# Financial Results for the Fiscal Year 2010
# [Japanese GAAP] (Consolidated)

**May 13, 2011**

| | |
|---|---|
| Listed company | : Sumitomo Mitsui Trust Holdings, Inc.<br>(The Sumitomo Trust & Banking Co., Ltd.) |
| Stock exchange listings | : Tokyo, Osaka and Nagoya(code: 8309) |
| URL | : http://www.smth.jp/en/index.html |
| Representative | : Kazuo Tanabe, President |
| For inquiry | : Tadashi Nishimura, Executive Officer,<br>General Manager of Financial Management Department,<br>The Sumitomo Trust & Banking Co., Ltd<br>TEL +81-3-3286-8354 |
| Payment date of cash dividends (Scheduled) | : June 30, 2011 |
| Trading accounts | : Established |

(The following is the figures and notes based on consolidated basis and non-consolidated basis of The Sumitomo Trust & Banking Co., Ltd)

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

## 1. Consolidated Financial Results for the Fiscal Year 2010 (April 1, 2010 through March 31, 2011)

### (1) Consolidated Results of Operations

(%: Change from the previous period)

| | Ordinary Income | | Ordinary Profit | | Net Income | |
|---|---|---|---|---|---|---|
| Fiscal Year Ended | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| March 31, 2011 | 829,365 | (3.5) | 100,765 | (32.0) | 83,509 | 57.0 |
| March 31, 2010 | 859,610 | (19.1) | 148,147 | 400.3 | 53,180 | 569.2 |

(Note) Comprehensive Income: Year Ended March 31, 2011 90,193 millions of yen, (52.6%) Year Ended March 31, 2010 190,241 millions of yen, −%

| | Net Income per Common Share | Net Income per Common Share (Fully Diluted) | Net Income to Net Assets Ratio | Ordinary Profit to Total Assets Ratio | Ordinary Profit to Ordinary Income Ratio |
|---|---|---|---|---|---|
| Fiscal Year Ended | Yen | Yen | % | % | % |
| March 31, 2011 | 47.12 | ——— | 7.4 | 0.5 | 12.1 |
| March 31, 2010 | 30.18 | ——— | 5.3 | 0.7 | 17.2 |

(Reference) Equity in earning (losses) of affiliates Year ended March 31, 2011 2,655 millions of yen Year Ended March 31, 2010 1,316 millions of yen

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

### (2) Consolidated Financial Conditions

| | Total Assets | Net Assets | Net Assets to Total Assets Ratio | Net Assets per Common Share | Consolidated BIS Capital Adequacy Ratio |
|---|---|---|---|---|---|
| As of | Millions of Yen | Millions of Yen | % | Yen | % |
| March 31, 2011 | 20,926,094 | 1,507,095 | 5.7 | 651.72 | 15.63 |
| March 31, 2010 | 20,551,049 | 1,449,945 | 5.6 | 619.15 | 13.85 |

(Reference) Net Assets less Minority Interests: March 31, 2011 1,202,641 millions of yen March 31, 2010 1,148,118 millions of yen

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

(Note) Consolidated BIS Capital Adequacy Ratio is calculated based on the "Standard to determine the adequacy of bank's capital concerning its assets provided under the Article 14-2 of the Banking Act (FSA Announcement No.19, 2006.)"
The ratio as of March 31, 2011 is the preliminary figure for immediate release purposes.

### (3) Consolidated Cash Flows

| | Net Cash Provided by (Used in) Operating Activities | Net Cash Provided by (Used in) Investing Activities | Net Cash Provided by (Used in) Financing Activities | Cash and Cash Equivalents at End of Period |
|---|---|---|---|---|
| Fiscal Year Ended | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| March 31, 2011 | 383,036 | (689,314) | 30,461 | 346,030 |
| March 31, 2010 | (348,312) | 720,794 | (41,867) | 636,398 |

## 2. Cash Dividends on Common Share

| | 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 | | | |
| Fiscal Year Ended | Yen | Yen | Yen | Yen | Yen | Millions of Yen | % | % |
| March 31, 2010 | − | 5.00 | − | 5.00 | 10.00 | 16,745 | 33.1 | 1.8 |
| March 31, 2011 | − | 6.00 | − | 8.00 | 14.00 | 23,443 | 29.7 | 2.2 |

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

## 3. Other Information

(1) Changes in important subsidiaries resulted in changes in the scope of consolidation during the fiscal year 2010: None

(Note) For details, please refer to page 4, "2.Organization of the Sumitomo Trust & Banking group."

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

1) Changes due to revisions in accounting standards: Yes

2) Other changes: Yes

(Note) For details, please refer to page 17, "Changes in Significant Accounting Policies and Practice."

(3) Number of issued shares (Common share)

1) Number of issued shares (including treasury stock)

| | | | | | |
|---|---|---|---|---|---|
| March 31, 2011 : | 1,675,128,546 | shares, | March 31, 2010 : | 1,675,128,546 | shares |

2) Number of treasury stock

| | | | | | |
|---|---|---|---|---|---|
| March 31, 2011 : | 591,538 | shares, | March 31, 2010 : | 556,984 | shares |

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

| | | | | | |
|---|---|---|---|---|---|
| March 31, 2011 : | 1,674,553,813 | shares, | March 31, 2010 : | 1,674,587,745 | shares |

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

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

(1) Non-consolidated Results of Operations (%: Change from the previous period)

| | Ordinary Income | | Ordinary Profit | | Net Income | |
|---|---|---|---|---|---|---|
| Fiscal Year Ended | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| March 31, 2011 | 416,506 | (14.2) | 72,031 | (43.5) | 73,526 | 239.0 |
| March 31, 2010 | 485,189 | (28.2) | 127,506 | 235.8 | 21,691 | (44.3) |

| | Net Income per Common Share | Net Income per Common Share (Fully Diluted) |
|---|---|---|
| Fiscal Year Ended | Yen | Yen |
| March 31, 2011 | 41.15 | ――― |
| March 31, 2010 | 11.37 | ――― |

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

(2) Non-consolidated Financial Conditions

| | Total Assets | Net Assets | Net Assets to Total Assets Ratio | Net Assets per Common Share | Non-Consolidated BIS Capital Adequacy Ratio |
|---|---|---|---|---|---|
| As of | Millions of Yen | Millions of Yen | % | Yen | % |
| March 31, 2011 | 20,102,714 | 1,147,938 | 5.7 | 619.06 | 17.07 |
| March 31, 2010 | 19,651,334 | 1,100,690 | 5.6 | 590.83 | 15.26 |

(Reference) Net Assets: March 31, 2011 1,147,938 millions of yen March 31, 2010 1,100,690 millions of yen

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

(Note) Non-Consolidated BIS Capital Adequacy Ratio is calculated based on the "Standard to determine the adequacy of bank's capital concerning its assets provided under the Article 14-2 of the Banking Act (FSA Announcement No.19, 2006.)"

The ratio as of March 31, 2011 is the preliminary figure for immediate release purposes.

## Presentation on the implementation status of the audit procedures

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

## (Cash Dividends on Preferred Share)

Cash dividends per share on preferred share are as below:

| The First Series of Class 2 Preferred Shares | Annual Cash Dividends per Preferred Share | | | | | Total Dividends Payment (Annual) |
|---|---|---|---|---|---|---|
| | 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 | | 3.13 | – | 21.15 | 24.28 | 2,646 |
| March 31, 2011 | – | 21.15 | – | 21.15 | 42.30 | 4,610 |

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

**[Accompanying Materials]**

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## 1. Financial Results

### (1) Financial Results

(i) Financial Results for the Fiscal Year 2010

Consolidated net business profit before credit costs (Note 1) for the fiscal year 2010 decreased by 23.6 billion yen from the previous fiscal year to 174.2 billion yen, mainly due to the decrease of net business profit before costs on a non-consolidated basis, despite profit of group companies increased, in addition to the contribution of Nikko Asset Management Co., Ltd. (hereinafter "Nikko AM") which became a subsidiary in the second half of the fiscal year 2009.

Total credit cost increased 27.5 billion yen from the previous fiscal year to 28.8 billion yen, as a result of additional allowance for loan losses, including group companies, which were posted after conservatively estimating the effect caused by the Great East Japan Earthquake in the fourth quarter of the fiscal year 2010, in addition to the posting of credit on a non-consolidated basis.

As a result, consolidated ordinary profit decreased by 47.3 billion yen from the previous fiscal year to 100.7 billion yen.

Meanwhile, consolidated net income increased by 30.3 billion yen from the previous fiscal year to 83.5 billion yen due to the net income boosting factors resulting from the business reorganization of subsidiaries during the second quarter of the fiscal year 2010, and, and net income per common share was 47.11 yen.

Consolidated Tier I Capital Ratio was 11.09% and consolidated return on shareholders' equity (Note 2) was 7.42%.

(ii) Segment Information

Consolidated net business profit before credit costs by reportable segment for the fiscal year 2010 was 14.9 billion yen of retail financial services business, 89.6 billion yen of wholesale financial services business, 46.1 billion yen of global markets business, 28.7 billion yen of fiduciary services business and 10.2 billion yen of real estate business, and others excluded from reportable segment was losses of 15.3 billion yen.

(iii) Dividends

We plan to distribute a year-end dividend for common share of 8 yen per share (annual dividend of 14 yen per share), as the upward revision of dividends and earnings forecast as of April 28, 2011. In this case, the consolidated payout ratio (Note 3) will be 29.7%.

(Note 1) As to the explanation of net business profit before credit costs, please refer to the "Explanatory Material Fiscal Year 2010 ended on Mar.31, 2011."

(Note 2) Consolidated return on shareholders' equity = [(net income – dividend on preferred share) / {(beginning balance of shareholders' equity – beginning excluded amount*) + (ending balance of shareholders' equity – ending excluded amount*) / 2}] × 100

* Excluded amount = book value of preferred shares + dividend on preferred share

(Note 3) Consolidated payout ratio = {total dividends / (consolidated net income – dividend on preferred share)} × 100

### (2) Financial Position

(i) Assets and Liabilities

Consolidated total assets increased by 375.0 billion yen from the end of the previous fiscal year to 20,926.0 billion yen and consolidated net assets increased by 57.1 billion yen to 1,507.0 billion yen.

As to major accounts, the balance of loans increased by 108.3 billion yen from the end of the previous fiscal year to 11,794.9 billion yen, while that of securities increased by 532.4 billion yen from the end of the previous fiscal year to 4,616.5 billion yen. The balance of deposits increased by 47.3 billion yen from the end of the previous fiscal year to 12,298.5 billion yen. The total balance of trust account on non-consolidated basis increased by 2,872.7 billion yen from the end of the previous fiscal year to 82,180.4 billion yen, due primarily to an increase in investment trust.

Net unrealized gains/ losses on available-for-sale securities with fair value decreased by 22.8 billion yen from the end of the previous fiscal year to net gains of 71.4 billion yen, due primarily to the stagnation of stock price.

The balance of assets classified under the Financial Reconstruction Act (non-consolidated, banking account and principal guaranteed trust account combined) decreased by 20.8 billion yen from the end of the previous fiscal year to 155.7 billion yen, due primarily to a decrease in doubtful and substandard loans resulting from the improvement of financial conditions of some domestic customers, despite an increase in bankrupt and practically bankrupt loans caused by the downgrade of a major customer during the fourth quarter of the fiscal year 2010. The ratio of assets classified under the Financial Reconstruction Act to the total loan balance improved by 0.2% from the end of the previous fiscal year to 1.2%. The balance of loans to substandard debtors excluding substandard loans and loans to special mention debtors decreased by 220.3 billion yen from the end of the previous fiscal year to 403.9 billion yen.

The balance of net deferred tax assets increased by 21.0 billion yen from the end of the previous fiscal year to 100.1 billion yen.

(ii) Cash Flows

The net cash inflow from operating activities, such as fund management, asset management and increase or decrease in loans and bills discounted and deposits, was 383.0 billion yen (an increase of inflow of 731.3 billion yen from the previous fiscal year) . The net cash outflow from investment activities, such as purchase or sales of securities, was 689.3 billion yen (an increase of outflow of 1,410.1 billion yen from the previous fiscal year). The net cash inflow from financing activities, such as payment of cash dividends, issuance and redemption of subordinated bonds, was 30.4 billion yen (an increase of inflow of 72.3 billion yen from the previous fiscal year). As a result, the balance of cash and cash equivalents at the end of the fiscal year was 346.0 billion yen.

(iii) Capital Adequacy Ratio

We maintained a sufficient level of consolidated BIS capital adequacy ratio, which was 15.63%. The figures during the recent five years were as follows:

| | March 31, 2007 | March 31, 2008 | March 31, 2009 | March 31, 2010 | March 31, 2011 |
|---|---|---|---|---|---|
| Consolidated BIS Capital Adequacy Ratio | 11.36% | 11.84% | 12.09% | 13.85% | 15.63% |

## (3) Risks of Business

Major items which could be risk factors related to business of the Bank and its group (including matters that could have a material impact on investment decisions by investors) are as follows:

Credit Risks
Market Risks
Liquidity Risks
Operational Risks
Business Processing Risks
Information Security Risks
Compliance Risks
Human Risks
Event Risks
Reputation Risks
Outsourcing Risks
Capital Adequacy Ratio Dropping Risks
Credit Rating Downgrading Risks
Risks related to Trust Business
Risks related to Provision for Retirement Benefits
Risks related to Business Strategy
Risks related to Group Management
Risks of Changes in Regulations
Risks related to Human Resource
Risks related to Management Integration

The above mentioned items which could be risk factors were described in the Bank's latest annual securities report (only in Japanese). Also, matters that are considered to be important in investment decisions by investors are published as needed through the disclosure of information in a timely manner.

