

**Sumitomo Mitsui Trust Holdings, Inc.**  
**Financial Results for the Fiscal Year 2010**  
**[Japanese GAAP] (Consolidated)**



May 13, 2011

Listed company	: Sumitomo Mitsui Trust Holdings, Inc. (Former Chuo Mitsui Trust Holdings, Inc)
Stock exchange listings	: Tokyo, Osaka and Nagoya (code: 8309)
URL	: <a href="http://smth.jp/">http://smth.jp/</a>
Representative	: Kazuo Tanabe, President
For inquiry	: Tadashi Nishimura, Executive Officer, General Manager of Financial Planning Department, Sumitomo Mitsui Trust Holdings, Inc TEL +81-3-5232-8816
Date of the ordinary general meeting of shareholders	: June 29, 2011
Payment date of cash dividends (Scheduled)	: June 30, 2011
Filing date of financial statements	: June 30, 2011
Trading accounts	: Established
Supplementary explanatory material	: Prepared
Information meeting	: Scheduled (for analysts)

<Note> Amounts less than one million yen are rounded down.

**1. Consolidated Financial Results for the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)**

(1) Consolidated Results of Operations (Cumulative) (%: Change from the previous period)

Fiscal year ended	Ordinary Income		Ordinary Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	350,977	(4.0)	84,705	1.5	47,277	1.0
March 31, 2010	365,516	(11.5)	83,415	—	46,826	—

(Note) Comprehensive Income: March 31, 2011 24,945 millions of yen, (-85.6%) March 31, 2010 173,510 millions of yen, (-%)

Fiscal year ended	Net Income per Common Share	Net Income per Common Share (Diluted)	Net Income to Net Assets Ratio	Ordinary Profit to Total Assets Ratio	Ordinary Profit to Ordinary Income Ratio
	Yen	Yen	%	%	%
March 31, 2011	28.51	—	7.2	0.6	24.1
March 31, 2010	31.41	—	9.8	0.6	22.8

(Reference) Net income (loss) from investment in equity method affiliates: March 31, 2011 553 millions of yen March 31, 2010 (814) millions of yen

(Note) Net income per common share (diluted) is not stated, as there are no potentially dilutive securities.

(2) Consolidated Financial Conditions

As of	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Common Share	Consolidated BIS Capital Adequacy Ratio
	Millions of yen	Millions of yen	%	Yen	%
March 31, 2011	14,231,070	844,130	4.6	395.94	16.46
March 31, 2010	14,977,966	846,556	4.4	397.69	13.80

(Reference) Net assets less minority interests: March 31, 2011 656,476 millions of yen March 31, 2010 659,394 millions of yen

(Note) 1. Net Assets Ratio = Net assets less minority interests / Total assets

(3) Consolidated Cash Flows

Fiscal year ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2011	(519,408)	734,537	12,628	465,221
March 31, 2010	(436,461)	406,443	50,296	237,851

**2. Dividends on Common Share**

Fiscal year ended	Annual Cash Dividends per Common Share					Total Dividends Payment (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual			
March 31, 2010	—	0.00	—	8.00	8.00	13,264	28.3	2.4
March 31, 2011	—	4.00	—	4.00	8.00	13,264	28.1	2.0
March 31, 2012 (Forecast)	—	4.00	—	4.00	8.00		31.5	

(Note) 1. The figure above shows dividends on common share. In regard to other types of shares, please see "Dividends on Preferred shares" as follows.

2. Newly-born "The Sumitomo Mitsui Trust Group" integrated on April 1, 2011, sets returning profit to shareholders as an important management policy and has a basic policy targeting consolidated-Dividends to Net Assets Ratio\* to be 30 percentage or more.

\* consolidated-Dividends to Net Assets Ratio = Total Dividends on Common Share / (Net Income - Total Dividends on Preferred share) × 100.

However, regarding to the Fiscal Year 2011, this figure is calculated on the basis of deducting gains arising temporarily from negative goodwill due to accounting for business combinations.

**3. Forecast of Consolidated Financial Results for the Fiscal Year 2011**

(from April 1, 2011 to March 31, 2012)

(%: Change from the previous period)

Six months ending	Ordinary Profit		Net Income		Net Income per Common Share
	Millions of yen	%	Millions of yen	%	Yen
September 30, 2011	100,000	99.6	90,000	180.6	21.11
March 31, 2012	215,000	153.8	150,000	217.3	35.00

#### 4. Other Information

(1) Changes in important subsidiaries and Affiliates(Specified Subsidiary) during the fiscal year 2010: None

(2) Changes in accounting principles, procedures and presentation rules in the preparation of consolidated financial statements

1) Changes due to revisions in accounting standards: Yes

2) Other changes: None

(Note) For the details, please refer to page 18, "Changes in Significant Accounting Policies and Practices."

(3) Number of issued shares (Common share)

1) Number of issued shares (including treasury stock)

March 31, 2011 : 1,658,426,267 shares, March 31, 2010 : 1,658,426,267 shares

2) Number of treasury stock

March 31, 2011 : 411,673 shares, March 31, 2010 : 366,149 shares

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

March 31, 2011 : 1,658,044,193 shares, March 31, 2010 : 1,490,670,506 shares

(Note) For the details, please refer to page 35, "Per Share Information".

#### <Reference>Summary of Non-consolidated Financial Results

##### 1. Non-Consolidated Financial Results for the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)

(1) Non-consolidated Results of Operations

(%: Change from the previous period)

Fiscal Year Ended	Operating Income		Operating Profit		Ordinary Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	22,764	66.8	12,366	298.1	9,615	321.1
March 31, 2010	13,651	(19.7)	3,106	(61.5)	2,283	(69.7)

Fiscal Year Ended	Net Income		Net Income per Common Share	Net Income per Common Share (Diluted)
	Millions of yen	%	Yen	Yen
March 31, 2011	8,906	210.8	5.37	—
March 31, 2010	2,865	(59.4)	1.92	—

(Note) Net income per common share (diluted) is not stated, as there are no potentially dilutive securities.

As of	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Common Share
	Millions of yen	Millions of yen	%	Yen
March 31, 2011	794,198	601,370	75.7	362.70
March 31, 2010	805,149	612,375	76.1	369.33

(Reference) Net assets: March 31, 2011 601,370 millions of yen March 31, 2010 612,375 millions of yen

(Note) Net Assets Ratio = Net assets / Total assets

#### Presentation on the implementation status of the audit procedures

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

#### Explanation for proper use of forecasts and other note

• Chuo Mitsui Trust Holdings, Inc. changed its trade name to Sumitomo Mitsui Trust Holdings, Inc. on April 1, 2011.

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

• Information meeting will be held for analysts and institutional investors. The contents of the meeting such as explanations about financial results will be posted on the web-site, together with the handouts to be used on the day.

## (Dividends on Preferred Shares)

Cash dividends per share on preferred share are as below:

The First Series of Class VII Preferred Shares	Annual Cash Dividends per Share					Total of dividends
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual	
	Yen	Yen	Yen	Yen	Yen	Millions of yen
Fiscal year ended						
March 31, 2010	—	—	—	—	—	—
March 31, 2011	—	—	—	—	—	—
Fiscal year ending						
March 31, 2012 (Forecast)	—	21.15	—	21.15	42.30	

(Note) We concluded a share exchange agreement on management integration and a management integration agreement with The Sumitomo Trust and Banking Co., Ltd. After approval at the extraordinary general meeting of shareholders held on December 22, 2010, the share exchange was performed on April 1, 2011 as the effective date.

Each share of Sumitomo Mitsui Trust Holdings, Inc. Class VII preferred shares was allotted and delivered to each share of the First Series of The Sumitomo Trust and Banking Co., Ltd. Class II Preferred Shares.

## [Accompanying Materials]

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## **1. Financial Results**

### **(1) Financial Results**

#### **(a) Management Integration**

Chuo Mitsui Trust Holdings, Inc. and The Sumitomo Trust and Banking Company, Limited carried out the management integration through the share exchange and newly established a holding company, "Sumitomo Mitsui Trust Holdings, Inc."

We, as the only trust bank group in Japan, will form "The Trust Bank", a new trust bank group that brings together both groups' human resources, know-how, management-resources, expertise, and comprehensive capabilities in order to provide comprehensive solutions to customers swiftly.

#### **(b) Financial Results for the Fiscal Year 2010 and outlook of the Fiscal year 2011**

With respect to the economic conditions during this period, while the pace of economic growth in developing countries slowed down slightly due to tightened monetary policy, while U.S. or other developed countries' economies have recovered increasingly by the effect of economic measures. In Japan, economic condition seemed to start recovering mainly in the fields of export and production from beginning of year 2011 while there was a temporary stagnation in last autumn due to weakened demand from abroad and wearing off the policy effect. However, the Great East Japan Earthquake occurred on March 11 has seriously impacted the Japanese economy to shrink the production.

In the financial markets, short-term interest rates (overnight call rates) hovered below the Bank of Japan's target rate of 0.1% after comprehensive money easing measures in October. And it fell to 0.06% level at the end of current fiscal year since Bank of Japan has strengthened money easing measures after the Great East Japan Earthquake. Long-term interest rates climbed up to mid 1.2% after falling to mid 0.8% level in October. The Nikkei Stock Average hovered weakly due to worsening financial problems in Europe and appreciating yen trend. It finished mid 9,700 yen level although dropping over 1,000 yen to 8,200 level soon after the Great East Japan Earthquake.

In the foreign exchange market, the yen trended higher against the dollar, appreciating from the ¥93 range in early October to the 80 yen range at the end of the period, and hovered around low 80 yen range afterward. The yen appreciated to 76.26 yen, highest level in the past, in overseas market on March 17, but finished at low 83 yen range after coordinated intervention at the end of the period.

In these economic and financial conditions, our group companies (former Chuo Mitsui Trust Group) has deployed various initiatives in order to increase profits to the utmost extent and strengthen efforts to achieve the Vision of "The Trust Bank" coordinating the business with the Sumitomo Trust and Banking group before management integration.

Regarding our consolidated financial results (former Chuo Mitsui Trust Group), pre-provision profit at bank subsidiaries decreased due to the underperforming real estate related income and banking related income while market related income increased steadily. The reversal of allowance for loan losses resulting from improvement of financial conditions of some clients was posted while additional allowance for loan losses after carefully estimating the effects caused by the Great East Japan Earthquake. The impairment loss for some stocks was posted including stocks of which fair value declines significantly at the fiscal year end and the decline is not recognized as temporary decline while posting the gain on sale of stocks. As a result, ordinary profit increased by 1.2 billion yen to 84.7 billion yen and net income increased by 0.4 billion yen to 47.2 billion yen year on year.

Regarding segment information, ordinary income of 282.5 billion yen and segment profit of 68.4 billion yen was posted on The Chuo Mitsui Trust and Banking Company, Limited, ordinary income of 40.9 billion yen and segment profit of 11.1 billion yen on Chuo Mitsui Asset Trust and banking Company, Limited, ordinary income of 10.4 billion yen and segment profit of 0.5 billion yen on asset management subsidiaries, and ordinary income of 17.0 billion yen and segment profit of 21.3 billion yen on other businesses.

Regarding outlook of consolidated financial results of Chuo Mitsui Trust Holdings, Inc. for fiscal year 2011, ordinary income of 215.0 billion yen and net income of 150.0 billion yen are expected with expanding fee related income while severe environment for interest income, including expectation of approximately 40.0 billion yen of profit regarding negative goodwill as effect of consolidated account processing with management integration.

#### **(2) Financial Conditions**

Total asset decreased by 746.8 billion yen to 14,231.0 billion yen from the end of March 2010. Of which, balance of loans and bills decreased by 77.6 billion yen to 8,864.2 billion yen, balance of securities decreased by 815.1 billion yen to 3,710.5 billion yen. Balance of deposits increased by 532.0 billion yen to 9,292.0 billion yen.

