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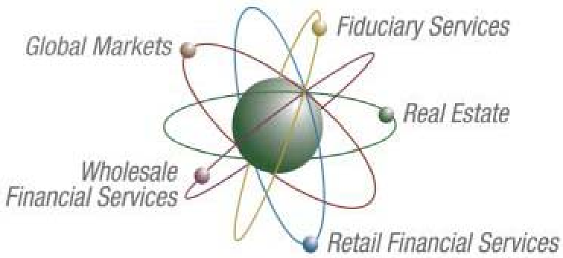
The Sumitomo Trust and Banking Co., Ltd.



Information Meeting on Financial Results for FY2009

May 27, 2010

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Meeting agenda

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■I am Hitoshi Tsunekage, President of The Sumitomo Trust & Banking. Thank you very much for taking the time out of your busy schedule to attend our information meeting on financial results today.

■At our information meeting on financial results one year ago, I defined the environment after the global financial crisis as a "New Paradigm", when we must be well prepared for the "Tunnel (darkness)" which we might face before the macro environment leaves its "major bottom", while I believe it is a chance to evolve STB's business model and maximize its advantage by serving diversified and complex clients' needs.

■There are now concerns about disturbance to financial markets sparked by Europe's fiscal problems, and eventual impacts on the real economy, which has again brought heightened uncertainty. In the past year, exactly to prepare for such uncertainty, I believe we have made great progress in reducing financial risks, while showing solid results in strengthening our business foundation and earnings foundation, towards sustainable growth into the future.

■Today, I will first summarize FY2009 from the perspectives of "Establishing enhanced financial strength" and "Solidifying the foundations of our earnings," which were raised in last year's midterm management plan, and specifically explain our efforts in financial and strategic aspects. Regarding our management integration with Chuo Mitsui Trust Group, it will take some time before we disclose the share exchange ratio and specific integration plan. For today, I will answer such questions as much as possible during the question and answer period.

■Please look at page 2.

Summary of FY2009

(1) Main point of financial result of FY2009

All financial issues which needed to be faced since the financial crisis have been handled, recording 53.1 billion yen of consolidated net income
- Impairment of goodwill related to First Credit Corporation, reduced risks and boosted allowances for overseas credit investments and loans to depressed industries, etc.

(2) Progress in strengthening quality and quantity of capital

1. Reinforced Tier I capital, and enhanced quality (cut DTA, etc.), without relying on issuing common stock
2. Reduced credit risks and enhanced efficiency of risk-weighted assets – Decrease in special mention debt balance, enhanced efficiency through revision of PD (probability of default) ratio

(3) Solidify the foundations of our earnings - Growth strategy toward "The Trust Bank"

(i) Strengthen group strategy
(ii) Strengthen growth business (asset management, investment sales, real estate)
(iii) Strengthen client base
(iv) Restructure credit portfolio

(Reference) Midterm management plan goals (Announced in May 2009)

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

(4) Work towards management integration with Chuo Mitsui Trust Group

Basic Agreement on Management Integration with Chuo Mitsui Trust Group (November 2009)
- Work towards integration in April 2011 (planned)

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■ First of all, the major points in our FY2009 results were that we completed taking the action needed for all financial issues exposed around and after the 2008 financial crisis, and we achieved recovery in our consolidated net income, at 53.1 billion yen. Specifically, we recorded impairment on First Credit's goodwill, which was impacted by the suddenly worse and sluggish real estate market. We also reduced our amounts of risks and strengthened allowances for overseas credit investments and loans to depressed domestic industries, and got rid of risk factors for FY2010 onwards as much as possible.

■ The second point is "Progress in strengthening quality and quantity of capital." We reinforced Tier I capital without relying on issuing common share, and enhanced quality of capital by decreasing deferred tax assets. We executed policies to strengthen our capital foundation, and thoroughly pushed to decrease credit risk-weighted assets and boost their efficiency. As a result, our Tier I capital ratio as of March 2010 was 9.86%, with 6.25% of "Core Tier I capital ratio (excl. DTA)" deducting preferred securities and preferred shares and deferred tax assets. Both ratios improved by over 2% from March 2009.

■ The third point is our efforts towards "Solidifying the foundations of our earnings" in our main businesses. For each of the four topics written here, concrete results are now steadily appearing. We believe these will contribute to our growth strategy towards "The Trust Bank."

■ The fourth point raised is our basic agreement on management integration with Chuo Mitsui Trust Group, and our efforts in integration preparations moving towards April next year. But as I just mentioned, today's explanations will only cover the first three topics.

■ For an overview of our FY2009 consolidated results, please look at page 4.