## 2. Organization of the Sumitomo Trust & Banking group

The Sumitomo Trust & Banking group (The Sumitomo Trust and Banking Co., Ltd., subsidiaries and affiliates, hereinafter "STB Group") conducts wide range of services divided into "Retail Financial Services Business," "Wholesale Financial Services Business," "Global Markets Business," "Fiduciary Services Business" and "Real Estate Business."
STB Group includes 51 consolidated subsidiaries and 11 affiliates accounted for by the equity method.
Positioning of businesses and reportable segments of "STB group" at the end of this fiscal year are as follows.

| Reportable Segment | Names of Principal Companies |
|---|---|
| Retail Financial Services Business | The Sumitomo Trust and Banking Co., Ltd.(Retail Financial Services Business)<br>Consolidated subsidiaries: 3<br>Principal companies:<br>* Sumishin Guaranty Company Limited<br>* STB Wealth Partners Co., Limited<br>* Sumishin Card Company, Limited |
| Wholesale Financial Services Business | The Sumitomo Trust and Banking Co., Ltd.(Wholesale Financial Services Business)<br>Consolidated subsidiaries: 16, Affiliates accounted for by the equity method: 3<br>Principal companies:<br>* Sumishin Real Estate Loan & Finance, Limited<br>* Sumishin Panasonic Financial Services Co,. Ltd.<br>* Japan TA Solution, Ltd.<br>* The Sumitomo Trust Finance (H.K.) Limited<br>* STB Omega Investment Limited<br>* STB Investment Corporation<br>** BUSINEXT CORPORATION<br>** Sumishin Life Card Company, Limited<br>** Zijin Trust Co., Ltd |
| Global Markets Business | The Sumitomo Trust and Banking Co., Ltd.(Global Markets Business) |
| Fiduciary Services Business | The Sumitomo Trust and Banking Co., Ltd.(Fiduciary Services Business)<br>Consolidated subsidiaries: 20, Affiliates accounted for by the equity method: 3<br>Principal companies:<br>* Nikko Asset Management Co., Ltd.<br>* Sumitomo Trust and Banking (Luxembourg) S.A.<br>* Sumitomo Trust and Banking Co. (U.S.A.)<br>* STB Asset Management Co., Ltd.<br>** Japan Pension Operation Service, Ltd.<br>** Japan Trustee Services Bank, Ltd.<br>** Rongtong Fund Management Co., Ltd. |
| Real Estate Business | The Sumitomo Trust and Banking Co., Ltd.(Real Estate Business)<br>Consolidated subsidiaries: 3, Affiliate accounted for by the equity method: 1<br>Principal companies:<br>* STB Real Estate Investment Management Co., Ltd.<br>* STB Research Institute Co., Ltd.<br>* Sumishin Realty Company, Limited<br>** Top REIT Asset Management Co., Ltd. |
| Other Business | The Sumitomo Trust and Banking Co., Ltd.(Other Business)<br>Consolidated subsidiaries: 9, Affiliates accounted for by the equity method: 4<br>Principal companies:<br>* The Sumishin Shinko Company Limited<br>* Sumishin Business Service Company, Limited<br>* Sumishin Information Service Company Limited<br>* STB Preferred Capital 2(Cayman) Limited<br>* STB Preferred Capital 3(Cayman) Limited<br>* STB Preferred Capital 4(Cayman) Limited<br>* STB Preferred Capital 5(Cayman) Limited<br>** SBI Sumishin Net Bank, Ltd.<br>** HR One Corporation |

(Note 1) * denotes a consolidated subsidiary and ** denotes an affiliate accounted for by the equity method.
(Note 2) Other Business is the division which does not belong to the reportable segments.
(Note 2) "STB Group" has started to adopt ASBJ Statement No.17 "the Accounting Standard for Disclousures 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 Disclousures about Segments of an Enterprise and Related Information" (issued by ASBJ on March 21, 2008) from the fiscal year 2010. Therefore, "STB Group" has changed the division of segment from business segment to reportable segment based on management approach.

## 3. Management Policy

(1) Basic Management Policy

In order to clarify the image of the ideal corporate group model, Sumitomo Mitsui Trust Group (hereinafter "SMTH Group") has specified Management Policy which consists of Management Principles ("Mission"), Ideal Model ("Vision"), and Codes of Conduct ("Value"). STB Group, as a member group of "SMTH Group", will conduct its business in accordance with the policy.

Management Principles ("Mission")

(a) Swiftly provide comprehensive solutions to its clients by fully utilizing its significant expertise and comprehensive capabilities.
(b) Adhere to the principles of sound management based on a high degree of self-discipline with the background of "Trustee Spirit" and establish strong credibility from society.
(c) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.
(d) Offer a workplace where diversity and creativity are fully appreciated to add value to the organization, and the employees are hopeful, proud and motivated in fulfilling the missions.

Ideal Model ("Vision")

Based on the "Trustee Spirit" and with significant expertise and comprehensive capabilities, "SMTH Group" creates 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.

Codes of Conduct ("Value")

In order to pursue the Management Principles of "SMTH Group", the board of directors and employees commit themselves to comply with the 6 Codes of Conduct described below.

(a) Completely Client-oriented – Truthfulness and Loyalty
"SMTH Group" will adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.
(b) Contribution to society – Dedication and Development
"SMTH Group" will remain dedicated in all our efforts, with "Frontier Spirit", and continue to contribute to society.
(c) Realization of organizational capability – Trust and Creativity
"SMTH Group" will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.
(d) Establishment of Individuality – Self-help and Self-discipline
With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.
(e) Strict compliance with applicable laws and regulations
"SMTH Group" will strictly comply with all applicable laws, rules and regulations, and will ensure that all of our corporate activities meet the highest standards of social norms.
(f) Resolute stance against antisocial forces
"SMTH Group" will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.

(2) Status of Midterm Management Plan

In order to further enhance the competence in comprehensive solutions leveraged by significant expertise and comprehensive capabilities unique to an independent trust bank group, which combines "banking, trust and real estate operations", the "STB group" has been working to reform its management system and to solidly execute the business strategy.

The bank, the core of "STB group" newly established "Owner Consulting Department" which specialized in providing various solutions towards customers such as business owners and their asset management companies. Besides, the bank defined certain business areas (such as business for wealthy clients, investment product sales and workplace channel) conducted by both of the Retail Financial Services Business and the Wholesale Financial Services Business, including the above-mentioned department, as "Cross-Client Services Business" and thus has strove to find more business and profit opportunities by cross-divisional business development.

Moreover, the Bank has been developing its global business by increasing overseas staff to beef up resources to deal with funding requirement of Japanese companies and overseas project finance, as well as expanding the business particularly in Asian market where high economic growth is expected, such as the acquisition of an overseas asset management company by Nikko AM and the opening of the operation of our joint business with Zijing Trust Co., Ltd.

Also, on April 1, 2011, the Bank integrated its management with Chuo Mitsui Trust Holdings, Inc. through a share exchange. Based on the "Trustee Spirit" and with significant expertise and comprehensive capabilities, the newly established "SMTH Group" creates 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 "The Trust Bank" which boasts the largest and highest status in Japan.

(3) Midterm and Long Term Management Strategies and Issues to be Addressed

While we are facing the era of fundamental social and financial structural turnaround, the issues to be addressed surrounding our clients' funding and asset management are becoming increasingly advanced and complex. And in Japan, the recovery from the damage caused by the recent worst disaster since the end of World War II is the pressing priority.

As the sole group specialized in trust bank in Japan, "SMTH Group" will fulfill even more social and public responsibilities and contribute to our clients, society and further to the recovery of Japanese economy by realizing its significant expertise and comprehensive capabilities.

Strengthening Business Strategies

In the Retail Financial Services Business, we will further enhance the competence in providing wealthy clients with comprehensive solutions for asset management and administration, while focusing on strengthening sales of investment trust and individual annuities in further coordination with the asset management companies within the group (Asset Management Co., Ltd., "Nikko AM" and Chuo Mitsui Asset Management Co., Ltd.). In addition, we will expand credit business for individual clients, such as housing and business loans, as a stable base of the Bank's credit portfolio.

In the Wholesale Financial Services Business, we will enhance our presence by strengthening our ability to provide solutions to clients' management issues, deepen business relations by providing wide range of products and services, and promote global business development by enhancing business with Japanese and Non-Japanese clients particularly in Asia. In addition, the Bank will focus on providing financial institutions and non-profit organizations with investment products, as well as finance related business (leasing, real estate-secured finance and business financing) utilizing the functions of the group companies.

In the real estate business, the Bank will carry out personnel shift to real estate intermediary business, obtain more information through closer contact with clients, and reinforce our competence in processing information by focusing on various consulting functions. Further, we will focus on providing quality and comprehensive real estate solutions in further coordination with real estate companies within the group, including the newly joined Chuo Mitsui Realty Co., Ltd..

In the Fiduciary Services Business, we will further improve our expertise in asset management consulting and the quality of operation by the joint effort among pension, investment management and securities processing business units, aiming to provide our customer with the best quality and integrated service from pension plan designing to asset management and asset administration throughout. In addition, the Bank will promote investment product sales towards overseas institutional investors, and focus on the expansion of entrusted stock of investment trust through business promotion concentrating on securities companies.

In the Global Markets Business, the Bank will be working to stabilize the bank-level profits through appropriately managed treasury operations. Besides, the Bank will also seek to expand the range of trading products and sophisticate investment strategies, and thus achieve both of boosting and stabilizing profits.

Strengthening Consolidated Management Strategy and Developing Management and Business Infrastructure

The Bank will strive to offer comprehensive and quality solutions which fit clients' need by not only utilizing the bank's own products and services but also a variety of functions within the group such as financing, consulting, asset management and administrative agent services and thus boost up our profitability and corporate value on a consolidated basis.

In regard to credit administration, the Bank will reinforce our overseas research and credit supervisory functions to get well prepared for the future expansion of overseas credit business, for example. Likewise we will also reinforce our business management infrastructure so as to enable to strike the balance between high value-added and efficiency, with the whole group's close attention towards designing and administrating robust operational and IT systems.

Smooth Implementation of the Management Integration, and quick materialization of the synergy

Following the management integration achieved with Sumitomo Mitsui Trust Holdings Inc. as a new holding company this time, the Bank will steadily and smoothly implement the establishment of "Sumitomo Mitsui Trust Bank, Ltd." through the merger among the three trust banks under the holding company (the Bank, Chuo Mitsui Trust and Banking Company, Limited and Chuo Mitsui Asset Trust and Banking Company, Limited). In addition, in this fiscal year we will make efforts to realize profit synergy and minimize dis-synergy through active collaboration among the companies within "SMTH Group" as one effectively, and thus quickly materialize the benefit of the merger.

Through these business activities above the Bank is aiming to be given further trust and support from clients and further increase the corporate value. The Bank's entire staff will unite to put the best efforts into further meeting the expectation from you all.

## 4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

| | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|
| **Assets:** | | |
| Cash and Due from Banks | 970,869 | 704,625 |
| Call Loans and Bills Bought | 86,485 | 15,326 |
| Receivables under Resale Agreements | ― | 33,260 |
| Monetary Claims Bought | 489,816 | 439,303 |
| Trading Assets | 761,850 | 585,289 |
| Money Held in Trust | 22,345 | 22,228 |
| Securities | 4,084,091 | 4,616,542 |
| Loans and Bills Discounted | 11,686,629 | 11,794,987 |
| Foreign Exchanges | 5,553 | 5,658 |
| Lease Receivables and Investment Assets | 650,540 | 614,376 |
| Other Assets | 1,203,651 | 1,452,168 |
| Tangible Fixed Assets: | 125,802 | 127,563 |
| Buildings | 31,893 | 29,140 |
| Land | 83,314 | 82,692 |
| Lease Assets | 169 | 186 |
| Construction in Progress | 1,618 | 7,157 |
| Other | 8,806 | 8,386 |
| Intangible Fixed Assets: | 170,043 | 164,929 |
| Software | 34,429 | 35,434 |
| Goodwill | 133,092 | 123,258 |
| Other | 2,520 | 6,235 |
| Deferred Tax Assets | 79,131 | 100,178 |
| Customers' Liabilities for Acceptances and Guarantees | 339,837 | 362,432 |
| Allowance for Loan Losses | (125,598) | (112,773) |
| **Total Assets** | 20,551,049 | 20,926,094 |
| **Liabilities:** | | |
| Deposits | 12,251,117 | 12,298,508 |
| Negotiable Certificates of Deposit | 2,350,884 | 2,222,110 |
| Call Money and Bills Sold | 79,519 | 49,569 |
| Payables under Repurchase Agreements | 601,787 | 620,846 |
| Payables under Securities Lending Transactions | ― | 158,798 |
| Trading Liabilities | 97,945 | 102,326 |
| Borrowed Money | 1,172,338 | 1,176,040 |
| Foreign Exchanges | 31 | 30 |
| Short-term Bonds Payable | 438,667 | 408,608 |
| Bonds Payable | 531,815 | 634,225 |
| Borrowed Money from Trust Account | 430,969 | 431,710 |
| Other Liabilities | 771,305 | 911,381 |
| Provision for Bonuses | 10,051 | 9,565 |
| Provision for Directors' Bonuses | 411 | 317 |
| Provision for Retirement Benefits | 8,927 | 8,691 |
| Provision for Reimbursement of Deposits | 1,043 | 1,155 |
| Provision for Contingent Loss | 8,258 | 11,320 |
| Provision for Relocation Expenses | 379 | 5,620 |
| Deferred Tax Liabilities | 34 | 30 |
| Deferred Tax Liabilities for Land Revaluation | 5,778 | 5,709 |
| Acceptances and Guarantees | 339,837 | 362,432 |
| **Total Liabilities** | 19,101,104 | 19,418,999 |

(Continued)

(Millions of Yen)

| | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|
| **Net Assets:** | | |
| Total Shareholders' Equity: | 1,144,068 | 1,204,514 |
| Capital Stock | 342,037 | 342,037 |
| Capital Surplus | 297,052 | 297,051 |
| Retained Earnings | 505,444 | 565,908 |
| Treasury Stock | (465) | (482) |
| Total Accumulated Other Comprehensive Income: | 4,050 | (1,872) |
| Valuation Difference on Available-for-Sale Securities | 9,188 | 6,064 |
| Deferred Gains or Losses on Hedges | 9,440 | 9,650 |
| Revaluation Reserve for Land | (4,655) | (4,714) |
| Foreign Currency Translation Adjustment | (9,922) | (12,873) |
| Minority Interests | 301,826 | 304,454 |
| **Total Net Assets** | 1,449,945 | 1,507,095 |
| **Total Liabilities and Net Assets** | 20,551,049 | 20,926,094 |