In the fiscal year 2010, net cash used in operating activities such as changes in loans and deposits, investment and funding was 519.4 billion yen. Net cash provided by financing activities such as proceeds from subordinated bond was 12.6 billion yen. As a result, Cash and cash equivalents at the end of March 2011 was 465.2 billion yen.

Consolidated capital adequacy ratio (domestic standard) at the end of March 2011 was 16.46% (Preliminary).  
Trend of capital adequacy ratio including the figure above is as follows.

(Note)

Consolidated capital adequacy ratio (domestic standard) is calculated accordance with Financial Services Agency Notification No.20 of 2006 (the “Consolidated capital Adequacy Ratio Notification”) which indicates standards for judgment financial holding companies on whether or not the capital adequacy status is appropriate in the light of the assets, etc., they and their subsidiaries hold pursuant to the provision of Article 52-25 of the Banking Act.

(3)Dividend policy and forecast for fiscal year 2010 and 2011

In view of its public nature as a financial institution, former Chuo Mitsui Trust Holdings’ basic policy on dividends is to enhance an appropriate level of retained earnings and to maintain stable dividends for shareholders. Based on the policy, the year-end dividend per share will be 4.00yen (annual dividend per share of 8.00yen including interim dividend per share 4.00yen).

Sumitomo Mitsui Trust Holdings Inc. which was newly formed on April 1, 2011 as a result of the Management Integration, positions the management policy of profit sharing with shareholders as one of its highest concerns, and adopts the basic policy to share profits with shareholders in accordance with profit level of each fiscal year. Sumitomo Mitsui Trust Holdings Inc. targets consolidated dividend payout ratio of approximately 30% (\*). Based on the policy, Sumitomo Mitsui Trust Holdings Inc. annual dividend forecast per share on common share for fiscal year 2011 will be 8.00yen (interim dividend per share 4.00 yen) on the condition of earnings forecasts.

(\* ) Consolidated dividend payout ratio

= {Total amount of dividends on common shares / (Consolidated net income (exclude gain on negative goodwill) - Total amount of dividends on preferred shares)} × 100

In fiscal year 2011, dividend forecast was calculated by deducting the one-time accounting gain on negative goodwill related to the Management Integration.

## 2. Overview of Chuo Mitsui Trust Group

Our Group (former Chuo Mitsui Trust Group) consists of two trust banks (The Chuo Mitsui Trust and Banking Company, Limited and Chuo Mitsui Asset Trust and Banking Company, Limited), two asset management companies ( Chuo Mitsui Asset Management Company, Limited and Chuo Mitsui Capital Company, Limited ), and other companies. Our Group conducts wide range of financing services.

Our Group includes 25 consolidated subsidiaries and 3 affiliates accounted for by the equity method.

Reportable segments of our group at the end of this fiscal year are as follows.

Reportable segment	Names of Principal Companies
The Chuo Mitsui Trust and Banking Company Limited	The Chuo Mitsui Trust and Banking Company Limited
Chuo Mitsui Asset Trust and Banking Company Limited	Chuo Mitsui Asset Trust and Banking Company Limited
Asset management companies	Chuo Mitsui Asset Management Company, Limited Chuo Mitsui Capital Company, Limited
Other	<ul style="list-style-type: none"> <li>○Consolidated subsidiaries</li> <li>•Chuo Mitsui Information Technology Co., Ltd.</li> <li>•CMTB Facilities Co., Ltd.</li> <li>•Chuo Mitsui Business Co., Ltd.</li> <li>•Chuo Mitsui Loan Business Co., Ltd.</li> <li>•CMTB Equity Investments Co., Ltd.</li> <li>•Tokyo Securities Transfer Agent Co., Ltd.</li> <li>•Chuo Mitsui Guarantee Co., Ltd.</li> <li>•Chuo Mitsui Card Co., Ltd.</li> <li>•Chuo Mitsui Realty Company, Limited</li> <li>•Chuo Mitsui Finance Service Co., Ltd.</li> <li>•Chuo Mitsui Trust Realty Company, Limited</li> <li>•Chuo Mitsui Trust International Limited</li> <li>•MTH Preferred Capital 1 (Cayman) Limited</li> <li>•MTH Preferred Capital 3 (Cayman) Limited</li> <li>•MTH Preferred Capital 4 (Cayman) Limited</li> <li>•MTH Preferred Capital 5 (Cayman) Limited</li> <li>•CMTH Preferred Capital 6 (Cayman) Limited</li> <li>•CMTH Preferred Capital 7 (Cayman) Limited</li> <li>○Affiliates accounted for by the equity method</li> <li>•Japan Trustee Services Bank., Ltd.</li> <li>•Japan Stockholders Data Service Company, Limited</li> <li>•Mitsui &amp; Co., Logistics Partners Ltd.</li> </ul>

(Note)

1. Other Business is the division which does not belong to any reportable segment.

2. "CMTH Group" has started to adopt ASBJ Statement No.17 "the Accounting Standard for Disclosures about Segments of an Enterprises and Related Information" ( issued by ASBJ on March 27, 2009) and Implementation Guidance No.20 "the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" ( issued by ASBJ on March 21, 2008) from the fiscal year 2010.

Therefore, "CMTH Group" has changed the division of segment from business segment to reportable segment based on management approach.

### **3. Management Policy**

#### **(1) Basic Management Policy**

Sumitomo Mitsui Trust Group, newly established through management integration on April 1, 2011, has laid out the group's Management Principles ("Mission"), Ideal Model ("Vision") and Codes of Conduct ("Values") in order to manifest ideal standards for Sumitomo Mitsui Trust Group.

#### **A. Management Principles ("Mission")**

- Sumitomo Mitsui Trust Group will swiftly provide comprehensive solutions to its clients by fully utilizing its significant expertise and comprehensive capabilities.
- Sumitomo Mitsui Trust Group will adhere to the principles of sound management based on a high degree of self-discipline with the background of "Trustee Spirit" and will establish strong credibility from society.
- Sumitomo Mitsui Trust Group will strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
- Sumitomo Mitsui Trust Group will offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

#### **B. Ideal Model ("Vision") – Towards "The Trust Bank"**

Based on the "Trustee Spirit" and with significant expertise and comprehensive capabilities, Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its Banking, Asset Management and Administration, and Real Estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

#### **(2) Mid and long term Management Strategy and Issues to be Addressed**

##### **(Basic Strategy)**

In order to achieve the vision described above, "The Trust Bank", Sumitomo Mitsui Trust Group will leverage its strengths towards the development of a business model that is clearly different from that of megabank groups.

- Provide comprehensive solutions, with superior products and services across business fields:  
Sumitomo Mitsui Trust Group will leverage its high level of expertise and a wide range of capabilities cultivated from both the Chuo Mitsui Trust group and the Sumitomo Trust group over the years, to provide comprehensive solutions with superior products and services across business fields that correspond to clients' needs.
- Concentrate resources on prioritized strategic areas and focus on pursuit of synergies:  
Sumitomo Mitsui Trust Group will aim to improve profitability and realize stable and sustainable growth by concentrating management resources on strategic areas where Sumitomo Mitsui Trust Group has competitiveness and expects stronger growth and business synergies across different business fields.
- Financial soundness and capital efficiency:  
Sumitomo Mitsui Trust Group will aim to secure capital adequacy in terms of quality and quantity, and maintain a sound financial position. At the same time, Sumitomo Mitsui Trust Group will aim to enhance capital efficiency through the reinforcement of its fee businesses by leveraging its trust functions.

Sumitomo Mitsui Trust Group will strive to establish the distinct status by concentrating the new group's whole effort based on following prioritized management direction, in addition to establish and fix the governance structure, and implementing the smooth and steady merger among three trust bank subsidiaries planned on April 1, 2012.

#### **A. Achieving both "enhancing the fee businesses and the basic earnings power" and "discovering new opportunities for growth".**

Sumitomo Mitsui Trust Group will enhance group-wide basic earning power by promoting fee businesses, such as investment trusts and insurance sales, asset management and real estate business to develop new markets and to expand market shares and by constructing the well balanced loan portfolio through promotion of loans to individual and corporations.

As new opportunities for growth, Sumitomo Mitsui Trust Group will lay out the global businesses, mainly in Asia, and develop the new customer base, in addition to promote the discovery of new business opportunities that will become the following principal pillar, Sumitomo Mitsui Trust Group will consider the midterm growth strategy which will enable the sustainable growth of the new group.



B. Early materialization of the synergy effects

The Chuo Mitsui Trust and Banking Company, Limited, Chuo Mitsui Asset Trust and Banking Company, Limited and The Sumitomo Trust and Banking Co., Ltd. will work together and actively promote the collaboration across the group. Each bank subsidiary will (i) realize earning synergy by cross-servicing the function, products and the services, (ii) prevent dis-synergies, (iii) pursue cost synergies.

In addition, each bank subsidiary will actively promote the interchange of personnel for promoting the collaborating measures, early fusion of business know-how, facilitating the operation of management integration.

C. Pursuing the productivity · efficiency and cost reduction

The entire new group, mainly at each bank subsidiaries, will validate each business' productivity and efficiency, and will pursue cost reduction.

<Public Funds>

The Resolution and Collection Corporation ("RCC") currently holds 500,875,000 shares (200.35 billion yen [amount of issuance basis] ) in the form of common shares of Sumitomo Mitsui Trust Holdings, Inc. as public funds (approximately 12% of number of outstanding common shares of Sumitomo Mitsui Trust Holdings, Inc. as of April 1 2011).

Regarding the public funds, based on a principal to repay at the earliest possible opportunity, Sumitomo Mitsui Trust Group has adopted a policy to make full repayment through sales in the market or by other methods as soon as possible, carefully enough to maintain management soundness while avoiding any adverse impact on the market, and will continue to conduct negotiations with the relevant authorities toward full repayment.

We wish to convey our deepest sympathy for all the people affected by the Great East Japan Earthquake, and we sincerely hope that the affected areas can achieve the quickest possible recovery.

