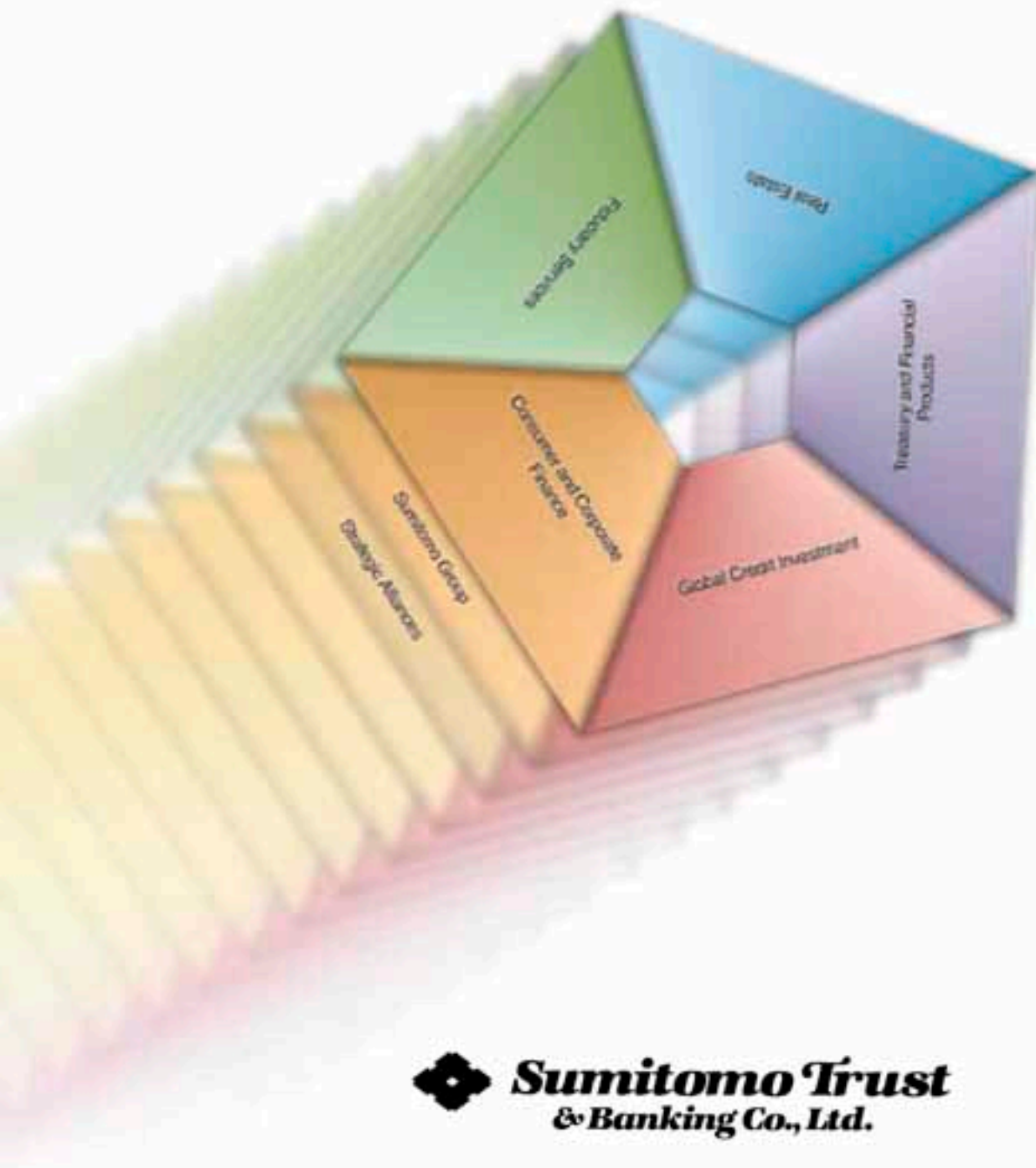


2001 ANNUAL REPORT

Year Ended March 31, 2001



**Sumitomo Trust
& Banking Co., Ltd.**

Sumitomo Trust's Corporate Mission



H. Murakami

Hitoshi Murakami
Chairman of the Board
(Right)

A. Takahashi

Atsushi Takahashi
President and CEO
(Left)

An Asset Management Financial Institution that can provide sophisticated investment management and precise operation

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

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

Financial Highlights

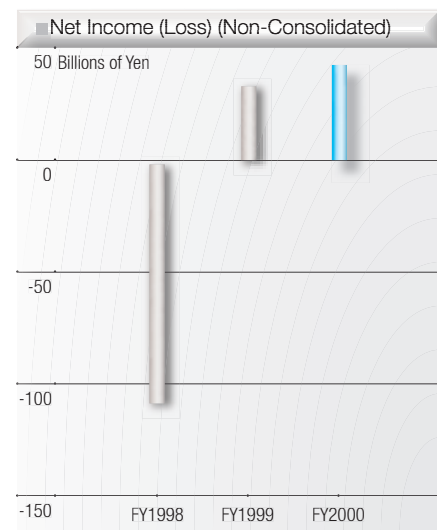
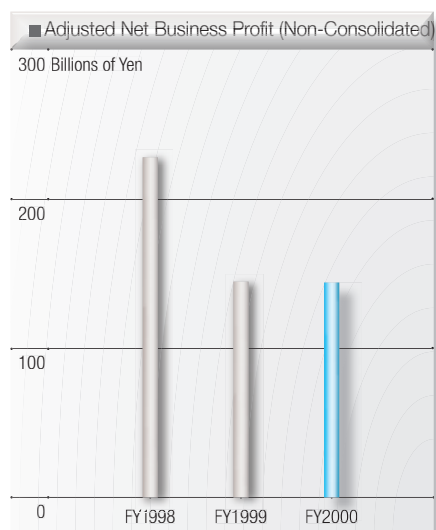
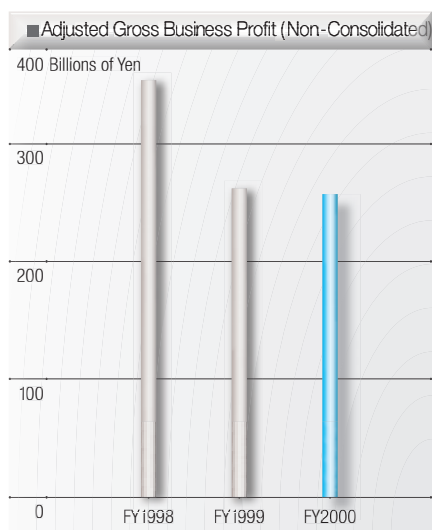
	Billions of Yen			
	Non-Consolidated		Consolidated	
	FY2000 (4/00-3/01)	FY1999 (4/99-3/00)	FY2000 (4/00-3/01)	FY1999 (4/99-3/00)
Adjusted Gross Business Profit*	¥270.0	¥275.8	¥284.0	¥291.4
General and Administrative Expenses	(125.9)	(131.0)	(138.0)	(142.8)
Adjusted Net Business Profit (Loss)**	144.1	144.7	145.9	148.6
Credit Costs (Banking A/C and Trust A/C)	(146.8)	(150.0)	(151.5)	(157.7)
Net Other Non-recurring items	75.5	82.1	83.8	89.3
Net Operating Profit (Loss)(<i>keijo-Rieki</i>)	72.9	76.7	78.2	80.2
Net Income (Loss)	42.6	33.0	41.0	32.2

* Adjusted Gross Business Profit = (Gross Business Profit) + (Trust Account Credit Costs)

** Adjusted Net Business Profit (Loss) = (Net Business Profit) + (Trust Account Credit Costs) + (Net Transfer to General Reserve)

Net Business Profit = (Gross Business profit) - (General and Administrative Expenses) - (Net Transfer to General Reserve)

Cash Dividends per Common Share	¥7.00	¥7.00	—	—
Net Income (Loss) per Common Share (Diluted)	¥28.62	¥22.05	¥27.54	¥21.50
Return (Net Income) on Equity	6.5%	5.3%	6.2%	5.1%
BIS Capital Adequacy Ratio	11.69%	11.39%	11.41%	11.23%
BIS Tier 1 Ratio	6.94%	6.67%	6.80%	6.62%



Facts About Sumitomo Trust

With a solid foundation in the rapidly growing trust business as its core competence, Sumitomo Trust is making remarkable strides in creating a new business model for trust banking in Japan.

Asset Management Services

Sumitomo Trust manages a total of 14 trillion yen of securities investments under its asset management services for corporate pension funds and public pension funds and is the third largest asset manager in Japan.

Trust and Custody Services

In October 2000, Sumitomo Trust started operations of the Japan Trustee Services Bank, Ltd., a joint venture with Daiwa Bank, specializing in trust and custody services.

Real Estate Services

Sumitomo Trust earned 14.0 billion yen of gross profit from its real estate services, a 12% increase from fiscal year 1999. It is the top-ranking manager in real estate securitization with entrusted assets over 1 trillion yen in the real estate management trusts.

In the banking sector in Japan, Sumitomo Trust is noted for its relatively solid financial position and steady improvement in financial performances, resulting in a 18.7% ownership ratio of foreign shareholders.

Problem Loans

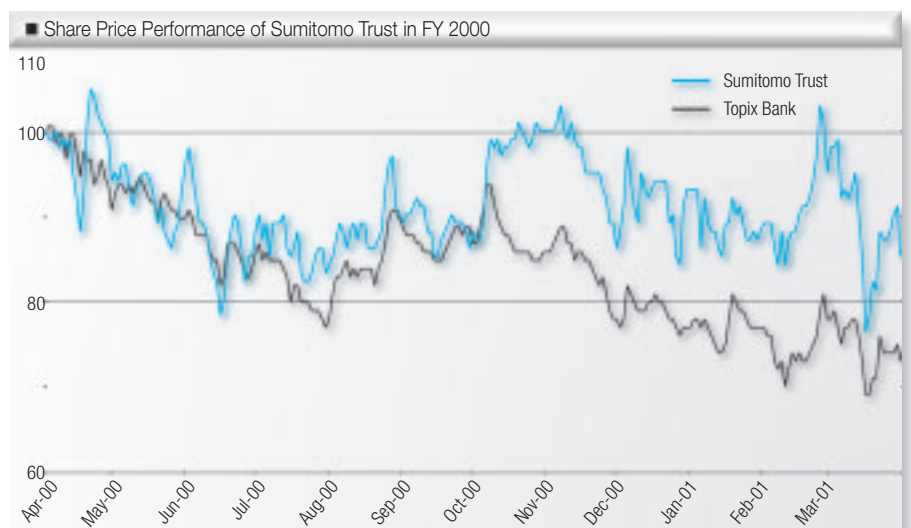
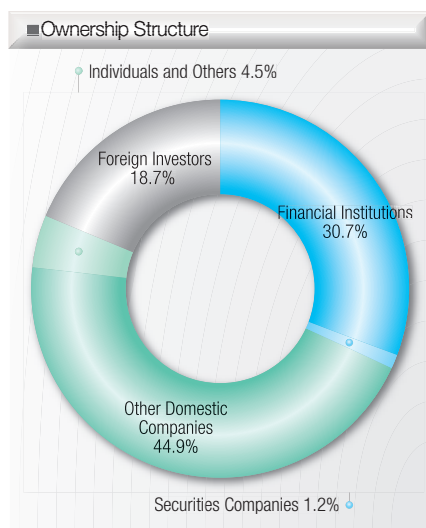
The balance of classified assets based on the Financial Reconstruction Law has declined 237 billion yen to 533 billion yen, and the ratio of them to total balance of loans dropped from 6.9% to 4.8% with the ratio of coverage by collaterals and reserves at 94%.

Corporate Customer Base

Sumitomo Trust is providing multiple financial solutions — covering both banking and trust services — to 51% of its 7,000 core corporate clients.

Individual Customer Base

Sumitomo Trust has 1.6 million individual core clients with time deposits (*). Among them, 190,000 have deposits of more than 10 million yen with us (* Including loan trusts and jointly-operated money trusts — JOMTs.)



Note: Share price on April 3, 2000=100

To Our Shareholders, Employees and Customers



Atsushi Takahashi
President and CEO

Sumitomo Trust's net income improved for two consecutive years and its consolidated ROE increased from 5.1% to 6.2% on a year-over-year basis. While credit costs of fiscal year 2000 declined only slightly from the previous year, the Bank's credit costs have steadily decreased to one-fourth of their 600 billion yen peak in fiscal year 1995, due to the proactive and continuous workout of non-performing loans since the mid-1990s. At Sumitomo Trust, we are in the final stage of settling the non-performing loan problem.

Japanese financial business environments are now experiencing rapid transformations, and the Bank strategically executes business developments in order to enable trust business to thrive and flourish. As an optimum management approach, Sumitomo Trust maintained independence with management autonomy to implement our business strategy, while effectively promoting cooperation with Sumitomo Group financial institutions, and at the same time pursuing opportunities to expand its business horizon in alliance with non-Sumitomo financial institutions.

Overview

The Japanese economy in fiscal year 2000 cruised in the recovery stream during the first half, but then experienced a slowdown due to weak consumer spending, affected by stagnant growth of the individual income, slow recovery in small and mid-sized companies, and declining stock prices. Deceleration in the U.S. economy further hindered the Japanese economy from escaping out of a state of slow growth and deflationary effects. This trend crept into the first half of fiscal year 2001 and the Japanese economy exhibited no clear sign of immediate recovery.

Coupled with economic weakness, the proliferation of globalization and information technology brought about significant changes to Japanese economic and political systems, such as reshuffling of industries and wide-ranging deregulations. In the banking sector, where large scale consolidations were under way, the Big Four financial groups: Mizuho, Sumitomo-Mitsui, Mitsubishi-Tokyo, and UFJ finally made their debut in the market. Sumitomo Trust on the other hand maintained its independence by choosing not to participate in any group. Such a decision was the natural consequence of our commitment to pursue the Bank's business strategy to further develop trust business. We consider management autonomy essential to implementing this strategy in a quick and effective manner.

In the market, financing is gaining more liquidity and marketability through modern techniques such as securitization, while institutional investors have become more and more selective with the quality of service providers in asset management and custody services.

I believe our strategy is in line with such market movements that enable us to further expand our business opportunities.

Highlights of Financial Results

Our consolidated net income for fiscal year 2000 soared 27% to 41.0 billion yen, on a year-over-year basis, and net income per common share (after deduction of dividends for preferred stocks) were 27.54 yen, representing an ROE of 6.2%. The Bank is ranked in the top-tier bracket among the major Japanese banks in terms of both EPS and ROE.

The Bank's shareholders' equity rose 3.6% to 762 billion yen, while consolidated retained earnings rose 17% to 225 billion yen. The BIS capital adequacy ratio was 11.41% with a Tier 1 ratio of 6.80%. Along with the positive net unrealized gains of investment securities as well as the consistently decreasing non-performing loan balance, these figures show that the financial position of Sumitomo Trust remains relatively strong among Japanese major banks. A preferred stock amount of 100 billion yen is owned by the governmental body, which represents the lowest figure among major Japanese banks, (with the exception of the Mitsubishi-Tokyo Financial Group, which has refinanced its preferred stock), and the Bank is in the most probable position to repay it.

The net unrealized gains of listed and unlisted securities held by the Bank significantly decreased from the previous year, due to the decline in the Japanese stock market. Despite that, the Bank possessed an unrealized gain of 73 billion yen (64.8 billion yen for the consolidated banking account and 8.5 billion yen for the trust account). The Bank is steadily eliminating cross-holding stocks, with 140 billion yen (at book value) of stocks sold out in fiscal year 2000.

Gross / Net Business Profit by Category (on Non-consolidated and Managerial Accounting Basis)

Trust business decreased by a gross profit amount of 1.3 billion yen (2%) and by a net profit amount of 1.6 billion yen (5%), from the previous year. Our asset management services and trust and custody services declined due to the payment of a 5.1 billion yen re-trusting fee (outsourcing fee), paid to the newly established affiliate, Japan Trustee Services Bank, Ltd.(JTSB), and the elimination of a 2.1 billion yen transaction agency fee, which we had received from securities houses in fiscal year 1999. On the other hand, real estate services showed a constant growth in profit, due to the resurrection of market activities. In addition, stock transfer agency services also showed a steady growth in profit with an increase in the numbers of companies and shareholders under management.

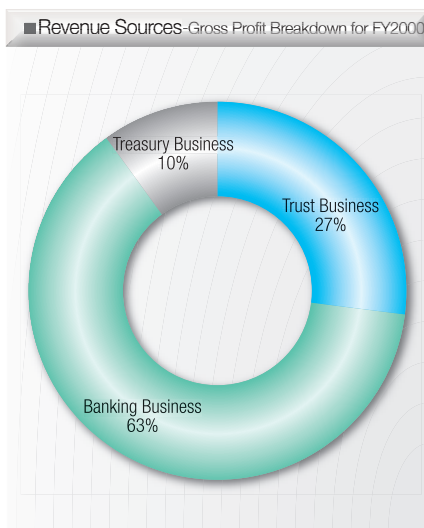
Treasury operations, negatively affected by the historic low interest rates of the Yen and inverted yield curves of the U.S. Dollar and Euro, still maintained a net profit of 21.5 billion yen, which, however, decreased by 13.3 billion yen from the previous year.

Domestic commercial banking increased its net profit by 11.9 billion yen mainly due to the decrease in general and administrative expenses, while the average loan-deposit spread for the three major accounts (bank deposits, loan trusts, and jointly-operated money trusts) was 1.29%, unchanged from the previous year's level.

On a consolidated basis, global custody services, conducted by local custody subsidiaries in New York and Luxembourg, contributed to the net business profit of trust and custody services by approximately 5 billion yen.

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

	Billions of Yen					
	FY 2000 (a)		FY 1999 (b)		Change (a)-(b)	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
Trust Business	71.5	30.3	72.8	31.9	(1.3)	(1.6)
Pension Asset Management	34.9	16.9	39.5	22.0	(4.6)	(5.1)
Retail Investment Management	2.1	(0.5)	0.8	(1.5)	1.3	1.0
Trust & Custody Services	8.0	2.5	9.3	4.0	(1.3)	(1.5)
Stock Transfer Agency	12.4	6.4	10.6	4.3	1.8	2.1
Real Estate Services	14.0	5.1	12.5	3.3	1.5	1.8
Domestic Commercial Banking	159.5	86.9	152.7	75.0	6.8	11.9
Overseas Commercial Banking	10.6	5.4	8.4	3.0	2.2	2.4
Treasury Operations	28.3	21.5	41.7	34.8	(13.4)	(13.3)
Total (Adjusted Gross/Net Business Profit)	270.0	144.1	275.8	144.7	(5.7)	(0.5)



Credit Costs (on a Non-consolidated Basis)

Total credit costs for fiscal year 2000 equaled 146.8 billion yen, a slight decrease by 3.2 billion yen from the previous year's 150.0 billion yen. Included herein are 125.7 billion yen of write-offs and specific reserves for non-performing loans (including loans in bankruptcy & practically bankruptcy, and doubtful loans), and 21.1 billion yen of net transfer to the general reserve for special mention loans ("Yo-Chui-Saiken," including substandard loans "Yo-Kanri-Saiken").

The increase in the general reserve was responding to the lingering economic slump. We increased the general reserve for the unsecured portion of substandard loans from 15% to 25%. Furthermore, we allocated a 25% general reserve to the unsecured portion of loans to certain other deteriorated debtors. As a result, regarding the special mention

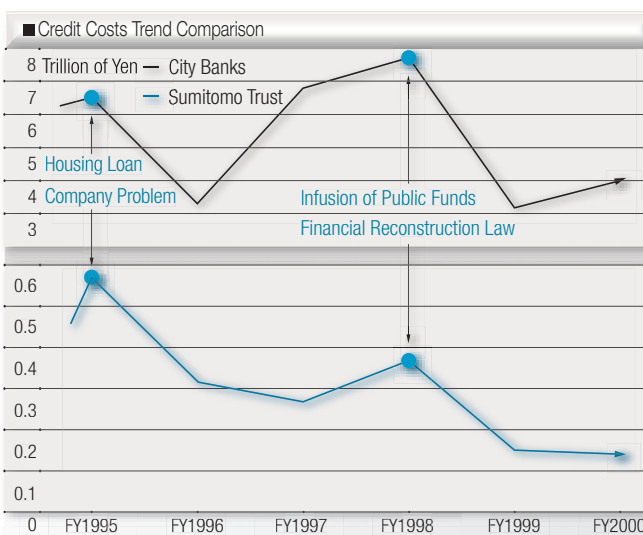
Coverage for Classified Assets under Financial Reconstruction Law Banking and Trust Accounts (After Partial Direct Write-Off)

	Billions of Yen, except for percentages			
	Mar. 2001		Mar.2000	
	Non-consolidated	Coverage ratio	Non-consolidated	Coverage ratio
Bankrupt/Practically bankrupt	¥ 85.4	100%	¥ 96.2	100%
Doubtful	412.0	95%	593.4	90%
Substandard	35.4	70%	80.4	84%
Total	¥532.8	94%(81%*)	¥770.0	91%(79%*)

* Reserve Ratio of Unsecured Portion

loans including substandard loans, the general reserve ratio for the total loan balance increased from 4.1% to 6.7%, consisting of 15.1% for substandard loans and 6.3% for other special mention loans.

The balance of classified assets based on the Financial Reconstruction Law (including loans in bankruptcy & practically bankruptcy, doubtful loans, and substandard loans) declined by 237.2 billion yen from the previous year to 532.8 billion yen on March 31, 2001, and the ratio of the classified assets to the Bank's total loan balance dropped from 6.9% to 4.8%. The coverage ratio of collateral and reserves to classified assets increased from 91% to 94%, and the reserve ratio for the unsecured portion of them improved from 79% to 81%.



Compared to Japanese city banks, the Bank has been reducing its credit costs at a more consistent pace. The Bank posted credit costs of ¥600 billion for fiscal year 1995, when workouts of non-performing loans to non-bank and real estate industries, housing-loan companies in particular, were made on a large scale. Presently, credit costs have decreased to one-fourth of the peak level reached in fiscal year 1995, except for a temporary increase in fiscal year 1998.

Our credit exposure to the construction industry and retail industry, currently the subject of much attention, is relatively small, and exposure to the middle market, which could be adversely affected by the lingering economic slump, is also small. Furthermore, the reserve ratio was raised in fiscal year 2000 in response to a sluggish economy. In consideration of these factors, we expect that our credit costs will keep declining. Although the current economic environment requires some time to overcome it, I believe that the Bank is in the final stage of resolving distressed debt problems.

Business Strategy in Full Utilization of Competence

The Bank's core competence prides itself on expertise and advanced quality services in the trust business of which the Bank has had a strong market presence for many years. As the importance of fee income is especially emphasized in today's competitive financial industry, Sumitomo Trust is recognized for its high ratio of fee income generated by the trust business, which currently accounts for 27% of total gross business profit (after re-trusting fees paid to JTSB), while total fee income ratios of the Big Four financial groups range from 10% to 18%.

The Bank's business strategy is constructed on its firm customer base developed through its banking business, and we aim to further expand the franchise of our competent trust business to increase its fee income without increasing the balance sheet size. This strategy is designed to improve the capital efficiency and the ROE. The prospect for trust business is very promising, as it is associated with expanding investment markets in Japan. I am confident that we possess great possibilities for growth by maintaining trust business as our core competence.

Overview of Trust Business

Concerning asset management services, the Bank aims to be a strategic partner of pension funds by providing them with optimum solution portfolios through investment counseling tailored to individual pension funds. Recently, our continuous efforts to reinforce the investment process resulted in significant improvements in performance, as well as remarkable ratings comparable to foreign asset managers granted by domestic and overseas investment consultants. The Bank's high quality in asset management services enables us to accurately respond to the needs of pension funds, which are rapidly becoming ever more sophisticated.

Concerning trust and custody services, JTSB, a joint venture with Daiwa Bank specializing in trust and custody services, was launched in October 2000 and commenced full

operations in June 2001 with 70 trillion yen in trust assets. The Bank's trust and custody services will continue to provide advanced services, such as master trust services, with JTSB constituting its nucleus. The strategy of JTSB is to pursue economies of scale, which allows it to average out IT costs required to improve its service quality and price competitiveness. Such quality and competitiveness will enable us to further increase custodial assets.

The key to higher profitability for stock transfer agency services is service improvements and cost reductions in clerical work through automation. After introducing the new system, we successfully reduced marginal cost, which resulted in considerably higher profit ratios. In response to the recently increasing corporate interest in investors relations, the Bank is providing one of the most advanced IR support services.

The Bank has consistently been the market leader in services for real estate securitization, which vigorously surged in 1999. The Bank's outstanding balance of assets under management in real estate management trust, which is the major vehicle for real estate securitization, was over 1 trillion yen in March 2001, representing a 30% share of the market. While providing originators with high quality real estate management trust services, we see growing investors' interest in securitized real estate. To take advantage of this growing interest, we are developing our asset management capability in order to make it one of the most favorable alternative investment products for sophisticated investors.

New Developments in the Banking Business

The customer base developed by our corporate lending business is critical for cross-sales of the trust business. Our affluent individual depositor base is increasing its importance as a driver for promoting our retail investment management services. In addition, we are aggressive in challenging the new waves of banking business.

In fiscal year 2000, we formed a Structured Finance Dept. to expand our corporate finance services in the area of securitization and other structured finance business areas. We also organized the Global Credit Investment Group to better capture credit investment opportunities both in Japan and overseas. These are both future-oriented new business areas, which fit current trends in customers' needs for financial instruments and the growth of secondary markets. Our buy-side expertise in securities investments will certainly help us to succeed in these areas.

In April 2001, we started a 40:60 joint venture, "BUSINEXT CORPORATION," in collaboration with AIFUL Corporation, a major player in the consumer finance industry. The joint



venture focuses on small business lending by integrating AIFUL's statistical approach and know-how of consumer finance and Sumitomo Trust's expertise in corporate lending.

Organizational and Human Resource Management Reform

At the beginning of fiscal year 2000, we reorganized our business into five groups. The reorganization gave each group more autonomy and responsibility towards achieving the following objectives:

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

We believe that the reorganization and adoption of performance-oriented human resource management will ensure profitability and move the company in line with the speed of today's highly competitive market.

In fiscal year 2000, we introduced the largest stock option program among Japanese financial institutions listed on the Tokyo Stock Exchange. An equivalent stock option program for the current fiscal year was also approved by shareholders.

Strategic Alliances

The recent notable moves in the Japanese banking industry involved the establishment of the Big Four financial groups; that is to say, the formation of the large-scale universal banks. The shift towards bigger financial institutions also constitutes a world-wide trend. On the other hand, the focus and selection of business lines are emphasized for the corporate strategy to meet more complicated customers' needs and raise profitability. The Bank chose to be one of a few major Japanese financial institutions that have continued to be independent. This represents nothing but our commitment to pursue the Bank's business strategy, which could not be effectively conducted in any other way.

The Bank's business strategy is to expand the franchise of our competent trust business and increase its fee income without increasing the balance sheet size. The conditions required for pursuing such a strategy are: 1) critical mass for creating market dominance; 2) cross-selling of a wide range of products; 3) economies of scale that enable investments in IT and R&D to improve product/service quality as well as to reduce operation costs; and 4) organizational reforms aimed at improving market-oriented management

systems. Although the Bank has been adequately meeting these required conditions independently, it recognizes the importance of forming an alliance to accelerate the expansion of its trust business.