(2) Consolidated Statements of Income

(Millions of Yen)

| | Fiscal Year Ended March 31,2010 | Fiscal Year Ended March 31,2011 |
|---|---|---|
| **Ordinary Income:** | | |
| Trust Fees | 53,062 | 50,906 |
| Interest Income: | 282,915 | 236,239 |
| Interest on Loans and Discounts | 177,986 | 158,746 |
| Interest and Dividends on Securities | 79,972 | 60,937 |
| Interest on Call Loans and Bills Bought | 230 | 241 |
| Interest on Receivables under Resale Agreements | 0 | 174 |
| Interest on Receivables under Securities Borrowing Transactions | 347 | 167 |
| Interest on Deposits with Banks | 1,480 | 2,155 |
| Other Interest Income | 22,897 | 13,816 |
| Fees and Commissions | 130,711 | 168,411 |
| Trading Income | 15,672 | 11,559 |
| Other Ordinary Income | 352,699 | 345,057 |
| Other Income | 24,548 | 17,191 |
| **Ordinary Income** | 859,610 | 829,365 |
| **Ordinary Expenses:** | | |
| Interest Expenses: | 100,023 | 84,193 |
| Interest on Deposits | 66,426 | 53,584 |
| Interest on Negotiable Certificates of Deposit | 6,431 | 4,166 |
| Interest on Call Money and Bills Sold | 696 | 492 |
| Interest on Payables under Repurchase Agreements | 2,559 | 879 |
| Interest on Payables under Securities Lending Transactions | 3 | 5 |
| Interest on Borrowings and Rediscounts | 7,727 | 9,870 |
| Interest on Short-term Bonds | 891 | 760 |
| Interest on Bonds | 12,412 | 11,680 |
| Other Interest Expenses | 2,874 | 2,753 |
| Fees and Commissions Payments | 39,255 | 55,280 |
| Trading Expenses | ― | 72 |
| Other Ordinary Expenses | 299,033 | 287,606 |
| General and Administrative Expenses | 222,344 | 231,174 |
| Other Expenses: | 50,805 | 70,272 |
| Provision of Allowance for Loan Losses | ― | 12,877 |
| Other | 50,805 | 57,395 |
| **Ordinary Expenses** | 711,463 | 728,599 |
| **Ordinary Profit** | 148,147 | 100,765 |
| Extraordinary Income: | 19,943 | 19,734 |
| Gain on Disposal of Noncurrent Assets | 2,174 | 22 |
| Reversal of Allowance for Loan Losses | 7,330 | ― |
| Recoveries of Written-off Claims | 1,355 | 1,389 |
| Other | 9,083 | 18,322 |
| Extraordinary Loss: | 34,932 | 14,524 |
| Loss on Disposal of Noncurrent Assets | 443 | 1,010 |
| Impairment Loss | 34,489 | 9,664 |
| Other | ― | 3,850 |
| **Income before Income Taxes and Minority Interests** | 133,157 | 105,974 |
| Income Taxes: | 66,400 | 10,035 |
| Current | 16,116 | 29,795 |
| Deferred | 50,283 | (19,760) |
| **Income before Minority Interests** | ― | 95,939 |
| **Minority Interests in Income** | 13,576 | 12,430 |
| **Net Income** | 53,180 | 83,509 |

(3) Consolidated Statements of Comprehensive Income

(Millions of Yen)

| | Fiscal Year Ended March 31,2010 | Fiscal Year Ended March 31,2011 |
|---|---|---|
| **Income before Minority Interests** | － | 95,939 |
| Other Comprehensive Income: | － | |
| Valuation Difference on Available-for-Sale Securities | － | (2,635) |
| Deferred Gains or Losses on Hedges | － | 376 |
| Foreign Currency Translation Adjustment | － | (2,686) |
| Attributable to Equity Method Affiliates | － | (801) |
| **Total Other Comprehensive Income** | － | (5,746) |
| **Comprehensive Income:** | － | 90,193 |
| Comprehensive Income Attributable to Owners of the Parent | － | 77,645 |
| Comprehensive Income Attributable to Minority Interests | － | 12,548 |

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

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | Fiscal Year Ended March 31, 2011 |
|---|---|---|
| **Shareholders' Equity:** | | |
| **Capital Stock:** | | |
| Balance at the End of the Previous Period | 287,537 | 342,037 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 54,500 | — |
| Total Changes of Items during the Period | 54,500 | — |
| Balance at the End of the Current Period | 342,037 | 342,037 |
| **Capital Surplus:** | | |
| Balance at the End of the Previous Period | 242,555 | 297,052 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 54,500 | — |
| Disposal of Treasury Stock | (3) | (0) |
| Total Changes of Items during the Period | 54,496 | (0) |
| Balance at the End of the Current Period | 297,052 | 297,051 |
| **Retained Earnings:** | | |
| Balance at the End of the Previous Period | 463,346 | 505,444 |
| Changes of Items during the Period: | | |
| Cash Dividends | (11,226) | (23,030) |
| Net Income | 53,180 | 83,509 |
| Reversal of Revaluation Reserve for Land | 143 | 60 |
| Change of Scope of Consolidation | — | (75) |
| Total Changes of Items during the Period | 42,097 | 60,463 |
| Balance at the End of the Current Period | 505,444 | 565,908 |
| **Treasury Stock:** | | |
| Balance at the End of the Previous Period | (453) | (465) |
| Changes of Items during the Period: | | |
| Purchase of Treasury Stock | (19) | (19) |
| Disposal of Treasury Stock | 7 | 2 |
| Total Changes of Items during the Period | (12) | (16) |
| Balance at the End of the Current Period | (465) | (482) |
| **Total Shareholders' Equity:** | | |
| Balance at the End of the Previous Period | 992,986 | 1,144,068 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 109,000 | — |
| Cash Dividends | (11,226) | (23,030) |
| Net Income | 53,180 | 83,509 |
| Purchase of Treasury Stock | (19) | (19) |
| Disposal of Treasury Stock | 3 | 1 |
| Reversal of Revaluation Reserve for Land | 143 | 60 |
| Change of Scope of Consolidation | — | (75) |
| Total Changes of Items during the Period | 151,082 | 60,445 |
| Balance at the End of the Current Period | 1,144,068 | 1,204,514 |

(Continued)

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | Fiscal Year Ended March 31, 2011 |
|---|---|---|
| **Accumulated Other Comprehensive Income:** | | |
| **Valuation Difference on Available-for-Sale Securities:** | | |
| Balance at the End of the Previous Period | (102,248) | 9,188 |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 111,436 | (3,123) |
| Total Changes of Items during the Period | 111,436 | (3,123) |
| Balance at the End of the Current Period | 9,188 | 6,064 |
| **Deferred Gains or Losses on Hedges:** | | |
| Balance at the End of the Previous Period | (2,208) | 9,440 |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 11,648 | 210 |
| Total Changes of Items during the Period | 11,648 | 210 |
| Balance at the End of the Current Period | 9,440 | 9,650 |
| **Revaluation Reserve for Land:** | | |
| Balance at the End of the Previous Period | (4,511) | (4,655) |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | (143) | (58) |
| Total Changes of Items during the Period | (143) | (58) |
| Balance at the End of the Current Period | (4,655) | (4,714) |
| **Foreign Currency Translation Adjustment:** | | |
| Balance at the End of the Previous Period | (10,111) | (9,922) |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 188 | (2,951) |
| Total Changes of Items during the Period | 188 | (2,951) |
| Balance at the End of the Current Period | (9,922) | (12,873) |
| **Total Accumulated Other Comprehensive Income:** | | |
| Balance at the End of the Previous Period | (119,080) | 4,050 |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 123,130 | (5,922) |
| Total Changes of Items during the Period | 123,130 | (5,922) |
| Balance at the End of the Current Period | 4,050 | (1,872) |
| **Minority Interests:** | | |
| Balance at the End of the Previous Period | 390,146 | 301,826 |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | (88,319) | 2,627 |
| Total Changes of Items during the Period | (88,319) | 2,627 |
| Balance at the End of the Current Period | 301,826 | 304,454 |
| **Total Net Assets:** | | |
| Balance at the End of the Previous Period | 1,264,052 | 1,449,945 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 109,000 | — |
| Cash Dividends | (11,226) | (23,030) |
| Net Income | 53,180 | 83,509 |
| Purchase of Treasury Stock | (19) | (19) |
| Disposal of Treasury Stock | 3 | 1 |
| Reversal of Revaluation Reserve for Land | 143 | 60 |
| Change of Scope of Consolidation | — | (75) |
| Net Changes of Items other than Shareholders' Equity | 34,810 | (3,295) |
| Total Changes of Items during the Period | 185,892 | 57,150 |
| Balance at the End of the Current Period | 1,449,945 | 1,507,095 |

(5) Consolidated Statements of Cash Flows

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | **Fiscal Year Ended March 31, 2011** |
|---|---|---|
| **Net Cash Provided by (Used in) Operating Activities:** | | |
| Income before Income Taxes and Minority Interests | 133,157 | **105,974** |
| Depreciation and Amortization | 17,734 | **17,316** |
| Impairment Losses | 34,489 | **9,664** |
| Amortization of Goodwill | 10,432 | **8,516** |
| Equity in Losses (Earnings) of Affiliates | (1,316) | **(2,655)** |
| Increase (Decrease) in Allowance for Loan Losses | (41,373) | **(12,921)** |
| Increase (Decrease) in Provision for Bonuses | 2,280 | **(705)** |
| Increase (Decrease) in Provision for Directors' Bonuses | 301 | **(94)** |
| Increase (Decrease) in Provision for Retirement Benefits | (414) | **(236)** |
| Increase (Decrease) in Provision for Reimbursement of Deposits | 153 | **111** |
| Increase (Decrease) in Provision for Contingent Loss | 1,955 | **3,062** |
| Increase (Decrease) in Provision for Relocation Expenses | (319) | **5,240** |
| Gain on Fund Management | (282,915) | **(236,239)** |
| Financing Expenses | 100,023 | **84,193** |
| Loss (Gain) Related to Securities | (15,805) | **(1,214)** |
| Loss (Gain) on Money Held in Trust | (435) | **(483)** |
| Foreign Exchange Losses (Gains) | 81,633 | **113,446** |
| Loss (Gain) on Disposal of Noncurrent Assets | (1,731) | **987** |
| Net Decrease (Increase) in Trading Assets | 329,775 | **176,561** |
| Net Increase (Decrease) in Trading Liabilities | (33,659) | **4,381** |
| Net Decrease (Increase) in Loans and Bills Discounted | (456,046) | **(108,357)** |
| Net Increase (Decrease) in Deposit | 341,285 | **61,751** |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | 47,367 | **(128,774)** |
| Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings) | (263,055) | **3,701** |
| Net Decrease (Increase) in Deposit (excluding Deposit Paid to Bank of Japan) | (10,739) | **(24,124)** |
| Net Decrease (Increase) in Call Loans | (24,130) | **88,792** |
| Net Decrease (Increase) in Receivables under Securities Borrowing Transactions | 296,051 | — |
| Net Increase (Decrease) in Call Money | (688,649) | **(10,891)** |
| Net Increase (Decrease) in Payables under Securities Lending Transactions | — | **158,798** |
| Net Decrease (Increase) in Foreign Exchange-Assets | 6,612 | **(104)** |
| Net Increase (Decrease) in Foreign Exchange-Liabilities | (501) | **0** |
| Net Decrease (Increase) in Lease Receivables and Investment Assets | 17,828 | **36,164** |
| Net Increase (Decrease) in Short-term Bonds Payable | 21,890 | **(30,058)** |
| Increase (Decrease) in Straight Bonds-Issuance and Redemption | 1,000 | **38,679** |
| Net Increase (Decrease) in Borrowed Money from Trust Account | (116,145) | **740** |
| Proceeds from Fund Management | 285,001 | **244,526** |
| Payments for Finance | (93,063) | **(80,594)** |
| Other Net | (21,738) | **(140,579)** |
| Sub Total | (323,068) | **384,573** |
| Income Taxes Paid | (25,244) | **(1,536)** |
| **Net Cash Provided by (Used in) Operating Activities** | (348,312) | **383,036** |
| **Net Cash Provided by (Used in) Investment Activities:** | | |
| Purchase of Securities | (3,141,326) | **(6,557,900)** |
| Proceeds from Sales of Securities | 2,797,640 | **3,294,191** |
| Proceeds from Redemption of Securities | 1,176,553 | **2,602,742** |
| Decrease in Money Held in Trust | 192 | **600** |
| Purchase of Tangible Fixed Assets | (5,115) | **(10,163)** |
| Proceeds from Sales of Tangible Fixed Assets | 4,126 | **140** |
| Purchase of Intangible Fixed Assets | (12,346) | **(12,928)** |
| Proceeds from Sales of Intangible Fixed Assets | 5 | **10** |
| Purchase of Investments in Subsidiaries Resulting in Change in Scope of Consolidation | (90,457) | **(5,992)** |
| Purchase of Investments in Subsidiaries | (8,478) | **(14)** |
| **Net Cash Provided by (Used in) Investment Activities** | 720,794 | **(689,314)** |
| **Net Cash Provided by (Used in) Financing Activities:** | | |
| Increase in Subordinated Borrowings | 20,000 | — |
| Decrease in Subordinated Borrowings | (45,000) | — |
| Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares | 58,704 | **89,586** |
| Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares | (77,162) | **(25,000)** |
| Proceeds from Issuance of Stock | 108,566 | — |
| Repayment to Minority Shareholders | (83,000) | — |
| Cash Dividends Paid | (11,231) | **(23,034)** |
| Cash Dividends Paid to Minority Shareholders | (12,729) | **(11,073)** |
| Purchase of Treasury Stock | (19) | **(19)** |
| Proceeds from Sales of Treasury Stock | 3 | **1** |
| **Net Cash Provided by (Used in) Financing Activities** | (41,867) | **30,461** |
| **Effect of Exchange Rate Change on Cash and Cash Equivalents** | 549 | **(14,551)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 331,163 | **(290,368)** |
| **Cash and Cash Equivalents at the Beginning of the Period** | 304,631 | **636,398** |
| Increase (Decrease) in Cash and Cash Equivalents Resulting from Consolidation of Subsidiaries | 603 | — |
| **Cash and Cash Equivalents at the End of the Period** | 636,398 | **346,030** |

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

All amounts less than one million yen are rounded down.

### Note for the Going-Concern Assumption

There are no corresponding items.

### Significant Accounting Policies and Practices

1. Scope of Consolidation
(1) Consolidated Subsidiaries 51 companies
Principal Companies
Sumishin Panasonic Financial Services Co., Ltd.
Nikko Asset Management Co., Ltd.
Sumishin Real Estate Loan & Finance, Limited
Sumishin Realty Co., Ltd.
STB Asset Management Co., Ltd.
Sumitomo Trust and Banking Co. (U.S.A.)

Tyndall Investment Management Limited and 5 other companies were newly consolidated due to acquisition of shares in the current fiscal year.

Sumishin Leasing & Financial Group Co., Ltd. and 2 other companies were excluded from the scope of consolidation due to merger and other reasons.

(2) Unconsolidated Subsidiaries
Principal Company
STBi Hybrid Venture Investment LPS

Hummingbird Co., Ltd. and 41 other companies are operators of silent partnership for lease transactions and their assets and profits or losses do not belong to themselves substantially. Therefore, they were excluded from the scope of consolidation pursuant to Article 5, Paragraph 1, Item 2 of Consolidated Financial Statements Regulations.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income, retained earnings, and others are so immaterial that they do not hinder a rational judgment of STB group's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the Equity Method
(1) Affiliates Accounted for by the Equity Method 11 companies
Principal Companies
Japan Trustee Services Bank, Ltd.
SBI Sumishin Net Bank, Ltd.
BUSINEXT CORPORATION

Zijin Trust Co., Ltd. was newly accounted for by the equity method due to acquisition of shares in the current fiscal year.