With social and economic structures undergoing significant changes worldwide, our clients are facing increasingly advanced and complex issues concerning their financing and asset management and administration. In addition, restoration from the damage by the earthquake, which is the worst disaster in the postwar period, is becoming an urgent challenge in our country. Sumitomo Mitsui Trust Group, as the only trust bank group in Japan, will continue to accomplish further social responsibility and public mission, and to contribute to our clients and society, as well as to the recovery of Japanese economy, by utilizing high levels of expertise and a broad scope of businesses.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2010
<b>Assets:</b>		
Cash and due from banks	502,160	262,240
Call loans and bills bought	6,936	9,884
Receivables under securities borrowing transactions	9,378	1,521
Monetary claims bought	99,921	98,818
Trading assets	36,568	22,778
Money held in trust	2,065	2,234
Securities	3,710,513	4,525,683
Loans and bills discounted	8,864,266	8,941,948
Foreign exchanges	12,259	767
Other assets	393,956	446,145
Tangible fixed assets	123,584	126,000
Buildings	34,835	37,384
Land	80,955	81,958
Construction in progress	291	200
Other tangible fixed assets	7,502	6,456
Intangible fixed assets	56,994	58,940
Software	18,886	16,221
Goodwill	33,034	35,304
Other intangible fixed assets	5,074	7,414
Deferred tax assets	143,055	150,296
Customers' liabilities for acceptances and guarantees	317,098	384,117
Allowance for loan losses	(47,690)	(53,410)
<b>Total assets</b>	<b>14,231,070</b>	<b>14,977,966</b>
<b>Liabilities:</b>		
Deposits	9,292,002	8,759,917
Negotiable certificates of deposit	327,020	327,190
Call money and bills sold	351,956	306,161
Payables under securities lending transactions	1,161,653	1,702,697
Trading liabilities	7,716	7,911
Borrowed money	678,983	1,217,246
Foreign exchanges	-	21
Bonds payable	267,247	234,750
Due to trust accounts	801,657	995,612
Other liabilities	156,055	170,887
Provision for bonuses	3,133	3,160
Provision for retirement benefits	2,859	2,662
Provision for directors' retirement benefits	253	1,704
Provision for contingent losses	15,335	12,022
Deferred tax liabilities	3,967	5,346
Acceptances and guarantees	317,098	384,117
<b>Total liabilities</b>	<b>13,386,939</b>	<b>14,131,410</b>
<b>Net assets:</b>		
Capital stock	261,608	261,608
Retained earnings	406,002	377,619
Treasury Stock	(282)	(270)
Shareholders' equity	667,328	638,957
Valuation difference on available-for-sale securities	4,408	35,002
Deferred gains or losses on hedges	3,406	2,705
Revaluation reserve for land	(16,537)	(15,532)
Foreign currency translation adjustment	(2,129)	(1,738)
Total accumulated other comprehensive income	(10,851)	20,436
Minority Interests	187,653	187,161
<b>Total net assets</b>	<b>844,130</b>	<b>846,556</b>
<b>Total liabilities and net assets</b>	<b>14,231,070</b>	<b>14,977,966</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Ordinary income</b>	<b>350,977</b>	<b>365,516</b>
Trust fees	46,720	50,874
Interest income:	160,477	181,592
Interest on loans and discounts	106,584	122,029
Interest and dividends on securities	48,613	55,570
Interest on call loans and bills bought	367	181
Interest on receivables under securities borrowing transactions	139	77
Interest on deposits with banks	452	189
Other interest income	4,320	3,543
Fees and commissions	82,579	80,790
Trading income	3,943	2,592
Other ordinary income	36,224	27,505
Other income	21,032	22,161
<b>Ordinary expenses</b>	<b>266,272</b>	<b>282,100</b>
Interest expenses	59,694	68,901
Interest on deposits	40,794	44,970
Interest on negotiable certificates of deposit	524	1,422
Interest on call money and bills sold	537	725
Interest on payables under repurchase agreements	—	17
Interest on payables under securities lending transactions	2,537	3,483
Interest on borrowings	2,675	3,838
Interest on bonds	7,642	7,512
Other interest expenses	4,983	6,929
Fees and commissions payments	20,890	21,112
Trading expenses	441	—
Other ordinary expenses	9,228	8,318
General and administrative expenses	140,931	149,232
Other expenses	35,086	34,536
Provision of allowance for loan losses	—	360
Other	35,086	34,175
<b>Ordinary profit</b>	<b>84,705</b>	<b>83,415</b>
Extraordinary income	7,832	2,579
Gain on disposal of noncurrent assets	141	234
Reversal of allowance for loan losses	764	—
Recoveries of written-off claims	6,926	2,147
Reversal of allowance for contingent losses	—	197
Extraordinary loss	5,753	1,196
Loss on disposal of noncurrent assets	759	501
Loss on impairment of fixed assets	1,108	—
Management integration expenses	3,397	525
Other	489	168
<b>Income before income taxes and minority interests</b>	<b>86,783</b>	<b>84,798</b>
Income taxes-current	6,452	8,149
Income taxes-deferred	25,524	22,150
Total income taxes	31,977	30,299
<b>Income before minority interests in income</b>	<b>54,806</b>	<b>—</b>
Minority interests in income	7,529	7,672
<b>Net income</b>	<b>47,277</b>	<b>46,826</b>

## (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Income before minority interests in income</b>	<b>54,806</b>	—
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,147)	—
Deferred gains or losses on hedges	701	—
Foreign currency translation adjustment	(390)	—
Attributable to equity method affiliate	(22)	—
<b>Other comprehensive income</b>	<b>(29,860)</b>	—
Comprehensive income		
Comprehensive income attributable to owners of the parent	16,993	—
Comprehensive income attributable to minority interests	7,952	—

## (4) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Shareholders' equity:</b>		
<b>Capital stock:</b>		
Balance at the end of the previous period	261,608	261,608
Changes of items during the period:		
Total changes of items during the period	—	—
Balance at the end of the current period	261,608	261,608
<b>Retained earnings:</b>		
Balance at the end of the previous period	377,619	338,564
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	47,277	46,826
Disposal of treasury stock	(3)	(5)
Reversal of revaluation reserve for land	1,004	—
Total changes of items during the period	28,382	39,055
Balance at the end of the current period	406,002	377,619
<b>Treasury stock:</b>		
Balance at the end of the previous period	(270)	(262)
Changes of items during the period:		
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	5	9
Total changes of items during the period	(11)	(8)
Balance at the end of the current period	(282)	(270)
<b>Total shareholders' equity:</b>		
Balance at the end of the previous period	638,957	599,910
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	47,277	46,826
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	2	4
Reversal of revaluation reserve for land	1,004	—
Total changes of items during the period	28,370	39,047
Balance at the end of the current period	667,328	638,957

(Continued)

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Accumulated other comprehensive income:</b>		
<b>Valuation difference on available-for-sale securities:</b>		
Balance at the end of the previous period	35,002	(83,325)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(30,593)	118,327
Total changes of items during the period	(30,593)	118,327
Balance at the end of the current period	4,408	35,002
<b>Deferred gains or losses on hedges:</b>		
Balance at the end of the previous period	2,705	2,406
Changes of items during the period:		
Net changes of items other than shareholders' equity	701	298
Total changes of items during the period	701	298
Balance at the end of the current period	3,406	2,705
<b>Revaluation reserve for land:</b>		
Balance at the end of the previous period	(15,532)	(15,532)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(1,004)	—
Total changes of items during the period	(1,004)	—
Balance at the end of the current period	(16,537)	(15,532)
<b>Foreign currency translation adjustment:</b>		
Balance at the end of the previous period	(1,738)	(2,045)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(390)	307
Total changes of items during the period	(390)	307
Balance at the end of the current period	(2,129)	(1,738)
<b>Total accumulated other comprehensive income:</b>		
Balance at the end of the previous period	20,436	(98,497)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(31,288)	118,933
Total changes of items during the period	(31,288)	118,933
Balance at the end of the current period	(10,851)	20,436
<b>Minority interests:</b>		
Balance at the end of the previous period	187,161	187,041
Changes of items during the period:		
Net changes of items other than shareholders' equity	492	119
Total changes of items during the period	492	119
Balance at the end of the current period	187,653	187,161
<b>Total net assets:</b>		
Balance at the end of the previous period	846,556	688,455
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	47,277	46,826
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	2	4
Reversal of revaluation reserve for land	1,004	—
Net changes of items other than shareholders' equity	(30,796)	119,053
Total changes of items during the period	(2,425)	158,100
Balance at the end of the current period	844,130	846,556

## (5) Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>1. Cash flows from operating activities:</b>		
Income before income taxes and minority interests	86,783	84,798
Depreciation and amortization	12,296	11,135
Loss on impairment of fixed assets	1,108	41
Amortization of goodwill	2,270	2,451
Equity in losses (earnings) of affiliates	(553)	814
Increase (decrease) in allowance for loan losses	(5,720)	(8,111)
Increase (decrease) in provision for bonuses	(26)	80
Increase (decrease) in provision for retirement benefits	197	268
Increase (decrease) in provision for directors' benefits	(1,450)	73
Increase (decrease) in provision for contingent losses	3,313	(206)
Interest income	(160,477)	(181,592)
Interest expenses	59,694	68,901
Losses (gains) on securities	(29,479)	(18,967)
Losses (gains) on money held in trust	(115)	(144)
Foreign exchange losses (gains)	50,355	34,951
Losses (gains) on disposal of tangible fixed assets	617	267
Net decrease (increase) in trading assets	(13,790)	15,471
Net increase (decrease) in trading liabilities	(195)	(956)
Net decrease (increase) in loans and bills discounted	77,682	(357,653)
Net increase (decrease) in deposits	532,084	(144,297)
Net increase (decrease) in negotiable certificates of deposit	(170)	(215,090)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(538,263)	(475,319)
Net decrease (increase) in due from banks (excluding due from the bank of Japan)	(12,551)	(8,712)
Net decrease (increase) in call loans and bills bought	1,890	10,127
Net decrease (increase) in receivables under securities borrowing transactions	(7,857)	7,291
Net increase (decrease) in call money and bills sold	45,795	52,683
Net increase (decrease) in payables under securities lending transactions	(541,044)	447,049
Net decrease (increase) in foreign exchange assets	(11,492)	35
Net increase (decrease) in foreign exchange liabilities	(21)	(20)
Net increase (decrease) in due to trust accounts	(193,955)	115,695
Interest income (cash basis)	169,068	182,130
Interest expenses (cash basis)	(52,624)	(68,108)
Other net	16,268	12,463
Subtotal	(510,362)	(432,447)
Income taxes paid	(9,045)	(4,013)
<b>Net cash provided by (used in) operating activities</b>	<b>(519,408)</b>	<b>(436,461)</b>
<b>2. Cash flows from investing activities:</b>		
Purchases of securities	(7,517,154)	(6,619,136)
Proceeds from sales of securities	7,828,396	6,651,069
Proceeds from redemption of securities	434,664	385,705
Increase in money held in trust	—	(2,500)
Decrease in money held in trust	109	2,637
Purchases of tangible fixed assets	(5,717)	(3,446)
Proceeds from sales of tangible fixed assets	1,437	353
Purchases of intangible fixed assets	(7,537)	(9,302)
Proceeds from sales of intangible fixed assets	339	1,064
<b>Net cash provided by (used in) investing activities</b>	<b>734,537</b>	<b>406,443</b>
<b>3. Cash flows from financing activities:</b>		
Increase in subordinated borrowings	5,000	65,000
Decrease in subordinated borrowings	(5,000)	(65,000)
Proceeds from issuance of subordinated bonds	40,000	103,000
Payments for redemption of subordinated bonds	—	(37,274)
Dividends paid	(19,896)	(7,765)
Dividends paid to minority shareholders	(7,460)	(7,649)
Purchases of treasury stock	(17)	(18)
Proceeds from sales of treasury stock	2	4
<b>Net cash provided by (used in) financing activities</b>	<b>12,628</b>	<b>50,296</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>(388)</b>	<b>302</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>227,369</b>	<b>20,581</b>
<b>6. Cash and cash equivalents at the beginning of the period</b>	<b>237,851</b>	<b>217,270</b>
<b>7. Cash and cash equivalents at the end of the period</b>	<b>465,221</b>	<b>237,851</b>

## Notes to the Consolidated Financial Statements for the Fiscal Year 2010

All amounts less than one million yen are rounded down.

### Note to the Going-Concern Assumption

There are no corresponding items.

### Significant Accounting Policies and Practices

#### 1. Scope of Consolidation

##### (1) Consolidated subsidiaries: 25 companies

Principal companies:

The Chuo Mitsui Trust and Banking Company, Limited  
Chuo Mitsui Asset Trust and Banking Company, Limited  
Chuo Mitsui Asset Management Company, Limited  
Chuo Mitsui Capital Company, Limited  
MTH Preferred Capital 1 (Cayman) Limited  
MTH Preferred Capital 3 (Cayman) Limited  
MTH Preferred Capital 4 (Cayman) Limited  
MTH Preferred Capital 5 (Cayman) Limited  
CMTH Preferred Capital 6 (Cayman) Limited  
CMTH Preferred Capital 7 (Cayman) Limited

##### (2) Unconsolidated subsidiaries

Principal companies:

Chuo Mitsui Create Company, Limited

Unconsolidated subsidiaries are excluded from the scope of consolidation because their total amounts in terms of Total assets, Ordinary income, Net income, Retained earnings, Deferred Unrealized Gains(Losses) on Hedge Accounting, and others are so immaterial that they do not hinder a rational judgment of the Bank group's financial position and results of operations when excluded from the scope of consolidation.

#### 2. Application of the Equity Method

##### (1) Unconsolidated Subsidiaries accounted for by the Equity Method

None

##### (2) Affiliates Accounted for by the Equity Method: 3 companies

Principal Companies:

Japan Trustee Services Bank, Ltd.