FY2009 financial results and financial condition

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FY2009 financial results (Consolidated)

- Net income: Increased by 45.2 billion yen from FY2008 to 53.1 billion yen, despite the 34.4 billion yen impairment loss of First Credit's goodwill
- Net business profit before credit costs: Declined by 43.2 billion yen from FY2008 to 197.8 billion yen, mainly due to the decrease in non-consolidated net business profit before credit cost. Contribution of group companies to net business profit before credit costs (before consolidated adjustments) decreased by 4.3 billion yen to 39.2 billion yen over the same period
- Total substantial credit costs improved by 165.8 billion yen from FY2008 to -4.2 billion yen, as a result of significant decline in both non-consolidated and group companies

<Consolidated> (in billions of Yen)	FY2009	FY2008	Change	% change
Net business profit before credit costs	197.8	241.1	-43.2	-18%
(Contribution of group companies before consolidated adjustments)	(39.2)	(43.6)	(-4.3)	(-10%)
Ordinary profit	148.1	29.6	118.5	400%
Extraordinary profit	-14.9	23.9	-38.9	-163%
Gain on retirement of perpetual subordinated bonds	9.0	-	9.0	-
Goodwill impairment loss	-34.4	-	-34.4	-
Net income	53.1	7.9	45.2	569%
Total substantial credit costs (*)	-4.2	-170.0	165.8	98%
(Difference from non-consolidated total substantial credit costs)	(-11.7)	(-48.7)	(37.0)	(76%)
Return on shareholders' equity	5.0%	0.8%	4.2%	
EPS (Yen)	30.18	4.75	25.43	---
Dividend on common share (Yen per share)	10.00	10.00	-	-
Consolidated dividend payout ratio	33.1%	210.7%	-177.6%	---

(*)"Total substantial credit costs" is a sum of "Total credit costs", costs in "Net gains on sales of stocks and other securities" and "Others" which are related to investment in securities of domestic and overseas credit, and affiliates' total credit costs included in "Net income from affiliates by equity method".

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- Net income increased by 45.2 billion yen from FY2008 to 53.1 billion yen, despite the 34.4 billion yen impairment loss of First Credit's goodwill. As you will see when we look at First Credit's results in FY2009, its profits recovered with decreased total credit costs, but the volume of new real estate-secured loans and their balance have remained below plan. Therefore, we reviewed its earnings forecasts for FY2010 onwards, and revalued its goodwill.
- Net business profit before credit costs decreased by 43.2 billion yen from FY2008 to 197.8 billion yen. This was mainly due to lower non-consolidated net business profit before credit costs, which you will see later. Contribution of group companies to net business profit before credit costs before consolidated adjustments decreased by 4.3 billion yen from FY2008 to 39.2 billion yen.
- Total substantial credit costs were 4.2 billion yen as a result of significant decline on the parent bank level, as well as on the group companies level. I will explain their main factors in detail later.
- Next, we will look at contributions to consolidated financial results by our major group companies. Please proceed to page 5.

Contribution of major group companies to consolidated financial results

- Contribution to net business profit before credit costs(*): Decreased by 4.3 billion yen from FY2008 to 39.2 billion yen, partly due to the declining profit of subsidiaries on stock transfer agency service and custody service, despite the earnings contribution of Nikko Asset Management (Nikko AM) on 2HFY2009, and the Sumishin SBI Net Bank becoming profitable
- Contribution to net income(*): Increased by 40.5 billion yen from FY2008 to 19.7 billion yen, due to the improvement in performance of First Credit

(*) Before consolidated adjustments, excluding the one-time effect mentioned in the second line from the top on below chart

