends per share on preferred shares are as below:

The First Series of Class 2 Preferred Shares	Annual Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
Fiscal Year Ended March 31, 2010	Yen	Yen	Yen	Yen	Yen
		3.13	—	21.15	24.28
Fiscal Year Ending March 31, 2011	—	21.15	—		
Fiscal Year Ending March 31, 2011 (Forecast)				21.15	42.30

(Note) Revision of dividend forecast during the third quarter of the fiscal year 2010: None

(Note) The First Series of Class 2 Preferred Shares was issued in September 2009.

This financial information is translations of the brief financial statements (Kessan Tanshin) and accompanying materials. For further information, please contact the Investor Relations Office, Financial Management Department at +81-3-3286-8354 by phone, +81-3-3286-4654 by facsimile, or e-mail : rstbirnews@sumitomotrust.co.jp.

[Accompanying Materials]

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1. Qualitative Information related to Financial Results

(1) Qualitative Information related to the Consolidated Results of Operations

“Consolidated net business profit before credit costs” (see note below) for the three quarters of the fiscal year 2010 decreased by 16.5 billion yen from the three quarters of the previous fiscal year to 124.4 billion yen due to the decrease in net interest income resulting from the decline in market interest rate and others, despite the increase in net fees and commissions income including the earnings contribution of Nikko Asset Management Co., Ltd. which became a consolidated subsidiary in the previous fiscal year.

Meanwhile, consolidated ordinary profit increased by 7.0 billion yen from the three quarters of the previous fiscal year to 99.1 billion yen as a result of the decrease in the “Total substantial credit costs” (see note below). Consolidated net income increased by 24.6 billion yen from the three quarters of the previous fiscal year to 76.8 billion yen due to the net income boosting factors resulting from the business reorganization of subsidiaries and the like, and net income per share was 44.51 yen.

Total substantial credit costs decreased by 17.4 billion yen from the three quarters of the previous fiscal year to 10.6 billion yen mainly due to, in the Sumitomo Trust & Banking Co., Ltd. (hereinafter “the Bank”), the reversal of allowance for loan losses resulting from the decreased balance of loans to special mention debtors, in addition to the continued low level of new non-performing loans in both the Bank and the group companies.

The percent complete of consolidated earnings forecast for the fiscal year 2010 (Net business profit before credit costs: 175.0 billion yen, Ordinary profit: 120.0 billion yen, Net income: 85.0 billion yen) which is stated at section (3) below was 71.1%, 82.7% and 90.4%, respectively.

(Note) As to the explanation of “Consolidated net business profit before credit costs” and “Total substantial credit costs”, please refer to the “Explanatory Material 3rd Quarter of Fiscal Year 2010 ended on Dec. 31, 2010”.

(2) Qualitative Information related to the Consolidated Financial Conditions

Consolidated total assets decreased by 630.3 billion yen from the end of the previous fiscal year, to 19,920.6 billion yen and consolidated net assets increased by 51.4 billion yen to 1,501.3 billion yen.

As to major accounts, the balance of loans and bills discounted decreased by 544.5 billion yen from the end of the previous fiscal year, to 11,142.0 billion yen, while that of securities decreased by 23.8 billion yen to 4,060.2 billion yen. The balance of deposits decreased by 500.7 billion yen from the end of the previous fiscal year, to 11,750.3 billion yen. The total balance of trust account on a non-consolidated basis increased by 2,996.8 billion yen from the end of the previous fiscal year, to 82,304.5 billion yen.

Net unrealized gains of available-for-sale securities with fair value in total decreased by 25.1 billion yen to 69.1 billion yen, mainly due to the 16.4 billion yen decrease in unrealized gains of stocks resulting from the decline in market price from the end of the previous fiscal year.

The balance of assets classified under the Financial Reconstruction Law (non-consolidated, banking account and principal guaranteed trust account combined) decreased by 0.9 billion yen from the end of the previous fiscal year, to 175.6 billion yen, and the ratio of assets classified under the Financial Reconstruction Law to the total loan balance was 1.5%. Loans to special mention debtors decreased by 219.4 billion yen from the end of the previous fiscal year, to 404.8 billion yen mainly due to the reclassification and the repayments of some of the domestic debtors.