Japan Trustee Information Systems, Ltd. was excluded from an affiliates accounted for by the equity method due to merger with Japan Trustee Services Bank, Ltd. in the current fiscal year.

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

Principal Companies:

Chuo Mitsui Create Company, Limited

##### (4) Affiliates Not Accounted for by the Equity Method

None

Unconsolidated subsidiaries not accounted for by the equity method are also excluded from the scope of the Equity Method because their total amounts in terms of Net income, Retained earnings, Deferred Unrealized Gains(Losses) on Hedge Accounting, and others are so immaterial that they do not have a significant impact to the consolidated financial statements when excluded from the scope of application of the equity method.



### 3. Balance Sheet Dates of Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries are as follows:

January 24 6 companies

December 31 4 companies

March 31 15 companies

(2) Subsidiaries with a balance sheet date as of January 24 are consolidated based on their preliminary financial statements as of March 31. Other subsidiaries are consolidated based on the financial statements as of their balance sheet dates. Six subsidiaries changed their balance sheet date from July 24 to January 24. Necessary adjustments were made for any significant transactions between the balance sheet dates of the subsidiaries and the consolidated balance sheet date.

### 4. Amortization of Goodwill

Goodwill is amortized over the period that is reasonably determined by each case within 20 years. However, it is fully expensed as incurred during the each fiscal year if deemed immaterial.

### 5. Accounting Policies

(1) Trading account activities

Trading account activities are conducted for the purpose of seeking gains primarily from short-term fluctuations in interest rate, currency exchange rate, market prices of financial instruments or other market indices. Trading assets and liabilities include securities, commercial papers, and financial derivatives. The mark-to-market accounting method is adopted for such financial instruments, all of which are stated at fair values as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheets. Gains and losses on the trading transactions are shown as "Trading Income" or "Trading Expenses" on a trade date basis. Trading account securities and monetary claims are stated at fair value of the balance sheet date and financial derivatives for trading activities, such as swaps, futures and options, are valued on the assumption that they are settled at the balance sheet date.

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

(2) Evaluation of Securities

(a) Under the accounting standard for financial instruments, consolidated subsidiaries are required to explicitly determine the objectives of holding each security and classify them into (i) securities held for trading purposes (hereinafter "Trading Securities"), (ii) debt securities intended to be held to maturity (hereinafter "Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliates, or (iv) all other securities that are not classified in any of the above categories (hereinafter "Available-for-Sale Securities.")

"Held-to-maturity debt securities" are carried at amortized cost using the moving average method. Equity securities issued by unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at moving average cost. Stocks and stock-investment trust classified as "Available-for-Sale Securities" with fair value are revalued at the average market price of the final month in the fiscal year.

"Available-for-Sale Securities" with fair value other than stocks and stock-investment trust are revalued at the balance sheet date. "Available-for-Sale Securities" for which no fair values are obtainable are carried at cost using the moving average method. Valuation difference on available-for-sale securities is recorded as a separate component of net assets and reported in the consolidated balance sheets.

(b) Securities invested in money held in trust are revalued at the same method as securities mentioned above.

(3) Evaluation of Financial Derivatives

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

(4) Depreciation Methods

(a) Tangible Fixed Assets

Tangible fixed assets of consolidated trust bank subsidiaries are depreciated using the declining-balance method. Buildings acquired on and after April 1, 1998, however, are depreciated using the straight-line method. The estimated useful lives of major items are as follows:

Buildings : 10 to 50 years

Others : 3 to 8 years

For assets with acquisition cost of more than 0.1million and under 0.2million are amortized equally in 3 years.

Tangible fixed asset of Chuo Mitsui Trust Holdings, Inc. and the other subsidiaries are depreciated mainly using the straight-line method over the estimated useful lives.

(b) Intangible Fixed Assets

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

(5) Allowance for Loan Losses

Allowance for Loan Losses on Loans of major domestic consolidated subsidiaries is provided in accordance with internally established standards for write-off and allowance for possible credit losses.

For claims to debtors who are legally bankrupt (hereinafter "Bankrupt Debtors") or virtually bankrupt (hereinafter "Substantially Bankrupt Debtors"), the specific allowance is provided based on the amount of claims, deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from book value after direct deduction described below.

For claims on debtors who are not yet legally or formally bankrupt but are likely to become bankrupt (hereinafter "Potentially Bankrupt Debtors"), the specific allowance is provided for the amount considered to be necessary based on an overall solvency assessment, deducting the amount expected to be collected through the disposal of collateral or execution of guarantees.

Among the claims to debtors with more than a certain amount of a consolidated trust bank subsidiary's claims to debtors, (i) who are Potentially Bankrupt Debtors, (ii) to whom a consolidated trust bank subsidiary has Restructured loans where future cash flows from capital collection and interest receipt could be reasonably estimated, allowance is provided for the difference between the present value of expected future cash flows discounted at original contracted interest rate before relaxing to support and the current book value of the claims.

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

For claims originated in specific foreign countries, additional allowances are provided based on an assessment of political and economic conditions of these countries.

All claims are assessed by operating sections and credit supervision departments in accordance with the internal standards for self-assessments of asset quality. The Internal Audit Department, which is independent from those sections and departments, subsequently audits these assessments, and the allowances presented above reflect the audit results.

In addition, allowance for loan losses caused by the Great East Japan Earthquake was reasonably estimated and posted in the current fiscal year.

For claims on Bankrupt Debtors and Substantially Bankrupt Debtors, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted out of the original amount of claims. The deducted amount is 22,345 million yen.

Consolidated subsidiaries, not adopting states above, provide allowances based on their historical credit loss experience for general claims or based on individual assessments of the possibility of collection for specific deteriorated claims.

(6) Provision for Bonuses

Provision for bonuses is provided for the estimated employees' bonuses attributable to the current fiscal year.

(7) Provision for Retirement Benefits

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

In the end of current fiscal year, provision for retirement benefits is posted as "Prepaid Pension Expenses" in "Other Assets" on ground that fair value of plan assets exceed the total amount of the "Projected Benefit Obligation" and "Unrecognized actuarial losses".

Unrecognized actuarial losses are amortized under the straight-line method for a period, primarily 8 to 9 years, within the employees' average remaining service period, commencing on the fiscal year immediately following the fiscal year in which the services were provided.

(8) Chuo Mitsui Trust Holdings, Inc. and some of its consolidated subsidiaries had provided "Provision for directors' retirement benefits" at the amount which should be recognized as accrued amount at the end of current fiscal year to prepare for the payment of retirement benefit for directors and officers.

(Additional Information)

Chuo Mitsui Trust Holdings, Inc. and some of its consolidated subsidiaries decided to abolish directors' retirement benefits program and pay directors' retirement benefits in a lump-sum. As a result, 1,059 million yen of "Provision for directors' retirement benefits" was unpled and transferred to "Other liabilities".

(9) Provision for Contingent Loss

Provision for contingent loss is estimated for each individual event and provided for possible contingent loss related to off-balance sheet and other transactions as stated below:

<Provision for Reimbursement of Deposits>

Provision for reimbursement of deposits is provided for deposits no longer accounted as deposit under certain conditions against the estimated future reimbursement requested by customers.

<Provision for Possible Losses related to Land Trust>

Provision for possible losses related to land trust is provided for estimated losses deemed necessary for potential damages to the compensation rights which would be acquired if a liability for reimbursement, as a trustee of a land trust, was incurred due to the future business circumstances of the land trust.

(10) Foreign Currency Transaction

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

(11) Accounting for Leases

As for the domestic consolidated subsidiaries, transactions of finance leases without transfer of ownerships started before April 1,2008 have been accounted for according to the same accounting treatment used in the operating leases.

(12) Hedge Accounting

(a) Hedge Accounting for Interest Rate Risks

Consolidated trust bank subsidiaries manage interest rate risk arising from various assets and liabilities by using financial derivatives transactions and apply deferred hedge accounting regulated by "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (the JICPA Industry Auditing Committee Report No.24, hereinafter "Report No.24"). In hedging activities to offset changes in the fair value of deposits, loans, etc., as hedged items, consolidated trust bank subsidiaries designate hedged items and interest rate swaps, etc. as hedging transactions by grouping them by their maturities.

(b) Hedge Accounting for Foreign Currency Risks

Consolidated trust bank subsidiaries manage foreign currency risk arising from various assets and liabilities denominated in foreign currencies by using financial derivative transactions and apply deferred hedge accounting in accordance with "Treatment for accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (the JICPA Industry Auditing Committee Report No.25).

Consolidated trust bank subsidiaries designate specific currency swaps and foreign exchange swaps made to mitigate foreign exchange risks arising from monetary claims and debts denominated in foreign currencies as hedging transactions. The effectiveness of the hedge is assessed by confirming existence of the monetary claims and debts denominated in foreign currencies that are hedged items corresponding to the position of those hedging transactions.

Consolidated trust bank subsidiaries also apply fair value hedge and deferred hedge as portfolio hedge to mitigate foreign currency exchange rate exposure in securities denominated in foreign currencies (other than bonds) when hedged foreign currency securities are specified in advance to the inception of the transactions and spot liabilities and forward liabilities exist on a foreign currency basis that exceed acquisition costs of the foreign currency securities designated as hedged items.

In addition, deferred hedge, fair value hedge, and special hedge accounting for interest rate swaps are adopted for certain assets and liabilities.

(13) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents in the consolidated statements of Cash Flows are defined as cash and due from banks on the consolidated balance sheet (cash and due from bank and cash and due from Bank of Japan for consolidated trust bank subsidiaries)

(14) National and Local Consumption Taxes

National and local consumption taxes of Chuo Mitsui Trust Holdings, Inc. and consolidated domestic subsidiaries are accounted for using tax-exclusion method. Non-deductible portions of consumption taxes on the purchases of tangible fixed assets are expensed when incurred.

## **Changes in Significant Accounting Policies and Practices**

(Accounting Standard for Asset Retirement Obligations )

Chuo Mitsui Trust Holdings, Inc. has started to adopt Accounting Standards Board of Japan( hereinafter “ASBJ” Statement No.18 “the Accounting Standard for Asset Retirement Obligations” (issued by ASBJ on March 31, 2008) and ASBJ Guidance No.21 “Guidance on Accounting Standard for Asset Retirement Obligations” (issued by ASBJ on March 31, 2008) from the current fiscal year.

As a result, compared with the previous treatment, ordinary profit and income before income taxes and minority interests decreased by 26 million yen and 260 million yen, respectively. The amount of asset retirement obligations was 418 million yen when Chuo Mitsui Trust Holdings, Inc. started to adopt the standard and the guidance at April 1, 2010.

(Accounting Standard for Equity Method )

Chuo Mitsui Trust Holdings, Inc. has started to adopt ASBJ Statement No.16 “Accounting Standard for Equity Method of Accounting for Investments” (issued by ASBJ on March 10, 2008) and Practical Issue Task Force No.24 “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (issued by ASBJ on March 10, 2008) from the current fiscal year.

There was no effect on statements of income with regard to this adoption.

## **Changes in the presentation of the Consolidated Financial Statement**

(Consolidated Statements of Income)

Chuo Mitsui Trust Holdings, Inc. has started to adopt the Form of Finance Ministry Ordinance No.10 “Ordinance for Enforcement of Bank Law” (issued in 1982) which was revised by the Cabinet Office Ordinance No.41 “Partially Revising the Ordinance for Enforcement of the Bank Law, etc.” (issued on September 21, 2010). Therefore, “Income before Minority Interests” was shown in the Consolidated Statements of Income from the current fiscal year.

## **Additional Information**

Chuo Mitsui Trust Holdings, Inc. has started to adopt ASBJ Statement No.25 “the Accounting Standard for Presentation of Comprehensive Income” (issued by ASBJ on June 30, 2010) from the current fiscal year.

## **(Notes to Consolidated Balance Sheets)**

### 1. Investment in Stocks of Affiliates

Investment in Stocks of Affiliates excluding consolidated subsidiaries were 133,113 million yen.