In the event that we consolidate with a universal bank, we may be able to reap certain positive effects for the execution of our business strategy. Nevertheless, I believe such positive effects are limited, as the further development of trust business requires a great deal of specialty and expertise. We historically maintained cooperative relations with Sumitomo Group financial entities; such relations are being strengthened to realize the "focus and selection" policy of each Group entity. I believe the strengthened relations effectively develop the required aforementioned conditions without entering into a consolidation. I am rather concerned that such a consolidation may hinder the quick and effective execution of our business strategy, due to difficulties in applying bold measures to promptly consolidate diverse organizations, as well as overcoming cultural conflicts. From this point of view, I believe that maintaining management autonomy is currently crucial in order to ensure quick and effective execution of the best business strategy for us.

The Bank's alliance strategy emphasizes management autonomy, while effectively strengthening cooperation with Sumitomo Group financial institutions; and at the same time, it pursues opportunities to expand the business horizon for the trust business through alliance with non-Sumitomo financial institutions. The execution of the strategy in fiscal year 2000 has resulted in the streamlining of overlapping businesses among Sumitomo Group financial entities (the trust banking subsidiaries of Sumitomo Bank and Daiwa Securities Group merged with us, whereas the Bank's corporate bonds underwriting business was transferred to Daiwa SMBC), and the establishment of JTSB, a joint venture with Daiwa Bank specializing in trust and custody services.

Ever since I was appointed President of Sumitomo Trust, I have increasingly become attached to the conviction that shareholders, employees, and customers have highly assessed the Bank's business strategy, as well as alliance strategy for realizing the business strategy. I believe that it is my mission to pursue and realize this business strategy most effectively. I would very much appreciate your understanding and support towards maximizing the corporate value of Sumitomo Trust. Thank you very much.

Atsushi Takahashi
President and CEO

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

Fee Businesses of Sumitomo Trust

-The Japanese Financial Institution that Demonstrates the Feasibility of a Fee Business Model-

To improve the efficiency of capital utilization and ROE, the management of Japanese banks is focusing on, more than ever, fee income. In order to achieve a higher ROE, the Bank undertook a strategy to expand trust business, our core competence, whereby a steady flow of fee income will be generated from high growth markets.

In excess of one-fourth of the Bank's gross business profit is fee income, which derives from trust business, in the form of trust fees, servicing fees, and commissions. While the Japanese Big Four financial groups are also focusing on increasing their fee incomes, ratios to their gross profits still remain at less than 20%. Trust banks have traditionally enjoyed a high ratio of fee income generated from trust business; however, the recent consolidation of them into major financial groups resulted in the dilution of this advantage in trust fee income.

The Bank's trust business consists of four core businesses: asset management services, trust and custody services, stock transfer agency services—which are fiduciary services in the securities investment market—and real estate services. In terms of market share, the Bank occupies a top three position in each of these business sectors, and is highly regarded for its expertise and advanced quality of services.

In addition, retail investment management services have a high growth potentiality, as financial assets held by individuals, totaling

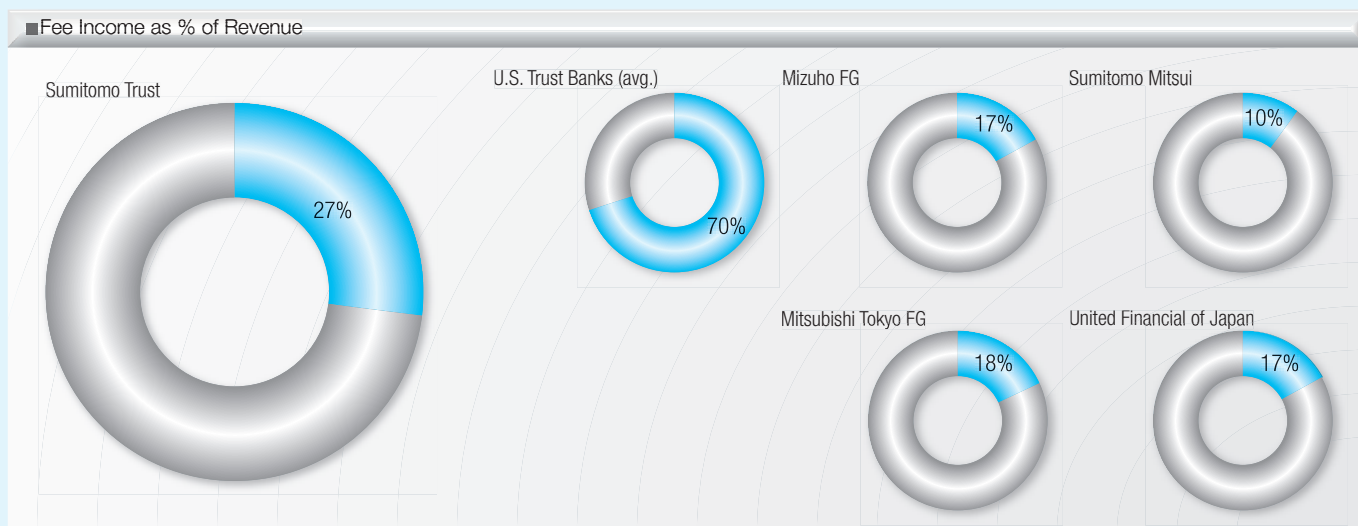
an estimated 1,400 trillion yen, are gradually shifting to investment markets. Our solid individual customer base, consisting of affluent depositors amassed through the Bank's banking business, is the foothold of future expansion.

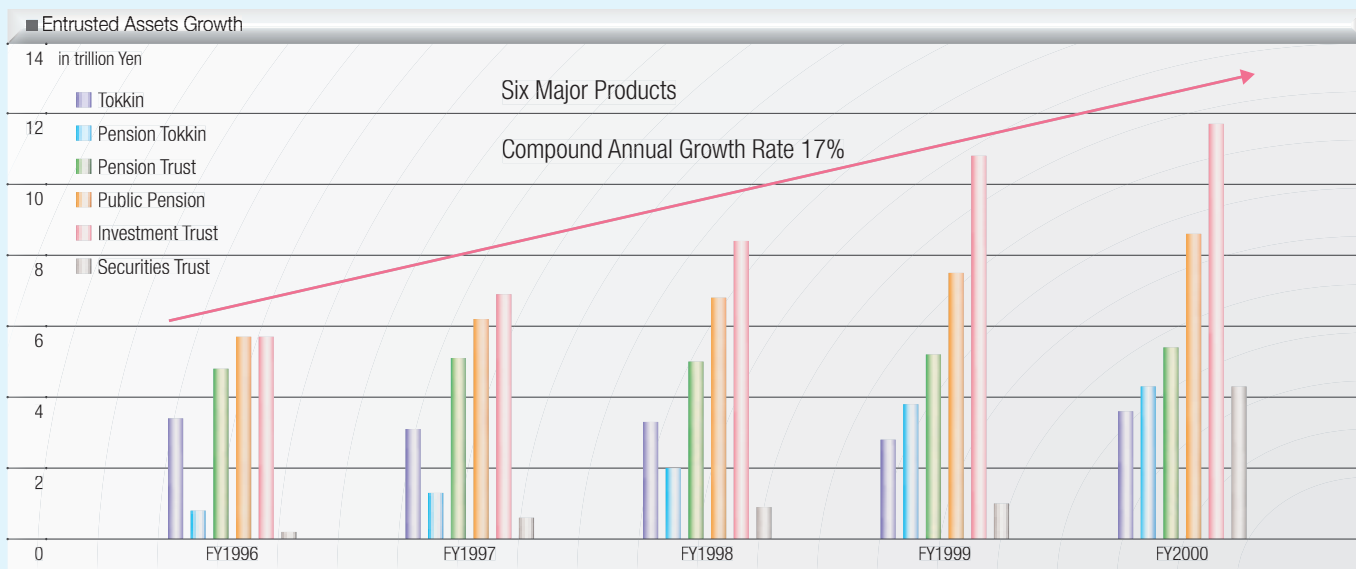
Furthermore, the Bank is quite competitive in securitization services, using a trust scheme as its vehicle. In the corporate finance services, we are one of the leading players in the securitization of various monetary claims such as the lease claim and ship charterage, with 1,785 billion yen in assets under our management. In real estate services, we are playing the leading role in real estate securitization with 1,013 billion yen in assets in our real estate management trust. These growing business areas are contributing to the Bank's fee income increases.

Fiduciary Services of Sumitomo Trust

The total outstanding balance of six major trust assets, relating to our securities investment services to institutional investors, has been growing at a compound annual growth rate of 17% since fiscal year 1996, and stood at 39 trillion yen at March 2001. The Bank provides its pension trust and public pension (Shitei-tan) customers with asset management services and trust and custody services in a package, while offering various trust and custody services to the customers of other trust assets.

In the rapidly progressing trust and custody services area, our strategy is to reinforce competitiveness through the pursuit of





economies of scale. For that purpose, we started operation of the Japan Trustee Services Bank, Ltd., a joint venture with Daiwa Bank, in October 2000. JTSB is a trust bank specializing in trust and custody services to which major trust assets of the Bank and Daiwa Bank, in the amount of 70 trillion yen, have been fully re-trusted in June 2001. In fiscal year 2000, the outstanding balance of securities trusts has jumped to 4.3 trillion yen after undertaking the settlement and custody services for a life insurance company to JTSB. The active undertaking of custodial services that other industries outsource constitutes a part of JTSB's strategy for the pursuit of economies of scale.

It should be noted that the Bank's global custody services to Japanese institutional investors, which are conducted by our subsidiaries in New York and Luxembourg, recorded a remarkable performance in fiscal year 2000. The subsidiary in New York possessed custodial assets worth 70.8 billion U.S. dollars as of January 2001, and recorded in fiscal year 2000 an all-time-high in both income before tax of 40.5 million U.S. dollars and ROE of 23.7% based on net income after tax of 21.6 million U.S. dollars. The Luxembourg subsidiary, as the foothold of the global custody business in EU, also recognized income before tax of 6.5 million U.S. dollars.

Concerning asset management services in the pension trust and

public pension, the total outstanding balance of assets under our management amounts to 14 trillion yen, which places the Bank in the number three position. The growth of the pension trusts of the Bank, however, remained slower than the growth of public pensions and other assets. Under such circumstances, the Bank has continuously focused on the reinforcement of investment processes and structures, which resulted in the recent significant improvement in performance as well as remarkable ratings as the highest quality domestic asset manager given by domestic and overseas investment consultants. Based on such quality and performance, the Bank aims to be a strategic partner of pension funds by providing them with optimum solution portfolios selected from our competitive multi-product lines, accompanied by our investment counseling tailored to individual pensions.

In the stock transfer agency services, the vital factor to success is an automation system that improves service quality and reduces operating costs. Due to contributions by our CAROL system, marginal costs have been significantly lowered to dramatically improve the profit ratio in the revenue increment. Gross profit and net profit increased 1.8 billion yen and 2.1 billion yen, respectively, in fiscal year 2000. In response to increased corporate interest in investor relations, the Bank is providing one of the most advanced IR support services and expanding its customer base. It organized the Focus Club in early 1999 in which IR information and advice are

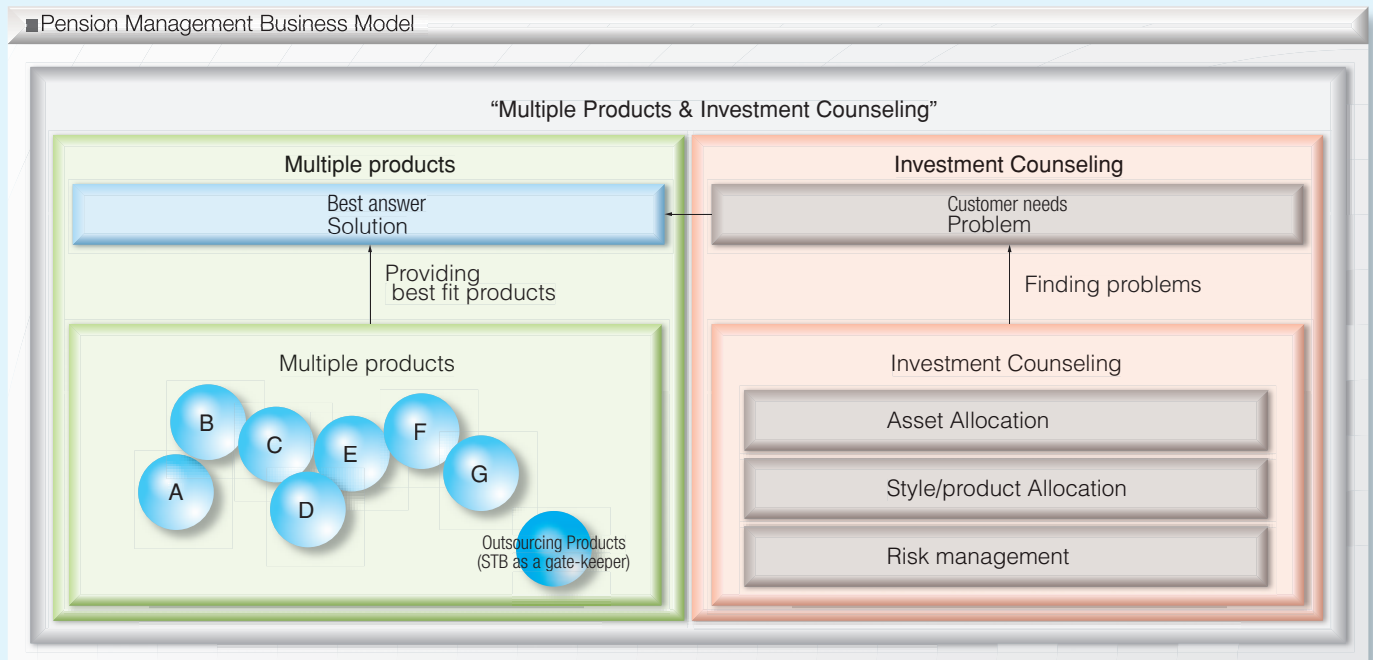
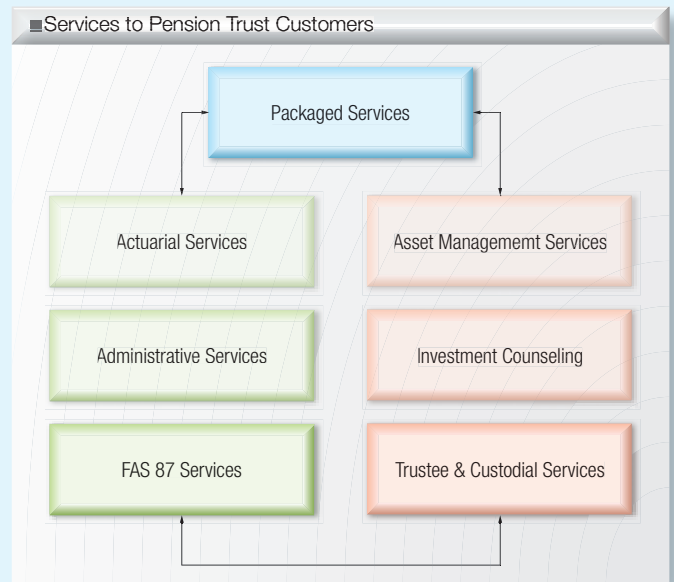
provided to member corporations. In fiscal year 2000, the Bank started an English web-site: Japan Investment Forum, which provides overseas investors with IR information of member corporations including information of the annual general meeting. Its members are 140 as of June 2001 including various top-notch corporations of Japan.

(1) Strategic Partner of Pension Funds

Dynamic changes are underway in the environment surrounding asset managers in Japan. The deregulation of pension asset management in 1990 prompted asset management firms to rapidly enter into the market where trust banks and life insurance companies had traditionally dominated. The intensified competition in the asset management service is provoking a shift from balanced funds to specialized funds and emphasis on the style/product selection rather than the asset allocation. In the manager selection process, emphasis on high quality services is rapidly replacing the traditional emphasis on the relationship between sponsor companies and managers.

Sumitomo Trust has been continuously enhancing the quality of its product lines by reinforcing its investment organization structure, such as strengthening the bottom-up approach by building a

strong in-house analyst team including a global research network. We also have been improving product quality through the clarification of investment styles in pursuing style consistency including consolidation to a flagship fund for each style. As a result, the Bank significantly improved its performance and is rated as the most qualified Japanese asset manager by domestic and overseas investment consultants. Regarding domestic stocks and



Line-up of Asset Management

	Number of Professionals
Domestic equities portfolio managers	19
Global equities portfolio managers	15 (8 overseas)
Global bonds portfolio managers	10
Analysts	23

bonds investments in particular, the Bank has been granted the highest ratings comparable to renowned foreign asset managers.

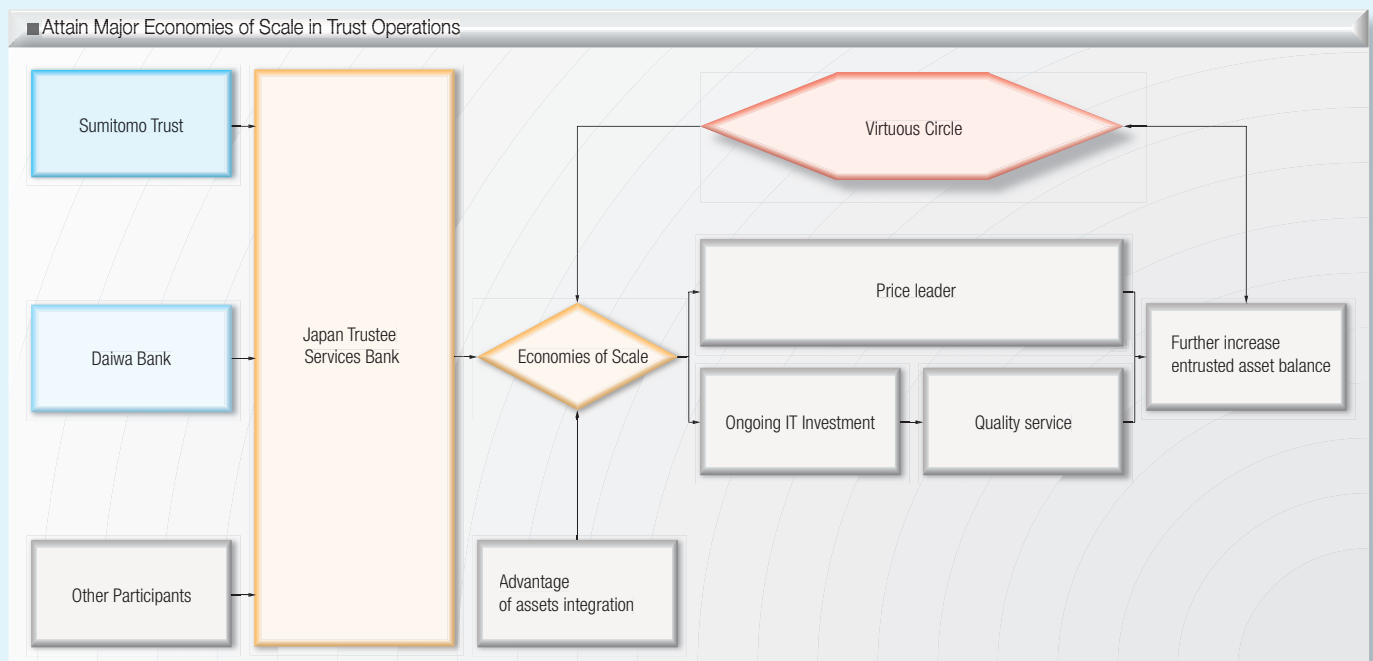
Based on such quality and performance, the Bank aims to be a strategic partner of pension funds by providing them with optimum solution portfolios selected from our competitive multi-product lines. This is accompanied by our investment counseling tailored to individual pension funds such as asset allocation advice, investment style advice, and risk management advice, in accordance with the character, size, and sophistication level of each fund.

The portfolio in the amount of 14 trillion yen under asset management services of the Bank consists of 86% of active funds and 14% of passive funds. In order to maximize the total volume of management fees, the Bank, on one hand, seeks a higher level of fees in active funds by providing competitive products, and on

the other hand, seeks asset volume in passive funds. The Bank's high quality of asset management permits the engagement of appropriate responses to the needs of pension funds, which are rapidly becoming ever more sophisticated. This is the catalyst that underpins the Bank's asset management business.

(2) Japan Trustee Services Bank, Ltd.

The Japan Trustee Services Bank, Ltd., was launched in October 2000 and commenced full operations in June 2001, after both Sumitomo Trust and Daiwa Bank re-trusted their assets to this newly established company. Pressured by client demand, trust and custody services are being equipped with new services such as RTGS, MTM accounting, T+1, STP, and master trust services. The Bank and Daiwa Bank will expedite these advanced services with JTSB constituting its nucleus. With an ample equity capital of 50 billion yen, JTSB is currently rated AA by the Japan Credit



Rating Agency and A3 by Moody's. It is now underway to achieve entrusted assets in excess of 100 trillion yen, an expense ratio of less than 50%, and an ROE of 15%, by March 2004.

JTSB's strategy constitutes the pursuit of economies of scale and creation of a positive cycle; that is, economies of scale in JTSB's operations enable it to make investments in the state-of-the-art information technology, which in turn make it possible to capture further market share through competitive pricing and quality service. Furthermore, the strategy aims to reinforce competitive strength by establishing industry standards through increased market share. JTSB's outstanding balance of total entrusted assets stands at 60 trillion yen as of March 2001, and 70 trillion yen as of June 2001 when the parent banks have fully re-trusted their trust assets. The market shares of major entrusted assets are shown in the accompanying chart. Nearly the entire sum of the outstanding balances of Sumitomo Trust and Daiwa Bank were re-trusted to JTSB, which now possesses the largest market share of each asset class.

This business has been under severe pressure to lower its fees. JTSB is pursuing a strategy to increase profits by reinforcing pricing and quality competitiveness through economies of scale as described above, and by raising supplementary fee incomes derived from such services as securities lending and cash management. These fee incomes are now major constituents in the income-mix of our global custody services and we intend to

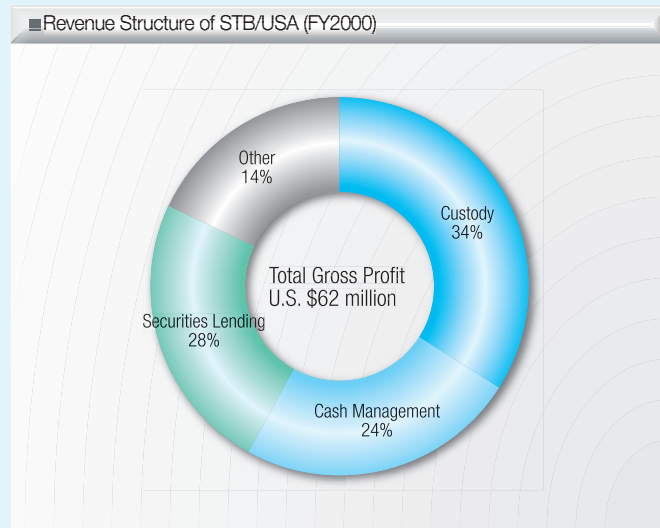
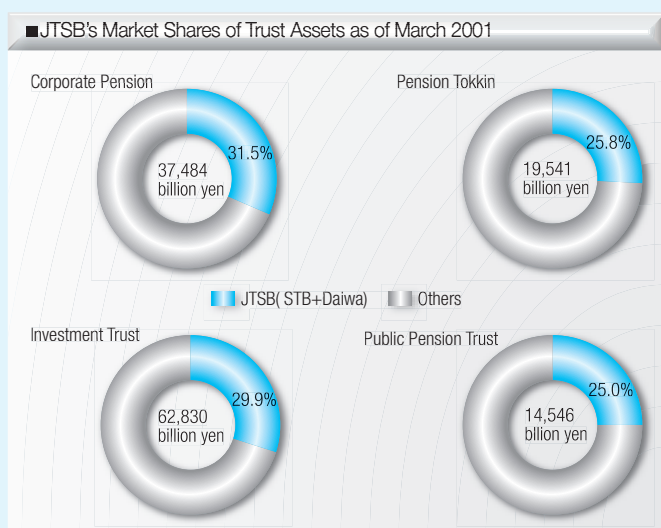
apply our experience and know-how to JTSB for the development of supplementary services.

(3) Global Custody Services of New York Subsidiary

The Bank provides Japanese institutional investors with global custody services, and is one of a few Japanese financial institutions that can offer services comparable to leading overseas custodian banks. Our New York subsidiary plays a major role in the Bank's global custody services with custodial assets worth 70.8 billion U.S. dollars, as of January 2001.

The Bank has withdrawn from providing sub-custody services in Japan in 1997 because it produces quite low fee levels and no opportunity for supplementary services. Excluding the sub-custody service, our New York subsidiary ranks second among Japanese banks in global custody services after Tokyo-Mitsubishi. The Bank is also providing global custody services in EU through a Luxembourg subsidiary.

Our New York subsidiary produced income before tax of 40.5 million U.S. dollars, and net income after tax of 21.6 million U.S. dollars, representing an ROE of 23.7% in fiscal year 2000. Its gross profit before expenses, at 62 million U.S. dollars, consisted of an income-mix well balanced among incomes derived from custody fees, securities lending fees, and cash management fees, which demonstrates the subsidiary's capability in generating supplementary incomes other than custody fees and



competitiveness in the market. This is also the model JTSB intends to pursue in the domestic market and we believe our experience and know-how in global custody services will help JTSB develop opportunities for supplementary services.

(4) Real Estate Services of Sumitomo Trust

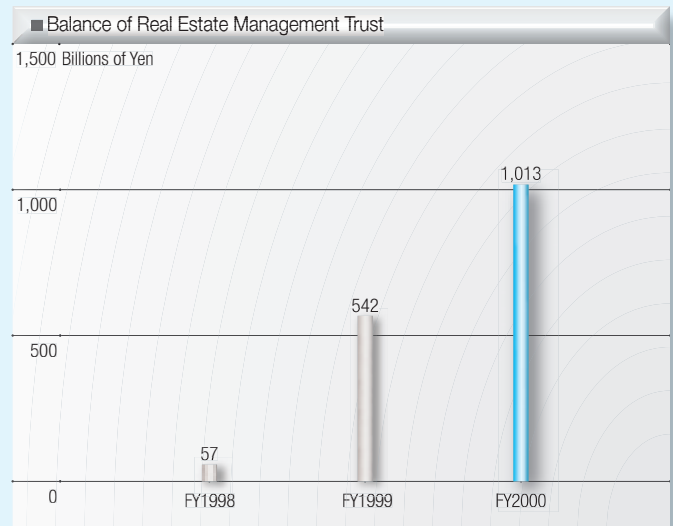
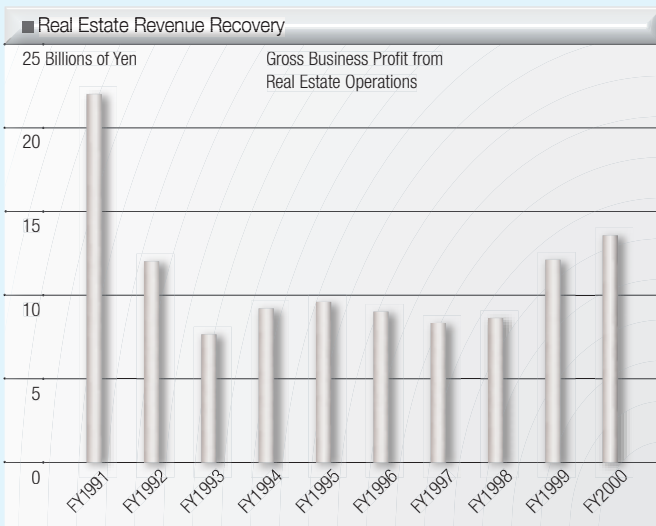
The Bank is one of the largest commercial real estate brokers in Japan, while having been the pioneer and major player in the land trust services, or real estate development services for landowners in the 1980s. Due to the burst of the bubble economy, fee income from real estate services in the middle of the 1990s declined to the 9 billion yen level, less than half of the peak level reached in fiscal year 1991. However, the Bank recovered from such a slump in fiscal year 1999 when fee income reached 12.5 billion yen. The Bank managed to generate fee income of 14 billion yen in fiscal year 2000, a 12% increase over fiscal year 1999.