The balance of net deferred tax assets increased by 24.4 billion yen from the end of the previous year to 103.5 billion yen .

(3) Qualitative Information related to the Consolidated Earnings Forecasts for the Fiscal Year 2010

As to the consolidated earnings forecast for the fiscal year 2010, there is no change from the previous forecast announced in November, 2010 (Ordinary income: 850.0 billion yen, Net business profit before credit costs: 175.0 billion yen, Ordinary profit: 120.0 billion yen, Net income: 85.0 billion yen).

2. Other Information

(1) Changes in Important Subsidiaries during the Third Quarter of the Fiscal Year 2010 (Changes in specified subsidiaries resulted in changes in the scope of consolidation)

There is no applicable information.

(2) Adoption of Simplified Accounting Methods and Specified Accounting Treatments

(i) Simplified Accounting Methods

(a) Depreciation for Tangible Fixed Assets

As for tangible fixed assets which are depreciated by the declining-balance method, the depreciation expenses for the quarter are calculated by periodical allocating the estimated amount of the whole fiscal year.

(b) Allowance for Loan Losses

For claims to “debtors legally bankrupted,” “debtors virtually bankrupted” or “debtors who are likely to bankrupt” other than the claims for which the allowance is provided in specific estimated losses, allowance for loan losses is provided based on the loan-loss-ratio applied as of September 30, 2010.

(c) Income Taxes

Income taxes are calculated based on the method similar to that at the year-end except for a part of subsidiaries. However, immaterial adjustment items and immaterial tax credits are not considered in calculating the taxable income.

(d) Judgment of Collectability of Deferred Tax Assets

The recovery of deferred tax assets is recognized based on the result of the tax planning and future forecasts used as of September 30, 2010 as an occurrence of the temporary differences is considered not to change significantly from September 30, 2010.

(ii) Specified Accounting Treatments to Preparation of Quarterly Consolidated Financial Statements

Income Tax Expenses

As for a part of subsidiaries, income tax expenses are calculated by multiplying the income before income taxes by the estimated effective income tax rate, which are reasonably estimated for the whole consolidated fiscal year.

(3) Changes in Accounting Principles, Procedures and Presentation Methods

(i) Equity Method

The Bank has started to adopt Accounting Standard Board of Japan (hereinafter “ASBJ”) Statement No.16 “the Accounting Standard for Equity Method of Accounting for Investments” (issued by ASBJ on March 10, 2008) and Practical Issue Task Force No.24 “the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (issued by ASBJ on March 10, 2008) from this fiscal year. This adoption did not affect the consolidated financial statements for the third quarter of fiscal year 2010.

(ii) Asset Retirement Obligations

The Bank has started to adopt ASBJ Statement No.18 “the Accounting Standard for Asset Retirement Obligations” (issued by ASBJ on March 31, 2008) and Guidance No.21 “the Guidance on Accounting Standard for Asset Retirement Obligations” (issued by ASBJ on March 31, 2008) from this fiscal year. As the result, compared with the previous treatments, Ordinary profit and Income before income taxes and minority interests decreased by 54 million yen and 671 million yen, respectively. The balance of asset retirement obligations was 825 million yen when the Bank started to adopt the standard and the guidance at April 1, 2010.