### 2. Securities held in hand

The securities held in hand as of the consolidated balance sheet date were 9,383 million yen, which Chuo Mitsui Trust Holdings, Inc. purchased under resale agreement and borrowed with cash collateral. Although these securities are permitted to be sold or pledged without restrictions, all of them were held in hand at the end of the current fiscal year.

### 3. Loans to borrowers in bankruptcy and Non-accrual loans

Loans to borrowers in bankruptcy and non-accrual loans were 11,195 million yen and 52,814 million yen, respectively.

“Loans to borrowers in bankruptcy” are loans, after write-off, to legally bankrupt borrowers as defined in Article either 96-1-3 or 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

“Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Loans to borrowers in bankruptcy” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

#### 4. Loans past due three months or more

Loans past due three months or more amounted 43 million yen.

“Loans past due three months or more” are loans on which the principal or interest payment is past due for three months or more, excluding “Loans to borrowers in bankruptcy” and “Non-accrual loans.”

#### 5. Restructured loans

Restructured loans amounted 33,487 million yen.

“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Loans to borrowers in bankruptcy”, “Non-accrual loans” and “Loans past due three months or more.”

#### 6. Total amounts of loans described in Notes 3 to 5

The total amount of Loans to borrowers in bankruptcy, Non-accrual loans, Loans past due three months or more and Restructured loans was 97,541 million yen.

Those amounts described in Notes 3 to 6 are before deducting allowance for loan losses.

#### 7. Bills Discounted

Bills discounted are accounted for as financial transactions in accordance with the Report No.24.

Consolidated trust bank subsidiaries have right to sell or pledge commercial bills discounted without restrictions and the total face value was 3,035 million yen.

#### 8. Assets Pledged as Collateral

Assets pledged as collateral were as follows:

Assets pledged as collateral	
Securities	1,765,965 million yen
Loans and bills discounted	527,615 million yen
Other Assets	69 million yen
Liabilities corresponding to assets pledged as collateral	
Deposits	6,475 million yen
Payables under securities lending transactions	1,161,653 million yen
Borrowed money	585,330 million yen

In addition, securities of 691,706 million yen were pledged mainly as collateral in substitution for settlement of cash, derivative transaction or margin of future markets.

Other assets include security deposits of 8,794 million yen.

#### 9. Commitment Line Contracts on Overdrafts and Loans

Commitment line contracts on overdrafts and loans are agreements to loan up to committed limit as long as there have been no breach of contracts upon the customers’ request. The balance of unused commitment line contracts was 2,659,342 million yen, including 2,507,273 million yen of those maturing within 1 year. Because most of these contracts expire without being drawn down, the balance of unused commitment line contracts itself does not necessarily represent future cash flows of a consolidated trust bank subsidiary. In addition, most of these contracts contain clauses allowing a consolidated trust bank subsidiary to reject requests or reduce committed limits, when there are reasonable reasons such as changes in financial condition, needs to protect claims and other similar necessities. A consolidated trust bank subsidiary may request their customers to provide collateral such as real estate or securities at the time of the contract, and may ask them to amend clauses or take measures to secure soundness of the credit thereafter through periodical internal monitoring procedures that have already been in place.

#### 10. Revaluation Reserve for Land

Regarding the land that The Chuo Mitsui Trust and Banking Company, Limited inherited from The Mitsui Trust and Banking Company, Limited, Chuo Mitsui Trust Holdings, Inc. revaluated the land used for business operations, in accordance with the “Act on Revaluation of Land” (Law No.34, promulgated on March 31, 1998, hereinafter the “Act”). Net unrealized losses on revaluation are recorded as Revaluation reserve for land in Net assets.

Date of revaluation: March 31, 1998

Revaluation method as stipulated in the Article 3, Paragraph 3 of the Act:

Fair values were determined by applying appropriate adjustments for timing of appraisal, district disparity and individual disparity to the values; based on published land price of standardized premises stipulated in Article 2, Paragraph 1 of the “Enforcement Order on Act on Revaluation of Land” (Law No.119, promulgated on March 31, 1998, hereinafter the “Order”), standard land price of measurement spots

stipulated in Article 2, Paragraph 2 of the Order and price of the land used for business operations recorded on tax roll stipulated in Article 2, Paragraph 3 of the Order.

Difference between the fair value on March 31, 2011 of the land for business operations revaluated in accordance with the Article 10 of the Act and its book value after revaluation was 4,625 million yen.

11. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of Tangible fixed assets was 90,225 million yen.

12. Advanced Depreciation

Advanced depreciation, which is allowed by the tax law, was 7,243 million yen.

13. Borrowed Money

Borrowed money includes subordinate debt of 92,500 million yen.

14. Bonds Payable

Balances of perpetual subordinate bonds and subordinate bonds in bonds payable were 94,247 million yen and 173,000 million yen, respectively.

15. Guarantee obligations for Privately-offered Corporate Bonds

Guarantee obligations for privately offered corporate bonds (provided in accordance with Article 2, Paragraph 3 of the “Financial Instruments and Exchange Law”) in “Securities” were 138,578 million yen.

16. Net Assets per Common Share

Net assets per common share was 395.94 yen.

17. Leases

Other than Tangible fixed assets in the consolidated balance sheets, Chuo Mitsui Trust Holdings, Inc. and its subsidiaries use a part of vehicles and transport equipments applying finance lease contracts where the ownership is not transferred.

18. Projected Benefit Obligations

Projected benefit obligations and others as of consolidated balance sheet date were as follows.

Projected benefit obligations	(185,335) million yen
<u>Plan assets (Fair Value)</u>	<u>193,333 million yen</u>
Unfunded projected benefit obligation	7,998 million yen
<u>Unrecognized net actuarial gain or loss</u>	<u>84,461 million yen</u>
Net amount recorded on the consolidated balance sheet	92,459 million yen
Prepaid pension expenses	95,318 million yen
Provision for retirement benefits	(2,859) million yen

In addition, certain consolidated subsidiaries are participating in jointly established employee pension plan fund and its plan assets were 2,618 million yen.

19. Principal of Guaranteed Trust Account

Principal amounts of money trust and loan trust with principal guaranteed, which are entrusted to a consolidated trust banking subsidiary, were 883,457 million yen and 226,456 million yen, respectively.

**(Note to Consolidated Statement of Income)**

1. Other income

Other income includes 15,838 million yen of gains on sales of stocks and other securities.

2. Other expenses

Other expenses includes 3,173 million yen of write-offs of loans, 6,220 million yen of losses on sales of stocks and other securities, and 6,692 million yen of losses on devaluation of stocks and other securities.

3. Net Income per Common Share

Net income per common share was 28.51 yen.

**(Notes to the Consolidated Statement of Comprehensive Income)**

1. Other comprehensive income for the fiscal year 2009 were as follows:

Other comprehensive income : 119,011million yen

Valuation difference on available-for-sale securities : 118,361million yen

Deferred gains or losses on hedges : 298million yen

Foreign currency translation adjustment : 307million yen

Attributable to equity method affiliate : 43 million yen

2. Comprehensive Income for the fiscal year 2009 were as follows:

Comprehensive income : 173,510million yen

Comprehensive income attributable to owners of the parent : 165,760 million yen

Comprehensive income attributable to minority interests : 7,750million yen



## Notes to Consolidated Statements of Changes in Net Assets

### 1. Type and number of shares issued and treasury shares

(Unit: Thousands of shares)

	Number of shares outstanding as of the previous fiscal year- end	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares outstanding as of the fiscal year-end	Note
Share issued					
Common Share	1,658,426	-	-	1,658,426	
Treasury Stock:					
Common Share	366	53	7	411	Note

Note: Numbers of common stock as treasury shares changed since the Company acquired and disposed these fractional shares.

### 2. Information on Dividends

#### (1) Dividends paid in the fiscal year

Date of resolution	Type of shares	(million yen)	(yen)	Record date	Effective date
		Cash dividends	Cash dividends per share		
Ordinary general meeting of shareholders held on 29 June, 2010	Common Share	13,264	8.00	March 31, 2010	June 30, 2010
Board of Director's meeting on 12 November, 2010	Common Share	6,632	4.00	September 30, 2010	December 3, 2010

#### (2) Dividends with record dates before March 31, 2011 and effective dates after April 1, 2011

Resolution	Type of Shares	(million yen)	Source of dividend	(yen)	Record Date	Effective date
		Cash dividends		Cash dividends per share		
Ordinary general meeting of shareholders held on 29 June, 2011	Common Share	6,632		4.00	March 31, 2011	June 30, 2011

Note: Agendum relating to dividends are submitted to shareholder vote at an ordinary general meeting of shareholders scheduled to be held on June 29, 2011. Source of dividend is planned to be retained earnings.

## Notes to Consolidated Statements of Cash Flows

The difference between "cash and cash equivalents" and items presented on the consolidated balance sheet.

(Unit: Thousands of shares)

Cash and Due from Banks	502,160
Due from Banks (excluding due from Bank of Japan)	(36,939)
Cash and Cash Equivalents	465,221

## (Financial instruments)

### 1. Outline of Financial Instruments

#### (1) Group Policy for Financial Instruments

With Chuo Mitsui Trust Holdings, Inc. in a pivotal position as bank holding company, the Chuo Mitsui Trust Group is engaged in a range of financial service businesses including trust banking business by Chuo Mitsui and Chuo Mitsui Asset, investment trust management business by Chuo Mitsui Asset Management, private equity fund management business by Chuo Mitsui Capital, credit guarantee business and credit card business by other subsidiaries. To facilitate these businesses, the Chuo Mitsui Trust Group is holding financial assets such as loans and bills discounted and securities, while funding by accepting savings deposits. The policies as well as measures regarding how to manage or fund financial assets and liabilities are determined primarily under the annual plans prepared by each Group company. Risks associated with the Group-wide financial assets and liabilities are monitored by Chuo Mitsui Trust Holdings, Inc., Chuo Mitsui and Chuo Mitsui Asset are monitoring their respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile Chuo Mitsui is engaged in derivative transactions in an effort to control market risk and other risks arising from its assets and liabilities within the level commensurate with its management capacity.

#### (2) Content and Risks of Financial Instruments

##### (a) Credit Risk

The Chuo Mitsui Trust Group's credit arrangement involves loans to corporate and individual customers, along with investment in shares and bonds issued by its client companies and derivative transactions. Such credit arrangement is exposed to credit risk of the counterparties in the event of deterioration in their financial condition.

##### (b) Market Risk

In the course of trading and investment activities, the Chuo Mitsui Trust Group handles financial instruments including equity securities, investment trusts, investments in silent partnership, foreign securities, foreign exchanges and derivatives, in addition to a portfolio of domestic bonds consisting of primarily the Japanese government bonds. These financial instruments are exposed to the market risk of fluctuations in interest rates, foreign exchange rates, and market prices of securities as well as volatility. Some of these financial instruments are less liquid than listed equity securities and government bonds and thus more prone to market fluctuations.

One of the Chuo Mitsui Trust Group's main sources of earnings is the spread between the interest income from loans and securities and interest expenses on deposits, which is exposed to the interest rate risk that such profit can be compromised by the magnitude and timing of fluctuations in investment interest rate and funding interest rate.

##### (c) Liquidity Risk on Fund Raising

The Chuo Mitsui Trust Group raises funds primarily through savings deposits from domestic corporate and individual customers, along with repurchase agreements in bond lending market, borrowed money and issuance of corporate bonds. These financing activities are exposed to the liquidity risk that financing could become costlier or more restricted due to the circumstances including deterioration in the Chuo Mitsui Trust Group's financial condition or business results, bad reputation of the Chuo Mitsui Trust Group, worsening economic environment and lowering market liquidity.