One of the main factors underlying the recovery is the fee income generated from the real estate management trust service, which is an important vehicle generally used for real estate securitization. Since 1999, the volume of real estate securitization has surged and the Bank has always been the market leader by providing innovative and high-quality services. As of March 2001, we managed assets in real estate management trusts in excess of 1 trillion yen, representing about a 30% share of the market.

As corporations' needs for divestiture of real estate assets persist due to the pressure for balance sheet restructuring and introduction of mark-to-market accounting, the volume of real estate transactions, especially securitized ones, are anticipated to increase.

The Bank's real estate management capability, which was developed in the land trust services, is rated as unparalleled among trust banks. The Bank will continue to provide originators, including newly launched real estate investment trusts, with high quality real estate management trust services, and pursue profitability with our quality and forward-looking approach against which no other financial institution can compete.

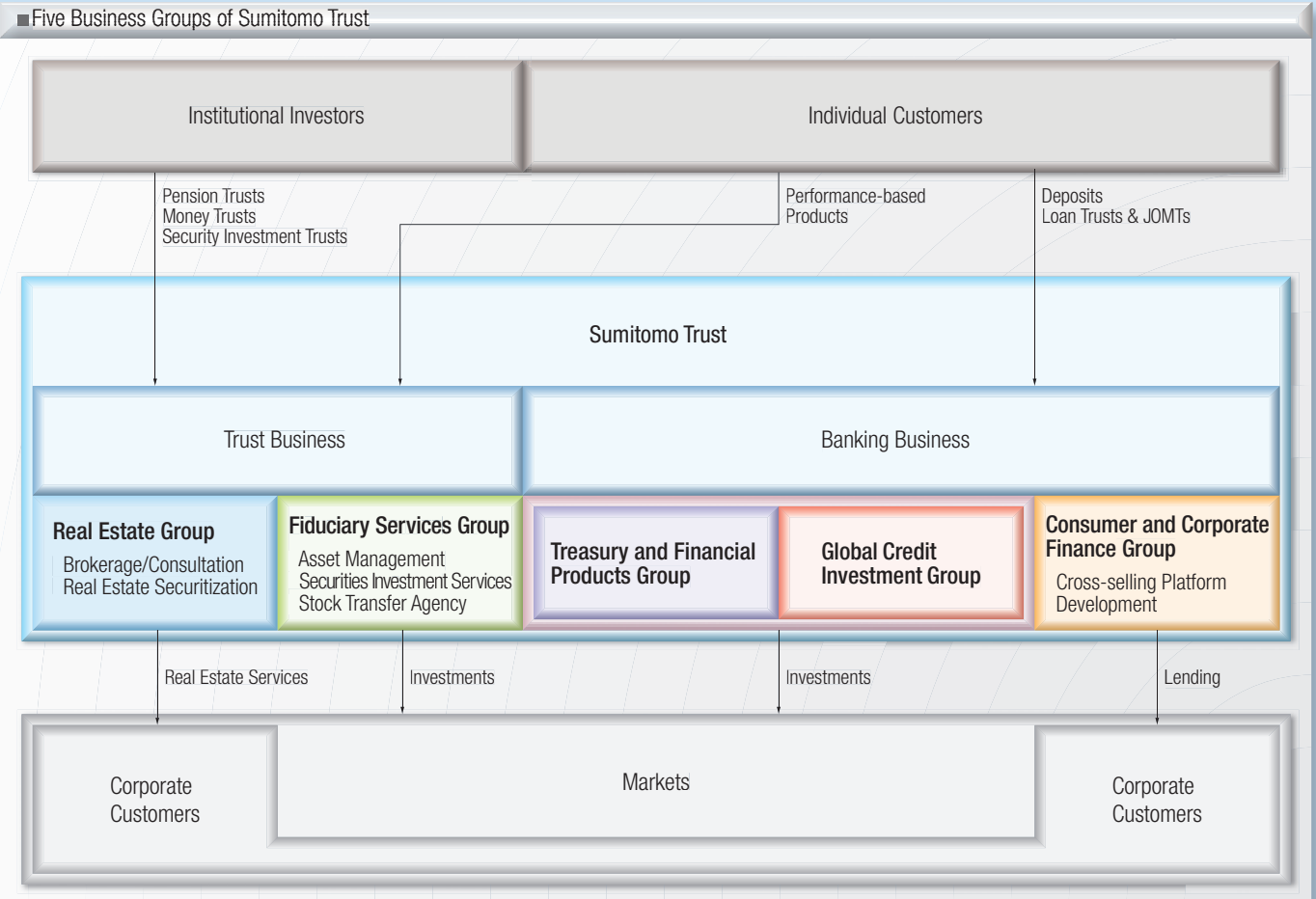
As institutional investors are beginning to explore alternative investment opportunities and their interest in the securitized real estate is growing, the Bank is offering them real estate investment products as a part of our asset management services. We are also developing investment methods and tools that can satisfy the sophisticated investment methodology of institutional investors to support the healthy and continuing growth of the market. In accordance with the expansion and maturity of the market, we expect to play a leading role in asset management services for real estate investment.





Overview of Operations

In April 2000, Sumitomo Trust reorganized its business into five groups, giving each group more autonomy and responsibility, while striving to reinforce its competitiveness to ensure long-term sustainable growth.



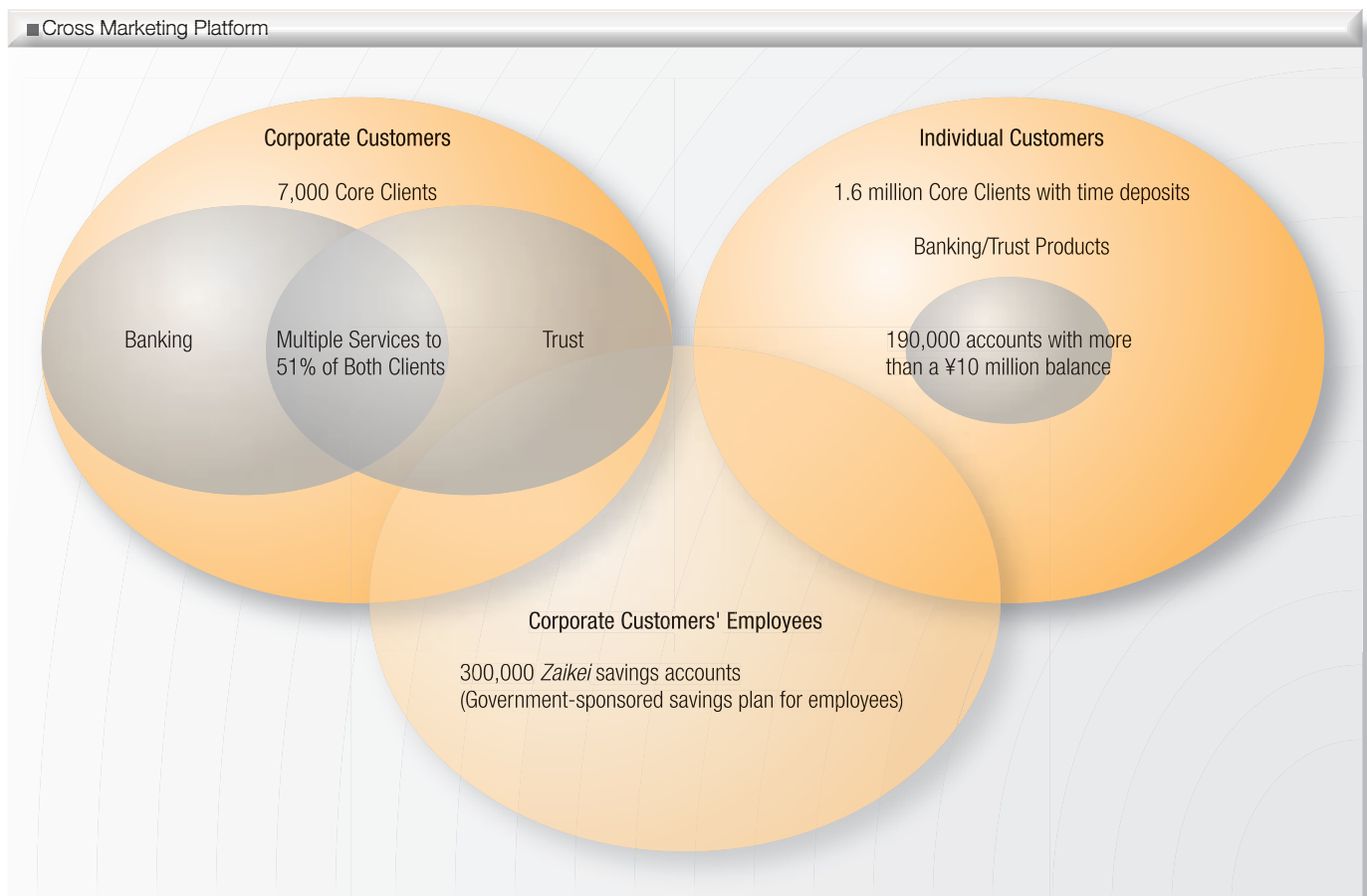
(1) Consumer and Corporate Finance Group

Creating solid customer base for cross selling

Individual Market

The majority of our individual customers expect quality asset management as well as day-to-day settlement functions from Sumitomo Trust. To meet customers' expectations, we offer a variety of retail investment products, such as loan trusts, performance-based trusts, and investment trusts, as well as term deposits. MCIF (Marketing Customer Information File) functions as the central information system for our customer management, product development, and marketing. Also, PICS (Portfolio Investment Consulting System) is our effective consulting system for determining optimal portfolio compositions for individual customers. More than 50 experienced Financial Consultants provide personal consultations to our high net-worth customers.

Although our conventional branch network, consisting of 54 branch offices, is relatively small, we are developing new, efficient delivery channels to provide retail products. We have so far opened 10 Sumishin i-Stations — small specialty offices that are located in heavily populated suburban areas in Tokyo and Osaka, with extended business hours. Other new delivery channels, such as Internet banking and ATM terminals at post offices, started in fiscal year 2000. Further, marketing in the workplaces of our corporate customers, one of our unique delivery channels, has also served in providing retail products to our individual clients and will constitute a major channel for delivering investment products related to the Japanese 401(k) pension plan. We started providing Internet retail services through Intranet-based networks of corporate customers to enable access to investment consultations and marketing of investment products.



Corporate Market

Our strategy in the corporate loan business is to cross-sell trust service to corporate customers while enhancing profitability by effectively managing credit risk under refined quantitative approaches. Also, we are endeavoring to apply appropriate loan spreads commensurate with the respective credit risks.

In the field of corporate finance services, we provide sophisticated financial derivative products and securitization services. We are one of the leading players in the securitization of leases and other financial claims, as well as real estate. The Corporate Finance Advisor, a managerial accounting system that we jointly developed with an accounting firm, operates as our effective consulting tool for providing asset-liability management solutions to our corporate customers.

BUSINEXT

In April 2001, Sumitomo Trust and AIFUL Corporation, one of four major players in the consumer finance industry, started a 40:60 basis joint venture called BUSINEXT Corporation. The joint venture provides lending services to small business entities by integrating AIFUL's statistical approach and know-how developed in the consumer finance field and Sumitomo Trust's expertise in the area of corporate lending. This is a unique business seeking to fill the niche market existing between traditional corporate middle market lending and consumer finance.





(2) Global Credit Investment Group

Integrating alternative investments from Japan and overseas

Sumitomo Trust took the opportunity to become the first Japanese bank to integrate the expertise earned through its overseas lending business and corporate bond investments in Japan into a specialized group under the concept of investing in marketable credit.

Traditionally, corporate loans have been the most common way to extend credit for banks and are normally held until maturity. However, as a result of progress in securitization techniques and development of the secondary market, corporate loans have gained liquidity and marketability. In the U.S., institutional investors recognize syndicated loans as an alternative investment vehicle and treat them as an established asset class comparable to stocks and corporate bonds. In recent years, Japan has seen both a rapid growth in asset-backed securities, and the gradual development of secondary markets for corporate loans. In the future, Japan's credit markets are expected to gain the same level of liquidity and marketability as those in the U.S.

Sumitomo Trust is leveraging the expertise of the group in global credit investment. This group has the following objectives: (1) To

establish a global alternative investment portfolio as our proprietary investment, and (2) To provide clients with opportunities in alternative investments.

In the domestic market, this group aims to build a well-balanced credit portfolio by purchasing corporate bonds and ABSs and investing in syndicated loans, which are relatively new to the Japanese market.

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

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

(3) Treasury and Financial Products Group

Seeking appropriate risk control and developing sophisticated financial products

ALM Operations

The Treasury and Financial Products Group provides benchmark interest rates for our deposit and loan products, and manages the market position generated from the deposit and loan transactions with customers. Under the 24-hour global operating system linking domestic and overseas offices, such ALM operations function to maintain the optimal level of market risk of Sumitomo Trust's global position by applying flexible risk-hedge measures, such as securities investments and derivative transactions within the VaR-based risk allowance designated by the management.

Trading

This group provides customers with the latest market information and cutting-edge financial products, including derivatives and foreign exchange with competitive pricing. Examples of our products using derivatives are Advance Series — loan products for corporate customers, Compass Series — deposit products for non-profit organizations, First Class — foreign currency deposit for individuals, and Top Runner — structured foreign currency deposit. These products are cross-sold to our customer base by the Customer and Corporate Finance Group. Also, by using advanced risk control methods, we are managing the short-term market risk of the position that results from transactions with customers, in such a manner as will maximize profitability.



(4) Fiduciary Services Group

Leading player with advanced services in the growing market

Fiduciary services, related to customers' investments in securities, are fast growing businesses to which Sumitomo Trust is committed in order to maintain its current leading position and further expand its market presence.

This group provides the following main services:

- (1) Asset management services for corporate pensions and public pensions. Actuarial and administrative services with consultation on pension planning for corporate pensions. We provide bundled services, including trust and custody services, to the majority of corporate pension customers.
- (2) Trust and custody services, including securities processing, settlement, reporting, and custody, for corporate pensions, public pensions, pension asset managers, investment trust managers, and other various institutions. Also, global custody services for Japanese institutional investors are provided by our overseas subsidiaries.
- (3) Stock transfer agency services, including shareholders registration, dividend calculation and payment, delivery of general

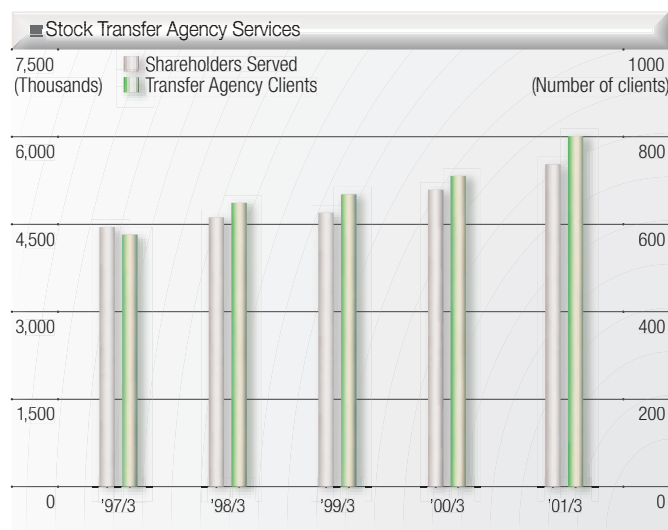
meeting documents for corporations as well as IR supporting services.

Fiduciary services are undergoing significant transformations due to deregulation, pension system reforms, and increased sophistication of investment methods and services. Our expertise and advanced quality services enable us to maintain a competitive position in this area.

In asset management services, we are assessed as the highest quality domestic asset manager and aiming for strategic partnerships with pension fund customers by providing them with our competitive multi-products and investment counseling.

In the trust and custody services, we started the Japan Trustee Services Bank, Ltd., a joint venture with Daiwa Bank, and formed the largest specialized institution in trustee services. In response to customers' increasing needs, JTSB is committed to providing better services, such as master trust, securities lending, and cash management.

Our new stock transfer agency service system, CAROL, is reputed for its accuracy, speed, stability, and handiness, and acknowledged as the industry standard. The IR supporting services of the Bank is also recognized as one of the most advanced.



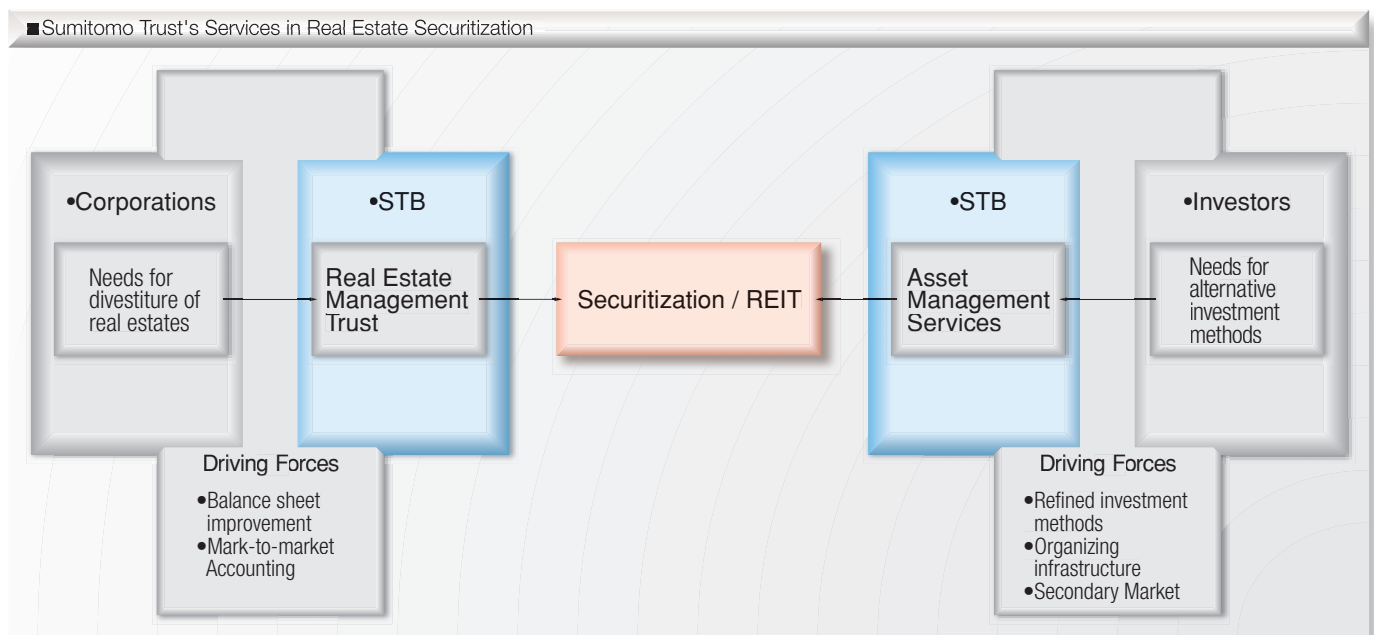
(5) Real Estate Group

The Bank's real estate services are categorized into the following five functions:

- (1) Brokerage service for commercial and residential properties.
- (2) Securitization service provided as part of real estate management trust service.
- (3) Investment consultation.
- (4) Development service provided in the land trust service.
- (5) Appraisal service.

List of Selected Mandated Deals of Real Estate Securitization

FY	Originator	Securitized Property	Location
1999	Sumitomo Real Estate	Office buildings	Tokyo
1999	Asahi Brewery	Active plant	Tokyo
1999	NEC	Head office building	Tokyo
1999	Mori Building	Residential tower	Tokyo
1999	Dai-Ichi Life	5 office buildings	Nation-wide
1999	Izumiya	Shopping mall	Osaka
1999	Sumitomo Real Estate	High-rise office tower	Tokyo
1999	Mitsui Real Estate/Sumitomo Life Insurance Company	8 office buildings	Nation-wide
1999	Shin-Hankyu Hotel	Hotel Property	Osaka
1999	Royal Hotel	Hotel Property	Osaka
2000	Nankai Electric Railway	Shopping mall	Osaka
2000	Konoike Construction	Head office building	Osaka/Fukuoka
2000	Hankyu Corporation	3 Hotel Properties	Osaka, etc.
2000	Sumitomo Life Insurance Company	Office buildings	Tokyo
2000	NKK	Head office building	Tokyo
2000	Nippei Toyama Corporation	Shopping mall	Yokohama
2000	Mitsui Real Estate	Residential building	Tokyo
2000	Mitsubishi Estate	Office buildings	Tokyo
2000	ANA Hotel	Hotel Property	Tokyo



The Bank is one of the largest commercial property brokers in Japan. The market has begun to recover in 1999 and we expect corporations' needs for the divestiture of real estate assets to remain strong due to the pressure for balance sheet restructuring and the introduction of mark-to-market accounting. Our subsidiary, Sumishin Realty Co. Ltd., is also one of the major residential property brokers with approximately 40 offices in major metropolitan areas.

Our real estate securitization services are provided in the form of real estate management trust service, which include advice regarding securitization schemes, marketing of securitized products, and management of property, as well as due diligence and management of entrusted assets. The quality of the Bank's service is highly appreciated in the market and it has been playing the leading role in the securitization services with in excess of 1 trillion yen in assets in real estate management trusts at March 2001, representing a 30% share of the market.

The Bank has been engaged in consultation services on real estate investments for institutional investors including domestic and foreign investors. As investors' interest in securitized real estate is growing, we are also offering consultation for it as their alternative investment product. We are developing investment methods and tools that will support the healthy and continuous growth of the real estate investment market and reinforce our competitiveness in the evolving real estate asset management services.

The Bank was the pioneer and major player in land trust services in the 1980s, and provided landowners with comprehensive development services including project planning, construction management, marketing, and property management. We are proud of the high quality of our real estate management service, which enabled us to acquire ISO9001 certification in the area of real estate management in March 2000.



RISK MANAGEMENT SYSTEM

OVERVIEW

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

Risk Management System

With its fundamental risk management policies set at the board level, the Bank has established risk management sections that are independent of the business groups responsible for raising revenues. A department is appointed to carry out risk management activities for each category of risks. Each of thus appointed departments directly reports to the Board on measurement and analysis of the risk for which the department is responsible. For example, the Legal Department oversees compliance; the Systems Resources Management Department manages operations and systems risks; and the Risk Management Department manages credit risk, market risk and liquidity risk. In addition, to comprehensively manage the various types of risks, the Corporate Planning Department oversees cross-sectional risk management functions from a Bank-wide perspective.

Quantifiable Risk

With respect to credit risk, market risk and liquidity risk, risk-taking is indispensable for the Bank to raise revenues. Therefore, the primary objective with regard to these risks is to allocate appropriate risk exposure and to appropriately manage risks for maximizing earnings at a specified level of risk.

The Bank employs Value at Risk (VaR) measurement to quantify various risks in a consistent manner. The Bank has also begun to employ Shareholders Value Added (SVA)* as a new management yardstick to monitor risk and return of the Bank's operations. The Bank continuously works to sophisticate its risk quantification and management system, in order to accurately identify and analyze the Bank's overall risk exposure with the aim of allocating capital in such a way that earnings are maximized at a specified level of risk.

*SVA (Shareholders Value Added) = Net Business Profit – Capital Costs (gains which investors expect in return for investment risks). SVA above zero indicates that positive shareholders value is yielded.

Non-Quantifiable Risk

Compliance, operations and systems risks are managed with the objective of minimizing risks and retaining the customers' trust. As part of this process, the Bank implements rigorous and effective risk management measures, primarily through the departments responsible for managing each type of risk, and works to strengthen its internal inspection and audit system as well as introduce external audits. This is particularly important in the Bank's core business of trust services, due to the tremendous fiduciary responsibility of safekeeping entrusted assets. Accordingly, the Bank pursues highly efficient and effective measures to control operations and systems risks.

CREDIT RISK

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

Credit Risk Management System

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

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

1. the branches carry out appropriate initial assessment and management of loans based on a variety of internal regulations;
2. the Credit Supervision Departments carry out strict loan screening, provide appropriate guidance to branches, and conduct secondary assessment of loans;

3. the Research Department conducts industry analysis and assigns credit ratings based on quantitative analysis; and
4. the Risk Management Department, which is independent of the Research and Credit Supervision Departments, audits the self-assessment of loans, quantifies risks, and carries out related monitoring.

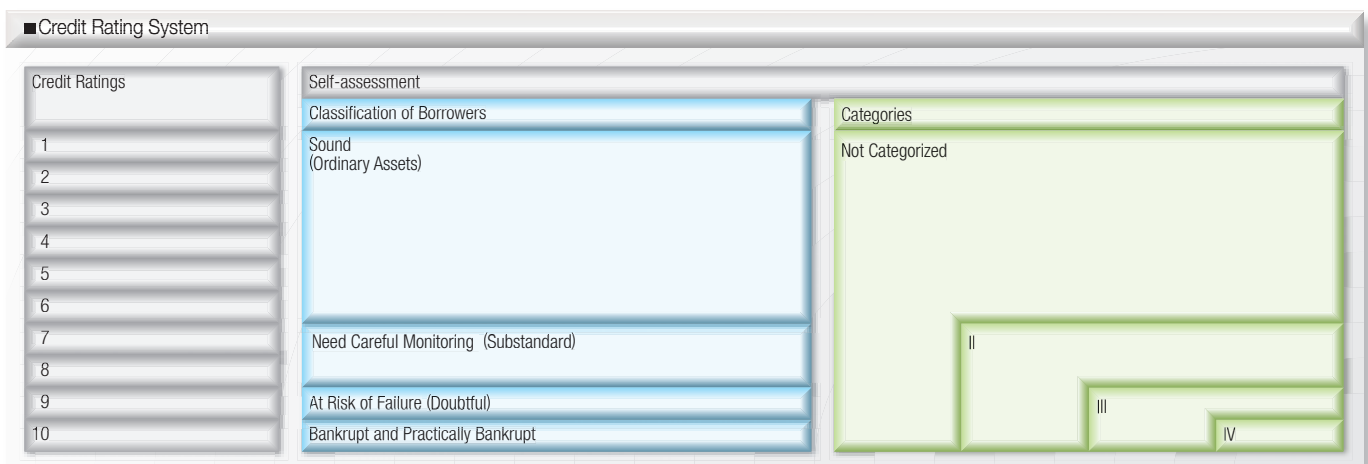
Credit Exposure

The Bank controls credit exposure (total amount of credit given) by counterpart or by group of affiliated firms as a whole, irrespective of types of transactions involving credit risk. Off-balance-sheet transactions are monitored on a current exposure basis (actual market value of the credit amount).