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

(2) Unconsolidated Subsidiaries and Affiliates Not Accounted for by the Equity Method
Principal Company
STBi Hybrid Venture Investment LPS

Hummingbird Co., Ltd. and 41 other companies are operators of silent partnership for lease transactions and their assets and profits or losses do not belong to themselves substantially. Therefore, they were excluded from the scope of application of the equity method pursuant to Article 10, Paragraph 1, Item 2 of Consolidated Financial Statements Regulations.

Other unconsolidated subsidiaries and affiliates not accounted for by the equity method are also excluded from the scope of consolidation because their total amounts in terms of Net assets, Retained earnings and others are so immaterial that they do not 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:

| | |
|---|---|
| April 30 | 1 company |
| September 30 | 1 company |
| November 30 | 1 company |
| December 31 | 9 companies |
| January 31 | 4 companies |

March 31 35 companies

(2) A subsidiary with a balance sheet date as of April 30 is consolidated based on its preliminary financial statements as of January 31. A subsidiary with a balance sheet date as of September 30 is consolidated based on its preliminary financial statements as of March 31. A subsidiary with a balance sheet date as of November 30 is consolidated based on its preliminary financial statements as of February 28. One of two subsidiaries with a balance sheet date as of December 31 is consolidated based on its preliminary financial statements as of February 28, and the other is done as of March 31. Other subsidiaries are consolidated based on the financial statements as of their balance sheet dates.

A subsidiary changed the balance sheet date from March 31 to September 30.

Necessary adjustments were made for any significant transactions between the balance sheet dates of the subsidiaries and the consolidated balance sheet date.

4. Accounting Policies

(1) Trading Account Activities

Trading account activities are conducted for short-term profit taking by market-making and sales arbitrages. Trading assets and liabilities include securities, commercial papers, and financial derivatives. The mark-to-market accounting method is adopted for such financial instruments, all of which are stated at fair values as trading assets or trading liabilities in the consolidated balance sheets. Gains and losses on 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, the Bank is required to explicitly determine the purposes 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. Japanese stocks 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 Japanese stocks are revalued at the balance sheet date. "Available-for-Sale Securities" for which no fair values are obtainable are carried at cost or amortized cost using the moving average method. Valuation difference on available-for-sale securities is recorded as a separate component of net assets and reported in the consolidated balance sheets.

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

(3) 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 (except lease assets)

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

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

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

(b) Intangible Fixed Assets (except lease assets)

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

(c) Lease Assets

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

(5) Allowance for Loan Losses

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

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

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

Among for claims to debtors with more than certain amount of the Bank's claims to debtors, (i) who are likely to become bankrupt, (ii) to whom the Bank has Restructured loans, or (iii) whom the Bank classifies as "Special Mention Debtors" other than substandard ones meeting certain credit criteria, where future cash flows from capital collection and interest receipt could be reasonably estimated, allowance is provided for the difference between the present value of expected future cash flows discounted at the original contracted interest rate before modifications of terms and conditions 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.

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

As for the consolidated subsidiaries, allowance for loan losses for general claims is provided based on the historical loan-loss-ratio, and allowance for loan losses for specific claims is provided based on the amount expected to be uncollectible for each claim.

Besides, additional allowance for loan losses were posted after rationally estimating the effect caused by the Great East Japan Earthquake.

And for claims to debtors who are legally bankrupt or virtually bankrupt with collateral or guarantees, the expected uncollectible amount, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted out of the original amount of claims. The deducted amount was 63,787 million yen.

(6) Provision for Bonuses

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

(7) Provision for Directors' Bonuses

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

(8) Provision for Retirement Benefits

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

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

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

(Additional Information)

Regarding the substitute portion of the Bank's employees' pension fund, based on "Defined Benefit Corporation Pension Plan Act", the Minister of Health, Labor and Welfare approved the exemption of the Bank's obligation to pay benefits related to future employee services, and the return of the portion related to past employee services, on June 1, 2010 and March 1, 2011, respectively.

As a result, gain on return of substitute portion of employees' pension fund of 18,322 million yen was accounted as extraordinary income.

(9) Provision for Reimbursement of Deposits

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

(10) Provision for Contingent Loss

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

(11) Provision for Relocation Expenses

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

(12) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are primarily translated into yen at the exchange rate at the balance sheet date, except for shares of affiliates translated into yen at the exchange rate at the acquisition date. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rate at each of the balance sheet date.

(13) Accounting for Leases

As for the domestic consolidated subsidiaries, the income and expenses for transactions of finance leases without transfer of ownerships were accounted for by the sales revenue and costs of goods sold when lease payments are collected.

(14) Derivatives and Hedge Accounting

(a) Interest Related Transactions

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

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (the JICPA Industry Auditing Committee Report No.15), the Bank had adopted "Macro Hedge Accounting" to account for certain interest related derivatives, which were utilized to manage interest rate exposure of certain changes of transactions such as loans and deposits.

Deferred hedge gain (losses) resulted from "Macro Hedge Accounting" are amortized over the remaining period for each hedging transaction. At the balance sheet date, deferred gains or losses on hedges (before net of taxes) resulted from "Macro Hedge Accounting" were 382 million yen and 1,370 million yen, respectively.

(b) Currency Related Transactions

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

The Bank also applies fair value hedge to mitigate foreign currency exchange rate exposure in "Available-for-Sale Securities" denominated in foreign currencies (other than bonds) as "Portfolio Hedges" when hedged foreign currency securities are specified in advance to the inception of the transactions, and spot exposure of non-derivatives financial liabilities and forward contracts exit on a foreign currency basis that exceed acquisition costs of the foreign currency securities designated as hedged items.

(c) Internal Hedge Transactions and others

Gains and losses arisen from hedging instruments such as interest rate swaps and cross currency swaps between consolidated companies and between "Trading Account" and other accounts (hereinafter "Banking Account") are not eliminated but either charged to earnings or deferred. This treatment is allowed by the "Report No. 24 and 25," under which the Bank operated strictly and non-arbitrarily in conformity with the standard equivalent to the third-party cover transactions that are required for hedge qualification.

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

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

(15) Depreciation of Goodwill

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

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

In preparing the consolidated statement of cash flows, cash and due from Bank of Japan in the case of the Bank, and cash and due from banks in the case of the consolidated subsidiaries, are considered to be cash and cash equivalents.

(17) National and Local Consumption Taxes

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

## Changes in Significant Accounting Policies and Practices

(Accounting Standard for Equity Method)

The Bank has started to adopt Accounting Standards Board of Japan (hereinafter "ASBJ") Statement No.16 "the Accounting Standard for Equity Method of Accounting for Investments" (issued by ASBJ on March 10, 2008) and Practical Issue Task Force No.24 "the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (issued by ASBJ on March 10, 2008) from the fiscal year 2010.

The adoption did not affect the consolidated financial statements for the fiscal year 2010.

(Accounting Standard for Asset Retirement Obligations)

The Bank has started to adopt ASBJ Statement No.18 "the Accounting Standard for Asset Retirement Obligations" (issued by ASBJ on March 31, 2008) and Implementation Guidance No.21 "the Guidance on Accounting Standard for Asset Retirement Obligations" (issued by ASBJ on March 31, 2008) from the fiscal year 2010.

As the result, compared with the previous treatment, ordinary profit and income before income taxes and minority interests decreased by 165 million yen and 782 million yen, respectively. The balance of asset retirement obligations was 825 million yen when the Bank started to adopt the standard and the guidance at April 1, 2010.

(Embedded Derivatives)

Embedded Derivatives, which do not need to be separated from host contracts, had been accounted for as whole financial instruments coupled with host contracts until the previous fiscal year. For the fiscal year 2010, however, for more appreciate representation of the financial conditions and the results of operations, embedded derivatives have been separated from host contracts and accounted for as derivatives, based on the improvement of the administrative structure about the separation. As the result, compared with the previous treatments, ordinary profits and income before income taxes and minority interests increased by 5,013 million yen, respectively.

## Changes in the Presentation of the Consolidated Financial Statement

(Consolidated Statements of Income)

The Bank has started to adopt the revision to the appended form in Finance Ministry Ordinance No.10 "Ordinance for Enforcement of Banking Act" (issued in 1982) which was revised by Cabinet Office Ordinance No.41 "Partially Revising the Ordinance for Enforcement of the Banking Act, etc." (issued on September 21, 2010) and present income before minority interests in the consolidated statements of income for the fiscal year 2010.

## Additional Information

The Bank 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 fiscal year 2010. (The figure presented as accumulated other comprehensive income and total accumulated other comprehensive income for the previous fiscal year was previously presented as valuation and translation adjustments and total valuation and translation adjustments.)

## Notes to the Consolidated Balance Sheets

1. Investments in Stocks of Affiliates

Investments in stocks of affiliates excluding consolidated subsidiaries were 68,623 million yen.

2. Delinquent Loans

Loans in bankruptcy proceedings and other delinquent loans in loans and bills discounted were 16,049 million yen and 61,301 million yen, respectively.

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

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

3. Loans More than Three Months Past Due

There are no loans more than three months past due.

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

4. Restructured Loans

Restructured loans amounted to 84,887 million yen.

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

5. Total of Delinquent Loans, Loans More than Three Months Past Due and Restructured Loans

The total of loans in bankruptcy proceedings, other delinquent loans, loans more than three months past due and restructured loans amounted to 162,238 million yen.

Those amounts described in Notes 2 to 5 are before deducting allowance for loan losses.

6. Bills Discounted

The Bank treats bills discounted as financial transaction, which are regulated by Report No. 24. The Bank holds the right to sell or pledge such bills discounted at its discretion and the total face value of these bills amounted to 2,774 million yen.

7. Assets Pledged as Collateral

Following parts of the assets were pledged as collateral:

| | | |
|---|---|---|
| Trading Assets | 183,667 | million yen |
| Securities | 1,270,508 | million yen |
| Loans and Bills Discounted | 496,886 | million yen |
| Lease Receivables and Investment Assets | 18,587 | million yen |
| Other Assets | 781 | million yen |

Corresponding liabilities of the assets pledged as collateral:

| | | |
|---|---|---|
| Deposits | 28,095 | million yen |
| Payables under Repurchase Agreements | 620,846 | million yen |
| Payables under Securities Lending Transactions | 158,798 | million yen |
| Borrowed Money | 417,100 | million yen |

In addition to the items outlined above, securities of 649,862 million yen and other assets of 172 million yen were pledged mainly as collateral in substitution for settlement of cash or margin of future markets. Other includes margin of future markets of 2,128 million yen, security deposits of 18,381 million yen and cash collateral for derivatives transactions of 55,855 million yen.

8. 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 8,249,664 million yen, including 6,699,229 million yen of those either maturing within one year or unconditionally cancelable.

Because most of these contracts expire without being drawn down, the balance of unused commitment line contracts itself does not necessarily represent future cash flows of the Bank and its subsidiaries. In addition, most of these contracts contain clauses allowing the Bank and its subsidiaries to reject requests or reduce committed limits, when there are reasonable reasons such as changes in financial condition, needs to protect claims and other similar necessities. The Bank and its subsidiaries 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 thereinafter through periodical internal monitoring procedures that have already been in place.

9. Revaluation Reserve for Land

In accordance with the "Act on Revaluation of Land" (Law No.34, promulgated on March 31, 1998, hereinafter the "Act"), the Bank revalued land used for business operations. Net unrealized losses on revaluation deducted by deferred tax liabilities for land revaluation are recorded as revaluation reserve for land in net assets.

Revaluation Date: March 31, 1999

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

Revaluations are based on land prices of standardized premises as specified by the Article 2, Paragraph 1 of the "Enforcement Order on Act on Revaluation of Land", and the land prices specified in the Article 4 of the Act after relevant adjustments.

Difference between the fair value on March 31, 2011 of the land for business operations revalued in accordance with the Article 10 of the Act and its book value after revaluation was 9,322 million yen.

10. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets was 105,931 million yen.

11. Tax Qualified Deferred Gains on Tangible Fixed Assets

Total tax qualified deferred gains on tangible fixed assets, which is allowed by the tax law, was 27,584 million yen.

12. Borrowed Money

Borrowed money includes subordinate debt of 125,000 million yen.

13. Bonds Payable

Bonds payable include subordinate bonds of 579,225 million yen.

14. Principal of Guaranteed Trust Account

Principals of Jointly-operated money trusts ("JOMTs") and Loan trust, whose repayment of the principal is guaranteed by the Bank, were 558,721 million yen and 19,603 million yen, respectively.

15. Guarantee Liabilities for Privately-offered Corporate Bonds

The Bank guaranteed 100,753 million yen of corporate bonds in securities which were privately offered (subject to the Article 2, Paragraph 3 of the "Financial Instruments and Exchange Law.")

16. Net Assets per Common Share

Net assets per common share was 651.72 yen.

17. Projected Pension Obligations

Projected pension obligations and others were as follows.

| | | |
|---|---|---|
| Projected Benefit Obligations | (197,806) | million yen |
| Plan Assets (Fair Value) | 243,999 | million yen |
| Unfunded projected benefit obligation | 46,192 | million yen |
| Unrecognized net actuarial gain or loss | 72,530 | million yen |
| Unrecognized prior service costs (net) | 325 | million yen |
| Net amount recorded on the consolidated balance sheets | 119,048 | million yen |
| Prepaid pension | 127,739 | million yen |
| Provision for retirement benefits | (8,691) | million yen |

18. The detail of the treasury stocks whose cancellation had been approved by the Board of Directors but remained unfinished are as follows:

| | |
|---|---|
| Book Value of Treasury Stock | 482 million yen |
| Type | Common Share |
| Number of Treasury Stock | 591 thousand shares |

All treasury stocks were cancelled on April 1, 2011 based on the resolution of the Board of Directors on March 22, 2011.

## Notes to the Consolidated Statements of Income

1. Other Income

Other income includes gains on sale of stocks and other securities of 3,204 million yen, equity in earnings of affiliates of 2,655 million yen, gains on sales of securities for domestic and overseas credit investment of 1,847 million yen and gains on stock-related derivatives transactions of 1,776 million yen.

2. Other Expenses

Other expenses includes written-off of loans of 16,604 million yen and losses on investment in associations of 10,649 million yen.

3. Extraordinary Income

Extraordinary income is gain on return of substitute portion of employees' pension fund.