##### (d) Purpose for Derivative Transactions

###### (i) Banking Accounts

In banking accounts, the Chuo Mitsui Trust Group enters into derivative transactions for the purpose of hedging against interest rate risk, currency exchange risk, and other risks pertaining to the Chuo Mitsui Trust Group's assets and liabilities. In principle, the mark-to-market accounting is applied to the banking account derivative transactions of the Chuo Mitsui Trust Group. For those having high hedge effectiveness out of hedged derivative transactions, hedge accounting is applied and they are treated under the deferral hedge method, the fair value hedge method and the special hedge accounting method for interest rate swaps.

###### (ii) Trading Accounts

In trading accounts, the Chuo Mitsui Trust Group engages in derivative transactions primarily as a mean of earning a profit from short-term price fluctuations. The Chuo Mitsui Trust Group also provides its customers with a broad range of high-value-added products and financial risk management methods based on these transactions. Before entering into such transactions, the Chuo Mitsui Trust Group endeavors to ensure customers to have sufficient understanding of the content and risks entailed in such transactions.

#### (3) Risk Management for Financial Instruments

Chuo Mitsui Trust Holdings, Inc. sets out basic framework of the group-wide risk management in the Rules for Risk Management. Also, Chuo Mitsui Trust Holdings, Inc. establishes Risk Management Department to control risk management providing supervision, control and guidance to bank subsidiaries regarding the development of an appropriate risk management system, as well as monitoring the Chuo Mitsui Trust Group's risk situation.

(a) Credit Risk Management

The Chuo Mitsui Trust Group's basic policy for managing credit risk associated with transactions involving credit arrangement is set out in the "Rules for Credit Risk Management", while specific procedures such as a rating system, assessment of assets and centralized credit risk management are set out in the "Rules for Corporation Credit Rating and other rules." To determine whether to provide credit for individual cases, the Credit Supervision Department independent of the Marketing Department is conducting rigorous credit assessment and control in terms of the criteria including purpose of loans, repayment capability, collateral effect and profitability on a case-by-case basis. Credit lines for derivative and other transactions are established through strict procedures, in accordance with trading standards provided separately. The compliance status of such credit lines and other conditions is appropriately monitored.

(b) Market Risk Management

(i) Market Risk Management

With regard to market risk, the Chuo Mitsui Trust Group maintains a basic policy through its Rules for Market Risk Management and follows the Regulations for Market Risk Management to reinforce and control accurate hedging techniques and risk. An independent check system has been established whereby the divisions that execute transactions are clearly separate from the divisions that process the transactions, and overall management of market risk is consolidated under the Risk Management Department, which is independent of both the front and back offices and pinpoints the status of activities undertaken by both office categories. This department identifies and analyzes group-wide risk, tracks compliance with risk limits and reports to the director in charge on a daily basis and to the Executive Committee on a monthly basis.

Risks arising from the fluctuations of investment interest rate and funding interest rate, are managed by ALM at the Chuo Mitsui. For the purpose of ALM, the Corporate Planning Department supervises overall ALM operations, and the Risk Management Department is responsible for management and analysis, such as risk monitoring. The Risk Management Department is engaged in day-to-day monitoring by using gap analysis and interest rate sensitivity analysis based on the comprehensive grasp of interest rates and terms/maturities of financial asset and liabilities, which are reported monthly to the ALM Committee established with the purpose to discuss matters regarding ALM. The ALM Committee also discusses the matters including the corporate policy for market-related transactions, development of cash planning and implementation of hedging operation.

(ii) Quantitative Information regarding Market Risk

(a) Financial Instruments held in Banking Account

We calculate the Value at Risk (VaR) of financial instruments held in banking account by historical simulation method (confidence interval :99%, holding period :set in accordance with the components of instruments (maximum 1 year), and observation period :3 years) . As of March 31, 2011, the total amount of market risks (estimated loss) for financial instruments held in banking account was 218,900 million yen.

We conduct the back testing in order to compare the VaR calculated by model with the actual profits and losses. Through the results of the back testing in 2010, we confirm that the model covers the market risks precisely enough. Nonetheless, VaR measures the market risks under a certain event probability calculated statistically on the basis of the historical market volatility and it could not cover the market risk in case market environment changes drastically.

(b) Financial Instruments held in trading Account

We calculate the Value at Risk (VaR) of financial instruments held in trading account by historical simulation method (confidence interval :99%, holding period :10 days, and observation period :3 years). As of March 31, 2011, the total amount of market risks (estimated loss) for financial instruments held in trading account was 100 million yen.

We conduct the back testing in order to compare the VaR calculated by model with the actual profits and losses. Through the results of the back testing in 2010, we confirm that the model covers the market risks precisely enough. Nonetheless, VaR measures the market risks under a certain event probability calculated statistically on the basis of the historical market volatility and it could not cover the market risk in case market environment changes drastically.

(c) Liquidity Risk Management on Fund Raising

The Chuo Mitsui Trust Group's basic policy for managing liquidity risk is set out in the Rules for Cash Flow Risk Management. Liquidity risk is managed by the Risk Management Department that

monitors compliance with the predetermined guidelines on funding gap, while contingency procedures are in place to enable flexible responses in the event of an emergency.

(4) Supplementary Explanation Concerning Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Calculation of such fair value involves certain assumptions, and could vary when different assumptions are employed.

2. Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheets and fair value of financial instruments as of March 31, 2011 as well as the differences between these values are described below. Financial instruments whose fair values are not readily determinable are not included in the table. (See Note 2)

(Unit: Millions of yen)

	Carrying amount	Fair value	Unrealized gains (losses)
(1) Cash and due from banks	502,160	502,160	-
(2) Call loans and bills bought	6,936	6,936	-
(3) Receivable under securities borrowing transactions	9,378	9,378	-
(4) Monetary claims bought (*1)	99,842	100,413	571
(5) Trading assets			
Trading securities	24,273	24,273	-
(6) Money held in trust	2,065	2,065	-
(7) Securities			
Held-to-maturity debt securities	248,572	248,433	(138)
Available-for-sale securities	3,217,371	3,217,371	-
(8) Loans and bills discounted	8,864,266		
Allowance for loan losses (*1)	(46,731)		
	8,817,534	8,875,778	58,243
<b>Total assets</b>	<b>12,928,135</b>	<b>12,986,810</b>	<b>58,675</b>
(1) Deposits	9,292,002	9,326,751	34,748
(2) Negotiable certificates of deposit	327,020	327,020	-
(3) Call money and bills sold	351,956	351,956	-
(4) Payables under securities lending transactions	1,161,653	1,161,653	-
(5) Borrowed money	678,983	682,810	3,827
(6) Bonds payable	267,247	272,476	5,229
(7) Due to trust accounts	801,657	801,657	-
<b>Total liabilities</b>	<b>12,880,520</b>	<b>12,924,325</b>	<b>43,805</b>
Derivatives (*2)			
Held for other than hedge accounting	5,318	5,318	-
Held for hedge accounting	8,080	8,080	-
<b>Total derivatives</b>	<b>13,399</b>	<b>13,399</b>	<b>-</b>

(\*1) General as well as specific allowance for loan losses in respect of loans and bills discounted is deducted.

As allowances for loan losses in respect of monetary claims bought are immaterial, they are directly deducted from the carrying amounts.

(\*2) Derivative transactions included in trading assets and trading liabilities or other assets and other liabilities are collectively presented. Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in parenthesis.

(Note 1) Calculation method of fair values of financial instruments

Assets

(1) Cash and Due from Banks

Deposits without maturity are stated at their carrying amounts as their fair values approximate carrying amounts. Deposits with maturities with shorter deposit terms (within one year) are stated at their carrying amounts as their fair values approximate carrying amounts.

(2) Call Loans and Bills Bought and (3) Receivables under Securities Borrowing Transactions

These are subject to shorter agreed periods (within one year) and are stated at their acquisition costs as their fair values approximate acquisition costs.

(4) Monetary Claims Bought

Of the monetary claims bought, beneficiary certificates representing interest in a trust holding loan receivables are stated at the prices quoted by brokers. Other monetary claims bought with shorter contract

periods (within one year), are stated at their acquisition costs as their fair values approximate acquisition costs.

(5) Trading Assets

Securities including bonds held for trading purposes are stated at the prices quoted by Japan Securities Dealers Association.

(6) Money Held in Trust

Securities comprising trust assets in money held in trust are stated at the prices quoted by brokers.

Matters to be noted in respect of money held in trust by purpose of holding are described in “(Money Held in Trust)”.

(7) Securities

Of securities of various categories; (i) equity securities are stated at the prices quoted on the stock exchanges;(ii) privately offered corporate bonds are stated at the values calculated by discounting principal and interest by the interest rate reflecting credit risk, by category based on internal rating and terms, (iii)other bonds are stated at the prices published by Japan Securities Dealers Association or the prices quoted by brokers. Investment trust beneficiary certificates are stated at the official reference price published by securities investment trust and management firms.

Matters to be noted in respect of securities by purpose of holding are described in (Securities).

(8) Loans and Bills Discounted

Of loans and bills discounted, those with floating rates reflect market rates at short intervals, whose fair values approximate acquisition costs unless borrowers’ creditworthiness changes significantly after the loans are made, and acquisition costs are stated as the fair values. Meanwhile, those with fixed rates are stated at the fair values, as calculated by discounting principal and interest by the interest rate reflecting credit risk by category based on the nature of loan, internal rating and terms. Those loans with shorter contract periods (within one year) are stated at acquisition cost which approximates their fair values. Claims under legal bankruptcy, virtual bankruptcy and possible bankruptcy, whose expected amounts of loan losses are calculated based on the expected recoverable amounts from their collateral or guarantee, are stated at their acquisition costs at the consolidated balance sheet date less the current expected amount of loan losses, which approximate their fair values. Of loans and bills discounted, those without scheduled due dates subject to the special conditions such as the ones limiting the loan amounts within the values of pledged assets, are stated at acquisition costs which are assumed to approximate their fair values because of the estimated repayment period and interest rate conditions.

## Liabilities

(1) Deposits and (2) Negotiable Certificate of Deposit

For demand deposits, the amount payable (carrying amount) in case demand is made on the consolidated balance sheet date is treated as their fair value. For time deposits, present values calculated by discounting future cash flows by category based on terms, by the interest rate applicable to newly deposited savings are deemed to be their fair values. For time deposits with shorter deposit terms (within one year) and those with floating rates, carrying amounts approximate their fair values, and thus quoted as such. Negotiable certificates of deposit are all with shorter deposit terms (within one year) and are stated at their carrying amounts which approximate their fair values.

(3) Call Money and Bills Sold and (4) Payables under Securities Lending Transactions

These are subject to shorter contract periods (within one year) and are stated at their acquisition costs which approximate their fair values.

(5) Borrowed Money

Borrowings are stated at their present values as calculated by discounting principal and interest by the interest rate assumed for similar borrowings. Those borrowings with shorter contract periods (within one year) are stated at acquisition costs which approximate their fair values.

(6) Bonds Payable

Bonds payable are stated at the prices quoted by Japan Securities Dealers Association, or in the absence of such market values, at their present values as calculated by discounting principal and interest by the interest rate assumed for the similar bond at issuance.

(7) Due to Trust Account

Due to trust account is stated at the amounts payable (book value) in case demand is made on the consolidated balance sheet date.

## Derivatives

Derivative transactions include interest rate-related transactions (swaps, swaptions and others), currency-related transactions (swaps, futures and others), bond-related transactions (bond forward agreements and others), and other transactions (credit derivatives), and are based on the prices quoted on securities exchanges, discounted value of future cash flows, or values calculated by option pricing models and others.

(Note 2)

Financial instruments whose fair values are extremely difficult to determine are listed below.

(Unit: Millions of yen)

Category	Carrying amount
Unlisted Japanese stocks (*3)	88,332
Subscription certificates (*3)	20,404
Foreign securities	2,719
Total	111,456

(\*1) Fair values of these items are not disclosed because there is no market price, and it is very difficult to identify fair values.

(\*2) Stocks of subsidiaries and affiliate companies are not included in the table.