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

Credit Rating System

The Bank has its own credit rating system that provides basic data for individual loan assessment and overall credit portfolio management. The Bank's credit rating system rates each counterpart's credit-risk level on a scale of 1 to 10 and reflects the expected default rate based on the statistical analysis of bank-



ruptcy data.

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

Appropriate Return for Risk

The Bank seeks to acquire loan spreads justifiable for their credit risks as well as to diversify its credit portfolio, so as to maintain and improve its financial strength. In addition, the Bank controls profitability from the viewpoint of risk and return. The Bank measures a profitability level in view of expense ratios and expected loss ratios for each credit rating, and prices individual loans in a manner commensurate with such a level.

Credit Risk Quantification

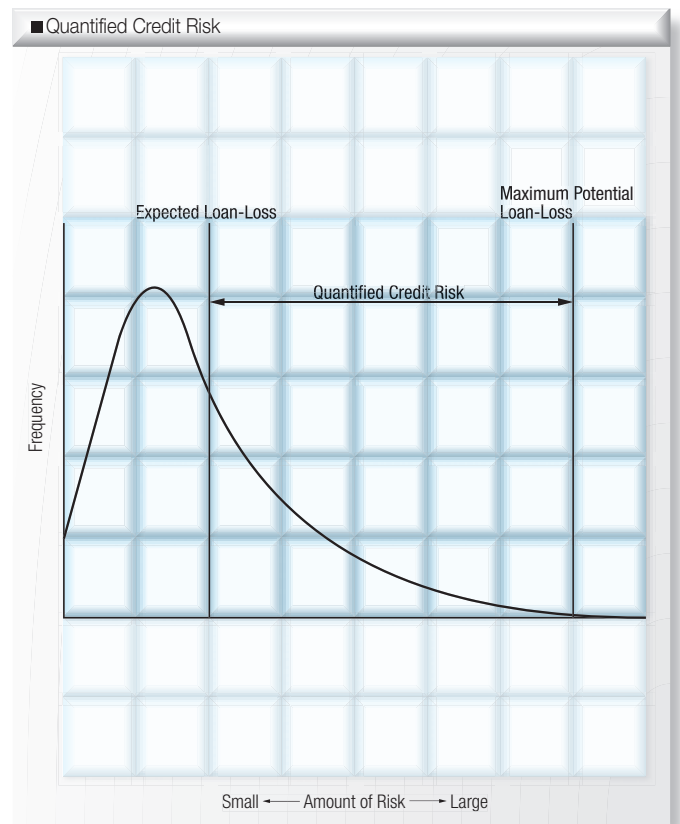
The Bank quantifies loss probabilities its assets may incur as a result of defaults for one year to come. The Bank calculates the difference between the maximum potential default loss and the expected default loss by simulating 10,000 scenarios based on default rates and collection rates for each credit rating.

The Bank integrates and quantifies credit risks of domestic and overseas credit portfolios and monitors such integrated credit risks periodically. Thus, quantified credit risk serves as a basis for efficiently allocating capital to each business group and enables the Bank to check the appropriateness of capital allocation and the soundness of business operations. The monitored results are reported periodically both to the Board of Directors and the Credit Risk Committee.

Credit risk is usually quantified on the basis of historical data and future assumptions. At the same time, the Bank recognizes the importance of simulations that assume market fluctuations beyond expectations, in order to accurately evaluate credit risk. The Bank, therefore, conducts stress tests to gauge credit risk under various stress scenarios. The results of these tests are reported directly to the upper management.

In managing a credit portfolio, the Bank makes the best use of the quantified credit risk and aims to maximize its earnings at a

specified level of risks through diversification. Moreover, the Bank is working to accumulate default and recovery rate data, in order to develop even more sophisticated methods of evaluating credit risk.



MARKET AND LIQUIDITY RISKS

Market risk is the risk of loss caused by a change in the value of assets and liabilities as a result of market fluctuations. Liquidity risk involves the risk of failure to obtain necessary funds as well as the risk of failure to transact in a prompt manner at an appropriate price.

Risk Management System

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

The ALM Committee determines basic policies relating to the management of market risk by establishing risk limits and loss amount limits that correspond to the particular characteristics of the individual position and business activity.

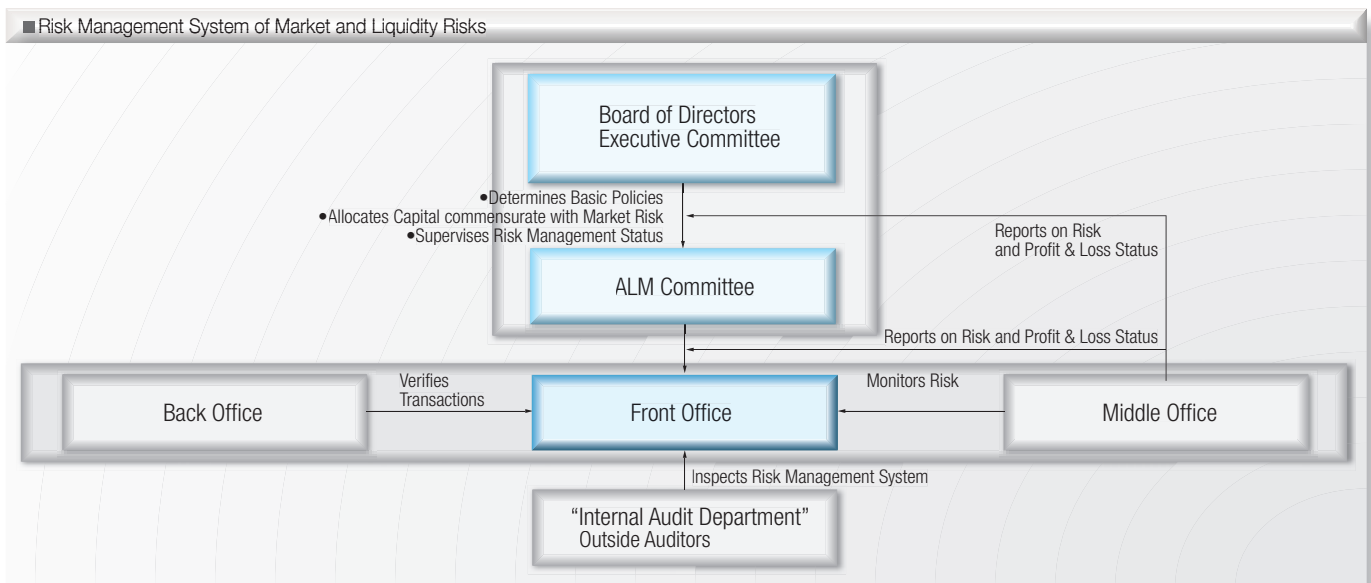
The ALM Committee also manages day-to-day liquidity by putting a ceiling on the amount of shortage in liquidity in the Bank's daily cash flow management. It also determines basic policies relating to the management of the liquidity risk by setting guidelines based on the expected amount of liquidity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

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

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

Status of Risk Management

The Bank's market risk management system employs the Value at Risk (VaR) measurement as a method of assessing its exposure to market risk. VaR uses historical market volatility data to statistically



determine the specified percentile level of the portfolio value under specific assumptions. In addition to VaR, the Bank's market risk management system is capable of performing simulations and calculating various other risk management indicators, thereby providing a highly sophisticated means of controlling market risk. This system allows the Bank to integrate the delta method using covariance

matrices and historical simulation methods in calculating the non-linear risk associated with some options transactions.

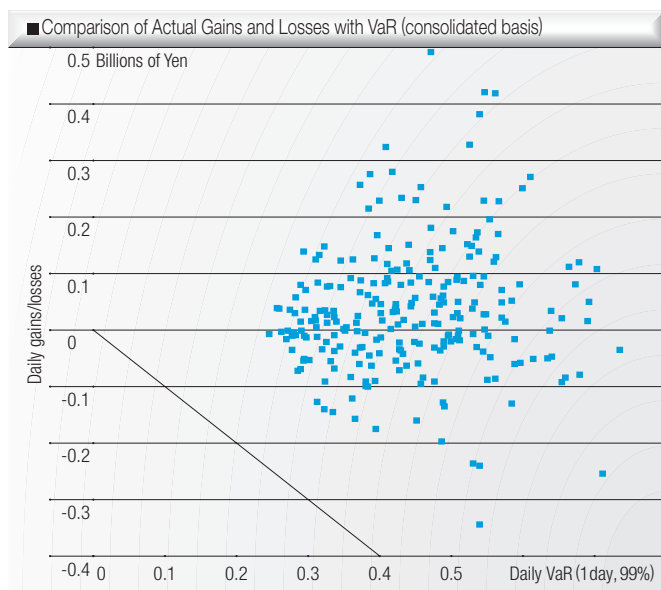
Market Value

The market risk for the Bank's trading activities in fiscal year 2000 is summarized below:

Value at Risk Management for Fiscal Year 2000

	Billions of Yen		
	Maximum	Minimum	Average
Interest rate risk	0.46	0.10	0.22
Foreign exchange risk	0.48	0.08	0.19
Consolidated VaR	0.73	0.24	0.44

(99% confidence level, one-day holding period) *The table above does not include the market risk for the shares retained for strategic shareholding (see "Strategic Shareholding Risk Management" below)



actual gains and losses or simulated gains and losses within a fixed portfolio. The results of back testing for fiscal year 2000 confirm that the Bank's risk measurement method is appropriate, as actual gains and losses are all within the range predicted by VaR calculations.

Strategic Shareholding Risk Management

The Bank owns shares of its strategically important customers as a stable shareholder with the aim of building long-term strategic relationships with them ("Strategic Shareholding"). Although the objective of these shareholdings is different from other market-related activities, the risk of share price fluctuation must be properly managed since such transactions are also subject to market risk. The Bank measures the risk of strategic shareholding by utilizing a market risk management system and manages the risk from overall viewpoints, taking into consideration the appropriateness of risk and return, and appropriate risk level in view of the Bank's financial strength.

Stress Tests

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

Back Testing

To verify the accuracy of its risk measurement model, the Bank carries out back-testing by comparing daily-calculated VaR with daily

Settlement Risk

The Bank works to evaluate settlement risk within the frameworks of credit risk and liquidity risk, considering that settlement risk is closely related to these risks. Moreover, the Bank is committed to reducing foreign exchange settlement risk by participating in the Continuous Linked Settlement Bank (CLS Bank), which specializes in multi-currency payment clearing and settlement services.

COMPLIANCE SYSTEM

Trust banks engage in a wide array of activities that contribute to the stabilization of the financial system, development of the national economy, and enhancement of social welfare, through lending as well as trust and asset management services. Accordingly, to fulfill its responsibilities toward society and maintain solid public confidence, the Bank believes that a high level of commitment to compliance is required. Therefore, the Bank formulated an Ethics Charter outlining proper behavior for management and employees in April 1998. As stated in the Ethics Charter, the Bank has made compliance activities one of its top management priorities, vowing to “strictly adhere to all laws, rules and social regulations,” “respect human rights and ethics and not trespass against moral law,” and “behave with honesty and fairness.”

For this purpose, the Bank works to achieve thorough compliance by strengthening its compliance system and implementing various compliance activities.

Compliance System

The Compliance Committee, chaired by the Executive Officer supervising the Legal Department, supervises as well as studies all compliance-related issues and reports their recommendations to the Board of Directors.

The Compliance Office in the Legal Department serves as a secretariat to the Compliance Committee, drafts plans and recommendations for the Bank’s compliance system, and handles all compliance-related issues in collaboration with related sections. The Bank also designates compliance officers at all domestic and overseas branches who carry out compliance checks and counsel employees on compliance-related issues in close collaboration with the Compliance Office.

Compliance Activities

1) Compliance Standards

The Bank has written a Compliance Standards manual that contains fundamental policies with which all employees must be familiar for carrying out their daily business activities in con-

formance with all relevant regulations.

2) Compliance Program

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

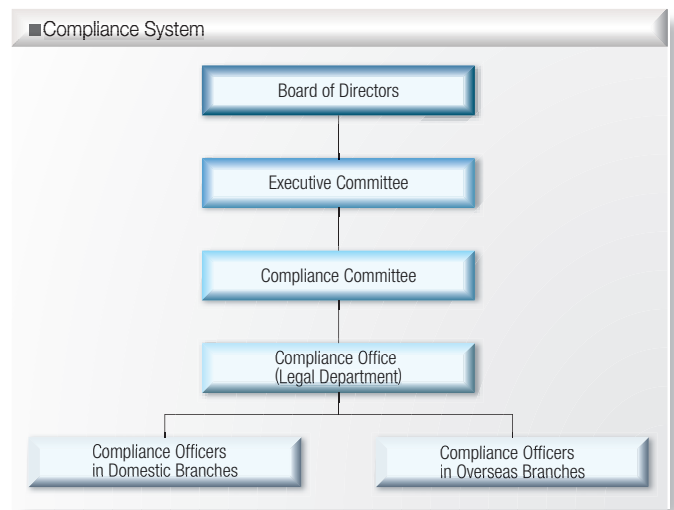
3) Double Layer Compliance System

Primary compliance checks are made at all domestic and overseas branches by designated compliance officers. Further compliance checks are made by the Internal Audit Department.

4) Compliance Training

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

In accordance with the Financial Products Sales Law enforced in April 2001, the Bank reinforced its long-standing policy to conduct appropriate solicitation and sales activities of financial products, from the customers’ viewpoint, by establishing and disclosing “Promises to our customers,” the Bank’s solicitation guideline, as well as educating employees with necessary regulations and trainings.



OPERATIONS AND SYSTEMS RISK

Operations Risk

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

In addition to banking activities, the Bank engages in a broad range of trust and custody businesses, including pension trusts, asset management, and stock transfer agency services. The Bank works to increase the accuracy and efficiency of its operations by upgrading operations and administrative systems, enhancing the capability of employees through training, and implementing more closely monitored procedures.

A high degree of expertise is required in the trust business and, therefore, the Bank has established sections responsible for overseeing the operations and administrative functions of each business area.

In June 2000, the Bank established Japan Trustee Services Bank, Ltd., a joint venture with Daiwa Bank, to improve the efficiency and quality of each other's securities processing services. Japan Trustee Services Bank, Ltd. is the first trust bank in Japan that specializes in securities processing services. As a result of the joint venture, the use of the latest financial and information technologies and the continuous sophistication of operations and administrative systems have been made possible.

Along with sophisticating the operation capability, the Bank works to strengthen the internal control system as mentioned above, and thus to earn the trust of customers.

Systems Risk

Computer systems have become indispensable to financial institutions. The disruption of services to customers caused by systems troubles and unexpected accidents as well as malfunctions and inappropriate use of computer systems will have far-reaching consequences of unexpected magnitude.

The Bank has taken steps to cope with such systems risk by stipulating information security management regulations and specific measures for the establishment, maintenance, and improvement of information security.

More specifically, the Bank first analyzes specific risks inherent in each system and then takes such measures as building multiple communication lines and backup systems and preparing contingency plans to cope with such risks. In daily operations, the Bank works to monitor the systems risk as well as prevent systems failures, and to recover systems promptly in accordance with restoration manuals when a problem is found. While the open network exemplified by the Internet makes our life more convenient, it creates a new risk of making the Bank's internal computer network vulnerable to outside attack, and endangering customers' privacy and the Bank's confidential information. To promptly find problems with the computer network and retrieve its normal functioning mode, the Bank watches out for attacks on the Internet on a 24-hour basis, as well as tries a new invading simulation on its own network every month.

The Bank also continues to educate its upper management and employees about the importance of information security management so that all of them can share the same understanding and act to protect the Bank's information system.

Risk Management System Outline (As of July 1, 2001)

■ Quantifiable Risk

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

Notes 1: Includes credit risk related to settlement risk

2: Includes liquidity risk related to settlement risk

■ Non-quantifiable Risk

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



住友信託銀行
The Sumitomo Trust & Banking Co., Ltd.

FINANCIAL SECTION

CONTENTS

36	Features of Trust Bank's Financial Statements
39	Management's Discussion and Analysis of Operating Results
50	Consolidated Balance Sheets
51	Consolidated Statements of Income
52	Consolidated Statements of Stockholders' Equity
53	Consolidated Statements of Cash Flows
54	Notes to Consolidated Financial Statements
74	Report of Independent Public Accountants
75	Statements of Trust Account (Unaudited)
76	Notes to Statements of Trust Account (Unaudited)
79	Non-consolidated Balance Sheets
80	Non-consolidated Statements of Income
81	Non-consolidated Statements of Stockholders' Equity
82	Notes to Non-consolidated Financial Statements
83	Report of Independent Public Accountants
84	Supplementary Financial Information
85	Five-Year Summary

FEATURES OF TRUST BANK'S FINANCIAL STATEMENTS

1. Features of Trust Banks' Balance Sheets

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

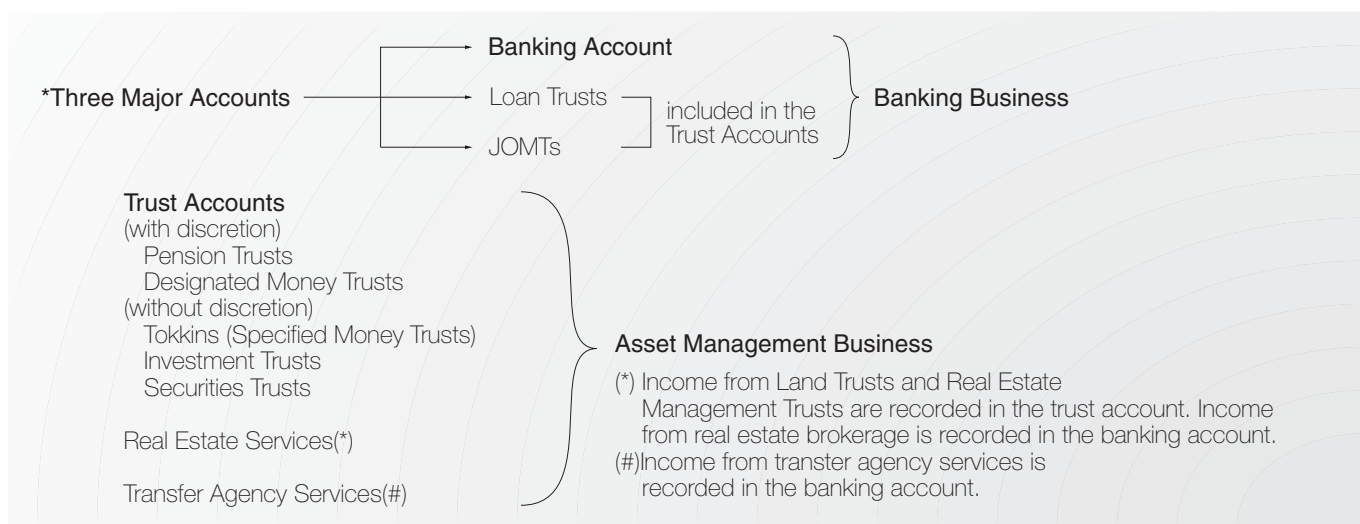
Among various trust accounts, Loan Trusts and Jointly-Operated Money Trusts ("JOMT") are subject to principal-guaranteed contracts provided by trust banks and covered by deposit insurance. From the viewpoint that the banking account bears contingent liability by virtue of principal-guaranteed contracts attached to these two types of trusts, these trusts are included in banks' risk assets for the purpose of calculating the BIS capital adequacy ratio. At present, 50% of the total principal amount after deduction of the loan amount from trust account to banking account is counted as risk assets.

Loan Trusts and JOMTs, mentioned above, are booked and administrated separately from the banking account. Sumitomo Trust, though, refers to the banking account, Loan Trusts, and JOMTs as the "three major accounts" and manage them as a part of the banking business. We manage profits and losses, conduct asset liability management, and control default risks of

the three major accounts in an integrated manner. As a case in point, our data for the loan-deposit margin "on three-major-account basis" are calculated upon 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 returns 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 (including Investment Trusts, Tokkins (Specified Money Trusts), Securities Trust, etc.). Statement of Trust Account discloses 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 Reserves 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 inter-transaction between the banking account and the trust account. These are noted as the "borrowed money from trust account" (the banking account's borrowing from the trust account), which is posted on the liability side of the banking account, and "loans to

the banking account," posted on the asset side of the trust account. Please note that assets on the balance sheets for Loan Trusts and JOMTs are classified into "loans and bills discounted," "securities," and "other." "Other" accounts on them consist mainly of the loans to the banking account.

2. Features of Income Statement of Trust Banks

Main items comprising Income Statement of Trust Banks are as shown below:

Net Trust Fees (after deducting credit costs for loan trusts and JOMTs)	←
+Net Interest Income	
+Net Fees and Commissions	
+Net Gains from Trading	
+Other	
<hr/>	
Gross Business Profit	
- General and Administrative expenses (excluding non-recurring expenses)	
- Net Transfer to General Reserve	
<hr/>	
Net Business Profit	
+Trust Account Credit Costs = Net Business Profit Before Trust Account Credit Costs	←
+Net transfer to General Reserve = Adjusted Net Business Profit	
+Net Non-Recurring Profit (Loss)	
<hr/>	
Net Operating Profit	
+Extraordinary Profit (Loss)	
<hr/>	
Net Income (Loss) before Income Tax	
- Income Tax	
- Deferred Income Tax	
<hr/>	
Net Income (Loss)	

(Other)
 Adjusted Gross Business Profit = Gross Business Profit + Trust Account Credit Costs
 Net Business Profit before Trust Account Credit Costs = Net Business Profit + Trust Account Credit Costs

3. 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 Trust). 'Fees and commissions' are those derived from trust 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 and institutional asset management
- securities processing services (Investment Trusts and Tokkins)
- real estate services (Land Trusts and Real Estate Management Trust)

* Fees and Commissions

Fees from transfer agency services

Fees from real estate brokerage

Fees from securities custody services, etc.

Fees from banking business (foreign exchange, securitization, etc.)

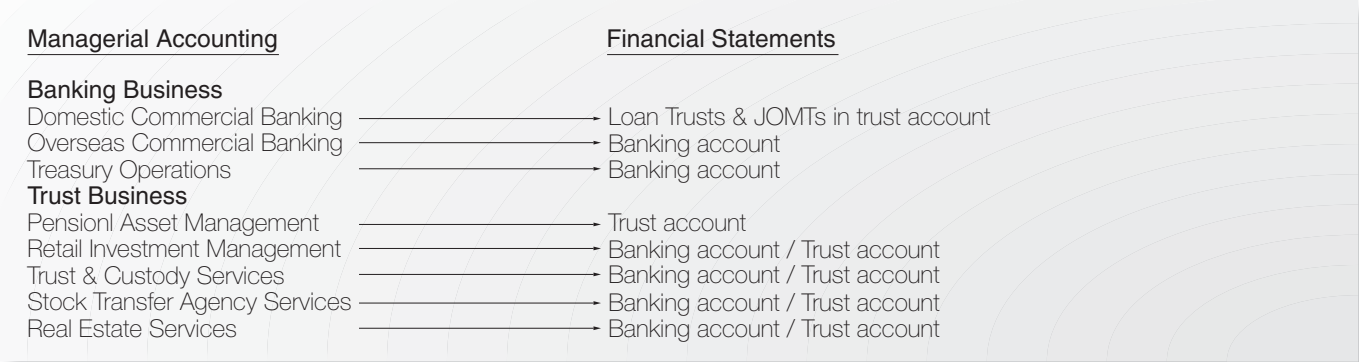
* Some of "other trust fees" are received only once in the second half of each fiscal year. As a consequence, the amount of "trust fees" for the second half of each fiscal year exceeds that for the

first half of the same fiscal year. Such imbalance is adjusted for the purpose of managerial accounting.

4. Managerial Accounting for Trust Banks

As we described above, while financial data of trust banks are classified into either the banking account or the trust account based on application of trust agreements for the purpose of financial statements, we are also providing financial data (Breakdown of Adjusted Gross/Net Business Profit; see page 6) for the purpose of managerial accounting based on the business lines, i.e., banking business and trust business. On the managerial accounting basis, financial data for the trust business exclude trust fees derived from Loan Trusts and JOMTs (which are included in the trust fees account of the financial statements but managed as the banking business by their business character), and include fees and commissions derived from such trust businesses as stock transfer agency services and real estate brokerage services (which are classified in the fees and commission account for the purpose of financial statements).

In our managerial accounting, our businesses are classified into the trust business, domestic commercial banking, overseas commercial banking, and treasury operations. The trust business is further broken down into pension asset management, retail investment management, trust and custody services, stock transfer agency services, and real estate services. Such managerial accounting helps evaluate the performance of each business line.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS

Significant Financial Events

Adoption of Accounting Standard for Employee Retirement Benefits

Since fiscal year 2000, the Bank has adopted the "Accounting Standard for Employee Retirement Benefits." As a result, the Bank's income before income taxes was negatively affected by ¥2.6 billion. Besides, the Bank has set up the Employee Retirement Trust, which had a positive impact on the Bank's income before income taxes by ¥25.3 billion.

Adoption of Accounting Standard for Financial Instruments

Since fiscal year 2000, the Bank has adopted the "Accounting Standard for Financial Instruments" and thereby accounting policies for investment securities, derivative transactions, hedge-purpose transactions, etc. have been changed. As a result, the Bank's income before income taxes was negatively affected by ¥7.8 billion.

Change in Presentation of Income/Loss of Hedge-Purpose Financial Derivatives

Due to the adoption of Accounting Standard for Financial Instruments, income/losses arising from hedge-purpose financial derivatives are stated on a net basis in the statements. As a result, both operating income and operating expenses decreased by ¥221.3 billion (Income before income taxes remained unchanged).

Enterprise Tax

Since fiscal year 2000, enterprise taxes other than those assessed on net income before income taxes are included in other operating expenses. Enterprise taxes assessed by Tokyo Metropolitan Government, which was previously stated in income taxes (current) is included in other operating expenses, since these are no longer assessed on income under the "Municipal Ordinance concerning Special Treatment of Tax Base for Enterprise Tax on Banking Industries in Tokyo Metropolis" enforced on April 1st, 2000. As a result, other operating expenses increased by ¥2.2 billion.

Establishment of Japan Trustees Services Bank, Ltd.

In June 2000, Japan Trustee Services Bank, Ltd., a joint venture with Daiwa Bank, was established with the aim of focusing on securities processing services.

Features of Financial Results of the Bank

High Percentage of Fee Income

One of the most important characteristics of the Bank's income structure is a higher percentage of fee income. For fiscal year 2000, the Bank's fee income exceeded one-quarter of the total gross business profit, still maintaining a higher percentage of fee income than any other banks in Japan (see Fee Income as % of Revenue on page 12). This high rate of fee income will help the Bank achieve a higher ROE.