4. Impairment Loss

Impairment loss includes goodwill impairment loss of 6,041 million yen on the Bank's investment in its subsidiary, First Credit Corporation (hereinafter "FC"). The Bank considers the business of "FC" as one impairment group.

With business restructuring of the Bank's subsidiaries, "FC" and Sumishin Real Estate Loan & Finance, Limited (former: Life Housing Loan, Ltd), the Bank assessed the business and made reduction of book value of the goodwill to the estimated collectible value, for which the Bank accounted as impairment loss.

The collectible value of the goodwill is based on the utility value, and is calculated by discounting future cash flows with a rate of 8.5%.

5. Extraordinary Loss

Extraordinary income includes expenses related to integration of 3,233 million yen.

6. Net Income per Common Share

Net income per common share was 47.11 yen.

## Notes to the Consolidated Statements of Comprehensive Income

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

| | | |
|---|---|---|
| Other Comprehensive Income: | 123,484 | million yen |
| Valuation Difference on Available-for-Sale Securities | 107,794 | million yen |
| Deferred Gains or Losses on Hedges | 11,580 | million yen |
| Foreign Currency Transaction Adjustment | 681 | million yen |
| Attributable to Equity Method Affiliates | 3,428 | million yen |

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

| | | |
|---|---|---|
| Comprehensive Income | 190,241 | million yen |
| Comprehensive Income Attributable to Owners of the Parent | 176,454 | million yen |
| Comprehensive Income Attributable to Minority Interests | 13,787 | million yen |

## Notes to Consolidated Statements of Changes in Net Assets

1. Issued Shares and Treasury Stock

Issued shares and Treasury stock are as follows:

(Thousands of Shares)

| | Number of Shares Outstanding at the End of the Previous Period | Increase | Decrease | Number of Shares Outstanding at the End of the Current Period | Note |
|---|---|---|---|---|---|
| Number of Issued Shares: | | | | | |
| Common Share | 1,675,128 | - | - | 1,675,128 | |
| The First Series of Class 2 Preferred Shares | 109,000 | - | - | 109,000 | |
| Total | 1,784,128 | - | - | 1,784,128 | |
| Treasury Stock: | | | | | |
| Common Share | 556 | 37 | 2 | 591 | Notes1, 2, 3 |

Notes:
1. Treasury stock increased by 37 thousand due to requests for redemption of odd-lot stocks.
2. Treasury stock decreased by 2 thousand due to requests for additional purchase of odd-lot stocks.
3. All treasury stocks were cancelled on April 1, 2011.

2. Dividends

(1) Dividends paid during the fiscal year ended March 31, 2011 consisted of the follows:

| Resolution | Type of Shares | Millions of Yen<br>Total Dividends Payments | Yen<br>Dividends per Share | Record Date | Effective Date of Distribution |
|---|---|---|---|---|---|
| June 29, 2010 Ordinary General Meeting of Shareholders | Common Share | 8,372 | 5.00 | March 31, 2010 | June 30, 2010 |
| | The First Series of Class 2 Preferred Shares | 2,305 | 21.15 | March 31, 2010 | June 30, 2010 |
| November 12, 2010 Board of Director's Meeting | Common Share | 10,047 | 6.00 | September 30, 2010 | December 3, 2010 |
| | The First Series of Class 2 Preferred Shares | 2,305 | 21.15 | September 30, 2010 | December 3, 2010 |

(2) For the year ended March 31, 2011, dividends, whose record date is by this period and whose effective date of distribution is after the end of this period, are as follows.
The Bank is planning to make the following proposal to the ordinary general meeting of shareholders to be held on June 28, 2011.

| Resolution | Type of Shares | Millions of Yen<br>Total Dividends Payments | Resources Allotted for the Distribution | Yen<br>Dividends per Share | Record Date | Effective Date of Distribution |
|---|---|---|---|---|---|---|
| June 28, 2011 Ordinary General Meeting of Shareholders | Common Share | 13,396 | Retained Earnings | 8.00 | March 31, 2011 | June 30, 2011 |
| | The First Series of Class 2 Preferred Shares | 2,305 | Retained Earnings | 21.15 | March 31, 2011 | June 30, 2011 |

## Notes to Consolidated Statements of Cash Flows

Reconciliation of Cash and Cash Equivalents

| | (Millions of Yen) |
|---|---|
| Cash and Due from Banks | 704,625 |
| Due from Banks (excluding due from Bank of Japan) | (358,595) |

## (Financial Instruments)

1. Circumstances of Financial Instruments

(1) Investing and Funding Policy for Financial Instruments

STB Group provides financial services of which the core business is trust banking. Our business is also engaged in commercial and retail banking, real estate and investment services.

Through these businesses, STB Group mainly raises funds from individuals and corporations by means of deposits, borrowed money, and bonds. These funds are then used to mainly, invest in loans and securities. Thus the Bank's financial assets and liabilities are mainly exposed to interest rate fluctuation risks. The group's Asset and Liability Management (ALM) committee is responsible for managing and controlling this risk on a consolidated basis and, in addition, STB Group enters into derivatives transactions to hedge interest rate fluctuation risks.

The Bank also operates trading activities of securities and derivatives, and distinguishes "Trading Account" from "Banking Account" pursuant to Article 13, Paragraph 6.3 of Ordinance for Enforcement of Banking Act. In addition, some of our subsidiaries also trade securities.

(2) Risks of Financial Instruments

(a) Trading Account

STB Group trades over-the-counter (hereinafter "OTC") and listed derivatives in addition to trading securities. These derivatives are exposed to interest rate fluctuation risks, foreign exchange rate fluctuation risks, securities price fluctuation risks, credit risks and others.

(b) Banking Account

Major financial assets of STB Group are loan to domestic corporations and individuals, for which the Bank are exposed to credit risk arising from defaults of contracts by customers.

Securities mainly consist of stocks, bonds, and investment trust, and are held for purpose including investments that STB Group plans to hold to maturity, investing, and for strategic investment purposes. These securities are exposed to issuers' credit risks, interest rate fluctuation risks and market price fluctuation risks.

Deposits from individuals and corporations, borrowed money, and bonds are primary sources of funding and expose STB Group to liquidly risks due to incapability of repayment at these due dates caused under particular environment such as lack of market liquidity.

The Bank enters into OTC and listed derivatives transactions related to interest rates, foreign exchange rates, stock prices, bond prices, and credit spreads.

To manage interest rate fluctuation risks, a major risk, arising from various assets and liabilities, such as loans, deposits, the Bank treats those assets and liabilities within the comprehensive administration framework, categorizes them according to attribution of interest rate fluctuation risks, and applies hedge accounting using interest rate swaps as hedging instruments. In a part of assets and liabilities, the Bank also applies hedge accounting based on each transaction.

To manage foreign exchange rate fluctuation risks, arising from various financial assets and liabilities denominated in foreign currencies, the Bank applies hedge accounting to the hedged items using currency swaps as hedging instruments.

The Bank also applies fair value hedges as portfolio hedge to mitigate foreign currency exchange rate exposure in available-for-sale securities denominated in foreign currencies (other than bonds) using spot liabilities and spot potion of forward liabilities in a foreign currency basis as hedging instruments.

The details of hedge accounting are described in "Significant Accounting Policies and Practices".

Derivatives which do not meet requirements of hedge accounting are exposed to interest rate fluctuation risks, foreign exchange rate fluctuation risks, market price fluctuation risks, credit risks, and others.

(3) Risk Management Framework of Financial Instruments

The basis of risk management is to ensure the effectiveness of PDCA (Plan, Do, Check, Action) cycles for each risk category according to the "Risk Management Policy" set by the Board of Directors.

The risk management framework of each risk category is as below:

(a) Management of Credit Risk

Credit risk is the risk of financial loss to STB Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from STB Group's loans and advances to customers and other banks investments in debt securities. STB Group manages credit risk considering and consolidating major elements of credit risk exposure, such as individual obligor default risk, country and sector risk, and is also stepping up our efforts to make our credit risk management framework more sophisticated, and eager to meet new, but sound capital demand, and continue to diversity our credit portfolios and build stronger client foundations.

(i) Risk Management Policy

The basic policy of the Bank's credit risk management calls for "a diversified credit portfolio" and "strict credit management for individual credits."

For the former, the Bank places limits on credit exposures of each customers, and also look into the impact of credit risk realization of large obligors and particular, the degree of concentration in industry sectors with large credit exposures. And more, the Bank makes efforts to mitigate credit concentration risk by managing, on a country-by-country basis, the diversification of the overall credit portfolio.

For the latter, the Bank manages individual credits through credit screening, self-assessment and internal credit ratings. Credit ratings that indicate the credit status of obligor and the gradual possibility of defaults provide the basis for credit screening of individual transactions and credit portfolio management. Through that self-assessment, the Bank evaluates continuously its customer's financial condition, cash schedule, repayment capacity based on earning capacity, and collectability of receivables

(ii) Risk Management Framework of Credit Risk

The Board of Directors decides on important matters related to credit risk management when establishing its semiannual management plans. Based on reports on credit risk management, the Board of Directors decides on the credit strategy and economic capital plan, and approves "Self-Assessment Rules", and the Bank ensures the soundness of assets. As for screening and credit management of projects, the Global Credit Supervision Department I&II segregated from branches stand apart and check-and-balance framework performs. Furthermore, the Research Department applies credit ratings based on industry research and research on credit strength of individual companies along with quantitative analysis. Councils such as Executive Committee, the Credit Risk Committee which take place regularly, also deliberate material matters of managing/operating credit risks. Check-and-balance framework, councils' discussion, and more, the validation of this credit risk management/operation by the Corporate Risk Management Department builds up appropriate management framework of risk management.

(b) Management of Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates, commodities and credit spreads will affect STB Group's income or the value of its holdings of financial assets/liabilities.

(i) Risk Management Policy

The Bank recognizes market risks as the source of profits, and the Bank's basic management policy is to proactively take risks within the allowable range and appropriately manage them in a manner that can maximize returns.

(ii) Risk Management Framework of Market Risk

The Board of Directors approves and determines the ALM Basic Plan and a risk management plan as important matters related to market risks under management plans. The Executive Committee deliberates and decides the ALM Basic Plan and a risk management plan referred by the ALM Committee. The ALM Committee plans the ALM Basic Plan on the company-wide comprehensive risk operational management for assets/ liabilities as well as a risk management plan related to market risk.

The role of the Corporate Risk Management Department includes the monitoring of conditions of market risk managed under the ALM Basic Plan, measuring of risk amount and profits/ losses, and planning and promoting market risk management measures. It also monitors the status of risk limits and loss limits. The department reports its findings to the members of the ALM Committee on a daily basis, and periodically to the ALM Committee as well as the Board of Directors.

(iii) Market Risk Management Approach

The Bank employs Value at Risk (hereinafter "VaR") to measure and control market risk exposures. VaR uses historical actual market fluctuation performance to statistically predict the maximum expected losses under specific conditions. Based on the internal model developed by STB Group, the Bank measures VaR and also manages risks by calculating various risk management indicators and by carrying out various simulations.

VaR basically employs the variance-covariance method, and at the same time also uses the historical simulation methods for calculating some risks (nonlinear risks and others) such as in option transactions. By category, market risk can be classified into interest rate fluctuation risks, stock price fluctuation risks, foreign exchange rate fluctuation risks and others. The Bank calculates market risk by simply adding up all risk categories without considering the correlation between these categories.

(iv) Quantitative Information related to Market Risk

(Trading Account)

STB Group performs risk management using VaR for trading securities and a portion of currency related and interest related derivatives transactions held in "Trading Account." In calculating VaR, it adopts the variance-covariance method as its main measurement method (a holding period of one business day, a confidence interval of 99%, and main observation period of 260 business days).

As of March 31, 2011, the market risk amount of the trading business of STB Group (estimated value of latent loss) was 1,051 million yen overall.

STB Group performs back testing to compare VaR calculated by its internal model against actual profit and loss. The results of back testing for fiscal year 2010 showed that there was no instance of actual loss in excess of VaR. Thus we consider that the measurement model used captures market risk with sufficient accuracy. However, VaR measures the amount of market risk by certain occurrence probabilities which are statistically calculated based on past market movements. Therefore, there are cases in which VaR cannot capture risk under sudden and dramatic changes in market beyond normal circumstances.

(Banking Account)

STB Group performs risk management using VaR for financial assets and liabilities held in "Banking Account." As its main measurement method, it adopts the variance-covariance method for interest rates and foreign exchange, and adopts mainly the historical simulation method for stock prices (a holding period of 21 business days, a confidence interval of 99%, and main observation period of 260 business days for interest rates and foreign rates, of using one year and five years together for stock prices).

As of March 31, 2011, the market risk amount of the banking business of STB Group (estimated value of latent loss) was 223,983 million yen overall.

STB Group performs back testing to compare VaR calculated by its internal model against actual profit and loss, for positions set as subject to VaR among the financial assets and liabilities held in the banking account. The Bank considers that the measurement model used captures market risks with sufficient accuracy. However, VaR measures the amount of market risk by certain occurrence probabilities which are statistically calculated based on past market movements. Therefore, there are cases in which VaR cannot capture risk under sudden and dramatic changes in market beyond normal circumstances .

(c) Management of Liquidity Risk

Liquidity risk is the risk that STB Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This can arise due to maturity mismatches between investment and funding and/ or an unexpected outflow of funds (funding risk).

(i) Risk Management Policy

STB Group's approach in managing liquidity risk is to have sufficient liquidity to meet its liabilities when they fall due under both normal and stressed conditions.

(ii) Risk Management Framework of Liquidity Risk

The Board of Directors approves and determines the ALM Basic Plan and a risk management plan as important matters related to liquidity risk as well as market risk under management plans. The Executive Committee deliberates and decides the ALM Basic Plan and a risk management plan referred by the ALM Committee. The ALM Committee plans the ALM Basic Plan and a risk management plan related to liquidity risk.

The role of Corporate Risk Management Department includes the monitoring of conditions of liquidity risks managed under the ALM Basic Plan, and planning and promoting liquidity risk management measures. The department reports its findings to the members of the ALM Committee, and periodically to the ALM Committee as well as the Board of Directors.

(iii) Liquidity Risk Management Approach

The Bank manages funding risk on a daily basis by setting an upper limit on the daily financing gap (the amount of funds required) and check whether future financing gaps, including planned investment amounts, can be covered by assets easily convertible into cash and funds to be raised from the market, and conduct monitoring to ensure proper cash flow.

In addition to the management described above, the Bank performs liquidity stress tests based on various scenarios which assume stress unique to us and overall market stress. The Bank confirms that even if unexpected situations occur, there are sufficient liquid assets. The Bank has also established three different settings for managing funding risk — "normal times," "times of concern" and "times of emergency" — depending on the financing liquidity condition, and developed liquidity contingency plans for the "times of concern" and "times of emergency."