(iii) Embedded Derivatives

Embedded derivatives, which do not need to be separated from host contracts, had been accounted for as whole financial instruments coupled with host contracts until the previous fiscal year. From this fiscal year, however, for more appropriate representation of the financial conditions and the results of operations, the embedded derivatives have been separated from the host contracts and accounted for as derivatives, based on the improvement of the administrative structure about the separation. As the result, compared with the previous treatments, Ordinary profits and Income before income taxes and minority interests increased by 3,810 million yen, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of December 31, 2010	As of March 31, 2010
(Millions of Yen)		
Assets:		
Cash and Due from Banks	710,120	970,869
Call Loans and Bills Bought	134,414	86,485
Receivables under Resale Agreements	32,592	-
Monetary Claims Bought	449,973	489,816
Trading Assets	793,546	761,850
Money Held in Trust	22,348	22,345
Securities	4,060,224	4,084,091
Loans and Bills Discounted	11,142,058	11,686,629
Foreign Exchanges	9,520	5,553
Lease Receivables and Investment Assets	621,985	650,540
Other Assets	1,332,250	1,203,651
Tangible Fixed Assets	125,707	125,802
Intangible Fixed Assets	158,143	170,043
Deferred Tax Assets	103,564	79,131
Customers' Liabilities for Acceptances and Guarantees	327,679	339,837
Allowance for Loan Losses	(103,458)	(125,598)
Total Assets	19,920,671	20,551,049
Liabilities:		
Deposits	11,750,376	12,251,117
Negotiable Certificates of Deposit	2,234,146	2,350,884
Call Money and Bills Sold	67,806	79,519
Payables under Repurchase Agreements	435,028	601,787
Payables under Securities Lending Transactions	55,357	-
Trading Liabilities	122,988	97,945
Borrowed Money	950,405	1,172,338
Foreign Exchanges	250	31
Short-term Bonds Payable	464,800	438,667
Bonds Payable	648,354	531,815
Borrowed Money from Trust Account	479,097	430,969
Other Liabilities	852,621	771,305
Provision for Bonuses	3,966	10,051
Provision for Directors' Bonuses	170	411
Provision for Retirement Benefits	8,767	8,927
Provision for Reimbursement of Deposits	1,259	1,043
Provision for Contingent Loss	10,468	8,258
Provision for Relocation Expenses	-	379
Deferred Tax Liabilities	30	34
Deferred Tax Liabilities for Land Revaluation	5,709	5,778
Acceptances and Guarantees	327,679	339,837
Total Liabilities	18,419,286	19,101,104

(Continued)

	As of December 31, 2010	(Millions of Yen) As of March 31, 2010
Net Assets:		
Total Shareholders' Equity:	1,197,861	1,144,068
Capital Stock	342,037	342,037
Capital Surplus	297,051	297,052
Retained Earnings	559,252	505,444
Treasury Stock	(479)	(465)
Total Valuation and Translation Adjustments:	(3,481)	4,050
Valuation Difference on Available-for-Sale Securities	5,045	9,188
Deferred Gains or Losses on Hedges	8,630	9,440
Revaluation Reserve for Land	(4,714)	(4,655)
Foreign Currency Translation Adjustment	(12,442)	(9,922)
Minority Interests	307,004	301,826
Total Net Assets	1,501,384	1,449,945
Total Liabilities and Net Assets	19,920,671	20,551,049

(2) Consolidated Statements of Income

(Millions of Yen)

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Ordinary Income:		
Trust Fees	38,488	37,673
Interest Income:	218,073	175,931
Interest on Loans and Discounts	136,311	120,605
Interest and Dividends on Securities	60,111	43,173
Fees and Commissions	84,987	117,230
Trading Income	12,027	6,922
Other Ordinary Income	273,086	261,928
Other Income	16,964	13,560
Ordinary Income	643,626	613,246
Ordinary Expenses:		
Interest Expenses:	78,142	63,437
Interest on Deposits	51,550	40,722
Fees and Commissions Payments	25,727	40,798
Trading Expenses	73	113
Other Ordinary Expenses	235,788	213,485
General and Administrative Expenses	162,026	173,534
Other Expenses	49,697	22,683
Ordinary Expenses	551,454	514,052
Ordinary Profit	92,172	99,193
Extraordinary Income:	10,008	1,150
Gain on Disposal of Noncurrent Assets	10	17
Reversal of Allowance for Loan Losses	278	-
Recoveries of Written-off Claims	819	1,132
Other	8,900	-
Extraordinary Loss:	283	10,111
Loss on Disposal of Noncurrent Assets	233	750
Impairment Loss	50	6,450
Other	-	2,910
Income before Income Taxes and Minority Interests	101,897	90,232
Income Taxes:	39,377	3,645
Current	18,951	24,713
Deferred	20,426	(21,068)
Income before Minority Interests	—	86,587
Minority Interests in Income	10,306	9,734
Net Income	52,212	76,852

(3) Note on Assumption of Going Concern

There is no applicable information.

(4) Note on Significant Change of Shareholders' Equity

There is no applicable information.