Low Percentage of Non-Performing Loans; Decreasing Credit Costs (analysis on a non-consolidated basis)

With respect to the non-performing loans (on a non-consolidated basis) as classified under the Financial Reconstruction Law, the total amount in the banking and trust accounts combined decreased by ¥237.2 billion to ¥532.8 billion, thereby decreasing the percentage of non-performing loans to total loan amount from 6.9% to 4.8%. The coverage ratio, which shows the ratio of collateral and reserves to problem loans, is 94% (the banking and trust accounts combined), up 3% from fiscal year 1999. Also, the reserve ratio for the uncovered portion improved by 2% to 81%.

Total credit costs for fiscal year 2000 equaled ¥146.8 billion, a decrease of 3.2 billion yen from the previous year's ¥150.0 billion. Included herein are write-offs and specific reserves for non-performing credit (bankrupt & practically bankrupt loans and doubtful loans), which totaled ¥125.7 billion, while net transfer to the general reserve for special mentioned loans ("Yo-Chui-Saiken," including substandard loans, or "Yo-Kanri-Saiken") and ordinary loans stood at ¥21.1 billion. It should be emphasized that the amount of credit costs has been decreasing since fiscal year 1995. With relatively low exposure to small to mid-sized companies as well as construction industry, this down-slope trend of credit costs is expected to continue.

During the second half of fiscal year 2000, the percentage of the general reserve for the uncovered portion of substandard loans and loans to other deteriorated debtors, belonging to such industries as are struggling in the current stagnant economic circumstances, was raised to 25% (15% for the first half of fiscal year 2000), reflecting the default/loss ratios during the past three years. As a result, with respect to the special mentioned loans (including substandard loans), the general reserve ratio for total loan balance increased from 4.1% as of the end of fiscal year 1999 to 6.7%, with 15.1% for the total balance of substandard loans and 6.3% for special mentioned loans other than substandard loans.

Overview of Fiscal Year 2000 Results

The Bank's consolidated income before income taxes and consolidated net income were ¥89.9 billion and ¥41.0 billion, respectively, significantly improving from ¥80.1 billion and ¥32.2 billion, respectively, in fiscal year 1999. The Bank's efforts in enforcing profitability of each business group as well as its endeavor in further rationalizing and enforcing effectiveness in management, as exemplified by its appropriate level of write-offs and reserves based on its self-assessment of loans, have led to such an improved outcome. Along with such improvements in financial results, the Bank's diluted EPS (Earnings per Share) improved from ¥21.50 in fiscal year 1999 to ¥27.54, and its ROE (Return on Equity; on a net income basis) improved from 5.1% in fiscal year 1999 to 6.2% in fiscal year 2000. These figures are among the top tier in Japan's banking sector. The Bank's BIS capital adequacy ratio and Tier I ratio improved by 0.18% to 11.41% and 6.80%, respectively, still illustrating the Bank's sound and strong capital base. In fiscal year 2000, the dividends on the common stock was ¥7 per share, the same as fiscal year 1999. The dividends on the preferred stock was ¥6.08 per share, also the same as fiscal year 1999.

(Net Trust Fees)

Net trust fees saw a slight decrease of ¥0.4 billion, or 0.44% to ¥95.8 billion. Although the trust fees from Loan Trusts and Jointly-Operated Money Trusts (JOMTs) significantly decreased (by ¥25.0 billion, or 24.9%), the decrease in trust accounts credit costs (by ¥23.2 billion) and steady growth in other trust fees from entrusted assets (by ¥1.4 billion) helped the net trust fees remain at the same level as fiscal year 1999.

(Net Interest Income)

Net interest income decreased by ¥25.5 billion, or 26.4% to ¥71.2 billion, with a decrease of ¥44.7 billion in interest income and a decrease of ¥19.1 billion in interest expenses, under the influence of a historic low-level Yen interest rate and unfavorable interest rate changes in the U.S. dollar and Euro on treasury operations.

(Net Fees and Commissions)

Net fees and commissions decreased by ¥2.3 billion, or 6.8% to ¥31.8 billion, mainly on account of approximately ¥5.1 billion of outsourcing fees paid to Japan Trustee Services Bank, Ltd. But for this factor, net fees and commissions would have resulted in a steady growth from fiscal year 1999.

(Net Trading Account Revenue)

Net trading revenue increased by ¥4.5 billion to ¥10.5 billion on account of large increases in revenue from trading securities and derivatives (by ¥1.8 billion) and revenue from trading-related financial derivatives transactions (by ¥2.4 billion).

(Net Other Operating Income)

Net other operating income significantly increased by ¥39.6 billion to ¥43.0 billion, primarily due to the large decrease in losses on sale of bonds (by ¥51.6 billion), which surpassed the decrease in gains on sale of bonds (by ¥14.1 billion).

(General Administrative Expenses)

General Administrative Expenses decreased by ¥4.7 billion or 3.3% to ¥138.0 billion, due to the Bank's continuous efforts to decrease personnel expenses.

(Net of Other Income and Expenses)

Net of other income and expenses decreased by ¥10.8 billion to minus ¥24.5 billion, one of whose factors being a decrease of ¥30.6 billion in net of securities gains and losses, mainly on account of unwinding the cross-shareholding. Expenses relating to problem loans (here, the banking account only; on a consolidated basis) increased by ¥17.0 billion, mainly due to increased amounts in claims written-off and provision for reserve for possible loan losses reflecting bankruptcies and deteriorated financial conditions of certain borrowers.

Operating Results (Consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Net Trust Fees	¥ 95,807	¥ 96,228	¥ (420)	\$ 773
Net Interest Income	71,298	96,874	(25,576)	575
Net Fees and Commissions	31,885	34,209	(2,323)	257
Net Trading Account Revenue	10,535	6,007	4,528	85
Net Other Operating Income	43,023	3,365	39,658	347
General and Administrative Expenses	138,088	142,807	(4,718)	1,115
Net of Other Income and Expenses	(24,540)	(13,723)	(10,817)	(198)
Income before Income Taxes	89,922	80,155	9,766	726
Net Income	41,017	32,214	8,803	331

Net Trust Fees

Net trust fees consist of two types of fees. One is trust fees from Loan Trusts and Jointly-Operated Money Trusts ("JOMTs"), which can be categorized as income from quasi-banking business, and the other is fees from other trust products, such as Pension Trusts, Designated Money Trusts, and Securities Investment Trusts, etc. With respect to the former, before elimination of credit costs in the trust accounts, it equaled ¥75.6 billion, down 24.9% from fiscal year 1999. The decrease is mainly attributable to the net loss of ¥17.1 billion on sale of securities in the trust accounts, a decrease of ¥19.0 billion from fiscal year 1999. In addition, the decreases in the balances in Loan Trusts and

JOMTs had a negative impact on these types of trust fees. However, such decreases are substituted by increases in float-rate deposit products.

Other trust fees from trust products other than Loan Trusts and JOMTs reached ¥51.6 billion, up 2.8% from fiscal year 1999, due to the steady increase in the volume of entrusted assets. Among them, the increase of entrusted assets for real estate securitization was remarkable (See Balance of Real Estate Management Trust on page 17). Also, during fiscal year 2000, with an insurance company's transfer of its securities-related custodial business to the Bank, the balance of Securities Trusts was boosted by ¥4,317.4 billion to ¥5,284.3 billion.

Net Trust Fees (Consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Net Trust Fees	¥ 95,807	¥ 96,228	¥ (420)	\$ 773
Trust Accounts Credit Costs (Eliminated)	31,502	54,754	(23,252)	254
Trust Fees from Loan Trusts and Jointly-Operated Money Trusts	75,665	100,754	(25,088)	611
(Excluding Credit Costs)				
Profits and Losses on Sale of Securities	(17,156)	1,864	(19,021)	(138)
Other Trust Fees	51,643	50,228	1,415	417

Net Interest Income

The Bank's net interest income decreased by ¥25.5 billion or 26.4% from fiscal year 1999 due mainly to the decrease in interest income on international business, on account of the long-term (1-year) yields for the U.S. dollar and Euro, which plunged to a level below short-term (3-month to less than 1-year) yields,

as well as the continuing low-level Yen yield, all of which had negative impacts on the Bank's treasury operations. On the other hand, the Bank saw a steady outcome in the field of domestic business, with the gross margin improving by 3 basis points from fiscal year 1999. (See Spread on page 48).

Net Interest Income (Consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Interest Income	¥346,568	¥391,291	¥(44,722)	\$2,797
Interest on Loans and Discounts	152,207	137,691	14,516	1,228
Interest and Dividends on Securities	149,474	97,738	51,735	1,206
Interest on Deposits with Banks	23,533	20,117	3,415	190
Interest on Interest Swaps	1,069	81,747	(80,678)	9
Other Interest Income	20,284	53,996	(33,712)	164
Interest Expenses	275,270	294,416	(19,146)	2,222
Interest on Deposits	90,462	57,773	32,688	730
Interest on Borrowings and Rediscounts	8,207	7,173	1,034	66
Interest on Corporate Bonds	9,384	8,487	897	76
Interest on Convertible Bonds	89	69	20	1
Interest on Interest Swaps	39,397	115,838	(76,441)	318
Other	127,728	105,074	22,654	1,031
Net Interest Income	¥ 71,298	¥ 96,874	¥(25,576)	\$ 575

Net Other Operating Income

Net other operating income showed a significant upsurge, increasing by ¥39.6 billion. The main reason is the improvement in net gains on bonds, which increased by ¥34.9 billion from fiscal year 1999, when the net loss of ¥5.1 billion on bonds was recorded. Decline of interest rates resulted in such an improved

outcome. Also, along with the adoption of the accounting standard for financial instruments, gains/losses on financial derivatives are added as items in other operating income/expenses. Income/expenses from stock index futures are included in these items.

Net Other Operating Income (Consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Other Operating Income	¥218,280	¥216,598	¥ 1,681	\$1,762
Gains on Foreign Exchange Transactions	5,343	5,755	(411)	43
Gains on Sale of Bonds (1)	86,156	100,329	(14,172)	695
Gains on Redemption of Bonds (■)	—	1,160	(1,160)	—
Gains on Financial Derivatives	1,976	—	1,976	16
Other	124,803	109,353	15,449	1,007
Other Operating Expenses	175,256	213,232	(37,976)	1,414
Losses on Sale of Bonds (2)	53,745	105,436	(51,691)	434
Losses on Redemption of Bonds (■)	—	6,991	(6,991)	—
Losses on Devaluation of Bonds (3)	2,572	52	2,520	21
Losses on Financial Derivatives	2,711	—	2,711	22
Other	116,226	100,752	15,474	938
Net Other Operating Income	¥ 43,023	¥ 3,365	¥ 39,658	\$ 347

(■)Gains and losses on redemption of bonds are excluded from the table above for fiscal year 2000 and allocated in "Interest Income/Expenses."

Net Gains (Losses) on Bonds [(1)-(2)-(3)](#)

	Millions of Yen		
	2001	2000	Changes
Net Gains (Losses) on Bonds	¥29,838	¥(5,159)	34,998

(#)For the purpose of comparison, the figures for Net Gains (Losses) on Bonds exclude those of gains/losses on redemption of bonds.

General and Administrative Expenses

General and administrative expenses decreased by ¥4.7 billion, or 3.3%, from fiscal year 1999. The decrease is attributable to the reduction in personnel expenses, which were lowered by ¥4.4 billion compared with fiscal year 1999. The decrease in personnel expenses is mainly attributable to the Bank's cost reducing efforts

through rationalization as well as the effect of the accounting standard for employee retirement benefits adopted in fiscal year 2000. Other (non-personnel) expenses slightly increased as a result of the decreased system-development costs and the increased software costs, reflecting the so-called "software accounting" method adopted in fiscal year 1999.

General and Administrative Expenses(consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Personnel Expenses	¥ 72,425	¥ 76,888	¥(4,462)	\$ 585
Other (Non-Personnel Expenses)	60,054	59,912	142	485
Taxes Other Than Income Taxes	5,608	6,007	(398)	45
Total	¥138,088	¥142,807	¥(4,718)	\$1,115

Net of Other Income and Expenses

Net of other income and expenses decreased by ¥10.8 billion, to minus ¥24.5 billion. Net of securities gains and losses decreased by ¥30.6 billion, reflecting a large decline in gains on the sale of shares and other securities. However, the Bank processed the liquidation of cross-shareholding by selling approximately ¥140 billion of securities.

Expenses relating to problem loans (i.e., credit costs) of the banking account amounted to ¥120.0 billion with an increase of ¥17.0 billion from fiscal year 1999, due to increases in claims written-off and provision for reserve for possible loan losses, reflecting bankruptcies as well as deteriorated financial conditions of certain

borrowers, most of which occurred during the first half of fiscal year 2000. However, with the credit costs in the trust accounts (decreased by ¥23.2 billion from fiscal year 1999) combined, the Bank's total credit costs on a consolidated basis decreased by ¥6.2 billion to ¥151.5 billion. Other expenses include ¥3.5 billion of costs incurred as a result of the initial adoption of the accounting standard for employee retirement benefits, and ¥2.3 billion of amortization of goodwill incurred due to mergers of the Bank's subsidiaries. Other gains include ¥17.6 billion arising from the sale of software to Japan Trustee Information Systems Ltd., an affiliate of the Bank.

Net of Other Income and Expenses (Consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Net of Securities Gains and Losses	¥ 45,105	¥ 75,740	¥ (30,634)	\$ 364
Gains on Sale of Shares and Other Securities	86,040	235,432	(149,392)	694
Losses on Sale of Shares and Other Securities	11,190	71,575	(60,384)	90
Losses on Devaluation of Shares and Other Securities	29,743	88,116	(58,373)	240
Expenses Relating to Problem Loans (Banking Account Credit Cost)	120,014	102,979	17,035	969
Claims Written-Off	67,670	45,220	22,450	546
Provision for Reserve for Possible Loan Losses	48,916	32,367	16,548	395
General Reserves	19,737	(5,405)	25,142	159
Specific Loan Loss Reserves	30,619	42,934	(12,314)	247
Reserves for Loans to Restructuring Countries	(1,440)	(5,161)	3,720	(12)
Losses on Sale of Loans to the CCPC	942	1,429	(487)	8
Losses on Bulk Sales	910	1,473	(562)	7
Reserve for Financial Support to Specific Borrowers	(354)	18,203	(18,558)	(3)
Other Credit Costs	1,929	4,285	(2,355)	16
Other Expenses	39,287	8,804	30,483	317
Other Gains	89,655	22,320	67,334	724
Net of Other Income and Expenses	¥ (24,540)	¥ (13,723)	¥ (10,817)	\$(198)

Credit Costs (Summary, Consolidated)

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Trust Account Credit Cost	¥ 31,502	¥ 54,754	¥(23,252)	\$ 254
Banking+Trust Accounts Credit Costs	151,517	157,734	(6,217)	1,223

Financial Condition

Total Assets

As of March 31, 2001, the Bank had total assets of ¥17,861.0 billion, an increase of ¥2,338.2 billion, or 15.1% from March 31, 2000. The increase was due mainly to increases in investment securities (by ¥1,701.4 billion, or 35.0%), loans and bills discounted (by ¥464.8 billion, or 6.0%), and trading assets (by ¥186.3 billion or 41.0%). Among investment securities, the growth of other securities, which include foreign bonds and shares, was remarkable.

Total Liabilities and Stockholders' Equity

Total liabilities of the bank as of March 31, 2001 amounted to ¥17,008.2 billion, an increase of ¥2,310.7 billion or 15.7% from

March 31, 2000. Remarkable increases can be observed in deposits (by ¥1,271.1 billion, or 19.7%), call money and bills sold (by ¥304.9 billion, or 269.9%), and collateral for lending securities (by ¥1,311.0 billion or 132.8%). The Bank's stockholders' equity totaled ¥761.6 billion, increasing by ¥26.1 billion, or 3.6% from ¥735.5 billion as of March 31, 2000.

Capital

Both the BIS capital adequacy ratio and the Tier I capital ratio increased by 0.18%, totaling 11.41% and 6.80%, respectively. If the "Available-for-Sale Securities" are subjected to marked-to-market accounting ("New Accounting Standard for Financial Instruments"), the Tier II portion will be boosted by ¥29.0 billion, thereby raising BIS capital adequacy ratio to 11.60%.

BIS Capital Adequacy Ratio

As of MARCH 31	Billions of Yen, except for percentages		
	2001	2000	Changes
Total Qualifying Capital	¥ 1,381.2	¥ 1,346.2	¥ 35.0
Tier I Capital	823.6	794.2	29.3
including: Non-cumulative Preferred Securities (*1)	(83.0)	(83.0)	—
Tier II Capital	560.0	553.4	6.5
Upper Tier II	267.6	223.0	44.6
Subordinated Debts	170.6	144.9	25.6
General Reserve for Possible Loan Losses	79.5	58.8	20.7
Unrealized Gains on Land after 55% Discount	17.4	19.2	(1.8)
Lower Tier II	292.4	330.4	(38.0)
Deductive Items (-)	2.4	1.4	0.9
Total Risk-Adjusted Assets	12,098.2	11,982.2	115.9
On-Balance-Sheet Items	10,279.1	9,699.8	579.3
Off-Balance-Sheet Items	1,749.0	2,209.3	(460.2)
Market Risk Equivalents	70.0	73.1	(3.0)
Tier I Capital Ratio	6.80%	6.62%	0.18%
BIS Capital Ratio (*2)	11.41%	11.23%	0.18%

(*1) For detailed information of Non-cumulative preferred securities, see "Summary of Description of the Non-cumulative Preferred Securities ("The Offered Securities")" on page 49

(*2) Adoption of New Accounting Standard for Financial Instruments to "Available-for-Sale Securities" will increase the Tier II by ¥29.0 billion, thereby increasing the BIS Capital Adequacy Ratio to 11.60%

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

Classified Assets under Financial Reconstruction Law

Classified assets under Financial Reconstruction Law, as of March 31, 2001, are as shown below. The amount of total categorized assets equalled ¥532.8 billion (the banking and trust

accounts combined), decreasing by ¥237.2 billion, or 30.8% from March 2000. For assets in the banking account, coverage ratios (i.e., ratio of assets covered by collateral, guarantees, or reserves) for "Bankrupt and Practically Bankrupt," "Doubtful," and "Substandard" are 100%, 95%, and 71%, respectively. For assets in the trust accounts, coverage ratios for these three classifications are 100%, 90% and 52%, respectively.

Classified Assets under Financial Reconstruction Law

Banking Account (After Partial Direct Write-Off)

(Non-consolidated)

In billions of Yen								
Classification	Balance		Coverage Ratio		Collateral/Reserve	Reserve Ratio		
	Mar.2001	Mar.2000	Mar.2001	Mar.2000		Mar.2001	Mar.2001	Mar.2000
Bankrupt and Practically Bankrupt (A)	70.3	77.9	100%	100%	Specific Reserve	3.5	100%	100%
					Collateral/Guarantee	66.8		
					Uncovered	15.7		
Doubtful (Kiken-Saiken)(B)	366.0	537.1	95%	91%	Specific Reserve	124.7	89%	83%
					Collateral/Guarantee	225.6		
					Uncovered	9.5		
Substandard (Yo-Kanri-Saiken)(C)	32.8	63.5	71%	82%	General Reserve	4.0		
					Reserve for Financial Assistance to Specific Borrowers	–	30%	65%
					Collateral/Guarantee	19.3		
					General Reserve	72.2		
Ordinary Assets (Seijo-Saiken)	8,360.4	7,601.4			Reserve for Losses to Restructuring Countries	2.9		
Total of (A), (B) and (C)	469.1	678.5						
Total	8,829.5	8,279.9						

Trust Accounts
(Non-consolidated)

In billions of Yen								
Classification	Balance		Coverage Ratio		Collateral/Reserve	Reserves		
	Mar.2001	Mar.2000	Mar.2001	Mar.2000				
Bankrupt and Practically Bankrupt (D)	15.1	18.3	100%	100%	Collateral/Guarantee	15.1	Reserve for Loan Trust (Tokubetsu-Ryuhokin)	
Doubtful (Kiken-Saiken)(E)	46.0	56.3	90%	80%	Uncovered	4.3	24.0	
					Collateral/Guarantee	41.7	Reserve for JOMT	
Substandard (Yo-Kanri-Saiken) (F)	2.6	16.9	52%	90%	Uncovered	1.2	(Saiken Shoukyaku)	
					Collateral/Guarantee	1.4	Junbikin) 0.8	
Ordinary Assets (Seijo-Saiken)	2,255.0	2,797.9						
Total of (D), (E) and (F)	63.8	91.5						
Total	2,318.7	2,889.4						

Total Classified Assets
(Banking and Trust Accounts Combined)

In billions of Yen								
Classification	Balance		Coverage Ratio		Collateral/Reserve	Reserve Ratio		
	Mar.2001	Mar.2000	Mar.2001	Mar.2000		Mar.2001	Mar.2001	Mar.2000
Bankrupt and Practically Bankrupt (G)*	85.4	96.2	100%	100%	Specific Reserve	3.5	100%	100%
					Collateral/Guarantee	81.9		
					Uncovered	20.0		
Doubtful (Kiken-Saiken)(H)	412.0	593.4	95%	90%	Specific Reserve	124.7	86%	80%
					Collateral/Guarantee	267.3		
					Uncovered	10.7		
Substandard (Yo-Kanri-Saiken)(I)	35.4	80.4	70%	84%	General Reserve	4.0		
					Reserve for Financial Assistance to Specific Borrowers	–	27%	62%
					Collateral/Guarantee	20.7		
					General Reserve	72.1		
Ordinary Assets (Seijo-Saiken)	10,615.4	10,399.3			Reserve for Losses to Restructuring Countries	2.8		
Total of (G), (H) and (I)	532.8	770.0						
Total	11,148.3	11,169.3						

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

YEARS ENDED MARCH 31	Millions of Yen			Millions of U.S. Dollars
	2001	2000	Changes	2001
Banking Account	¥ 115,311	¥ 95,329	¥19,982	\$ 931
Claims Written-Off	63,382	42,541	20,840	512
Provision for Reserve for Possible Loan Losses	49,811	27,395	22,415	402
General Reserves	21,113	(7,258)	28,372	170
Specific Loan Loss Reserves	30,138	39,816	(9,677)	243
Reserves for Loans to Restructuring Countries	(1,440)	(5,161)	3,720	(12)
Losses on Sale of Loans to the CCPC	942	1,429	(487)	8
Losses on Bulk Sales	116	1,473	(1,357)	1
Reserve for Financial Support to Specific Borrowers	(354)	18,203	(18,558)	(3)
Other Credit Costs	1,413	4,285	(2,871)	11
Trust Accounts	31,502	54,754	(23,252)	254
Claims Written-Off	27,687	48,394	(20,707)	223
Losses on Sale of Loans to the CCPC	3,525	2,937	588	28
Losses on Bulk Sales	289	3,422	(3,132)	2
Total Credit Costs	¥146,813	¥150,084	¥ (3,270)	\$1,185

Spread

Both the average-yield on interest-earning assets and that on interest-bearing liabilities dropped to 1.36% and 0.64%, respectively. However, with a wider range of drop on interest-bearing li-

abilities (dropping 0.50% on interest-bearing liabilities; 0.47% on interest-earning assets), the gross margin improved to 0.72%, up 0.03% from fiscal year 1999.