(4) Supplementary Explanation about Fair Value of Financial Instruments

The fair values of financial instruments traded in markets are based on quoted market prices. Other financial instruments, for which no market prices are available, the fair values include the rationally calculated values. Some prerequisites are adopted to measure the rationally calculated values, and the use of different prerequisites, such as methodologies or assumptions, could lead to different measurements of fair value.

2. Fair Values of Financial Instruments

A table below shows book values, fair values and difference between book value and fair value of financial instruments as of March 31, 2011. A part of financial instruments, for which no fair values are obtainable such as unlisted stocks, are excluded from the table. (Please see a footnote (Note 2).)

For the financial instruments held by subsidiaries which the amounts are immaterial, the carrying amounts are regarded as its fair values.

(Millions of Yen)

| | Book Value | Fair Value | Difference |
|---|---|---|---|
| (1) Cash and Due from Banks (*1) | 704,556 | 704,556 | — |
| (2) Call Loans and Bills Bought | 15,326 | 15,326 | — |
| (3) Receivables under Resale Agreements | 33,260 | 33,260 | — |
| (4) Monetary Claims Bought (*1) | 414,516 | 414,922 | 405 |
| (5) Trading Assets | | | |
| Trading Securities | 343,627 | 343,627 | — |
| (6) Money Held in Trust | 10,228 | 10,228 | — |
| (7) Securities | | | |
| Held-to-Maturity Debt Securities | 422,667 | 472,490 | 49,823 |
| Available-for-Sale Securities | 4,026,377 | 4,026,377 | — |
| (8) Loans and Bills Discounted | 11,794,987 | | |
| Allowance for Loan Losses (*2) | (85,399) | | |
| | 11,709,587 | 11,846,573 | 136,985 |
| (9) Foreign Exchanges | 5,658 | 5,658 | — |
| (10) Lease Receivables and Investment Assets (*1) | 603,824 | 615,222 | 11,397 |
| Total Assets | 18,289,631 | 18,488,244 | 198,612 |

| | | | |
|---|---|---|---|
| (1) Deposits | 12,298,508 | 12,303,912 | 5,403 |
| (2) Negotiable Certificates of Deposit | 2,222,110 | 2,222,110 | — |
| (3) Call Money and Bills Sold | 49,569 | 49,569 | — |
| (4) Payables under Repurchase Agreements | 620,846 | 620,846 | — |
| (5) Payables under Securities Lending Transactions | 158,798 | 158,798 | — |
| (6) Borrowed Money | 1,176,040 | 1,185,996 | 9,956 |
| (7) Foreign Exchanges | 30 | 30 | — |
| (8) Short-term Bonds Payable | 408,608 | 408,608 | — |
| (9) Bonds Payable | 634,225 | 646,053 | 11,828 |
| (10) Borrowed Money from Trust Account | 431,710 | 431,710 | — |
| Total Liabilities | 18,000,448 | 18,027,636 | 27,187 |
| Derivatives (*3) | | | |
| Held for other than Hedge Accounting | 163,904 | 163,904 | — |
| Held for Hedge Accounting | 120,613 | 120,613 | — |
| Total Derivatives | 284,518 | 284,518 | — |

(*1) As for allowance for credit losses for cash and due from banks, monetary claims bought, and lease receivables and investment assets, the Bank deducts allowances directly from their book values, considering less materiality of its amounts against them.
(*2) As for loans and bills discounted, the Bank deducts general allowance for loan losses and specific allowance for loan losses.
(*3) As for derivatives, both amounts in trading assets/ liabilities and other assets/ liabilities on the balance sheet are stated on a net basis.

(Note 1) Measurement Method of Fair Value of Financial Instruments

Assets

(1) Cash and Due from Banks
For the fair values of cash and due from banks with no maturity, the carrying amount approximates its fair value. Similarly, for the fair values of cash and due from banks with maturities, the carrying amount approximates its fair value since its contractual term is short (less than one year).

(2) Call Loans and Bills Bought and (3) Receivables under Resale Agreements
For the fair values of call loans and bills bought and receivables under resale agreements, the carrying amount approximates its fair value since its contractual term is short (less than one year).

(4) Monetary Claims Bought
The fair values of monetary claims bought are based on quoted prices on dealers association such as Japan Securities Dealers Association or dealer price quotations.
For all other claims, in determining fair value, the Bank employs discount cash flow method where future cash flows are discounted by the rate determined by internal ratings and maturities.

(5) Trading Assets
The fair values of trading assets are based on quoted prices on dealers association or dealer price quotations.
For short-term corporate bonds, in determining fair value, the Bank employs discount cash flow method.

(6) Money Held in Trust
The fair values of securities entrusted to the money held in trust for securities investing purpose are based on quoted prices on an exchange.
The notes about money held in trust classified according to the purpose are described in "(Money Held in Trust)".

(7) Securities
The fair values of stocks are based on quoted prices on an exchange. The fair values of bonds are based on quoted prices on an exchange, quoted prices on dealers association, or dealer price quotations. The fair values of investment trust are based on reference prices.
For private placement bond with no market value, in determining fair value, the Bank employs discount cash flow method where future cash flows are discounted by the rate determined by internal ratings and maturities.
For floating rate Japanese government bonds, the rationally calculated values are regarded as fair values. The rationally calculated values are offered by third parties independent of the Bank and whose price definition parameters are interest rates of government bonds, swaption volatilities, and valuation models such as discount cash flow method and option pricing models among others.
For shares of asset-backed securities of overseas credit investment, the rationally calculated values are regarded as fair values. The scope of this treatment includes overseas RMBS, CARDs and others. The pricing model to evaluate the rationally calculated values based on the management's rational estimation is discount cash flow method, and the parameters are default rates, recovery rates, pre-payment rates, discount rates and others.

The notes regarding securities classified according to their purpose are described in "(Securities)".

(8) Loans and Bills Discounted

The fair values of loans to corporate customers are based on discount cash flow method that discount future cash flows by the rate, determined by internal ratings and by maturities, assuming the Bank executes the new loan under the same condition at the balance sheet date.

The fair values of loans to individuals are based on discount cash flow method that discount future cash flows by the rate determined by contractual terms and by maturities assuming the Bank executes the new loan under the same condition at the balance sheet date. For the floating rate loans to individuals, the carrying amount approximates its fair value since the floating rate reflects the market interest rate and the carrying amounts are fully covered by the collateral pledged or guarantees provided.

For the loans with no maturity, and whose contractual term are limited to the carrying amount of the collateral pledged or guarantees provided, the carrying amount approximates its fair value due to their maturity assumed and condition of interest.

For all loans to debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt, the fair values of the loans are based on the amount deducted not expected to be collected from the original amount of claim as good approximation, since the amounts not expected to be collected for loans to those debtors are measured by present value of projected future cash flows or based on the amount expected to be collected through the disposal of collateral or execution of guarantees.

(9) Foreign Exchanges

The foreign exchanges are constituted by due from foreign banks (our accounts), due from foreign banks (their accounts), foreign bills bought and foreign bills receivable. For the foreign exchanges, the carrying amount approximates its fair value since those are no maturity or its contractual term is short enough.

(10) Lease Receivables and Investment Assets

The fair values of lease receivable and investment assets are based on discount cash flow method that discount future cash flows by the rate, determined by internal ratings and maturities, assuming the Bank or subsidiaries executes the new transaction in the same condition at the balance sheet date.

Liabilities

(1) Deposits

For the demand deposits, the payment amount the Bank will have to pay out if requests at the balance sheet date (carrying amount) is regarded as its fair value.

The fair values of Yen fixed-rate time deposits are based on discount cash flow method that discount future cash flows by the rate assuming the Bank executes the new deposits under the same condition at the balance sheet date.

For the fair values of foreign currency fixed-rate time deposits, the carrying amount approximates its fair value since for most, contractual term is short (less than one year).

For the floating rate time deposits, the carrying amount approximates its fair value since its rate reflects the market interest rate over a short time.

(2) Negotiable Certificate of Deposit

For the negotiable certificates of deposits, the carrying amount approximates its fair value.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements and (5) Payables under Securities Lending Transactions

For the fair values of call money and bills sold, payables under repurchase agreements and payables under securities lending transactions, the carrying amount approximates its fair value since most of its contractual term is short (less than one year).

(6) Borrowed Money

The fair values of borrowed money are based on discount cash flow method that discount future cash flows by the rate assuming the Bank borrowed the new funds under the same condition at the balance sheet date.

For debt whose remaining term is short (less than one year), the carrying amount approximates its fair value.

For the fair values of floating rate borrowed money held in subsidiaries, the carrying amount approximates its fair value since its interest rate reflects market interest in a short period and credit condition have not changed significantly after the borrowing.

(7) Foreign Exchanges

The foreign exchanges are constituted by due to foreign banks (their accounts) that are non-maturity debt, and due to foreign banks (our accounts) whose contractual term is short (less than one year), so these carrying amounts approximates its fair values.

(8) Short Term Bonds Payable

For the fair values of short term bonds payable, the carrying amount approximates its fair value since its contractual term is short (less than one year).

(9) Bonds Payable

The fair values of bond payable are based on dealer price quotations if the quotation is available. For all other debts, in determining fair value, the Bank uses discount cash flow method where future cash flows are discounted by the rate assuming the Bank or its subsidiaries issued the new bond under the same condition at the balance sheet date.

(10) Borrowed Money from Trust Account

For the fair values of borrowed money from trust account, the amount the Bank would be requested to pay out at the balance sheet date (carrying amount) is regarded as its fair value since those are non-maturity debt and its interest rate reflects new funding rate over a short period.

Derivatives

The fair values of listed derivatives transactions are based on the closing prices on an exchange or dealer price quotations. The fair values of OTC derivatives transactions are calculated mainly using discount cash flow method and option pricing models and others.

(Note 2) Table below shows the Bank's major instruments for which no fair values are obtainable, and these are excluded from the main table.

(Millions of Yen)

| Item | Book Value |
|---|---|
| 1 Unlisted stocks (*1) (*2) | 46,074 |
| 2 Investments in associations (*3) | 49,027 |

(*1) Unlisted stocks are excluded from the fair value disclosure since there is no quoted market price and no fair value is obtainable.

(*2) For the fiscal year ended March 31 2011, unlisted stocks amounted of 152 million yen were written off.

(*3) A part of investments in associations for which partnership assets constitutes instruments for which no fair values are obtainable in the same manner as stocks are excluded from the fair value disclosure.

## (Securities)

This information includes a part of “Trading Assets” (*e.g.* trading account securities and short-term corporate bonds) and a part of "Monetary Claims Bought" (*e.g.* loan backed trust deeds) in addition to “Securities” at the consolidated balance sheets.

1. Trading Securities (as of March 31, 2011)

(Millions of Yen)

| Item | Valuation Difference Included in the Statements of Income |
|---|---|
| Trading Securities | 201 |

2. Held-to-Maturity Debt Securities with Fair Value (as of March 31, 2011)

(Millions of Yen)

| Item | Book Value | Fair Value | Difference |
|---|---|---|---|
| Securities for which the Fair Value Exceeds the Amount Recorded in Consolidated Balance Sheet | | | |
| Japanese Government Bonds | 184,770 | 192,684 | 7,914 |
| Japanese Local Government Bonds | - | - | - |
| Japanese Short-term Corporate Bonds | - | - | - |
| Japanese Corporate Bonds | - | - | - |
| Others | 233,070 | 275,866 | 42,796 |
| Foreign Bonds | 228,070 | 270,863 | 42,793 |
| Others | 5,000 | 5,003 | 3 |
| Subtotal | 417,840 | 468,551 | 50,710 |
| Securities for which the Fair Value does not Exceed the Amount Recorded in Consolidated Balance Sheet | | | |
| Japanese Government Bonds | - | - | - |
| Japanese Local Government Bonds | - | - | - |
| Japanese Short-term Corporate Bonds | - | - | - |
| Japanese Corporate Bonds | - | - | - |
| Others | 9,826 | 8,942 | (883) |
| Foreign Bonds | 9,826 | 8,942 | (883) |
| Others | - | - | - |
| Subtotal | 9,826 | 8,942 | (883) |
| Total | 427,667 | 477,494 | 49,826 |

(Note) There are no Held-to-maturity debts securities for which no fair values are obtainable.

3. Available-for-Sale Securities (as of March 31, 2011)

(Millions of Yen)

| Item | Book Value | Acquisition Cost | Difference |
|---|---|---|---|
| Securities for which the Fair Value Exceeds the Amount Recorded in Consolidated Balance Sheet | | | |
| Japanese Stocks | 306,580 | 220,537 | 86,043 |
| Japanese Bonds | 1,344,366 | 1,320,325 | 24,040 |
| Japanese Government Bonds | 1,079,267 | 1,058,084 | 21,182 |
| Japanese Local Government Bonds | 11,524 | 11,430 | 94 |
| Japanese Short-term Corporate Bonds | - | - | - |
| Japanese Corporate Bonds | 253,574 | 250,810 | 2,763 |
| Others | 566,628 | 544,738 | 21,890 |
| Foreign Stocks | 428 | 125 | 303 |
| Foreign Bonds | 500,564 | 492,983 | 7,581 |
| Others | 65,635 | 51,630 | 14,005 |
| Subtotal | 2,217,575 | 2,085,601 | 131,973 |
| Securities for which the Fair Value does not Exceed the Amount Recorded in Consolidated Balance Sheet | | | |
| Japanese Stocks | 163,793 | 204,796 | (41,002) |
| Japanese Bonds | 1,083,746 | 1,086,961 | (3,215) |
| Japanese Government Bonds | 807,217 | 808,083 | (866) |
| Japanese Local Government Bonds | 8,994 | 9,101 | (106) |
| Japanese Short-term Corporate Bonds | - | - | - |
| Japanese Corporate Bonds | 267,535 | 269,776 | (2,241) |
| Others | 723,950 | 740,226 | (16,275) |
| Foreign Stocks | - | - | - |
| Foreign Bonds | 518,945 | 529,487 | (10,541) |
| Others | 205,004 | 210,738 | (5,733) |
| Subtotal | 1,971,490 | 2,031,984 | (60,493) |
| Total | 4,189,066 | 4,117,585 | 71,480 |

(Note) The features and book values of the “Available-for-Sale Securities” for which no fair values are obtainable are described in “(Financial Instruments)”.

4. “Held-to-Maturity Debt Securities” Sold during the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)

There are no corresponding items.