(\*3) Devaluation losses of 299 million yen on unlisted Japanese stock and 155 million yen on subscription certificates are posted for the current fiscal year.

## (Securities)

Other than Securities on consolidated balance sheet, this information includes other monetary claims bought in Monetary claims bought and trading account securities and commercial papers in Trading assets.

### 1. Trading securities (as of March 31, 2011)

(Unit: Millions of yen)

	Valuation difference reflected on the statements of income
Trading securities	(35)

### 2. Bonds classified as held-to-maturity (as of March 31, 2011)

(Unit: Millions of yen)

	Type of bond	Carrying amount	Fair value	Unrealized gains (losses)
Bonds with unrealized gains	Japanese government bonds	135	136	0
	Corporate bonds	22,405	22,676	270
	Others	176,263	177,276	1,012
	Subtotal	198,805	200,090	1,284
Bonds with unrealized losses	Others	98,422	97,491	(931)
Total		297,227	297,581	353

### 3. Available-for-sale securities (as of March 31, 2011)

(Unit: Millions of yen)

	Type of bond	Carrying amount	Acquisition Cost	Unrealized gains (losses)
Bonds with unrealized gains	Stocks	291,768	199,113	92,655
	Bonds	293,892	288,558	5,333
	Japanese government bonds	154,977	152,281	2,696
	Municipal bonds	154	149	4
	Corporate bonds	138,760	136,127	2,632
	Others	311,210	306,970	4,239
	Subtotal	896,871	794,642	102,228
Bonds with unrealized losses	Stocks	195,033	249,473	(54,439)
	Bonds	1,336,512	1,354,833	(18,321)
	Japanese government bonds	1,203,241	1,220,246	(17,005)
	Corporate bonds	133,270	134,586	(1,315)
	Others	806,728	839,486	(32,757)
Subtotal	2,338,275	2,443,794	(105,518)	
Total		3,235,147	3,238,437	(3,289)

### 4. Held-to-maturity bonds sold during the current fiscal year (from April 1, 2010 to March 31, 2011)

(Unit: Millions of yen)

	Acquisition cost of sales amount	Sales amount	Gains (Losses) on sales
Japanese government bonds	399,155	400,515	1,359

(Reason for sales)

Bonds were sold before maturity, in accordance with article 282, paragraph 1 of "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Standard Committee Report No.14).

5. Available-for-sale securities sold during the current fiscal year (from April 1, 2010 to March 31, 2011)  
(Unit: Millions of yen)

	Sales amount	Gains on sales	Losses on sales
Stocks	59,920	16,280	2,929
Bonds	5,198,251	9,691	3,134
Japanese government bonds	5,099,968	9,310	3,129
Corporate bonds	98,282	380	4
Others	2,140,986	25,497	4,243
Total	7,399,157	51,470	10,307

6. Impairment of Securities

Available-for-sale securities with fair value are considered as impaired if the fair value decreases significantly below the acquisition cost and such decline is not considered as recoverable. The fair value is recognized as the consolidated balance sheet amount and the amount of impairment is accounted for as valuation loss for the current fiscal year.

Impairment loss for the fiscal year was 6,336million yen, which includes 6,237million yen of stocks and 99 million yen of corporate bonds.

The rule for determining “significant decline” is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Legal bankrupt/ Virtual bankrupt/ Possible bankrupt issuers: Fair value is lower than acquisition cost.

Issuers requiring caution: Fair value is 30% or more lower than acquisition cost.

Normal issuers: Fair value is 30% or more lower than acquisition cost.

Within the normal issuers under the rules of self-assessment above, when the fair value of which security is 30% or more but less than 50% lower than acquisition cost, the security is judged individually, and unless the decline in its fair value below the cost is temporary, the security is accounted as impaired. All others are considered as the decline in fair value below the cost is other than temporary, and treated as impaired.

Legally bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Virtual bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Possible bankrupt issuers: Issuers that are not currently bankrupt, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above four categories of issuers.



**(Money Held in Trust)**

1. Money Held in Trust for Trading Purpose (as of March 31, 2011)

None

2. Money Held in Trust being Held to Maturity (as of March 31, 2011)

None

3. Other Money Held in Trust (other than for trading purpose and being held to maturity)(as of March 31,2011)

(Unit: Millions of Yen)

	Book value	Acquisition cost	Difference	Positive Difference	Negative Difference
Other Money Held in Trust	2,065	1,700	364	364	-

Note:

Each of Positive Difference and Negative Difference is the components of Difference.

### (Valuation Difference on Available-for-Sale Securities)

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

<i>Millions of Yen</i>	<i>March 31, 2011</i>
Difference	<b>(3,968)</b>
Available-for-Sale Securities	(4,333)
Other Money Held in Trust	364
Deferred Tax Liabilities	<b>8,191</b>
Total (before adjusted for Minority Interests)	<b>4,222</b>
(-) Minority Interests	<b>(150)</b>
(+) Parent company's portions in Available-for-Sale Securities owned by its affiliates	<b>35</b>
<b>Valuation Difference on Available-for-Sale Securities</b>	<b>4,408</b>

Notes:

1. Valuation Difference includes foreign currency translation adjustments on available-for-sale securities for which no fair values are obtainable.
2. Valuation Difference includes difference of available-for-sale securities ((1,028)million yen) which is the component of associations.

## **(Segment Information)**

### **1. Outline of Reportable Segments**

The reportable segments for the Group (former Chuo Mitsui Trust Group) are component units that constitute the business for which discrete financial information is available and are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess its performance.

Chuo Mitsui Trust Group has established a management system, which enable each group company to conduct its operating activities independently. Chuo Mitsui Trust Group separates its operations into the following companies; two trust banks, Chuo Mitsui and Chuo Mitsui Asset, and two asset management companies, Chuo Mitsui Asset Management and Chuo Mitsui Capital. In addition, Chuo Mitsui Trust Holdings, the holding company, aims to maximize Chuo Mitsui Trust Group profits by ensuring an appropriate allocation of management resources to each operating division.

Accordingly, Chuo Mitsui Trust Group's reportable segments are distinguished at the company level. Thus, the following companies are distinguished as three groups and defined as reportable segments:

Chuo Mitsui is principally engaged in the retail investment business (sales of investment trust, individual annuity insurance and other products), lending related business (corporate loans, mortgage loans, real estate asset finance, etc), real estate business, securities transfer agency business and other.

Chuo Mitsui Asset is principally engaged in the asset management business of pension trusts and securities trusts, asset administration business and pension fund administration business.

The asset management companies consist of Chuo Mitsui Asset Management and Chuo Mitsui Capital. Chuo Mitsui Asset Management is principally engaged in investment trust management services and Chuo Mitsui Capital is principally engaged in private equity fund management services.

### **2. The Method of Calculation of Ordinary Income, Profit or Loss, Assets, Liabilities and Others Items by Reportable Segment**

Accounting policies adopted by the reported operating segments are same as those describe and practices in significant accounting policies. Profit for reportable segments is determined based on income before income taxes and minority interests for the fiscal year 2010. In allocation income before income taxes and minority interests, the value of internal transactions are treated consistently as those held with external customers.

### 3. Information about Ordinary Income, Profit or Loss, Assets, Liabilities and Others Items by Reportable Segment

(Millions of yen)

	Reportable Segments				Other	Total	Adjustment	Carrying amount
	CMTB	CMAB	Asset management subsidiaries	Total				
Ordinary Income								
External customers	282,539	40,950	10,447	333,936	17,040	350,977	-	350,977
Internal transactions	6,043	2,554	93	8,691	40,478	49,169	△49,169	-
Total	288,582	43,505	10,540	342,628	57,518	400,147	△49,169	350,977
Segment profit	68,412	11,163	532	80,108	21,395	101,503	△14,719	86,783
Segment assets	13,791,942	153,637	5,809	13,951,389	1,003,677	14,955,066	△723,995	14,231,070
Segment liabilities	13,055,323	111,747	1,605	13,168,676	58,925	13,227,601	159,338	13,386,939
Other items								
Depreciation and amortization	10,072	1,397	76	11,546	1,079	12,626	△329	12,296
Interest income	158,103	125	66	158,295	19,626	177,921	△17,443	160,477
Interest expenses	59,636	109	-	59,746	211	59,958	△264	59,694
Extraordinary income	8,136	-	-	8,136	1,107	9,243	△1,411	7,832
(Recoveries of written-off claims)	5,819	-	-	5,819	1,107	6,926	-	6,926
Extraordinary loss	4,770	1,183	91	6,044	3,001	9,046	△3,292	5,753
(Management Integration expenses)	3,372	566	58	3,996	2,661	6,658	△3,260	3,397

(Note)

1. “Ordinary income” corresponds to “Net sales” of financial products and services. The adjustment shows the difference between ordinary income for management reporting purpose and for the purpose of preparing consolidated statements of income for the fiscal year 2010.
2. “Others” consists of consolidated subsidiaries other than trust banks and asset management companies as described above, and segments not included in reportable segments.
3. “Adjustment” includes the eliminations adjustments required for internal transactions. In addition, adjustments of segment assets and segment liabilities include 267,368 million related to “Customers’ liabilities for acceptances and guarantees” and “Acceptance and guarantee” for mortgage loans.
4. Segment profit has been calculated in line with income before income taxes and minority interests as adjusted in the consolidated statement of income for the fiscal year 2010.

(Additional Information)

The Company has started to adopt ASBJ Statement No.17 “the Accounting Standard for Disclosures about Segments of an Enterprises and Related Information” (issued by ASBJ on March 27, 2009) and Implementation Guidance No.20 “the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (issued by ASBJ on March 21, 2008) from the fiscal year 2010.

## (Relevant Information)

### 1. Information by service

(Millions of yen)

	Corporate business	Consumer loans	Market	Pension/ Securities	Other	Total
Ordinary Income from external customers	61,451	57,424	62,128	49,994	119,977	350,977

Note : "Ordinary Income" corresponds to "Net Sales" of financial products and services.

### 2. Information by geographic region

#### (1) Ordinary Income

Chuo Mitsui Trust Group omits ordinary income information by geographical region, since ordinary income from domestic external customers exceeds 90% of ordinary income of the consolidated statement of income for the fiscal year 2010.

#### (2) Tangible Fixed Assets

Chuo Mitsui Trust Group omits tangible fixed asset information by geographical region, since tangible fixed assets located in Japan exceeds 90% of total tangible fixed assets of the consolidated balance sheets as of March 31, 2011.

### 3. Information by major customer

Chuo Mitsui Trust Group omits major customer information, since there is no particular customer who accounts for more than 10% of ordinary income of the consolidated statements of income for the fiscal year 2010.

## (Information about Loss on Impairment of Fixed Assets by Reportable Segment)

(Millions of yen)

	Reportable Segments				Other	Eliminations/ corporate	Total
	CMTB	CMAB	Asset management subsidiaries	Total			
Loss on impairment of fixed assets	522	585	30	1,139	—	△30	1,108

## (Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment)

(Millions of yen)

	Reportable Segments				Other	Eliminations/ corporate	Total
	CMTB	CMAB	Asset management subsidiaries	Total			
Amortized in FY2010	—	—	—	—	—	2,270	2,270
Balance as of FY2010 End	—	—	—	—	—	33,034	33,034

Note : Major details as follows :

Amortized in FY2010 ... CMAB : 1,679      Tokyo Securities Transfer Agent : 499  
Balance as of FY2010 End... CMAB : 26,036      Tokyo Securities Transfer Agent : 6,997

(Information about gain on Negative Goodwill by reportable segment)

There is no information applicable to this disclosure.

**(Per Share Information)**

		Fiscal year ended March 31, 2011
Net Assets per Common Share	Yen	395.94
Net Income per Common Share	Yen	28.51

Notes: The calculation basis is as follows.