Banking A/C	Percentage points		
	2001	2000	Changes
YEARS ENDED MARCH 31			
Average Yield on Interest-Earning Assets (a)	1.36%	1.83%	(0.47%)
Loans and Bills Discounted (A)	1.50%	1.52%	(0.02%)
Securities	1.25%	1.56%	(0.31%)
Average Yield on Interest-Bearing Liabilities (b)	0.64%	1.14%	(0.50%)
Deposits (B)	0.47%	0.45%	0.02%
Gross Margin (a)-(b)	0.72%	0.69%	0.03%
Loan-Deposit Margin (A)-(B)	1.03%	1.07%	(0.04%)

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

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

The Company

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

The Securities

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

Dividend

(General)

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

(Dividend Limitation)

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

(Distributable Profits Limitation)

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

(Mandatory Dividends)

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

(Liquidation Period)

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

(Insolvency Certificate)

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

(No Dividend Instruction / Reduced Dividend Instruction)

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

(Supervisory Period Dividend Instruction)

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

Redemption

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

Use of Proceeds

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

Subordinated Loan

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

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

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

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

CONSOLIDATED BALANCE SHEETS — The Sumitomo Trust & Banking Company, Limited March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2001	2000	2001
Assets:			
Cash and Due from Banks	¥ 685,323	¥ 766,200	\$ 5,531
Call Loans and Bills Bought	95,880	467,980	774
Commercial Paper and Other Debt Purchased	11,900	1,786	96
Trading Assets (Note 2,3 and 5)	640,568	454,193	5,170
Money Held in Trust (Note 4)	75,614	67,619	610
Investment Securities (Note 2, 5 and 9)	6,566,313	4,864,909	52,997
Loans and Bills Discounted (Note 6 and 9)	8,193,779	7,728,968	66,132
Foreign Exchanges	11,861	16,211	96
Other Assets (Note 2, 7, 9 and 25)	1,028,001	754,308	8,297
Premises and Equipment (Note 2 and 8)	155,717	172,469	1,257
Deferred Tax Assets (Note 24)	204,413	245,569	1,650
Customers' Liabilities for Acceptances and Guarantees (Note 17)	379,695	328,201	3,065
Reserve for Possible Loan Losses (Note 2)	(188,057)	(345,639)	(1,518)
Reserve for Losses on Investment Securities (Note 2)	(7)	—	(0)
Total Assets (Note 27)	¥17,861,005	¥15,522,780	\$144,157
Liabilities:			
Deposits (Note 9 and 10)	¥ 7,719,790	¥ 6,448,689	\$ 62,307
Negotiable Certificates of Deposit (Note 10)	973,014	1,225,371	7,853
Call Money and Bills Sold (Note 9)	417,997	113,000	3,374
Trading Liabilities (Note 2 and 3)	199,068	131,378	1,607
Borrowed Money (Note 9 and 11)	358,024	371,035	2,890
Foreign Exchanges	7,831	4,434	63
Corporate Bonds (Note 12)	443,609	432,162	3,580
Convertible Bonds (Note 13)	6,665	11,064	54
Borrowed Money from Trust Account (Note 14)	2,983,852	3,912,799	24,083
Collateral for Lending Securities	2,298,530	987,512	18,551
Other Liabilities (Note 16)	1,197,156	671,134	9,662
Reserve for Retirement Allowances (Note 2)	—	18,281	—
Reserve for Employee Retirement Benefits (Note 2 and 15)	1,675	—	14
Reserves for Possible Losses on Loans Sold (Note 2)	3,379	6,002	27
Reserves for Financial Assistance to Specific Borrowers (Note 2)	—	18,203	—
Other Reserves	—	10	—
Deferred Tax Liabilities (Note 24)	167	1,068	1
Deferred Tax Liabilities on Revaluation Reserve for Land (Notes 8 and 24)	15,034	17,134	121
Consolidated Differences	2,766	—	22
Acceptances and Guarantees (Note 17)	379,695	328,201	3,065
Total Liabilities	17,008,260	14,697,487	137,274
Minority Interest	91,076	89,776	735
Stockholders' Equity:			
Preferred Stock (No Par Value) (Note 18)	50,000	50,000	404
Common Stock, par value ¥50 per share (Note 18)	233,985	232,068	1,888
Capital Surplus (Note 18)	237,405	235,487	1,916
Revaluation Reserve for Land, Net of Tax (Note 8 and 18)	23,653	25,605	191
Retained Earnings (Note 18)	225,110	192,475	1,817
Foreign Currency Translation Adjustment (Note 2)	(6,315)	—	(51)
Treasury Stock (Note 18)	(2,170)	(119)	(18)
Total Stockholders' Equity	761,668	735,516	6,147
Total Liabilities, Minority Interest and Stockholders' Equity	¥ 17,861,005	¥15,522,780	\$144,157

	Yen		U.S. Dollars (Note 1)
Net Assets per Share (Note 2)	¥ 456.65	¥ 440.07	\$ 3.69

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME — The Sumitomo Trust & Banking Company, Limited March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2001	2000	2001
Income:			
Trust Fees	¥ 95,807	¥ 96,228	\$ 773
Interest Income:			
Interest on Loans and Discounts	152,207	137,691	1,228
Interest and Dividends on Securities	149,474	97,738	1,206
Other Interest Income (Note 19)	44,887	155,862	362
	346,568	391,291	2,797
Fees and Commissions	49,767	43,887	402
Trading Revenue (Note 20)	10,569	6,102	85
Other Operating Income (Note 21)	218,280	216,598	1,762
Other Income (Note 22)	175,695	257,753	1,418
Total Income (Note 27)	896,688	1,011,861	7,237
Expenses:			
Interest Expenses:			
Interest on Deposits	90,462	57,773	730
Interest on Borrowings and Rediscounts	8,207	7,173	66
Other Interest Expenses (Note 19)	176,600	229,470	1,425
	275,270	294,416	2,222
Fees and Commissions	17,881	9,677	144
Trading Expenses (Note 20)	34	95	0
Other Operating Expenses (Note 21)	175,256	213,232	1,414
General and Administrative Expenses (Note 23)	138,088	142,807	1,115
Other Expenses (Note 22)	200,236	271,476	1,616
Total Expenses (Note 27)	806,766	931,706	6,511
Income before Income Taxes (Note 27)	89,922	80,155	726
Income Taxes: (Note 24)			
Current	4,368	3,300	35
Deferred	40,562	41,735	327
Minority Interest In Net Income	3,973	2,906	32
Net Income	¥ 41,017	¥ 32,214	\$ 331

	Yen		U.S. Dollars (Note 1)
Net Income per Share (Note 2)	¥ 27.88	¥ 21.89	\$ 0.23
Net Income per Share (fully diluted) (Note 2)	27.54	21.50	0.22

See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—The Sumitomo Trust & Banking Company, Limited Years Ended March 31, 2001 and 2000

	Number of Shares of		Millions of Yen						
	Preferred Stock (Thousands)	Common Stock (Thousands)	Preferred Stock	Common Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Foreign Currency Translation Adjustment	Common Stock in Treasury
Balance at March 31, 1999	125,000	1,424,057	¥50,000	¥227,005	¥230,425	¥25,416	¥169,361	¥ -	¥ (5)
Net Income							32,214		
Cash Dividends Paid							(9,706)		
Shares Issued upon Conversion of Convertible Bonds		20,250		5,062	5,062				
Net Change									(113)
Adjustment due to Change in Effective Tax Rate and Sale of Revalued Property						188	606		
Balance at March 31, 2000	125,000	1,444,307	50,000	232,068	235,487	25,605	192,475	-	(119)
Net Income							41,017		
Cash Dividends Paid							(10,860)		
Shares Issued upon Conversion of Convertible Bonds		7,670		1,917	1,917				
Net Change								(6,315)	(2,051)
Adjustment due to Sale of Revalued Property						(1,951)	2,477		
Balance at March 31, 2001	125,000	1,451,977	¥50,000	¥233,985	¥237,405	¥23,653	¥225,110	¥(6,315)	¥(2,170)

	Millions of U.S. Dollars (Note 1)						
	Preferred Stock	Common Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Foreign Currency Translation Adjustment	Common Stock in Treasury
Balance at March 31, 2000	\$404	\$1,873	\$1,901	\$207	\$1,553	\$ -	\$ (1)
Net Income					331		
Cash Dividends Paid					(88)		
Shares Issued upon Conversion of Convertible Bonds		15	15				
Net Change						(51)	(17)
Adjustment due to Sale of Revalued Property				(16)	20		
Balance at March 31, 2001	\$404	\$1,888	\$1,916	\$191	\$1,817	\$(51)	\$(18)

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS — The Sumitomo Trust & Banking Company, Limited March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2001	2000	2001
Cash Flows from Operating Activities :			
Income before Income Taxes and Others	¥ 89,922	¥ 80,155	\$ 726
Depreciation	7,920	7,618	64
Amortization of Consolidation Differences	(935)	(0)	(8)
Equity in Losses of Affiliates	64	(0)	1
Increase (Decrease) in Reserve for Possible Loan Losses	(161,262)	(117,002)	(1,302)
Increase (Decrease) in Reserve for Losses on Investment to Securities	7	—	0
Increase (Decrease) in Reserve for Possible Losses on Loans Sold	(2,623)	(5,589)	(21)
Increase (Decrease) in Reserve for Financial Assistance to Specific Borrowers	(18,203)	18,203	(147)
Increase (Decrease) in Reserve for Retirement Allowances	(18,281)	(1,523)	(148)
Increase (Decrease) in Reserve for Employee Retirement Benefits	1,665	—	13
Interest Income	(346,568)	(391,291)	(2,797)
Interest Expenses	275,270	294,416	2,222
Losses (Gains) on Securities	(116,994)	(64,749)	(944)
Losses (Gains) on Money Held in Trust	3,049	(12,726)	25
Losses (Gains) on Foreign Exchange	(98,995)	76,092	(799)
Losses (Gains) on Sale of Premises and Equipment	2,848	1,673	23
Net Decrease (Increase) in Trading Assets	(186,374)	64,646	(1,504)
Net Increase (Decrease) in Trading Liabilities	67,690	(22,608)	546
Net Decrease (Increase) in Loans and Bills Discounted	(453,487)	(354,392)	(3,660)
Net Increase (Decrease) in Deposits	1,278,292	660,935	10,317
Net Increase (Decrease) in Negotiable Certificates of Deposit	(252,357)	(30,131)	(2,037)
Net Increase (Decrease) in Borrowed Money	(13,010)	(14,145)	(105)
Net Decrease (Increase) in Due from Banks other than from Bank of Japan	150,177	131,438	1,212
Net Decrease (Increase) in Call Loans and Others	362,700	210,829	2,927
Net Decrease (Increase) in Collateral for Borrowing Securities	43,317	41,787	350
Net Increase (Decrease) in Call Money and Others	304,997	(116,136)	2,462
Net Increase (Decrease) in Collateral for Lending Securities	1,311,017	943,956	10,581
Net Decrease (Increase) in Foreign Exchange Assets	75,880	(34,658)	612
Net Increase (Decrease) in Foreign Exchange Liabilities	3,396	(2,545)	27
Net Increase (Decrease) in Corporate Bonds	(512)	(2,998)	(4)
Net Increase (Decrease) in Borrowed Money from Trust Account	(928,946)	(293,743)	(7,498)
Interest Income Received on Cash Basis	396,299	415,317	3,199
Interest Expense Paid on Cash Basis	(312,499)	(292,802)	(2,522)
Other-Net	106,337	(100,749)	858
Sub-Total	1,569,803	1,089,276	12,670
Income Tax Paid	(1,926)	(843)	(16)
Net Cash Provided by Operating Activities	1,567,876	1,088,432	12,654
Cash Flows from Investing Activities :			
Purchase of Securities	(17,891,821)	(7,413,052)	(144,405)
Proceeds from Sales of Securities	13,767,044	5,267,191	111,114
Proceeds from Maturities of Securities	2,615,201	968,311	21,107
Increase in Money Held in Trust	(42,600)	(155)	(344)
Decrease in Money Held in Trust	29,483	11,372	238
Purchases of Premises and Equipment	(5,716)	(14,264)	(46)
Proceeds from Sales of Premises and Equipment	6,814	1,639	55
Purchase of Stock of Newly Consolidated Subsidiaries	(159)	—	(1)
Other	25,000	—	202
Net Cash Used in Investing Activities	(1,496,753)	(1,178,956)	(12,080)
Cash Flows from Financing Activities :			
Proceeds from Subordinated Bonds and Notes	63,200	24,700	510
Redemption of Subordinated Bonds and Notes	(51,917)	(7,600)	(419)
Proceeds from Issuance of Stock to Minority Stockholders	462	—	4
Cash Dividends Paid	(10,852)	(9,690)	(88)
Cash Dividends Paid to Minority Shareholders	(2,866)	(2,333)	(23)
Purchases of Treasury Stock	(2,053)	(115)	(17)
Proceeds from Sales of Treasury Stock	—	3	—
Other - Net	2	(1)	0
Net Cash Provided by Financing Activities	(4,025)	4,963	(32)
Effect on Exchange Rate Changes on Cash and Cash Equivalents	2,203	(3,472)	18
Net Change in Cash and Cash Equivalents	69,301	(89,034)	559
Cash and Cash Equivalents at Beginning of Year	170,927	259,962	1,380
Cash and Cash Equivalents at End of Year	¥ 240,229	¥ 170,927	\$ 1,939

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Financial Statements

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

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

The Bank, a Japanese corporation, maintains its records and prepares its financial statements in Japanese yen. The accompanying U.S. dollar financial statements have been translated from yen for convenience, and as a matter of arithmetical computation only, at the rate of ¥123.90 to U.S. \$1.00, the exchange rate prevailing at March 31, 2001. The translations should not be construed as a representation that yen amounts have been or could be converted into U.S. dollars at that rate.

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

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

2. Significant Accounting Policies and Practices

(a) Consolidation

The consolidated financial statements include the accounts of the Bank and significant subsidiaries, which are controlled substantially by the Bank through the majority of voting rights or through the existence of certain conditions evidencing control of the decision-making of such subsidiaries by the Bank. The significant subsidiaries include The Sumitomo Trust Finance (H.K.) Ltd., Sumitomo Trust and Banking Co. (U.S.A.) and STB Leasing Co., Ltd., in the total of 23 subsidiaries for the year ended March 31, 2001.

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

In the elimination of investments in the subsidiaries, 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.

The difference between the Bank's investments in subsidiaries and affiliated companies and the Bank's share of the underlying net assets of the investees at the date of acquisition is recorded as consolidated differences. The difference is amortized over a reasonable period not exceeding twenty years, while immaterial differences are amortized entirely when recognized.

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

(b) Foreign currency translation

Assets and liabilities denominated in foreign currencies are primarily translated into yen at the rate of exchange at the balance sheet date. Foreign exchange trading positions, including spot, forward, futures and options, are valued at estimated prevailing market rates.

Balance sheets of consolidated overseas subsidiaries are translated into Japanese Yen at the year-end rate except for shareholders' equity account, which are translated at the historical rate.

Effective April 1, 2000, the Bank and its consolidated subsidiaries adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation," issued by the Business Accounting Deliberation Council on October 22, 1999 (the "Revised Accounting Standard"). The effect on the consolidated income statement of adopting the revised accounting standard was immaterial.

Due to the adoption of the revised accounting standard, the Bank reports foreign currency translation adjustments in the shareholders' equity. The prior year's amount, which is included in assets has not been reclassified.

(c) Cash flows

In preparing the consolidated cash flow statement, Cash and Due from Bank of Japan in the case of the Bank, and Cash and Due from Banks in the case of the consolidated subsidiaries, are considered to be cash and cash equivalents.

(d) Trading account activities

Trading account activities are conducted for short-term profit taking by market-making and sales arbitrages. Trading assets and liabilities include securities, commercial paper, and financial derivatives. The mark-to-market accounting method is adopted for those trading account activities for such financial products, all of which are stated at fair values as trading assets or trading liabilities

in the balance sheets. Gains and losses realized on disposal and fluctuations of the fair market value are recognized as gains or losses in the period of the changes. Fair values are determined by quoted market prices for certain products and by internal models for other products including OTC financial derivatives.

(e) Investment Securities

Prior to April 1, 2000, securities of the Bank and its consolidated subsidiaries were stated at moving-average cost.

Effective April 1, 2000, the Bank adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments " issued by the Business Accounting Deliberation Council on January 22, 1999).

Upon applying the new accounting standard, the Bank was required to explicitly determine the objectives of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). All securities in the trading account were, by definition, classified as trading securities.

Held-to-maturity debt securities are valued on an amortized or accumulated cost basis using the moving average method, and available-for-sale securities are valued on a cost basis using the moving average method or on an amortized or accumulated cost basis using the moving average method. The amortization and accumulation are included in the interest income, while only the amortization was accounted for and was included in the other operating expense in the previous years. The effect of this change has not been adjusted in the presentation of financial statements for the prior years.

Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. For the securities of which fair values are not readily available, such securities are evaluated in the process of the self-assessment of asset quality. If a significant deterioration in an estimated value is discovered, the security is written down to the estimated market value with a corresponding charge in the income statement. Such book values after write-off's will be the carrying

amount of the securities at the beginning of the next year.

As a result of the adoption of the new accounting standard for financial instruments described above and for derivatives and hedge accounting described in (f), income before income taxes decreased by ¥7,841 million.

(f) Derivatives and hedge accounting

For the derivatives used other than in the trading account, the Bank uses derivatives to reduce market risks. From the year ended March 31, 2001, the Bank adopts "Macro Hedge Accounting" as hedge accounting method, under which the Bank manages the total interest rate risk arising from various financial assets and liabilities, such as loans, bills discounted, deposits etc., as a whole by using financial derivative transactions. This is a risk management by "Risk Adjustment Approach" which is stated in "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No.15) and the deferred hedge accounting is applied. The effectiveness of the hedge is valued by confirming that 1) the total interest rate risk exposure of financial derivative transactions as risk adjustment tools is controlled within the limit which is prescribed in the Bank's risk management policy and 2) the total interest rate risk exposure of hedge objects is decreased by the hedge transactions. The Bank also adopts deferred hedge accounting by individual hedge on certain assets and liabilities.

(g) Premises and equipment

Depreciation for buildings and equipment is primarily calculated as follows.

Buildings: Using the declining-balance method at the standard rate over the period of 3 to 60 years.

Equipment: Using the declining-balance method at the standard rate over the period of 2 to 20 years.

(h) Software

Expenses related to software for internal use are capitalized and amortized over the expected usable periods, which are mainly five years.

(i) Reserve for possible loan losses

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

For claims to debtors who are legally bankrupt (due to bankruptcy, subject to the Japanese Civil Rehabilitation Law, suspension of transactions with banks by the rules of clearinghouses, etc.) or virtually bankrupt, a reserve is provided based on the amount of

claims net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees.

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

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

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

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

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

(j) Reserve for losses on investment securities

Reserve for losses on investment securities is provided against possible future losses on securities after writing off the portion determined to be uncollectible as evaluated by the self-assessment of asset quality.

(k) Reserve for employee retirement benefits

Effective April 1, 2000, the Bank adopted the new accounting standard "Opinion concerning Accounting Standard for Employees' Severance and Pension Benefits," issued by the Business Accounting Deliberation Council on June 16, 1998.

Under the new accounting standard, the liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Bank and its consolidated subsidiaries provided reserve for employee retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 amounted to ¥17,503 million, will be recorded as expenses in equal amounts primarily over 5 years commencing the year ended March 31, 2001. Actuarial gains and losses are recognized in

expenses using the straight-line method over the average of the estimated remaining service lives (10 years) commencing the following period.

(l) Reserve for possible losses on loans sold

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

(m) Reserve for financial assistance to specific borrowers

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

(n) Accounting for leases

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

(o) Amounts per share

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

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

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

3. Trading Assets and Trading Liabilities

(a) Trading Assets at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Trading Account Securities	¥ 86,492	¥ 63,028	\$ 698
Trading-Related Financial Derivatives	209,399	96,112	1,690
Derivatives of Trading Securities	2	–	0
Derivatives of Securities Related to Trading Transactions	47	5	0
Other Trading Assets	344,626	295,047	2,781
Total	¥640,568	¥ 454,193	\$5,170

(b) Trading Liabilities at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Trading Account Securities Sold for Short Sales	¥ 2,198	¥ 42,274	\$ 18
Derivatives of Trading Account Securities	12	42	0
Trading-Related Financial Derivatives	196,857	89,061	1,589
Total	¥199,068	¥131,378	\$1,607

4. Money Held in Trust

Money Held in Trust for Trading Purpose at March 31, 2001

	Millions of Yen	
	Book Value	Net Unrealized Gain (Loss) Reflected in the Statement of Income
Money Held in Trust for Trading Purpose	¥75,614	¥(544)

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

	Millions of Yen		
	Balance Sheet Amount	Estimated Market Value	Unrealized Gain
Money Held in Trust	¥67,619	¥70,282	¥2,662

5. Securities

Securities held at March 31, 2001 consisted of the following:

(a) Trading Securities

Trading Securities are included in Trading Assets

	Millions of Yen	
	Book Value	Net Unrealized Gain (Loss) Reflected on the Statement of Income
Trading Securities	¥431,119	¥546

(b)Held-to-Maturity Debt Securities with Market Price

Held-to-maturity debt securities are included in Investment Securities.

	Millions of Yen				
	Book Value	Market Price	Net	Unrealized Gain(Loss)	
				Gain	Loss
Japanese Government Bonds	¥ -	¥ -	¥ -	¥ -	¥ -
Local Government Bonds	-	-	-	-	-
Japanese Corporate Bonds	-	-	-	-	-
Foreign Government bonds and others	33,401	33,679	278	495	217
Total	¥33,401	¥33,679	¥278	¥495	¥217

(c)Available-for-Sale Securities with Market Price

Investment securities included in the chart below are not evaluated on a Mark-to-Market basis.

Market Prices of such investment securities (available-for-sale securities with market price) are as shown below.

	Millions of Yen				
	Book Value	Market Price	Net	Unrealized Gain(Loss)	
				Gain	Loss
Stocks	¥1,251,002	¥1,281,675	¥30,673	¥146,594	¥115,921
Bonds	1,895,444	1,916,502	21,058	22,487	1,428
Japanese Government Bonds	1,491,432	1,497,645	6,212	7,600	1,387
Local Government Bonds	66,686	70,224	3,537	3,540	2
Corporate Bonds	337,324	348,633	11,308	11,347	38
Foreign Securities and others	3,139,754	3,152,545	12,791	32,004	19,212
Total	¥6,286,200	¥6,350,724	¥64,523	¥201,086	¥136,562

Had these securities been stated at fair value at March 31, 2001, net unrealized gains net of tax amounting to ¥38,542 million,

deferred tax liabilities of ¥25,073 million and minority interest of ¥977 million would have been recorded.

(d)Investment Securities without Market Price

The following table summarize book values of securities with no available fair values as of March 31, 2001.

	Millions of Yen
	Book Value
Trust Certificates of Loan Trust	¥79,735
Unlisted Foreign Securities	67,702
Unlisted Stocks (excl. OTC stocks)	54,139

(e)Available-for-Sale Securities sold during the fiscal year

	Millions of Yen		
	Amount Sold	Gain	Loss
Available-for-Sale Securities	¥13,766,354	¥171,258	¥22,865

(f)Redemption Schedule of Bonds classified as Available-for-Sale
Securities and Held-to-Maturity Debt Securities

	Millions of Yen			
	Book Value			
	Less than 1 year	More than 1 year but less than 5 years	More than 5 year but less than 10 years	More than 10 years
Bonds	¥460,707	¥ 532,310	¥ 856,909	¥ 45,516
Japanese Government Bonds	420,660	317,044	708,210	45,516
Local Government Bonds	1,993	8,330	56,362	—
Corporate Bonds	38,053	206,935	92,335	—
Others	246,384	1,676,104	1,225,086	98,122
Total	¥707,092	¥2,208,414	¥2,081,995	¥143,639

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

from the schedule set forth below and their market values are reflected on the balance sheets and statement of income.

Marketable Securities

	Millions of Yen		
	2000		
	Balance Sheet Amount	Market Value	Unrealized Gain(Loss)
Investment Securities:			
Japanese Bonds	¥1,047,597	¥1,055,462	¥ 7,863
Japanese Corporate Shares	1,367,583	1,687,450	319,865
Other	1,265,952	1,271,518	5,566
Total	¥3,681,135	¥4,014,432	¥333,297

6. Loans and Bills Discounted

Loans and Bills Discounted at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Bills Discounted	¥ 39,816	¥ 40,916	\$ 321
Loans on Bills	1,454,021	1,907,480	11,735
Loans on Deeds	5,511,317	4,495,814	44,482
Overdrafts	1,188,623	1,284,758	9,593
Total	¥8,193,779	¥7,728,968	\$66,132

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

Bank made direct write-offs of loans for ¥440,067 million, which were judged as uncollectible amounts considering the value of collateral or guarantees, for the year ended March 31, 2001.

Loans and Bills Discounted for 2001 and 2000 include the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Loans in Bankruptcy Proceedings	¥ 38,090	¥ 57,241	\$ 307
Other Delinquent Loans	334,373	549,649	2,699
Loans More than Three Months Past Due	3,424	13,262	28
Restructured Loans	29,407	52,539	237

- Notes: 1. Loans in Bankruptcy Proceedings are loans judged as nonaccrual loans outstanding to borrowers that have begun bankruptcy proceedings under one or more of the laws pertaining to bankruptcy, or have had their transactions with the promissory note clearinghouse suspended.
2. Other Delinquent Loans are loans to borrowers categorized as virtually bankrupt or as potentially bankrupt in the Bank's Self-Assessment Rules but exclude loans to borrowers in legal bankruptcy.
3. Loans More than Three Months Past Due are those Loans for which principal or interest payment is more than three months past due from the date succeeding the due date and exclude those loans classified as Loans in Bankruptcy Proceedings and Other Delinquent Loans.
4. Restructured loans are those loans of which the terms have been relaxed to support borrowers who are in financial difficulties and to promote collections of such loans.

7. Other Assets

Other Assets at March 31, 2001 and 2000 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Prepaid Expenses	¥ 907	¥ 450	\$ 7
Accrued Income	99,688	139,771	805
Securities in Custody	2,311	45,628	19
Leasing Assets	250,829	231,933	2,024
Derivatives Other Than for Trading	319,332	—	2,577
Other	354,933	336,524	2,865
Total	¥1,028,001	¥754,308	\$8,297

Other includes Software for internal use as required by the accounting standard for research and development expenses

as explained in Note 2(h), which were ¥9,254 million and ¥8,526 for 2001 and 2000, respectively.

8. Premises and Equipment

Premises and Equipment at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Land	¥ 82,403	¥ 87,570	\$ 665
Buildings	111,670	108,965	901
Equipment	45,584	51,328	368
Other	19,807	27,434	160
Accumulated Depreciation	(103,749)	(102,830)	(837)
Net Book Value	¥155,717	¥172,469	\$1,257

In accordance with the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land, the Bank recognized a ¥23,653 million revaluation gain as stockholders' equity, of which ¥15,034 million of deferred tax was deducted from the gross surplus by the revaluation using the evaluations as of

March 31, 1999, after accounting for premises sold. As of March 31, 2001, it is estimated that current evaluation of the land would be ¥6,201 million less than the above-mentioned gross surplus.

9. Assets Pledged

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

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Assets pledged as collateral:			
Investment Securities	¥939,573	¥505,137	\$7,583
Loans and Bills Discounted	428,794	15,097	3,461
Other Assets	159,700	107,493	1,289
Corresponding liabilities of the assets pledged as collateral:			
Deposits	1,030	4,488	8
Call Money and Bills Sold	417,963	13,000	3,373
Borrowed Money	141,157	97,033	1,139

10. Deposits and Negotiable Certificate of Deposit

Deposits and negotiable certificate of deposit at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Current Deposit, Ordinary Deposit and Deposit at Notice	¥1,084,585	¥1,037,951	\$ 8,754
Time Deposits	6,346,643	5,008,760	51,224
Other	288,562	401,978	2,329
Subtotal	7,719,790	6,448,689	62,307
Negotiable Certificates of Deposit	973,014	1,225,371	7,853
Total	¥8,692,805	¥7,674,061	\$70,160

11. Borrowed Money

Borrowed Money at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Subordinated Debt	¥ 60,000	¥ 60,000	\$ 484
Other Borrowed Money	298,024	311,035	2,405
Total	¥358,024	¥371,035	\$2,890

Average interest rates of the borrowed money were 1.69% and 1.63% for the year ended March 31, 2000 and 2001, respectively.

Years to Maturity

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Less than 1 year	¥139,747	¥129,458	\$1,128
More than 1 year but less than 2 years	131,614	101,832	1,062
More than 2 years but less than 3 years	41,202	107,311	333
More than 3 years but less than 4 years	25,683	11,389	207
More than 4 years but less than 5 years	15,013	13,346	121

12. Corporate Bonds

Corporate Bonds at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
(a) Series 1 Perpetual Subordinated Unsecured Bonds	¥100,000	¥100,000	\$ 807
(b) Series 1 Unsecured Redeemable Subordinated Bonds	100,000	100,000	807
(c) Euro Medium-term and Perpetual Subordinated Notes	243,609	231,650	1,966
(d) Medium-term Notes	—	512	—
Total	¥443,609	¥432,162	\$3,580

(a) Series 1 Perpetual Subordinated Unsecured Bonds were issued on March 30, 1998 under the Law Concerning Emergency Measures for Stabilizing Financial Functions, bearing interest at six month Yen LIBOR plus 1.10% p.a. until March 31, 2003, and 2.60% p.a. thereafter, payable semi-annually in arrear.
 (b) Series 1 Unsecured Redeemable Subordinated Bonds were issued on March 30, 1999, pursuant to the Law Concerning Emergency Measures for the Early Strengthening of the Functions of the Financial System, bearing interest at six month

Yen LIBOR plus 1.53% p.a. until March 30, 2006, and 2.03% p.a. thereafter.

(c) Euro Medium-term and Perpetual Subordinated Notes were issued through a wholly-owned subsidiary, STB Finance Cayman Limited under the ¥500 billion Medium-term note programme. In 2001, it has issued ¥63,200 million of notes under the programme, and exercised an option to redeem notes totaling ¥51,917 million.