5. “Available-for-Sale Securities” Sold during the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)

(Millions of Yen)

| Item | Amounts Sold | Gain | Loss |
|---|---|---|---|
| Japanese Stocks | 5,232 | 2,135 | 489 |
| Japanese Bonds | 1,174,800 | 12,156 | 2,012 |
| Japanese Government Bonds | 1,172,101 | 12,156 | 2,012 |
| Japanese Local Government Bonds | - | - | - |
| Japanese Short-term Corporate Bonds | - | - | - |
| Japanese Corporate Bonds | 2,698 | 0 | 0 |
| Others | 2,348,429 | 19,334 | 23,189 |
| Foreign Bonds | 2,062,328 | 18,244 | 18,485 |
| Others | 286,100 | 1,090 | 4,703 |
| Total | 3,528,461 | 33,627 | 25,691 |

(Note) The “Available-for-Sale Securities” for which no fair values are obtainable are included.

6. Impairment of Securities

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

For the year ended March 31, 2011, 6,625 millions of yen, which includes 5,632 millions of yen of stocks and 993 millions of yen of others, were written off.

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

- Issuers whose classification is ordinary: Fair value is 50% or more lower than cost.
- Issuers whose classification is other than ordinary: Fair value is 30% or more lower than cost.

In addition to the above, a portion of securities were deemed impaired when fair value declined by more than 30% but less than 50% of cost continuously over a specified period.

## (Money Held in Trust)

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

(Millions of Yen)

| Item | Book Value | Valuation Difference Included in the Statements of Income |
|---|---|---|
| Money Held in Trust for Trading Purpose | 10,228 | (105) |

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

There are no corresponding items.

3. Other Money Held in Trust (other than for Trading Purpose and being Held-to-Maturity) (as of March 31, 2011)

(Millions of Yen)

| Item | Book Value | Acquisition Cost | Difference | Positive Difference | Negative Difference |
|---|---|---|---|---|---|
| Other Money Held in Trust | 12,000 | 12,000 | - | - | - |

(Note) There were no securities with fair value included in entrusted assets of the other money held in trust (other than for trading purpose and being held to maturity) at March 31, 2011.

## (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.

| *Millions of Yen* | ***March 31, 2011*** |
|---|---|
| Valuation Difference | **10,339** |
| Available-for-Sale Securities | 10,339 |
| Other Money Held in Trust | - |
| (-) Amount Equivalent to Deferred Tax Liabilities | **3,750** |
| Total (before adjustment for Minority Interests) | **6,588** |
| (-) Minority Interests | **518** |
| (+) Parent Company's portions in Available-for-Sale Securities owned by its affiliates | **(5)** |
| Valuation Difference on Available-for-Sale Securities | **6,064** |

Notes:

1. Valuation difference does not include 78 million yen, which was expensed as the result of the fair value hedging.
2. Valuation difference includes foreign currency translation adjustments on foreign securities for which no fair values are obtainable and investment in associations.
3. The unamortized balance of the valuation difference at the end of the fiscal year which occurred on the reclassification by holding purpose of some securities is included in Available-for-Sale Securities of Valuation Difference.

## Segment Information

1. Outline of Reportable Segment

The reportable segment of "STB Group" is about the sections of businesses whose discrete financial information is available, and which are regularly reviewed by the Board of Directors in order to decide the managerial resource allocation and evaluate their earnings.

"STB Group's" businesses consist of "Retail Financial Services Business", "Wholesale Financial Services Business", "Global Markets Business", "Fiduciary Services Business", "Real Estate Business" and these five businesses are accounted as our Group's reportable segment. Outline of the reportable segments are as follows.

| | | |
|---|---|---|
| "Retail Financial Services Business" | : | Portfolio Consulting related to Financial Assets for Individual Clients, Individual Loan and others |
| "Wholesale Financial Services Business" | : | Corporate Loan, Asset Management, Asset Securitization Arrangements, Consulting for Corporate Clients, Investment in Corporate Bonds and Asset-backed Securities, Investment in Private Equity, Stock Transfer Agency and others |
| "Global Markets Business" | : | Dealing, Security Investment, Derivatives Sales and others |
| "Fiduciary Services Business" | : | Pension Trust Business (Pension Plan Designing, Pension Asset Managem ent, Pension Consulting Services and others), Investment Management Business (Investment Product Sales and Invest ment Advisory Service for Institutional Investors and Individual Clients) Securities Processing Services (Custody, Mutual Fund, Tokkin and others) |
| "Real Estate Business" | : | Real Estate Brokerage, Real Estate Securitization-related Business, Real Estate Investment Consulting, Real Estate Management, Real Estate Appraisal Operations and others |

2. Calculation Method of the Amount of Gross Business Profit before Credit Costs, Gains and Losses, Assets and other items by Reportable Segment

Accounting method of the reportable segment is almost the same to the mention in "Significant Accounting Policies and Practices". Profits by the reportable segment are based on Net business profit before credit costs, which is used as the index signifying earning capacity on an actual basis. The figure of asset is not stated here, as it is not reported to the Board of Directors as the figures to decide the management resource allocation and evaluate their earnings. The transactions between each segment trade based on market price.

3. Information related to Gross Business Profit before Credit Costs, Gains and Losses and other items by Reportable Segment

(Millions of Yen)

| | Reportable Segment | | | | | | Others (Note3) | Total |
|---|---|---|---|---|---|---|---|---|
| | Retail Financial Services Business | Wholesale Financial Services Business | Global Markets Business | Fiduciary Services Business | Real Estate Business | Subtotal | | |
| Gross Business Profit before Credit Costs (Note1) | 79,021 | 144,214 | 55,227 | 86,179 | 24,045 | 388,687 | 10,618 | 399,306 |
| General and Administrative Expenses | 64,141 | 54,658 | 9,127 | 57,449 | 13,800 | 199,176 | 25,895 | 225,072 |
| Profit by Segment (Net Business Profit before Credit Costs) (Note2) | 14,879 | 89,555 | 46,100 | 28,730 | 10,245 | 189,510 | (15,276) | 174,233 |
| Others (Net Income from Affiliates by Equity Method) (Note4) | – | 1,904 | – | 907 | 167 | 2,980 | 2,069 | 5,050 |

(Note1) Gross business profit before credit costs is used net sales in statements of income of the general company.

(Note2) Net business profit before credit costs is used as the index signifying earning capacity on an actual basis. The calculation formula is as follows.
Net business profit before credit costs = non-consolidated net business profit before credit costs + consolidated subsidiaries' ordinary profits (non-recurring effect adjusted) + ordinary profit of affiliates accounted by the equity method (non-recurring effect adjusted) × ratio of equity holdings – internal transactions (dividends and so on)

(Note3) Others signify gains and losses excluded from segment, and include general and administrative expenses that are not classified to each segment, cost of capital sourcing and dividends from stocks and others.

(Note4) Net income from affiliates by equity method is calculated by multiplying subsidiary companies' ordinary profits (non-recurring effect adjusted) by ratio of equity holdings. The difference between the above and the corresponding figure on the consolidated statements of income is 2,395 million yen.

## Related Party Transactions

There are no material transactions with related parties to be reported for the fiscal year ended March 31, 2011.

## Per Common Share Information

| | | Fiscal Year Ended March 31, 2011 |
|---|---|---|
| Net Assets per Common Share | Yen | 651.72 |
| Net Income per Common Share | Yen | 47.11 |

Notes:
1. The calculation basis of Net Income per Common Share is as follows.

| | | Fiscal Year Ended March 31, 2011 |
|---|---|---|
| Net Income per Common Share: | | |
| Net Income | Millions of Yen | 83,509 |
| Net Income not Attributable to Common Shareholders | Millions of Yen | 4,610 |
| Including Dividens on Preferred Shares | Millions of Yen | 4,610 |
| Net Income Attributable to Common Shareholders | Millions of Yen | 78,898 |
| Average Common Shares Outstanding | Thousands of Shares | 1,674,553 |

2. The calculation basis of Net Assets per Common Share is as follows.

| | | As of March 31, 2011 |
|---|---|---|
| Net Assets | Millions of Yen | 1,507,095 |
| Deduction from Net Assets | Millions of Yen | 415,759 |
| Including Issue Amount of Preferred Shares | Millions of Yen | 109,000 |
| Including Dividens on Preferred Shares | Millions of Yen | 2,305 |
| Including Minority Interests | Millions of Yen | 304,454 |
| Net Income Attributable to Common Shareholders | Millions of Yen | 1,091,336 |
| Common Shares Outstanding | Thousands of Shares | 1,674,537 |

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

## Significant Subsequent Events

Share exchange

On August 24, 2010, the Bank concluded a share exchange agreement on management integration and a management integration agreement with "CMTH". 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. "CMTH" changed its trade name to Sumitomo Mitsui Trust Holdings, Inc. (hereinafter, "SMTH").

1. Outline of Business Combination

(1) Name and Business Content of Acquired Company

| | |
|---|---|
| Name of acquired company | Chuo Mitsui Trust Holdings, Inc. |
| Business content | Bank holding company |

(2) Main Reasons for Business Combination

The Bank and "CMTH" aim to create "The Trust Bank," a new trust bank group that will, leveraging significant expertise and comprehensive capabilities, 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 the diversity of the "STB group" and the agility of the "CMTH group."

(3) Date of Business Combination

April 1, 2011

(4) Legal Form of Business Combination

Share exchange, with "CMTH" as the wholly owning parent company in the share exchange, and the Bank as the wholly owned subsidiary company in the share exchange

(5) Name of Company after Business Combination

Sumitomo Mitsui Trust Holdings, Inc.

(6) Acquired Voting Rights Ratio

This business combination corresponds to a reverse acquisition on the Accounting Standard for Business Combinations, with the Bank becoming a wholly owned subsidiary company in the share exchange.

(7) Main Grounds for the Determination of the Acquiring Company

Shareholders of the Bank, which is a wholly owned subsidiary company in the share exchange, hold the majority of voting rights of the company following the business combination. Therefore, it was decided that under the accounting for the business combination, the Bank would be the acquiring company, with "CMTH" as the acquired company.

2. Acquisition Cost of the Acquired Company

489,114 million yen

3.Share Exchange Ratio by Type of Share, Calculation Method, and Number of Shares Delivered

(1) Share Exchange Ratio by Type of Share

(a) Common Shares

For each share of the Bank common share, 1.49 shares of common share of "SMTH" (formerly "CMTH") have been allotted and delivered.

(b) Preferred Shares

For each share of the First Series of the Bank Class II Preferred Shares, one share of the First Series of "SMTH" Class VII Preferred Shares has been allotted and delivered.

(2) Calculation Method of the Share Exchange Ratio

(a) Common Shares

In order to support the respective efforts of the Bank and "CMTH" to ensure the fairness of the exchange ratio of common shares (hereinafter, "Common Share Exchange Ratio") for this share exchange, the Bank had requested financial analyses to UBS Securities Japan Ltd. and Daiwa Securities Capital Markets Co., Ltd., while "CMTH" had requested them to JP Morgan Securities Japan Co., Ltd. and Nomura Securities Co., Ltd. Referring to the results of those financial analyses, the Bank and "CMTH," on several occasions, conducted careful negotiations and discussions on the Common Share Exchange Ratio, comprehensively taking into consideration the account factors such as the financial position, assets, and future prospects of each party. As a result, the Bank and "CMTH" finally reached the conclusion that the above Common Share Exchange Ratio is appropriate, and agreed to and decided on it.

(b) Preferred Shares

The Bank and "CMTH" had agreed that the terms and conditions of the First Series of "SMTH" Class VII Preferred

Shares shall be substantially the same as those of the First Series of Class 2 Preferred Shares, and reached the conclusion that the above share exchange ratio for preferred shares is appropriate, and agreed to and decided on it, comprehensively taking into consideration such there being no market price for the First Series of Class 2 Preferred Shares and the Bank's Preferred Shares being so-called "bond-type".

(3) Number of Shares Delivered

(a) Common Shares

2,495,060,141

(b) Preferred Shares

109,000,000

## 5. (Reference)Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

| | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|
| **Assets:** | | |
| Cash and Due from Banks: | 828,856 | 580,834 |
| Cash | 65,661 | 76,809 |
| Due from Banks | 763,194 | 504,025 |
| Call Loans | 86,485 | 15,326 |
| Receivables under Resale Agreements | – | 33,260 |
| Monetary Claims Bought | 266,748 | 192,099 |
| Trading Assets: | 808,394 | 642,224 |
| Trading Account Securities | 9,661 | 23,034 |
| Derivatives of Trading Securities | 41 | – |
| Derivatives of Securities Related to Trading Transactions | 7 | – |
| Trading-related Financial Derivatives | 263,766 | 242,369 |
| Other Trading Assets | 534,918 | 376,821 |
| Money Held in Trust | 22,345 | 22,228 |
| Securities: | 4,474,366 | 4,950,002 |
| Government Bonds | 1,451,625 | 2,070,928 |
| Local Government Bonds | 11,829 | 20,519 |
| Corporate Bonds | 448,890 | 556,107 |
| Stocks | 956,829 | 869,890 |
| Other Securities | 1,605,191 | 1,432,556 |
| Loans and Bills Discounted: | 11,921,476 | 12,153,693 |
| Bills Discounted | 4,113 | 2,774 |
| Loans on Bills | 242,833 | 221,989 |
| Loans on Deeds | 9,981,067 | 10,148,098 |
| Overdrafts | 1,693,462 | 1,780,829 |
| Foreign Exchanges: | 5,553 | 5,658 |
| Due from Foreign Banks(Our Accounts) | 5,553 | 5,658 |
| Other Assets: | 821,649 | 1,031,410 |
| Domestic Exchange Settlement Account, Debit | 432 | 498 |
| Prepaid Expenses | 45 | 161 |
| Accrued Income | 61,280 | 57,668 |
| Initial Margins of Futures Markets | 1,565 | 2,128 |
| Variation Margin of Futures Markets | 553 | 357 |
| Derivatives other than for Trading-Assets | 407,611 | 410,966 |
| Receivables for Securities Transactions | 35,420 | 269,754 |
| Other | 314,739 | 289,874 |
| Tangible Fixed Assets: | 113,235 | 115,390 |
| Buildings | 27,344 | 25,029 |
| Land | 76,721 | 76,249 |
| Lease Assets | 149 | 112 |
| Construction in Progress | 1,618 | 7,045 |
| Other | 7,401 | 6,954 |
| Intangible Fixed Assets: | 26,350 | 28,286 |
| Software | 23,937 | 25,889 |
| Other | 2,412 | 2,396 |
| Deferred Tax Assets | 59,507 | 82,867 |
| Customers' Liabilities for Acceptances and Guarantees | 387,202 | 336,175 |
| Allowance for Loan Losses | (104,843) | (85,559) |
| Allowance for Investment Losses | (65,993) | (1,185) |
| **Total Assets** | 19,651,334 | 20,102,714 |