4. (Reference) Non-Consolidated Financial Statements

(1) (Reference) Non-Consolidated Balance Sheets

	As of December 31, 2010	As of March 31, 2010
(Millions of Yen)		
Assets:		
Cash and Due from Banks	577,310	828,856
Call Loans	134,414	86,485
Receivables under Resale Agreements	32,592	-
Monetary Claims Bought	208,624	266,748
Trading Assets	862,898	808,394
Money Held in Trust	22,348	22,345
Securities	4,387,649	4,474,366
Loans and Bills Discounted	11,418,978	11,921,476
Foreign Exchanges	9,520	5,553
Other Assets	921,229	821,649
Tangible Fixed Assets	113,602	113,235
Intangible Fixed Assets	26,318	26,350
Deferred Tax Assets	86,553	59,507
Customers' Liabilities for Acceptances and Guarantees	356,961	387,202
Allowance for Loan Losses	(83,329)	(104,843)
Allowance for Investment Loss	(1,185)	(65,993)
Total Assets	19,074,488	19,651,334
Liabilities:		
Deposits	11,754,893	12,216,451
Negotiable Certificates of Deposit	2,260,946	2,371,884
Call Money	75,954	86,494
Payables under Repurchase Agreements	435,028	601,787
Payables under Securities Lending Transactions	55,357	-
Trading Liabilities	123,496	98,134
Borrowed Money	876,898	1,033,815
Foreign Exchanges	351	253
Short-term Bonds Payable	318,008	318,456
Bonds Payable	434,913	344,900
Borrowed Money from Trust Account	479,097	430,969
Other Liabilities:	746,591	640,552
Income Taxes Payable	13,635	964
Lease Obligations	128	160
Asset Retirement Obligations	939	—
Other	731,888	—
Provision for Bonuses	1,082	3,989
Provision for Directors' Bonuses	-	70
Provision for Retirement Benefits	215	223
Provision for Reimbursement of Deposits	1,259	1,043
Provision for Contingent Loss	10,660	8,258
Provision for Relocation Expenses	-	379
Deferred Tax Liabilities for Land Revaluation	5,709	5,778
Acceptances and Guarantees	356,961	387,202
Total Liabilities	17,937,428	18,550,644

(Continued)

	As of December 31, 2010	(Millions of Yen) As of March 31, 2010
Net Assets:		
Total Shareholders' Equity:	1,127,938	1,086,770
Capital Stock	342,037	342,037
Capital Surplus:	297,051	297,052
Legal Capital Surplus	242,555	242,555
Other Capital Surplus	54,496	54,496
Retained Earnings:	489,329	448,147
Legal Retained Earnings	52,929	48,323
Other Retained Earnings:	436,399	399,823
Reserve for Overseas Investment Loss	0	0
Other Voluntary Reserve	371,870	371,870
Retained Earnings Brought Forward	64,529	27,953
Treasury Stock	(479)	(465)
Total Valuation and Translation Adjustments:	9,121	13,919
Valuation Difference on Available-for-Sale Securities	3,541	8,281
Deferred Gains or Losses on Hedges	10,295	10,293
Revaluation Reserve for Land	(4,714)	(4,655)
Total Net Assets	1,137,060	1,100,690
Total Liabilities and Net Assets	19,074,488	19,651,334

(2) (Reference) Non-Consolidated Statements of Income

(Millions of Yen)

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Ordinary Income:		
Trust Fees	38,566	37,697
Interest Income:	221,458	168,565
Interest on Loans and Discounts	129,656	114,770
Interest and Dividends on Securities	71,181	43,293
Fees and Commissions	49,270	50,667
Trading Income	12,027	7,168
Other Ordinary Income	28,336	31,322
Other Income	11,110	7,988
Ordinary Income	360,769	303,409
Ordinary Expenses:		
Interest Expenses:	85,873	67,502
Interest on Deposits	51,572	40,666
Fees and Commissions Payments	24,078	26,164
Trading Expenses	73	113
Other Ordinary Expenses	19,030	15,221
General and Administrative Expenses	108,052	104,655
Other Expenses	47,177	20,133
Ordinary Expenses	284,286	233,790
Ordinary Profit	76,483	69,618
Extraordinary Income	6,738	5,734
Extraordinary Loss	166	19,099
Income before Income Taxes	83,054	56,253
Income Taxes:	32,510	(7,898)
Current	10,928	15,971
Deferred	21,581	(23,869)
Net Income	50,544	64,152