13. Convertible Bonds

Convertible Bonds at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
0.5% Yen Mandatory Exchangeable Subordinated Notes due 2007	¥6,135	¥ 9,970	\$50
2.5% U.S.\$ Convertible Bonds due 2001	—	564	—
1.75% U.S.\$ Convertible Bonds due 2002	530	530	4
Total	¥6,665	¥11,064	\$54

Summary of conditions of the convertible bonds are as follows:

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

14. Borrowed Money from Trust Account

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

15. Reserve for Employee Retirement Benefits

The liabilities for the retirement benefits included in the liability section of the consolidated balance sheet as of March 31, 2001 consists of the following:

	Millions of Yen	Millions of U.S. Dollars
Projected Benefit Obligation	¥(160,380)	\$(1,294)
Unrecognized Net Plan Assets	(903)	(7)
Unrecognized Net Actuarial Losses	23,374	189
Plan Assets (market value)	150,423	1,214
Unrecognized Net Transition Obligation	13,964	113
Amount Recognized in the Balance Sheet	¥ 26,478	\$ 214

Included in the consolidated statement of income for the year ended March 31, 2001 are retirement benefits expenses comprised of the following:

	Millions of Yen	Millions of U.S. Dollars
Service costs-benefits earned during the year	¥ 5,142	\$42
Interest Cost on Projected Benefit Obligation	5,276	43
Expected Return on Plan Assets	(6,404)	(52)
Amortization of Net Transition Obligation.....	3,538	29
Others	2,455	20
Amount Expensed in the Statement of Income	¥10,009	\$81

The discount rate and the rate of expected return on plan assets used by the Bank are 3.5% and 5.5%, respectively. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains/losses are recognized in the statement of income using the straight-line

method over 10 years.

As a result of the adoption of the new accounting standard, in the year ended March 31, 2001, income before income taxes decreased by ¥2,688 million compared with what would have been recorded under the previous accounting standard.

16. Other Liabilities

Other Liabilities at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Accrued Expenses	¥ 73,549	¥110,175	\$ 594
Unearned Income	12,825	8,491	104
Derivatives Other Than for Trading	384,815	—	3,106
Other	725,965	552,467	5,859
Total	¥1,197,156	¥671,134	\$9,662

Other for 2001 and 2000 include Unpaid Expenses for Trading Account.

17. Acceptances and Guarantees

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

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

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

Regarding Guaranteed Trusts, the Bank guaranteed the principal amount of ¥997,641 million for Jointly-Operated Money Trusts and ¥4,427,727 million for Loan Trusts at March 31, 2001.

18. Stockholders' Equity

The numbers of authorized and issued preferred and common stock at the end of March 31, 2001 and 2000 were as follows:

	2001		2000	
	Authorized	Issued	Authorized	Issued
Preferred Stocks	250,000,000	125,000,000	250,000,000	125,000,000
Common Stocks	3,000,000,000	1,451,977,764	3,000,000,000	1,444,307,764

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

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

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

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

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

Stock Option Plan

The Bank has been establishing stock option plans each year 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 shares of the Bank purchased under the plans are included in Treasury Stock in the consolidated balance sheets. The following table summarizes information about stock options outstanding at June 30, 2001.

	2001	2000	1999
Type of stock	Common stock	Common stock	Common stock
Maximum number of shares granted	3,000,000	3,100,000	220,000
Number of eligible persons	374	331	124
Maximum shares per person	140,000	150,000	10,000
Exercise period	July 1, 2003 to June 30, 2005	July 1, 2002 to June 30, 2004	July 1, 2001 to June 30, 2003

19. Other Interest Income and Expenses

Other Interest Income for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Interest on Deposits with Banks	¥23,533	¥ 20,117	\$190
Interest on Interest Swaps	1,069	81,747	9
Other Interest Income	20,284	53,996	164
Total	¥44,887	¥155,862	\$362

Other Interest Expenses for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Interest on Corporate Bonds	¥ 9,384	¥ 8,487	\$ 76
Interest on Convertible Bonds	89	69	1
Interest on Interest Swaps	39,397	115,838	318
Other Interest Expense	127,728	105,074	1,031
Total	¥176,600	¥229,470	\$1,425

20. Trading Revenue and Expenses

(a) Trading Revenue for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Revenue from Trading Securities and Derivatives	¥ 3,539	¥1,650	\$29
Revenue from Trading-Related Financial Derivatives Transactions	6,319	3,823	51
Other Trading Revenue	710	628	6
Total	¥10,569	¥6,102	\$85

(b) Trading Expenses for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Expenses on Securities and Derivatives Related to Trading Transactions	¥34	¥95	\$0
Total	¥34	¥95	\$0

21. Other Operating Income and Expenses

Other Operating Income for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Net Gains on Foreign Exchange Transactions	¥ 5,343	¥ 5,755	\$ 43
Gains on Sale of Bonds	86,156	100,329	695
Gains on Redemption of Bonds	–	1,160	–
Revenue from Derivatives Other Than for Trading	1,976	–	16
Other	124,803	109,353	1,007
Total	¥218,280	¥216,598	\$1,762

see note 2(e)

Other Operating Expenses for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Losses on Sale of Bonds	¥ 53,745	¥105,436	\$434
Losses on Redemption of Bonds	–	6,991	–
Losses on Devaluation of Bonds	2,572	52	21
Expense from Derivatives Other Than for Trading	2,711	–	22
Other	116,226	100,752	938
Total	¥175,256	¥213,232	\$1,414

22. Other Income and Expenses

Other Income for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Gains on Sale of Shares and Other Securities	¥ 86,040	¥235,432	\$ 694
Gains on Money Held in Trust	230	14,791	2
Gains on Dispositions of Premises and Equipment	425	121	3
Gains on Stock Derivatives Transactions	37,056	–	299
Gain on Contribution of Investment Securities Due to the Establishment of the Employee Retirement Benefit Trust	25,377	–	205
Other	26,565	7,407	214
Total	¥175,695	¥257,753	\$1,418

Other Expenses for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Provisions for Reserve for Possible Loan Losses	¥ 48,916	¥ 32,367	\$ 395
Claims Written Off	67,670	45,220	546
Losses on Sale of Shares and Other Securities	11,190	71,575	90
Losses on Devaluation of Shares and Other Securities	29,743	88,116	240
Losses on Money Held in Trust	3,280	2	26
Losses on Dispositions of Premises and Equipment	3,274	1,751	26
Other	36,161	32,442	292
Total	¥200,236	¥271,476	\$1,616

Other for the year ended March 31, 2000, included ¥18,203 million of Provision for Reserve for Financial Assistance to Specific Borrowers. Such amount was not incurred for the year ended March 31, 2001.

23. General and Administrative Expenses

General and Administrative Expenses for the years ended March 31, 2001 and 2000:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Taxes Other than Income Taxes	¥ 5,608	¥ 6,007	\$ 45
Personnel Expenses	72,425	76,888	585
Other	60,054	59,912	485
Total	¥138,088	¥142,807	\$1,115

24. Income Taxes

Income taxes consist of corporation, inhabitant and enterprise taxes and are calculated based on taxable income. The approximate effective rates of income taxes were 38.86% and 40.09% for the years ended March 31, 2001 and 2000, respectively.

Due to the absence of taxable income resulting from the deduc-

tion of the write-offs of loans, the Bank's income taxes mainly consisted of inhabitant tax per capita for the years ended March 31, 2001 and 2000.

Deferred Tax Assets and Liabilities at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Reserve for Possible Loan Losses (including Direct Write-offs of Loans with Guarantees or Collateral)	¥136,661	¥194,358	\$1,103
Net Operating Loss Carryforwards	60,277	–	486
Devaluation of Securities	20,387	40,314	165
Other Addition	21,127	25,099	171
Valuation Allowance	(21,267)	(14,187)	(172)
Amount set off against deferred tax asset	(12,771)	(14)	(103)
Deferred Tax Assets	¥204,413	¥245,569	\$1,650
Deferred Tax Liabilities	¥ 167	¥ 1,068	\$ 1
Deferred Tax Liabilities on Revaluation Reserve for Land	¥ 15,034	¥ 17,134	\$ 121

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

	Percentage points	
	2001	2000
Effective Tax Rate (the Bank)	40.09 %	41.95 %
Effect of adoption of new enterprise tax legislature by the Tokyo Metropolitan Government	–	14.03
Effect of adoption of new enterprise tax legislature by the Osaka Prefectural Government	7.09	–
Other	2.79	0.20
Ratio of Income Tax to taxable income after tax allocation	49.97 %	56.18 %

In June 2000, as the Osaka Prefectural Assembly passed a law to impose an enterprise tax based on a gross business profit instead of a taxable income from 2001, and consequently, an enterprise tax for Osaka Prefectural government will not qualify as

income tax, the effective tax rate is reduced to 38.86% from 40.09%. As a result, deferred tax assets decreased by ¥6,375 million, and deferred income tax increased by the same amount.

25. Lease Transactions

AS lessor:

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

Lease transactions, under finance leases where the ownership of the property is not transferred to the lessee at March 31, 2001 are as follows:

March 31, 2001	Millions of Yen			Millions of U.S. Dollars
	Equipment	Other	Total	Total
Acquisition Cost	¥454,386	¥60,283	¥514,670	\$4,154
Accumulated Depreciation	238,509	26,330	264,840	2,138
Net Book Value	¥215,877	¥33,953	¥249,830	\$2,016

March 31, 2001	Millions of Yen	Millions of U.S. Dollars
Receivable Fee (within one year)	¥ 87,624	\$ 707
Receivable Fee (more than one year)	168,203	1,358
Total	¥255,828	\$2,065

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

March 31, 2000	Millions of Yen		
	Equipment	Other	Total
Acquisition Cost	¥395,888	¥49,777	¥445,665
Accumulated Depreciation	193,772	19,959	213,731
Net Book Value	¥202,115	¥29,817	¥231,933

March 31, 2000	Millions of Yen
Receivable Fee (within one year)	¥ 79,457
Receivable Fee (more than one year)	159,142
Total	¥238,600

AS lessee:

Total lease payments under finance leases where the ownership is not transferred to the lessee was ¥83 million (\$1 million) and ¥144 million (\$1 million) for the years ended March 31,

2001 and 2000, respectively, and the total of future lease payments to be paid under such finance leases at March 31, 2001 and 2000 were as stated below.

March 31, 2001	Millions of Yen	Millions of U.S. Dollars
Payable Fee (within one year)	¥ 75	\$1
Payable Fee (more than one year)	132	1
Total	¥208	\$2

March 31, 2000	Millions of Yen
Payable Fee (within one year)	¥143
Payable Fee (more than one year)	382
Total	¥526

26. Subsequent Event

(a) On June 28, 2001, the stockholders of the Bank authorized the following appropriations of retained earnings as of March 31, 2001.

	Millions of Yen	Millions of U.S. Dollars
Appropriations:		
Transfer to Legal Reserve	¥1,100	\$ 9
Cash Dividends for Preferred Stock	380	3
Cash Dividends for Common Stock	5,071	41

(b) On June 28, 2001, the stockholders of the Bank also approved the following:
The stock option plan allows eligible participants to purchase the

Bank's common stock at 105% of the average market closing price on the granted date. The participants may exercise the option from July 1, 2003 to June 30, 2005.

27. Segment Information

The following tables present information attributable to domestic and overseas operations for the years ended March 31, 2001

and 2000, and the identifiable assets of each operation at March 31, 2001 and 2000.

YEARS ENDED MARCH 31, 2001	Millions of Yen						
	Japan	Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Total Income:							
Unaffiliated Customers	¥ 758,436	¥65,932	¥48,790	¥23,528	¥896,688	¥ -	¥896,688
Intersegment	14,312	58,404	4,940	11,039	88,697	88,697	-
Total Income	772,749	124,336	53,731	34,568	985,385	88,697	896,688
Total Expenses	687,501	119,998	52,052	29,682	889,234	82,468	806,766
Income (Loss)							
before Income Taxes	¥ 85,248	¥4,338	¥1,679	¥4,885	¥96,151	¥ 6,228	¥89,922
AT MARCH 31, 2001							
Identifiable Assets	¥16,679,942	¥2,843,759	¥1,162,742	¥948,031	¥21,634,476	¥3,773,470	¥17,861,005

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

YEARS ENDED MARCH 31, 2001	Millions of U.S. Dollars						
	Japan	Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Total Income:							
Unaffiliated Customers	\$ 6,121	\$ 532	\$ 394	\$ 190	\$ 7,237	\$ -	\$ 7,237
Intersegment	116	471	40	89	716	716	-
Total Income	6,237	1,004	434	279	7,953	716	7,237
Total Expenses	5,549	969	420	240	7,177	666	6,511
Income (Loss)							
before Income Taxes	\$ 688	\$ 35	\$ 14	\$ 39	\$ 776	\$ 50	\$ 726
AT MARCH 31, 2001							
Identifiable Assets	\$134,624	\$22,952	\$9,385	\$7,652	\$174,612	\$30,456	\$144,157

28. Market Value Information of Financial Derivatives

(a) Interest Related Transactions

March 31, 2001	Millions of Yen			
	Contract Value	Over 1YR	Market Value	Unrealized Gain (Loss)
Listed				
Interest Futures				
Sold	¥ 668,445	¥ 106,091	¥ (2,868)	¥ (2,868)
Purchased	709,963	93,324	2,609	2,609
Interest Options				
Sold	267,201	-	(45)	(7)
Purchased	231,916	-	69	19
Over-the-Counter				
Forward Rate Agreements				
Sold	-	-	-	-
Purchased	-	-	-	-
Interest Rate Swaps				
Fix Rcv-FI Pay	9,019,486	7,791,431	230,796	230,796
FI Rcv-Fix Pay	8,533,122	7,269,438	(224,795)	(224,795)
FI Rcv-FI Pay	1,388,562	1,285,122	4,979	4,979
Interest Options				
Sold	627,342	462,920	(3,623)	1,909
Purchased	396,752	313,312	4,305	(276)
Other Interest Related				
Sold	-	-	-	-
Purchased	-	-	-	-
Total			¥ 11,427	¥ 12,366

Transactions listed above are evaluated on a Mark-to-Market basis and thus calculated net unrealized gains (losses) are reflected on the Statement of Income. Derivative transactions subject to hedge accounting rules are excluded from the above chart.

(b) Currency Related Transactions

The Bank did not have any currency related transactions which reflect on the Statement of Income on a Mark-to-Market basis as of March 31, 2001.

*Note)

In accordance with "Temporary Treatment for Accounting and Auditing of Continuous Application of Accounting

Standard for Foreign Currency Transactions" (Issued by JICPA on April 10, 2000), transactions subject to the accrual-basis calculation (e.g. cross-currency swaps, etc.) are excluded from this category.

Contract Value and other information on cross-currency swaps subject to accrual-basis calculation are as shown below.

March 31, 2001	Millions of Yen		
	Contract Value	Market Value	Unrealized Gain (Loss)
Currency Swaps	¥207,172	¥2,189	¥2,189

Forward Exchange Contracts and Currency Options whose unrealized gains (losses) are reflected on the Statements of Income after being evaluated on a Mark-to-Market basis as of March 31, 2001, and such transactions accompanied by foreign currency monetary claims or obligations, which are

either reflected on the Balance Sheet as of March 31, 2001 or eliminated therefrom in the process of consolidation, are excluded from this category.

Contract Value of currency related derivative transactions subject to the Mark-to-Market evaluation is as shown below.

March 31, 2001	Millions of Yen	
	Contract Value	
Listed		
Currency Futures		
Sold	¥	—
Purchased		—
Currency Options		
Sold		—
Purchased		—
Over-the-Counter		
Forward		
Sold		2,440,714
Purchased		2,506,657
Currency Options		
Sold		64,230
Purchased		43,556
Other Currency Related		
Sold		—
Purchased		—

(c) Stock Related Transactions

March 31, 2001	Millions of Yen			
	Contract Value	Over 1YR	Market Value	Unrealized Gain (Loss)
Listed				
Stock Index Futures				
Sold	¥5,646	¥ –	¥(89)	¥(89)
Purchased	507	–	29	29
Stock Index Options				
Sold	280	–	(3)	(2)
Purchased	280	–	3	(3)
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			¥(60)	¥(65)

Transactions listed above are evaluated on a Mark-to-Market basis and thus calculated net unrealized gains (losses) are reflected on the Statement of Income.

Derivative transactions subject to hedge accounting rules are excluded from the above chart.

(d) Bond Related Transactions

March 31, 2001	Millions of Yen			
	Contract Value	Over 1YR	Market Value	Unrealized Gain (Loss)
Listed				
Bond Futures				
Sold	¥49,061	¥ –	¥72	¥72
Purchased	58,313	–	(22)	(22)
Bond Future Options				
Sold	–	–	–	–
Purchased	–	–	–	–
Over-the-Counter				
Bond Options				
Sold	–	–	–	–
Purchased	–	–	–	–
Others				
Sold	–	–	–	–
Purchased	–	–	–	–
Total			¥49	¥49

Transactions listed above are evaluated on a Mark-to-Market basis and thus calculated net unrealized gains (losses) are reflected on the Statement of Income.

Derivative transactions subject to hedge accounting rules are excluded from the above chart.

(e) Commodity Related Transactions

The Bank did not have any commodity related transactions as of March 31, 2001.

(f) Credit Derivative Transactions

The Bank did not have any credit derivative transactions as of March 31, 2001.

29. Statement of Cash Flows

Following table shows the reconciliation of Cash and Cash Equivalent in the statement of cash flows, and Cash and Due from Banks in the balance sheets at March 31, 2001 and 2000.

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Cash and Due from Banks	¥685,323	¥766,200	\$5,531
Due from Banks (excluding Due from Bank of Japan)	(445,094)	(595,272)	(3,592)
Cash and Cash Equivalents	¥240,229	¥170,927	\$1,939

Significant non-cash transaction for the year ended March 31, 2001 is provided as follows.

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Increase in Capital due to conversion of convertible bonds	¥1,917	¥ 5,062	\$15
Increase in Capital Surplus due to conversion of convertible bonds	1,917	5,062	15
Decrease in Convertible Bonds	¥3,835	¥10,125	\$31

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of The Sumitomo Trust and Banking Company, Limited (a Japanese corporation) and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of The Sumitomo Trust and Banking Company, Limited and subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Note 2, in the year ended March 31, 2001, The Sumitomo Trust and Banking Company, Limited and subsidiaries prospectively adopted new Japanese accounting standards for employees' severance and retirement benefits, financial instruments, and foreign currency translation.

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

A handwritten signature in cursive script that reads "Asahi & Co.".

Tokyo, Japan
June 28, 2001

Statement on Accounting Principles and Auditing Standards

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

STATEMENTS OF TRUST ACCOUNT (UNAUDITED)

At March 31	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Assets:			
Loans and Bills Discounted	¥ 2,607,797	¥ 3,179,040	\$ 21,048
Securities	2,927,611	19,887,162	23,629
Securities under Investment Trusts	–	5,241,387	–
Securities under Foreign Investment Trusts	–	284,144	–
Money Held in Trust	37,926,250	181,712	306,104
Securities Held in Custody Accounts	2,847	730,582	23
Securities Lent	6,000	–	48
Money Claims	1,949,092	1,913,127	15,731
Premises and Equipment	1,385,532	980,853	11,183
Other Claims	234,034	307,448	1,889
Call Loans	–	1,564,082	–
Loans to Banking Account	2,983,852	3,912,799	24,083
Cash and Due from Banks	162,251	3,771,163	1,310
Total Assets	¥50,185,272	¥41,953,504	\$405,047
Liabilities:			
Money Trusts	¥16,704,918	¥15,429,819	\$134,826
Pension Trusts	5,398,553	5,315,209	43,572
Property Formation Benefit Trusts	12,580	13,364	102
Loan Trusts	4,274,930	5,516,283	34,503
Securities Investment Trusts	11,299,562	10,705,191	91,199
Money Entrusted, Other than Money Trusts	3,008,380	2,235,338	24,281
Securities Trusts	5,284,334	966,867	42,650
Money Claim Trusts	1,522,247	649,046	12,286
Equipment Trusts	8,049	9,208	65
Land and Fixtures Trusts	234,562	288,742	1,893
Other Trusts	2,437,153	824,431	19,670
Total Liabilities	¥50,185,272	¥41,953,504	\$405,047

Note: U.S. dollar amounts are translated solely for convenience at the rate of ¥123.90 to U.S.\$1.00, at March 31, 2001.

NOTES TO STATEMENTS OF TRUST ACCOUNT (UNAUDITED)

Basis of Presenting Financial Statements

The Trust Account is separated from the Banking Account in accordance with the Japanese Trust Law, which requires the trustee to administer the trust accounts separately from other accounts.

Loans and Bills Discounted

Loans and Bills Discounted at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Loans on Deeds	¥2,192,947	¥2,740,779	\$17,699
Loans on Bills	414,850	438,260	3,348
Bills Discounted	—	—	—
Total	¥2,607,797	¥3,179,040	\$21,048

Loans and Bills Discounted for 2001 and 2000 include the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Guaranteed Trust Account Loans	¥2,318,749	¥2,889,382	\$18,715
Loans in Bankruptcy Proceedings	6,924	7,405	56
Other Delinquent Loans	54,244	67,132	438
Loans More than Three Months Past Due	1,328	11,783	11
Restructured Loans	1,265	5,161	10

Note: Refer to page 60 for the definition of each item.

Securities

Securities held at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Japanese National Government Bonds	¥ 837,670	¥ 4,662,751	\$ 6,761
Japanese Local Government Bonds	249,443	505,675	2,013
Japanese Corporate Bonds and Debentures	423,767	2,237,304	3,420
Japanese Corporate Shares	738,917	6,914,101	5,964
Foreign Securities	583,680	5,328,501	4,711
Other Securities	94,132	238,826	760
Total	¥2,927,611	¥19,887,162	\$23,629

Loans to Banking Account

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

Balance of Jointly-Operated Money Trusts

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

Funds in a trust account that are reinvested in other trusts

managed by the Bank are deducted from these other accounts to prevent duplication. The figures in the accompanying statements of trust account at March 31, 2001 and 2000 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
	2001	2000	2001
Assets:			
Loans and Bills Discounted	¥249,394	¥ 280,400	\$2,013
Securities	27,041	34,819	218
Other	722,076	927,429	5,828
Total	¥998,512	¥1,242,648	\$8,059
Liabilities:			
Principal	¥997,641	¥1,238,996	\$8,052
Reserve for Possible Impairment of Principal	751	844	6
Other	119	2,807	1
Total	¥998,512	¥1,242,648	\$8,059

Balance of Loan Trusts

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

The balance of Loan Trusts at March 31, 2001 and 2000 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Assets:			
Loans and Bills Discounted	¥2,069,355	¥2,608,981	\$16,702
Securities	312,668	670,000	2,524
Other	2,107,627	2,519,304	17,011
Total	¥4,489,652	¥5,798,287	\$36,236
Liabilities:			
Principal	¥4,427,727	¥5,698,186	\$35,736
Reserve for Possible Impairment of Principal	23,977	31,063	194
Other	37,947	69,036	306
Total	¥4,489,652	¥5,798,287	\$36,236

NON-CONSOLIDATED BALANCE SHEETS — The Sumitomo Trust & Banking Company, Limited March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2001	2000	2001
Assets:			
Cash and Due from Banks	¥ 654,527	¥ 756,332	\$ 5,283
Call Loans	73,717	103,885	595
Bills Bought	—	343,800	—
Commercial Paper and Other Debt Purchased	11,900	1,786	96
Trading Assets	564,797	392,878	4,558
Money Held in Trust	75,614	67,619	610
Investment Securities	6,563,542	4,856,061	52,975
Loans and Bills Discounted	8,292,615	7,777,439	66,930
Foreign Exchanges	11,863	16,211	96
Other Assets	682,151	317,881	5,506
Premises and Equipment	148,691	158,887	1,200
Deferred Tax Assets	200,541	243,634	1,619
Customers' Liabilities for Acceptances and Guarantees	511,434	478,596	4,128
Reserve for Possible Losses	(207,330)	(290,035)	(1,673)
Reserve for Losses on Investment to Securities	(1,983)	—	(16)
Total Assets	¥17,582,082	¥15,224,977	\$141,905
Liabilities:			
Deposits	¥ 7,702,197	¥ 6,444,211	\$ 62,165
Negotiable Certificates of Deposit	977,858	1,209,210	7,892
Call Money	287,063	100,000	2,317
Bills Sold	130,900	13,000	1,056
Trading Liabilities	196,841	88,832	1,589
Borrowed Money	487,231	536,519	3,932
Foreign Exchanges	8,130	4,759	66
Corporate Bonds	200,000	200,000	1,614
Convertible Bonds	6,665	11,064	54
Borrowed Money from Trust Account	2,983,852	3,912,799	24,083
Collateral for Lending Securities	2,218,545	1,003,245	17,906
Unpaid Expenses of Trading Account	315,428	276,237	2,546
Other Liabilities	776,331	163,148	6,266
Reserve for Retirement Allowances	—	17,262	—
Reserve for Employee Retirement Benefits	295	—	2
Reserve for Possible Losses on Loans Sold	3,379	6,002	27
Reserve for Financial Assistance for Specific Borrowers	—	18,203	—
Deferred Tax Liabilities on Revaluation Reserve for Land	15,034	17,134	121
Acceptances and Guarantees	511,434	478,596	4,128
Total Liabilities	16,821,190	14,500,228	135,764
Stockholders' Equity:			
Preferred Stock (No Par Value):	50,000	50,000	404
Authorized-250,000,000 shares			
Issued-125,000,000 shares			
Common Stock, par value ¥50 per share:	233,985	232,068	1,888
Authorized-3,000,000,000 shares			
Issued-1,451,977,764 shares			
Capital Surplus	237,405	235,487	1,916
Legal Reserve	41,803	39,618	337
Revaluation Reserve for Land, Net of Tax	23,653	25,605	191
Retained Earnings	174,044	141,969	1,405
Total Stockholders' Equity	760,892	724,749	6,141
Total Liabilities and Stockholders' Equity	¥17,582,082	¥15,224,977	\$141,905
Net Assets per Share			
	¥ 455.16	¥ 432.55	\$ 3.67

See accompanying notes.

NON-CONSOLIDATED STATEMENTS OF INCOME — The Sumitomo Trust & Banking Company, Limited Years Ended March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2001	2000	
Income:			
Trust Fees	¥ 95,807	¥ 96,228	\$ 773
Interest Income:			
Interest on Loans and Discounts	150,303	137,040	1,213
Interest and Dividends on Securities	152,287	96,391	1,229
Other Interest Income	44,894	156,224	362
	347,484	389,657	2,805
Fees and Commissions	35,672	32,659	288
Trading Revenue	7,215	4,735	58
Other Operating Income	91,927	107,945	742
Other Income	173,823	252,533	1,403
Total Income	751,931	883,759	6,069
Expenses:			
Interest Expenses:			
Interest on Deposits	88,791	57,400	717
Interest on Borrowings and Rediscounts	12,256	11,570	99
Other Interest Expenses	168,462	222,842	1,360
	269,509	291,813	2,175
Fees and Commissions	14,130	6,744	114
Trading Expenses	54	409	0
Other Operating Expenses	56,259	111,930	454
General and Administrative Expenses	128,551	133,294	1,038
Other Expenses	199,159	262,839	1,607
Total Expenses	667,664	807,031	5,389
Income (Loss) before Income Taxes	84,266	76,728	680
Income Taxes:			
Current	106	55	1
Deferred	41,517	43,657	335
Net Income (Loss)	¥ 42,642	¥ 33,015	\$ 344
	Yen		U.S. Dollars (Note 1)
Net Income (Loss) per Share	¥ 28.96	¥ 22.44	\$ 0.23
Cash Dividends per Share (Preferred Stock)	6.08	6.08	0.05
Cash Dividends per Share (Common Stock)	7.00	7.00	0.06

See accompanying notes.