(Continued)

(Millions of Yen)

| | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|
| **Liabilities:** | | |
| Deposits: | 12,216,451 | 12,303,417 |
| Current Deposits | 276,786 | 285,049 |
| Ordinary Deposits | 1,772,683 | 2,059,778 |
| Deposits at Notice | 33,509 | 41,695 |
| Time Deposits | 9,837,327 | 9,572,270 |
| Other Deposits | 296,143 | 344,623 |
| Negotiable Certificates of Deposit | 2,371,884 | 2,257,610 |
| Call Money | 86,494 | 57,884 |
| Payables under Repurchase Agreements | 601,787 | 620,846 |
| Payables under Securities Lending Transactions | − | 158,798 |
| Trading Liabilities: | 98,134 | 102,775 |
| Derivatives of Trading Securities-Assets | − | 4 |
| Derivatives of Securities Related to Trading Transactions | 2 | 28 |
| Trading-related Financial Derivatives | 98,131 | 102,743 |
| Borrowed Money: | 1,033,815 | 1,085,718 |
| Borrowing from Other Banks | 1,033,815 | 1,085,718 |
| Foreign Exchanges: | 253 | 77 |
| Due to Foreign Banks(Their Accounts) | 250 | 76 |
| Foreign Bills Sold | 0 | − |
| Foreign Bills Payable | 2 | 0 |
| Short-term Bonds Payable | 318,456 | 325,708 |
| Bonds Payable | 344,900 | 434,917 |
| Borrowed Money from Trust Account | 430,969 | 431,710 |
| Other Liabilities: | 640,552 | 810,632 |
| Domestic Exchanges Settlement Account, Credit | 333 | 402 |
| Income Taxes Payable | 964 | 14,945 |
| Accrued Expenses | 100,392 | 104,092 |
| Unearned Revenue | 2,323 | 2,108 |
| Variation Margins of Futures Markets | − | 231 |
| Derivatives other than for Trading Liabilities | 263,316 | 264,690 |
| Lease Obligations | 160 | 121 |
| Asset Retirement Obligations | − | 2,630 |
| Payables under Financial Derivatives Transactions | 246,766 | |
| Accounts Payable-Securities Trading Account | | 246,713 |
| Other | 26,295 | 174,696 |
| Provision for Bonuses | 3,989 | 4,435 |
| Provision for Directors' Bonuses | 70 | 80 |
| Provision for Retirement Benefits | 223 | 223 |
| Provision for Reimbursement of Deposits | 1,043 | 1,155 |
| Provision for Contingent Loss | 8,258 | 11,279 |
| Provision for Relocation Expenses | 379 | 5,620 |
| Deferred Tax Liabilities for Land Revaluation | 5,778 | 5,709 |
| Acceptances and Guarantees | 387,202 | 336,175 |
| **Total Liabilities** | 18,550,644 | 18,954,776 |
| **Net Assets:** | | |
| Total Shareholder' Equity: | 1,086,770 | 1,137,308 |
| Capital Stock | 342,037 | 342,037 |
| Capital Surplus: | 297,052 | 297,051 |
| Legal Capital Surplus | 242,555 | 242,555 |
| Other Capital Surplus | 54,496 | 54,495 |
| Retained Earnings: | 448,147 | 498,702 |
| Legal Retained Earnings | 48,323 | 52,929 |
| Other Retained Earnings: | 399,823 | 445,772 |
| Reserve for Overseas Investment Loss | 0 | 0 |
| Other Voluntary Reserve | 371,870 | 371,870 |
| Retained Earnings Brought Forward | 27,953 | 73,902 |
| Treasury Stock | (465) | (482) |
| Total Valuation and Translation Adjustments: | 13,919 | 10,630 |
| Valuation Difference on Available-for-Sale Securities | 8,281 | 4,861 |
| Deferred Gains or Losses on Hedges | 10,293 | 10,482 |
| Revaluation Reserve for Land | (4,655) | (4,714) |
| **Total Net Assets** | 1,100,690 | 1,147,938 |
| **Total Liabilities and Net Assets** | 19,651,334 | 20,102,714 |

(2) Non-Consolidated Statements of Income

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | **Fiscal Year Ended March 31, 2011** |
|---|---|---|
| **Ordinary Income:** | | |
| Trust Fees | 53,140 | **50,939** |
| Interest Income: | 289,366 | **226,472** |
| Interest on Loans and Discounts | 169,564 | **151,004** |
| Interest and Dividends on Securities | 96,155 | **61,072** |
| Interest on Call Loans | 207 | **241** |
| Interest on Receivables under Resale Agreements | 0 | **174** |
| Interest on Receivables under Securities Borrowing Transactions | 335 | **167** |
| Interest on Deposits with Banks | 1,438 | **1,913** |
| Interest on Interest Swaps | 17,741 | **8,464** |
| Other Interest Income | 3,923 | **3,433** |
| Fees and Commissions: | 72,782 | **78,251** |
| Fees and Commissions on Domestic and Foreign Exchanges | 797 | **787** |
| Other Fees and Commissions | 71,985 | **77,464** |
| Trading Income: | 15,672 | **11,863** |
| Gain on Trading Account Securities Transactions | 130 | **89** |
| Income from Securities and Derivatives Related to Trading Transactions | 118 | **—** |
| Income from Trading-related Financial Derivatives Transactions | 13,630 | **10,889** |
| Other Trading Income | 1,793 | **884** |
| Other Ordinary Income: | 38,619 | **38,826** |
| Gains on Foreign Exchange Transactions | — | **3,793** |
| Gains on Sales of Bonds | 32,257 | **28,504** |
| Gains on Redemption of Bonds | 3,975 | **175** |
| Other | 2,386 | **6,352** |
| Other Income: | 15,606 | **10,153** |
| Gains on Sales of Stocks and Other Securities | 12,779 | **3,022** |
| Gains on Money Held in Trust | 435 | **600** |
| Other | 2,391 | **6,530** |
| **Ordinary Income** | 485,189 | 416,506 |
| **Ordinary Expenses:** | | |
| Interest Expenses: | 109,822 | **89,627** |
| Interest on Deposits | 66,436 | **53,501** |
| Interest on Negotiable Certificates of Deposit | 6,510 | **4,220** |
| Interest on Call Money | 825 | **531** |
| Interest on Payables under Repurchase Agreements | 2,559 | **879** |
| Interest on Payables under Securities Lending Transactions | 3 | **5** |
| Interest on Borrowings and Rediscounts | 22,347 | **19,770** |
| Interest on Short-term Bonds | 677 | **650** |
| Interest on Bonds | 6,545 | **7,431** |
| Other Interest Expenses | 3,917 | **2,637** |
| Fees and Commissions Payments: | 32,783 | **34,880** |
| Fees and Commissions on Domestic and Foreign Exchanges | 400 | **428** |
| Other Fees and Commissions | 32,382 | **34,451** |
| Trading Expenses: | — | **72** |
| Expenses on Securities and Derivatives Related to Trading Transactions | — | **72** |
| Other Ordinary Expenses: | 22,424 | **23,666** |
| Loss on Foreign Exchange Transactions | 3,891 | **—** |
| Loss on Sales of Bonds | 9,934 | **18,218** |
| Loss on Redemption of Bonds | 1,828 | **—** |
| Expenses on Derivatives other than for Trading or Hedging | 6,769 | **5,448** |
| General and Administrative Expenses | 145,906 | **141,038** |
| Other Expenses: | 46,745 | **55,190** |
| Written-off of Loans | 3,274 | **15,624** |
| Losses on Sales of Stocks and Other Securities | 2,048 | **2,314** |
| Losses on Devaluation of Stocks and Other Securities | 18,571 | **6,934** |
| Loss on Money Held in Trust | — | **116** |
| Other | 22,851 | **30,200** |
| **Ordinary Expenses** | 357,682 | 344,474 |

(Continued)

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | Fiscal Year Ended March 31, 2011 |
|---|---|---|
| **Ordinary Profit** | 127,506 | 72,031 |
| Extraordinary Income: | 15,378 | 21,942 |
| Gain on Disposal of Noncurrent Assets | 22 | 0 |
| Reversal of Allowance for Loan Losses | 14,003 | 780 |
| Recoveries of Written-off Claims | 1,352 | 1,385 |
| Other | ― | 19,775 |
| Extraordinary Loss: | 65,163 | 23,352 |
| Loss on Disposal of Noncurrent Assets | 325 | 759 |
| Impairment Loss | 29 | 3,563 |
| Other | 64,808 | 19,029 |
| **Income before Income Taxes** | 77,721 | 70,622 |
| Income Taxes: | 56,030 | (2,903) |
| Current | 5,074 | 18,310 |
| Deferred | 50,956 | (21,214) |
| **Net Income** | 21,691 | 73,526 |

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

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | Fiscal Year Ended March 31, 2011 |
|---|---|---|
| **Shareholders' Equity:** | | |
| **Capital Stock:** | | |
| Balance at the End of the Previous Period | 287,537 | 342,037 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 54,500 | – |
| Total Changes of Items during the Period | 54,500 | – |
| Balance at the End of the Current Period | 342,037 | 342,037 |
| **Capital Surplus:** | | |
| **Legal Capital Surplus:** | | |
| Balance at the End of the Previous Period | 242,555 | 242,555 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 54,500 | – |
| Transfer to Other Capital Surplus | (54,500) | – |
| Total Changes of Items during the Period | – | – |
| Balance at the End of the Current Period | 242,555 | 242,555 |
| **Other Capital Surplus:** | | |
| Balance at the End of the Previous Period | – | 54,496 |
| Changes of Items during the Period: | | |
| Transfer from Legal Capital Surplus | 54,500 | – |
| Disposal of Treasury Stock | (3) | (0) |
| Total Changes of Items during the Period | 54,496 | (0) |
| Balance at the End of the Current Period | 54,496 | 54,495 |
| **Total Capital Surplus:** | | |
| Balance at the End of the Previous Period | 242,555 | 297,052 |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 54,500 | – |
| Disposal of Treasury Stock | (3) | (0) |
| Total Changes of Items during the Period | 54,496 | (0) |
| Balance at the End of the Current Period | 297,052 | 297,051 |
| **Retained Earnings:** | | |
| **Legal Retained Earnings:** | | |
| Balance at the End of the Previous Period | 46,580 | 48,323 |
| Changes of Items during the Period: | | |
| Cash Dividends | 1,742 | 4,606 |
| Total Changes of Items during the Period | 1,742 | 4,606 |
| Balance at the End of the Current Period | 48,323 | 52,929 |
| **Other Retained Earnings:** | | |
| Balance at the End of the Previous Period | 390,957 | 399,823 |
| Changes of Items during the Period: | | |
| Cash Dividends | (12,968) | (27,637) |
| Net Income | 21,691 | 73,526 |
| Reversal of Revaluation Reserve for Land | 143 | 60 |
| Total Changes of Items during the Period | 8,865 | 45,949 |
| Balance at the End of the Current Period | 399,823 | 445,772 |
| **Total Retained Earnings:** | | |
| Balance at the End of the Previous Period | 437,538 | 448,147 |
| Changes of Items during the Period: | | |
| Cash Dividends | (11,226) | (23,030) |
| Net Income | 21,691 | 73,526 |
| Reversal of Revaluation Reserve for Land | 143 | 60 |
| Total Changes of Items during the Period | 10,608 | 50,555 |
| Balance at the End of the Current Period | 448,147 | 498,702 |

(Continued)

(Millions of Yen)

| | Fiscal Year Ended March 31, 2010 | **Fiscal Year Ended March 31, 2011** |
|---|---|---|
| **Treasury Stock:** | | |
| Balance at the End of the Previous Period | (453) | **(465)** |
| Changes of Items during the Period: | | |
| Purchase of Treasury Stock | (19) | **(19)** |
| Disposal of Treasury Stock | 7 | **2** |
| Total Changes of Items during the Period | (12) | **(16)** |
| Balance at the End of the Current Period | (465) | **(482)** |
| **Total Shareholders' Equity:** | | |
| Balance at the End of the Previous Period | 967,177 | **1,086,770** |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 109,000 | **—** |
| Cash Dividends | (11,226) | **(23,030)** |
| Net Income | 21,691 | **73,526** |
| Purchase of Treasury Stock | (19) | **(19)** |
| Disposal of Treasury Stock | 3 | **1** |
| Reversal of Revaluation Reserve for Land | 143 | **60** |
| Total Changes of Items during the Period | 119,593 | **50,537** |
| Balance at the End of the Current Period | 1,086,770 | **1,137,308** |
| **Valuation and Translation Adjustments:** | | |
| **Valuation Difference on Available-for-Sale Securities:** | | |
| Balance at the End of the Previous Period | (97,893) | **8,281** |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 106,174 | **(3,419)** |
| Total Changes of Items during the Period | 106,174 | **(3,419)** |
| Balance at the End of the Current Period | 8,281 | **4,861** |
| **Deferred Gains or Losses on Hedges:** | | |
| Balance at the End of the Previous Period | (1,627) | **10,293** |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 11,921 | **188** |
| Total Changes of Items during the Period | 11,921 | **188** |
| Balance at the End of the Current Period | 10,293 | **10,482** |
| **Revaluation Reserve for Land:** | | |
| Balance at the End of the Previous Period | (4,511) | **(4,655)** |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | (143) | **(58)** |
| Total Changes of Items during the Period | (143) | **(58)** |
| Balance at the End of the Current Period | (4,655) | **(4,714)** |
| **Total Valuation and Translation Adjustments:** | | |
| Balance at the End of the Previous Period | (104,032) | **13,919** |
| Changes of Items during the Period: | | |
| Net Changes of Items other than Shareholders' Equity | 117,951 | **(3,289)** |
| Total Changes of Items during the Period | 117,951 | **(3,289)** |
| Balance at the End of the Current Period | 13,919 | **10,630** |
| **Total Net Assets:** | | |
| Balance at the End of the Previous Period | 863,145 | **1,100,690** |
| Changes of Items during the Period: | | |
| Issuance of New Shares | 109,000 | **—** |
| Cash Dividends | (11,226) | **(23,030)** |
| Net Income | 21,691 | **73,526** |
| Purchase of Treasury Stock | (19) | **(19)** |
| Disposal of Treasury Stock | 3 | **1** |
| Reversal of Revaluation Reserve for Land | 143 | **60** |
| Net Changes of Items other than Shareholders' Equity | 117,951 | **(3,289)** |
| Total Changes of Items during the Period | 237,545 | **47,248** |
| Balance at the End of the Current Period | 1,100,690 | **1,147,938** |

## 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.