1 Net Assets per Common Share

		As of March 31, 2011
Net Assets	Millions of yen	844,130
Deduction from Net Assets	Millions of yen	187,653
Minority Interests	Millions of yen	187,653
Net Assets Available to Common share	Millions of yen	656,476
Common share outstanding	Thousands of shares	1,658,014

2. Net Income per Share and Net Income per Share (fully diluted)

		As of March 31, 2011
Net Income per Common Share		
Net Income	Millions of yen	47,277
Net Income Available to Common Share	Millions of yen	47,277
Average Common Share outstanding	Thousands of shares	1,658,044

3. Net income per common share (fully diluted) is not stated as there are no potentially dilutive securities for the fiscal year ended March 31, 2011.

## ( Important Subsequent Events )

### Share exchange

Chuo Mitsui Trust Holdings, Inc. has conducted a statutory share exchange which took effect on April 1, 2011 and changed its trade name to Sumitomo Mitsui Trust Holdings, Inc., following the conclusion of the Share Exchange Agreement and Management Integration Agreement with The Sumitomo Trust and Banking Co., Ltd. on August 24, 2010, and the approval of the extraordinary general meetings of shareholders held on December 22, 2010.

### 1. Outline of the business combination

#### ( 1 ) Name and business of acquired company

Name of acquired company: Chuo Mitsui Trust Holdings, Inc.

Business Activities: bank holding company

#### ( 2 ) Main reason of the business combination

Objectives of the Management Integration is to form “The Trust Bank”, a new trust bank group that, with a combination of significant expertise and comprehensive capabilities, will provide better and swifter comprehensive solutions to their clients than ever before, by combining their personnel, know-how and other managerial resources and fusing both groups’ strengths such as Chuo Mitsui Trust Holdings group’s agility and The Sumitomo Trust and Banking group’s diversity.

#### ( 3 ) Date of business combination

April 1, 2011

#### ( 4 ) Legal form of business combination

Statutory share exchange (Chuo Mitsui Trust Holdings, Inc. as wholly owning parent company, Sumitomo Trust and Banking Co., Ltd. as wholly owned subsidiary)

#### ( 5 ) Name after management integration

Sumitomo Mitsui Trust Holdings, Inc.

#### ( 6 ) Voting rights acquired

100%

#### ( 7 ) Reason for determining acquiring company

By applying “Accounting Standard for Business Combinations (ASBJ Statement No.21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10),, it is decided that Sumitomo Trust and Banking Co., Ltd. be the acquiring company and Chuo Mitsui Trust Holdings, Inc. be the acquired company, due to shareholders of Sumitomo Trust and Banking Co., Ltd., a wholly owned subsidiary, will have the largest percentage of voting rights of the integrated company.

### 2. Acquisition cost of acquired company

489,114 million yen

### 3. Exchange Ratio by type of shares and methods of calculating share exchange ratio and number of shares allotted

#### ( 1 ) Exchange Ratio by type of shares

##### ① Common shares

1.49 shares of common share in Sumitomo Mitsui Trust Holdings, Inc. were allotted and delivered for each share of common share in The Sumitomo Trust and Banking Co., Ltd.

##### ② Preferred Shares

Each share of Sumitomo Mitsui Trust Holdings, Inc. Class VII preferred shares was allotted and delivered to each share of the First Series of The Sumitomo Trust and Banking Co., Ltd. Class II Preferred Shares.

#### ( 2 ) Methods of calculating share exchange ratio

##### ① Common Shares

In order to support the respective efforts of Chuo Mitsui Trust Holdings, Inc. and The Sumitomo Trust and Banking Co., Ltd. to ensure the fairness of the exchange ratio of common shares (the “Common Share Exchange Ratio”), Chuo Mitsui Trust Holdings, Inc. has appointed JPMorgan Securities Japan Co., Ltd. (“J.P. Morgan”) and Nomura Securities Co., Ltd. (“Nomura Securities”) as its financial advisors, and The Sumitomo Trust and Banking Co., Ltd. has appointed UBS Securities Japan Ltd (“UBS”) and Daiwa Securities Capital Markets Co. Ltd. (“Daiwa”) to perform financial analysis.

Chuo Mitsui Trust Holdings, Inc. and The Sumitomo Trust and Banking Co., Ltd., on several occasions, conducted careful negotiations and discussions on the Common Share Exchange Ratio, comprehensively taking into account factors such as the financial position, assets and future prospects of each party, with Chuo Mitsui Trust Holdings, Inc. making reference to the financial analysis prepared by J.P. Morgan and Nomura Securities, and The Sumitomo Trust and Banking Co., Ltd. to the financial analysis prepared by UBS and Daiwa. As a result of such negotiations and discussions, Chuo Mitsui Trust Holdings, Inc. and The Sumitomo Trust and Banking Co., Ltd. concluded that the Common Share Exchange Ratio set out above is appropriate and agreed on it.

② Preferred Shares

Chuo Mitsui Trust Holdings, Inc. and The Sumitomo Trust and Banking Co., Ltd. have agreed that the terms and conditions of the First Series of Sumitomo Mitsui Trust Holdings, Inc. Class VII Preferred Shares shall be substantially the same as those of the First Series of The Sumitomo Trust and Banking Co., Ltd. Class II Preferred Shares, and that exchange ratio for preferred shares stated above is appropriate, since no market price exists for the First Series of The Sumitomo Trust and Banking Co., Ltd. Class II Preferred Shares and such The Sumitomo Trust and Banking Co., Ltd. Preferred Shares are so-called “bond-type”.

( 3 ) Number of Delivered Shares

① Common Shares

2,495,060,141

② Preferred Shares

109,000,000



## 5. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

	As of March 31, 2011	As of March 31, 2010
(Millions of yen)		
<b>Assets:</b>		
Current assets		
Cash and due from banks	1,462	1,922
Securities	23,000	35,000
Deferred tax assets	—	267
Accrued income	0	1
Income tax refunds receivable	3,438	2,024
Other current assets	868	48
<b>Total current assets</b>	<b>28,769</b>	<b>39,263</b>
Non-current assets		
Tangible fixed assets	1	1
Tools, furniture and fixtures	1	1
Intangible fixed assets	7	4
Software	7	4
Investments and other assets	765,419	765,879
Investment securities	652	652
Investments in subsidiaries and affiliates (Stocks)	764,391	764,406
Deferred tax assets	—	459
Other investments	376	361
<b>Total non-current assets</b>	<b>765,428</b>	<b>765,885</b>
<b>Total assets</b>	<b>794,198</b>	<b>805,149</b>
<b>Liabilities:</b>		
Current liabilities		
Accrued expenses	1,365	1,379
Income taxes payable	2	40
Provision for bonuses	90	80
Other current liabilities	296	168
<b>Total current liabilities</b>	<b>1,755</b>	<b>1,668</b>
Non-current liabilities		
Bonds payable	189,700	189,700
Provision for retirement benefits	1,177	1,041
Provision for directors' retirement benefits	—	363
Other non-current liabilities	195	—
<b>Total non-current liabilities</b>	<b>191,072</b>	<b>191,105</b>
<b>Total liabilities</b>	<b>192,827</b>	<b>192,774</b>
<b>Net assets:</b>		
Shareholders' equity		
Capital stock	261,608	261,608
Capital surplus		
Legal capital surplus	65,411	65,411
Other capital surplus	53,254	53,257
<b>Total capital surplus</b>	<b>118,665</b>	<b>118,668</b>
Retained earnings		
Other retained earnings	221,379	232,368
Retained earnings brought forward	221,379	232,368
<b>Total retained earnings</b>	<b>221,379</b>	<b>232,368</b>
Treasury stock	(282)	(270)
<b>Total shareholders' equity</b>	<b>601,370</b>	<b>612,375</b>
<b>Total net assets</b>	<b>601,370</b>	<b>612,375</b>
<b>Total liabilities and net assets</b>	<b>794,198</b>	<b>805,149</b>

## (2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Operating income</b>		
Dividends received from subsidiaries	17,112	10,043
Fees and commissions received from subsidiaries	5,652	3,607
Total operating income	22,764	13,651
<b>Operating expenses</b>		
Interest on bonds	7,487	7,674
General and administrative expenses	2,911	2,871
Total operating expenses	10,398	10,545
<b>Operating profit</b>	<b>12,366</b>	<b>3,106</b>
Non-operating income	41	66
Interest income	0	0
Interest on securities	19	47
Commission fee	0	0
Interest on refund of income taxes and other	6	10
Other non-operating expenses	14	7
Non-operating expenses	2,792	889
Commission fee	128	376
Management integration expenses	2,661	507
Other non-operating expenses	3	4
<b>Ordinary Profit</b>	<b>9,615</b>	<b>2,283</b>
Extraordinary income	22	—
Other	22	—
<b>Income before income taxes</b>	<b>9,638</b>	<b>2,283</b>
Income taxes		
Income taxes-current	3	3
Income taxes-deferred	727	(585)
Total income taxes	731	(582)
<b>Net income</b>	<b>8,906</b>	<b>2,865</b>

## (3) Non-Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Shareholders' equity:</b>		
<b>Capital stock:</b>		
Balance at the end of the previous period	261,608	261,608
Changes of items during the period:		
Total changes of items during the period	—	—
Balance at the end of the current period	261,608	261,608
<b>Capital surplus:</b>		
<b>Legal capital surplus:</b>		
Balance at the end of the previous period	65,411	65,411
Changes of items during the period:		
Total changes of items during the period	—	—
Balance at the end of the current period	65,411	65,411
<b>Other capital surplus:</b>		
Balance at the end of the previous period	53,257	53,262
Changes of items during the period:		
Disposal of treasury stock	(3)	(5)
Total changes of items during the period	(3)	(5)
Balance at the end of the current period	53,254	53,257
<b>Total capital surplus:</b>		
Balance at the end of the previous period	118,668	118,673
Changes of items during the period:		
Disposal of treasury stock	(3)	(5)
Total changes of items during the period	(3)	(5)
Balance at the end of the current period	118,665	118,668
<b>Retained earnings:</b>		
<b>Other retained earnings:</b>		
Balance at the end of the previous period	232,368	237,268
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	8,906	2,865
Total changes of items during the period	(10,989)	(4,899)
Balance at the end of the current period	221,379	232,368
<b>Total retained earnings:</b>		
Balance at the end of the previous period	232,368	237,268
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	8,906	2,865
Total changes of items during the period	(10,989)	(4,899)
Balance at the end of the current period	221,379	232,368

(Continued)

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
<b>Treasury stock:</b>		
Balance at the end of the previous period	(270)	(262)
Changes of items during the period:		
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	5	9
Total changes of items during the period	(11)	(8)
Balance at the end of the current period	(282)	(270)
<b>Total shareholders' equity:</b>		
Balance at the end of the previous period	612,375	617,289
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	8,906	2,865
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	2	4
Total changes of items during the period	(11,004)	(4,913)
Balance at the end of the current period	601,370	612,375
<b>Total net assets:</b>		
Balance at the end of the previous period	612,375	617,289
Changes of items during the period:		
Dividends from surplus	(19,896)	(7,765)
Net income	8,906	2,865
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	2	4
Total changes of items during the period	(11,004)	(4,913)
Balance at the end of the current period	601,370	612,375

## **Note to the Going-Concern Assumption**

There are no corresponding items.

### **Cautionary Statement Regarding Forward-Looking Statements**

This material contains forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995) regarding our intent, belief or current expectations in respect to our future financial conditions, operating results and overall management. These forward-looking statements may be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future”, or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Such forward-looking statements are not guarantees of future performance and actual results may differ, owing to risks and uncertainties, including without limitation: (1) potential difficulties in integrating the management and business operations of our subsidiaries; (2) our ability to successfully execute our group business strategies; and (3) unanticipated events that result in an increase in our credit costs and a deterioration in the quality of our group companies’ loan portfolios. Given such risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the release date of this material. We undertake no obligation to update or revise any forward-looking statements. In addition to this material, please refer to our most recently disclosed documents, such as our Form F-4 registration statement filed with the U.S. Securities and Exchange Commission, or press releases we have issued, for a more detailed description of matters that may affect our financial condition and operating results.