NON-CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY — The Sumitomo Trust & Banking Company Limited Years Ended March 31, 2001 and 2000

	Number of Shares of		Millions of Yen					
	Preferred Stock (Thousands)	Common Stock (Thousands)	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Revaluation Reserve for Land	Retained Earnings
Balance at March 31, 1999	125,000	1,424,057	¥50,000	¥227,005	¥230,425	¥37,632	¥25,416	¥120,041
Net Income								33,015
Cash Dividends Paid								(9,706)
Transfer to Legal Reserve						1,986		(1,986)
Shares Issued upon Conversion of Convertible Bonds		20,250		5,062	5,062			
Adjustment due to Change in Effective Tax Rate and sale of Revalued Property							188	606
Balance at March 31, 2000	125,000	1,444,307	¥50,000	¥232,068	¥235,487	¥39,618	¥25,605	¥141,969
Net Income								42,642
Cash Dividends Paid								(10,860)
Transfer to Legal Reserve						2,185		(2,185)
Shares Issued upon Conversion of Convertible Bonds		7,670		1,917	1,917			
Adjustment due to Change in Effective Tax Rate and sale of Revalued Property							(1,951)	2,477
Balance at March 31, 2001	125,000	1,451,977	¥50,000	¥233,985	¥237,405	¥41,803	¥23,653	¥174,044

	Millions of U.S. Dollars (Note 1)					
	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Revaluation Reserve for Land	Retained Earnings
Balance at March 31, 2000	\$404	\$1,873	\$1,901	\$320	\$207	\$1,146
Net Income						344
Cash Dividends Paid						(88)
Transfer to Legal Reserve				18		(18)
Shares Issued upon Conversion of Convertible Bonds		15	15			
Adjustment due to Change in Effective Tax Rate and sale of Revalued Property					(16)	20
Balance at March 31, 2001	\$404	\$1,888	\$1,916	\$337	\$191	\$1,405

See accompanying notes.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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

1. Basis of Presenting Financial Statements

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

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 received.

Certain modifications, including the presentation of the non-consolidated statements of stockholders' equity, have been

made in the accompanying non-consolidated financial statements to facilitate understanding by readers outside Japan.

The Bank, a Japanese corporation, maintains its records and prepares its financial statements in Japanese yen. The accompanying U.S. dollar financial statements have been translated from yen for convenience, and as a matter of arithmetical computation only, at the rate of ¥123.90 to U.S.\$1.00, the exchange rate prevailing at March 31, 2001. The translations should not be construed as a representation that yen amounts have been or could be converted into U.S. dollars at that rate.

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

(The Bank adopted the new Japanese accounting standard for employees' severance and retirement benefits and financial instruments.)

2. Significant Accounting Policies and Practices

Refer to notes to consolidated financial statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying non-consolidated balance sheets of The Sumitomo Trust and Banking Company, Limited as of March 31, 2001 and 2000, and the related non-consolidated statements of income, stockholders' equity for the years then ended, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the non-consolidated financial position of The Sumitomo Trust and Banking Company, Limited as of March 31, 2001 and 2000, and the non-consolidated results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Note 1, In the year ended March 31, 2001, The Sumitomo Trust and Banking Company, Limited prospectively adopted new Japanese accounting standards for employees' severance and retirement benefits and financial instruments.

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

The image shows a handwritten signature in cursive script that reads "Asahi & Co.". The signature is written in black ink on a white background.

Tokyo, Japan
June 28, 2001

Statement on Accounting Principles and Auditing Standards

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

SUPPLEMENTARY FINANCIAL INFORMATION

(a) Loans by Industry (Consolidated basis)

(i) Banking Account

At March 31	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Domestic Offices (Excluding Offshore Loans):			
Manufacturing	¥1,046,485	¥1,107,942	\$ 8,446
Agriculture, Forestry, Fishing, and Mining	7,687	7,728	62
Construction	233,972	269,548	1,888
Energy	70,608	83,861	570
Transportation and Communication	382,822	311,518	3,090
Wholesale and Retail	754,669	744,812	6,091
Finance and Insurance	1,877,926	1,717,939	15,157
Real Estate	1,144,225	1,155,273	9,235
Services	1,125,474	1,109,641	9,084
Local Governments	22,134	30,097	179
Individuals and Others	861,728	539,064	6,955
Total	7,527,734	7,077,423	60,757
Overseas Offices (Including Offshore Loans of Domestic Offices):			
Governments and Official Institutions	10,509	11,193	85
Banks and Other Financial Institutions	5,215	12,129	42
Others	650,319	628,223	5,249
Total	666,045	651,545	5,376
Total	¥8,193,779	¥7,728,968	\$66,132

(ii) Trust Account

At March 31	Millions of Yen		Millions of U.S. Dollars
	2001	2000	2001
Domestic Offices (Excluding Offshore Loans):			
Manufacturing	¥ 266,697	¥ 320,011	\$ 2,153
Agriculture, Forestry, Fishing, and Mining	1,170	1,418	9
Construction	91,909	119,617	742
Energy	222,896	263,166	1,799
Transportation and Communication	268,143	285,947	2,164
Wholesale and Retail	172,096	219,818	1,389
Finance and Insurance	543,506	687,002	4,387
Real Estate	419,819	560,723	3,388
Services	244,298	302,876	1,972
Local Governments	46,435	48,886	375
Individuals and Others	330,829	369,572	2,670
Total	¥2,607,797	¥3,179,040	\$21,048

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

CONSOLIDATED STATEMENTS OF BANKING ACCOUNT	Millions of Yen				
	2001	2000	1999	1998	1997
AT YEAR-END					
Assets:					
Cash and Due from Banks	¥ 685,323	¥ 766,200	¥ 986,673	¥ 1,615,038	¥ 1,358,172
Investment Securities	6,566,313	4,864,909	3,694,469	3,577,030	3,075,719
Loans and Bills Discounted	8,193,779	7,728,968	7,374,575	8,701,427	9,098,585
Premises and Equipment	155,717	172,469	169,472	125,931	134,127
Customers' Liabilities for					
Acceptances and Guarantees	379,695	328,201	426,647	310,608	486,385
Other	2,068,240	2,007,671	2,406,732	1,345,862	1,001,206
Reserve for Possible Loan Losses	(188,057)	(345,639)	(462,642)	(700,445)	(433,944)
Reserve for Losses Investment securities	(7)	—	—	—	—
Total Assets	¥17,861,005	¥15,522,780	¥14,595,927	¥14,975,453	¥14,720,251
Liabilities:					
Deposits and Negotiable Certificate of Deposit	¥ 8,692,805	¥ 7,674,061	¥ 7,043,257	¥ 7,063,346	¥ 5,861,332
Acceptances and Guarantees	379,695	328,201	426,647	310,608	486,385
Other	7,935,759	6,695,223	6,334,764	6,968,234	7,679,222
Total Liabilities	17,008,260	14,697,487	13,804,669	14,342,190	14,026,940
Minority Interest	91,076	89,776	89,054	—	—
Total Stockholders' Equity	761,668	735,516	702,203	633,263	693,311
Total Liabilities, Minority Interest and Stockholders' Equity	¥17,861,005	¥15,522,780	¥14,595,927	¥14,975,453	¥14,720,251
FOR THE YEAR					
Income:					
Trust Fees	¥ 95,807	¥ 96,228	¥ 143,698	¥ 142,679	¥ 332,727
Interest Income	346,568	391,291	521,387	583,529	700,828
Fees and Commissions	49,767	43,887	40,830	46,362	41,767
Trading Revenue	10,569	6,102	4,663	10,009	—
Other Operating Income	218,280	216,598	276,670	117,170	112,993
Other Income	175,695	257,753	40,802	149,864	97,206
Total Income	¥ 896,688	¥ 1,011,861	¥ 1,028,054	¥ 1,049,617	¥ 1,285,524
Expenses:					
Interest Expenses	¥ 275,270	¥ 294,416	¥ 428,330	¥ 501,340	¥ 587,446
Fees and Commissions	17,881	9,677	9,845	14,747	8,280
Trading Expenses	34	95	—	262	—
Other Operating Expenses	175,256	213,232	205,521	73,468	73,402
General and Administrative Expenses	138,088	142,807	158,577	162,518	152,074
Other Expenses	200,236	271,476	408,785	360,021	450,056
Total Expenses	¥ 806,766	¥ 931,706	¥ 1,211,060	¥ 1,112,358	¥ 1,271,260
Income (Loss) before Income Taxes	¥ 89,922	¥ 80,155	¥ (183,006)	¥ (62,741)	¥ 14,263
Net Income (Loss)	41,017	32,214	(136,742)	(50,146)	7,259
PER SHARE (Common Stock)					
Net Income (Loss) per Share (Yen)	¥ 27.88	¥ 21.89	¥ (103.56)	¥ (40.30)	¥ 5.83
Net Assets per Share (Yen)	456.65	440.07	422.88	508.95	557.23

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

NON-CONSOLIDATED STATEMENTS OF BANKING ACCOUNT		Millions of Yen				
	2001	2000	1999	1998	1997	
AT YEAR-END						
Assets:						
Cash and Due from Banks	¥ 654,527	¥ 756,332	¥ 1,004,395	¥ 1,672,001	¥ 1,414,685	
Investment Securities	6,563,542	4,856,061	3,674,312	3,516,453	2,996,248	
Loans and Bills Discounted	8,292,615	7,777,439	7,415,150	8,680,697	9,073,097	
Premises and Equipment	148,691	158,887	160,434	118,915	127,150	
Customers' Liabilities for						
Acceptances and Guarantees	511,434	478,596	545,247	770,669	709,522	
Other	1,620,586	1,487,697	1,819,551	884,923	613,929	
Reserve for Possible Loan Losses	(207,330)	(290,035)	(406,769)	(700,250)	(433,673)	
Reserve for Losses on						
Investment securities	(1,983)	-	-	-	-	
Total Assets	¥17,582,082	¥15,224,977	¥14,212,320	¥14,943,411	¥14,500,960	
Liabilities:						
Deposits and Negotiable Certificate of Deposit	¥ 8,680,056	¥ 7,653,422	¥ 7,057,617	¥ 6,997,840	¥ 5,754,976	
Acceptances and Guarantees	511,434	478,596	545,247	770,669	709,522	
Other	7,629,698	6,368,210	5,918,936	6,793,835	7,573,807	
Total Liabilities	¥16,821,190	14,500,228	13,521,800	14,562,345	14,038,306	
Stockholders' Equity:						
Capital Stock	283,985	282,068	277,005	182,053	182,028	
Reserves and Surplus	476,906	442,681	413,514	199,013	280,625	
Total Stockholders' Equity	760,892	724,749	690,520	381,066	462,653	
Total Liabilities and Stockholders' Equity	¥17,582,082	¥15,224,977	¥14,212,320	¥14,943,411	¥14,500,960	
FOR THE YEAR						
Income:						
Trust Fees	¥ 95,807	¥ 96,228	¥ 143,698	¥ 142,679	¥ 332,727	
Interest Income	347,484	389,657	513,581	574,024	682,243	
Fees and Commissions	35,672	32,659	30,943	36,489	38,830	
Trading Revenue	7,215	4,735	3,241	9,982	-	
Other Operating Income	91,927	107,945	185,211	116,196	112,292	
Other Income	173,823	252,533	40,020	138,164	89,883	
Total Income	¥ 751,931	¥ 883,759	¥ 916,696	¥ 1,017,536	¥ 1,255,976	
Expenses:						
Interest Expenses	¥ 269,509	¥ 291,813	¥ 420,544	¥ 489,402	¥ 570,984	
Fees and Commissions	14,130	6,744	8,611	8,552	8,074	
Trading Expenses	54	409	40	317	-	
Other Operating Expenses	56,259	111,930	128,116	72,546	72,186	
General and Administrative Expenses	128,551	133,294	144,356	155,434	144,181	
Other Expenses	199,159	262,839	398,556	362,695	448,529	
Total Expenses	¥ 667,664	¥ 807,031	¥ 1,100,226	¥ 1,088,947	¥ 1,243,956	
Income (Loss) before income Taxes	¥ 84,266	¥ 76,728	¥ (183,530)	¥ (71,411)	¥ 12,020	
Net income (Loss)	42,642	33,015	(107,122)	(71,683)	13,380	
Cash Dividends	10,877	10,866	9,251	9,953	8,709	
PER SHARE (Common Stock)						
Net Income (Loss) per Share (Yen)	¥ 28.96	¥ 22.44	¥ (81.13)	¥ (57.61)	¥ 10.75	
Cash Dividends per Share (Yen)	7.00	7.00	7.00	8.00	7.00	
Net Assets per Share (Yen)	455.16	432.55	414.67	306.26	371.84	

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

STATEMENTS OF TRUST ACCOUNT	Millions of Yen				
	2001	2000	1999	1998	1997
AT YEAR-END					
Assets:					
Loans and Bills Discounted	¥ 2,607,797	¥ 3,179,040	¥ 3,756,410	¥ 3,778,463	¥ 3,771,583
Investment Securities	2,927,611	19,887,162	16,486,602	15,290,730	14,155,227
Other Assets	44,649,862	18,887,301	15,851,199	14,917,566	14,786,452
Total Assets	¥50,185,272	¥41,953,504	¥36,094,212	¥33,986,760	¥32,713,262
Liabilities:					
Money Trusts	¥16,704,918	¥15,429,819	¥12,576,074	¥11,159,057	¥10,071,510
Pension Trusts	5,398,553	5,315,209	4,739,400	4,766,561	4,651,529
Property Formation Benefit Trusts	12,580	13,364	14,936	15,200	14,814
Loan Trusts	4,274,930	5,516,283	6,527,520	7,369,220	8,441,885
Other Trusts	23,794,289	15,678,827	12,236,279	10,676,720	9,533,524
Total Liabilities	¥50,185,272	¥41,953,504	¥36,094,212	¥33,986,760	¥32,713,262

TOTAL EMPLOYABLE FUNDS	Millions of Yen				
	2001	2000	1999	1998	1997
Deposits	¥ 8,680,055	¥ 7,653,422	¥ 7,057,617	¥ 6,997,840	¥ 5,754,976
Money Trusts	16,704,918	15,429,819	12,576,074	11,159,057	10,071,510
Pension Trusts	5,398,553	5,315,209	4,739,400	4,766,561	4,651,529
Property Formation Benefit Trusts	12,580	13,364	14,936	15,200	14,814
Loan Trusts	4,274,930	5,516,283	6,527,520	7,369,220	8,441,885
Total Employable Funds*	¥35,071,038	¥33,928,098	¥30,915,549	¥30,307,880	¥28,934,715

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

INTERNATIONAL NETWORK as of August 1, 2001

THE AMERICAS

UNITED STATES

New York Branch
527 Madison Avenue,
New York, NY10022, U.S.A.
Telephone: 1-212-326-0600
Facsimile: 1-212-644-3025
Telex: 222049, 421503

Sumitomo Trust and Banking Co. (U.S.A.)

527 Madison Avenue,
New York, NY10022, U.S.A.
Telephone: 1-212-326-0600
Facsimile: 1-212-644-3077
Telex: 428538

BRITISH WEST INDIES

Cayman Branch
P.O. Box 694, Edward Street,
Grand Cayman, British West Indies,
c/o The Sumitomo Trust &
Banking Co., Ltd.,
International Business
Operations Department

EUROPE

UNITED KINGDOM

London Branch
155 Bishopsgate,
London EC2M 3XU, U.K.
Telephone: 44-20-7945-7000
Facsimile: 44-20-7945-7177/8
Telex: 8811041, 888924

LUXEMBOURG

**Sumitomo Trust and
Banking (Luxembourg) S.A.**
18, Boulevard Royal,
P.O. Box 882, L-2018, Luxembourg
Telephone: 352-4779851
Facsimile: 352-474608
Telex: 60232, 60233

ASIA

SINGAPORE

Singapore Branch
8 Shenton Way, #45-01,
Temasek Tower, Singapore 068811
Telephone: 65-2249055
Facsimile: 65-2242873
Telex: 20717

INDONESIA

Jakarta Representative Office
11th Floor, Summitmas I,
Jl. Jenderal Sudirman, Kaveling 61-62,
Jakarta 12069, Indonesia
Telephone: 62-21-5200057
Facsimile: 62-21-5200058
Telex: 60782

THAILAND

Bangkok Representative Office
15th Floor, Diethelm Tower A,
Suite 1502, 93/1 Wireless Road,
Pratumwan,
Bangkok 10330, Thailand
Telephone: 66-2-252-2302
Facsimile: 66-2-256-7799

PEOPLE'S REPUBLIC OF CHINA

**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
Telex: 63890

Beijing Representative Office

7th Floor, Chang Fu Gong
Office Building,
A-26, Jianguomenwai Dajie,
Chaoyang District,
Beijing 100022,
People's Republic of China
Telephone: 86-10-6513-9020
Facsimile: 86-10-6513-9243
Telex: 22825

Shanghai Representative Office

Room 602, Shanghai
International Trade Centre,
2201 Yan-An Road(West),
Shanghai 200336,
People's Republic of China
Telephone: 86-21-6219-2224
Facsimile: 86-21-6219-4320

REPUBLIC OF KOREA

Seoul Representative Office
100-716, 23rd Floor,
Samsung Life Building,
#150, 2-ka, Taepyung-ro, Chung-ku,
Seoul, Korea
Telephone: 82-2-757-8725/7
Facsimile: 82-2-757-8721

SUBSIDIARIES AND AFFILIATED COMPANIES* as of August 1, 2001

Japan

Name	Millions	Percentage points		Established
	Paid-in Capital	Ownership	Group Ownership other than Sumitomo Trust	
The Sumishin Shinko Company Limited	¥50	100.0%	0.0%	June 1948
Sumishin Business Service Company, Limited	¥50	100.0	0.0	June 1986
STB Personnel Service Co., Ltd.	¥80	100.0	0.0	July 1995
STB Investment Corporation	¥35	100.0	0.0	March 2000
Sumishin Loan Guaranty Company Limited	¥5,190	100.0	0.0	November 1983
Sumishin Guaranty Company Limited	¥7,100	98.8	0.3	August 1977
Sumishin Information Service Company Limited	¥100	5.0	65.0	February 1973
Sumishin Card Company, Limited	¥50	5.0	50.0	June 1983
Sumishin Realty Company, Limited	¥300	5.0	70.0	January 1986
STB Asset Management Company, Limited	¥300	5.0	95.0	November 1986
STB Research Institute Co., Ltd.	¥300	5.0	95.0	July 1988
STB Leasing Co., Ltd.	¥1,731	4.7	48.4	July 1985
International General Finance Co., Ltd.	¥50	0.0	20.0	September 1982
Japan Trustee Services Bank, Ltd.	¥50,000	50.0	0.0	June 2000
BUSINEXT CORPORATION	¥3,000	40.0	0.0	January 2001
Japan Trustee Information Systems Ltd.	¥200	5.0	45.0	November 1988

Overseas

Name	Millions	Percentage points		Established
	Paid-in Capital	Ownership	Group Ownership other than Sumitomo Trust	
The Sumitomo Trust Finance (H.K.) Limited	\$45.0	100.0%	0.0%	July 1978
Sumitomo Trust International plc	£32.0	100.0	0.0	October 1981
Sumitomo Trust and Banking (Luxembourg) S.A.	\$30.0	100.0	0.0	April 1985
Sumitomo Trust and Banking Co.(U.S.A.)	\$77.9	100.0	0.0	September 1987
STB Finance Cayman Limited	\$0.01	100.0	0.0	January 1993
FCSC Corporation	\$0.1	100.0	0.0	April 1996
STB Cayman Capital Limited	\$0.01	100.0	0.0	May 1997
STB Preferred Capital (Cayman) Limited	¥85,000.0	100.0	0.0	February 1999

* As defined by the accounting principles accepted in Japan.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS as of August 1, 2001



Chairman of the Board

Hitoshi Murakami * (1)

President & Chief Executive Officer

Atsushi Takahashi * (2)

Deputy President & Executive Officer

Koji Iio * (3)

Senior Executive Officers

Yutaka Morita * (4)

Fujio Ido * (5)

Managing Executive Officers

Noriyuki Shoyama * (6)

Eiichi Tanabe * (7)

Hirokazu Mizukami * (8)

Yoji Yoshimura * (9)

Takahiko Otsuka * (10)

Takaaki Hatabe * (11)

Toshiharu Sakurai (12)

Sakae Yashiro (13)

Kazuo Miyakawa (14)

Jiro Araki (15)

Executive Officers

Takashi Nakamura *

Jumpei Norimatsu *

Hideo Fujii

Yotaro Fujiwara

Kazuyuki Isono

Takehisa Takagi

Naoki Taninaka

Masao Shibuya

Shuichi Shimizu

Shoji Morii

Masaru Suzuki

Ikuho Inoue

Standing Statutory Auditor

Shigeru Tomoda

Statutory Auditors

Masao Inoue

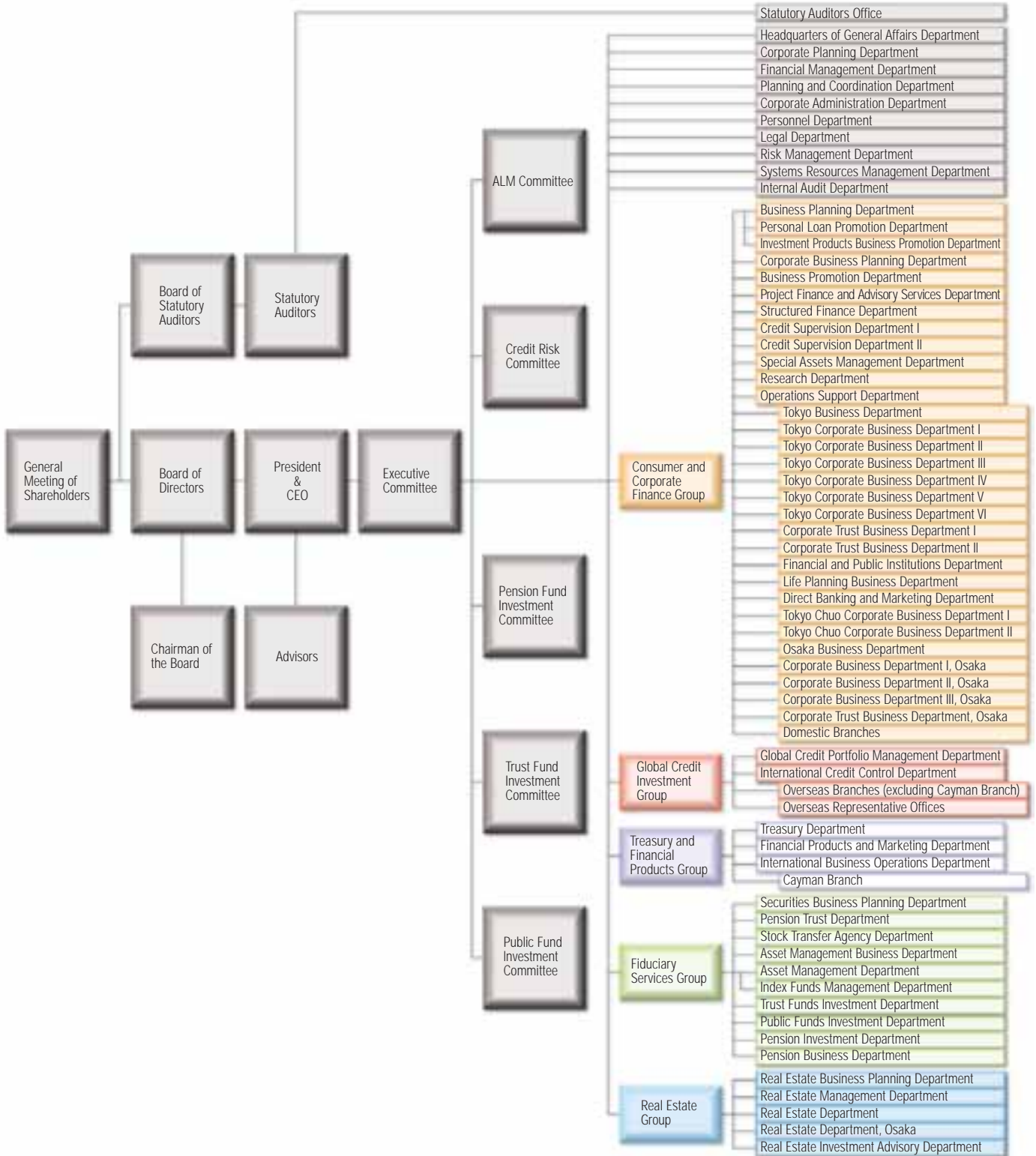
Tsukasa Ooshima

Akio Yamazaki

Masahiro Tanaka

*Director

ORGANIZATION as of August 1, 2001



CORPORATE DATA as of March 31, 2001

Head Office

5-33, Kitahama 4-chome,
Chuo-ku, Osaka 540-8639, Japan
Telephone: 81-6-6220-2121

Tokyo Office

4-4, Marunouchi 1-chome,
Chiyoda-ku Tokyo 100-8233, Japan
Telephone: 81-3-3286-1111

Date of Establishment

July 1925

Paid-in Capital

¥283,985 million

Number of Employees

5,202

Independent Public Accountants

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

Authorized Stock (Thousands)

Common Stock: 3,000,000

Preferred Stock: 250,000

Issued Stock (Thousands)

Common Stock: 1,451,977

Preferred Stock: 125,000

Number of Stockholders

Common Stock: 24,592

Preferred Stock: 1

Principal Stockholders

Common Stock

The 10 principal stockholders of the Bank and their respective holdings of shares at March 31, 2001 were as follows.

	Percentage of Total Shares in Issue	Number of Shares Held (Thousands)
Japan Trustee		
Services Bank Ltd. (Trust Accounts)	3.62%	52,655
The Mitsubishi Trust and		
Banking Corporation (Trust Accounts)	2.70	39,269
Sumitomo Life Insurance Company	2.31	33,589
The Sumitomo Bank, Limited*	2.22	32,304
NEC Corporation	1.72	25,065
Kubota Corporation	1.65	23,984
State Street Bank and Trust Company	1.36	19,876
The Toyo Trust and Banking Co., Ltd.		
(Trust Accounts)	1.31	19,108
Morgan Stanley and		
Company International Limited	1.28	18,634
The Sumitomo Warehouse Co., Ltd.	1.25	18,200
Total	19.46%	282,686

* The Sumitomo Bank, Limited merged with The Sakura Bank Ltd. on April 1, 2001, and has become The Sumitomo Mitsui Banking Corporation.

Preferred Stock

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

A Cautionary Note on Forward-Looking Statements

This annual report contains forward-looking statements about Sumitomo Trust ("the Bank")'s future plans and strategies, which are not historical facts but are based on the Bank'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 are not guarantees of the Bank's future performance and therefore should not be unduly relied upon or be read as terms used for solicitation purposes.

For further information, please contact:

Investor Relations Office

Financial Management Department

The Sumitomo Trust & Banking Co., Ltd.

4-4, Marunouchi 1-chome, Chiyoda-ku,

Tokyo 100-8233, JAPAN

Telephone : 81-3-3286-8354

Facsimile : 81-3-3286-4654

e-mail : ir@sumitomotrust.co.jp

URL : <http://www.sumitomotrust.co.jp/IR/company/eng/index.html>