	Consolidated net business profit before credit costs			Consolidated net income before amortization of goodwill			Major factor of the difference (Income before income taxes)		Goodwill as of Mar. 2010	
(in billions of Yen)	FY2009	FY2008	Change	FY2009	FY2008	Change			Amortization amount	Outstanding balance
Contribution of group companies (before consolidated adjustments)	39.2	43.6	-4.3	28.8	-20.7	49.5			45.4	140.0
(Exc. STB Finance Cayman Ltd.)	(39.2)	(43.6)	(-4.3)	(19.7)	(-20.7)	(40.5)		Exc. gain on retirement of perpetual subordinated bonds 9.0	---	---
Sumishin Guaranty Co., Ltd.	2.9	2.4	0.4	1.4	1.1	0.2	0.4	Guaranty fees +0.5	---	---
STB Leasing Co., Ltd. (Consolidated)	7.6	7.3	0.2	3.3	1.8	1.4	2.1	Decrease in total substantial credit costs +2.2	---	---
Sumishin Matsushita Financial Services Co., Ltd.	7.6	7.4	0.1	2.1	1.4	0.7	1.0	Gain on sales of auto lease receivables +1.7	1.7	-
First Credit Corporation	4.3	6.9	-2.5	1.4	-32.6	34.1	32.0	Decrease in total substantial credit costs +34.6	(*1) 39.7	(*1) 48.3
Life Housing Loan, Ltd.	4.8	3.5	1.3	2.7	1.9	0.7	1.3	Gain on securitization of residential mortgage loans +1.0	1.1	15.7
BUSINEXT CORPORATION	2.2	2.4	-0.2	0.3	0.0	0.2	0.2		---	---
Japan TA Solution, Ltd.	-1.0	3.2	-4.3	-0.5	1.5	-2.0	-4.3	Decrease in subcontracting fees -6.9 Lagging decrease in expenses +2.5	---	---
STB Asset Management Co., Ltd.	0.7	0.8	-0.1	0.4	0.5	-0.0	-0.1		---	---
NIKKO Asset Management Co., Ltd. (Consolidated)	4.0	---	4.0	2.7	---	2.7	4.0	Consolidated on Oct.1, 2010	(*2) 2.6	(*2) 75.9
Sumitomo Trust and Banking Co. (U.S.A.)	1.4	4.2	-2.8	0.9	2.5	-1.5	-2.8	Decrease in lending fees and custody fees -2.4	---	---
Japan Trustee Services Bank, Ltd.	0.0	0.2	-0.1	0.0	0.1	-0.0	-0.0		---	---
Sumishin Realty Co., Ltd.	-0.1	-0.0	-0.1	-0.1	-0.0	-0.0	-0.1		---	---
STB Real Estate Investment Management Co., Ltd.	0.5	0.7	-0.1	0.3	0.4	-0.0	-0.1		---	---
SBI Sumishin Net Bank, Ltd.	1.1	-1.7	2.9	1.1	-1.8	2.9	2.9	Increase in loan interest +2.4	---	---
Consolidated difference (after consolidated adjustments)	22.4	40.1	-17.6	31.4	-30.9	62.4		First Credit; Goodwill impairment loss -34.4, Elimination of allowance for investment loss +64.8	45.4	140.0

(*1) A goodwill amortization amount of First Credit includes goodwill impairment loss (34.4 billion yen), and its outstanding balance is after impairment.

(*2) Include an amortization amount (0.5 billion yen) and outstanding balance (6.9 billion yen) related to affiliated companies

- Regarding contribution of major group companies to consolidated financial results, I will explain the figures excluding the effect of special factor related to gain on retirement of subordinated bonds, mentioned in the second line from the top.
- At the stage of net business profit before credit costs, contributions decreased by 4.3 billion yen from FY2008. 4.0 billion yen was contributed by Nikko Asset Management, which became a subsidiary in October last year. SBI Sumishin Net Bank turned positive, for a 2.9 billion yen improvement. On the other hand, there were decreased profits at our stock transfer agency services outsourcing subsidiary due to temporary factors, and at our global custody subsidiary and First Credit due to the interest rate environment and continued weakness in the real estate market.
- On the other hand, at the stage of net income before goodwill amortization, contribution grew by 40.5 billion yen from FY2008 to 19.7 billion yen, mainly due to First Credit's recovery to posting income of 1.4 billion yen.
- In FY2009, we feel that the earnings of main group companies are bottoming out, and the goodwill impairment loss we recorded will greatly reduce future burden of amortization. Therefore, we feel solid confidence towards stable growth of consolidated results in FY2010 onwards
- Next, we will look at an overview of non-consolidated results. Please proceed to page 6.

FY2009 financial results (Non-consolidated)

- Net business profit before credit costs: Decreased by 25.5 billion yen from FY2008 to 175.4 billion yen, due to the decrease in net gains on bonds, despite being boosted by one-time dividends from subsidiaries (13.5 billion yen*), gain on sale of international credit securities (12.7 billion yen), etc

  (*) Dividend resulting from the gain on retirement of perpetual subordinated bonds of subsidiary (9.5 billion yen), and dividend accompanying the leasing holding company restructuring (4.0 billion yen)

- Net income: Decreased by 17.2 billion yen from FY2008 to 21.6 billion yen, due to posting of the allowance for investment loss of 64.8 billion yen for First Credit Corporation's stock, despite a large decrease in total substantial credit costs to reversal of 7.4 billion yen

<Non-consolidated> (in billions of Yen)	FY2009	FY2008	Change	% change
Net business profit before credit costs	175.4	201.0	-25.5	-13%
Net interest income (Including net trust fees of principal guaranteed trust a/c)	185.2	163.8	21.3	13%
Net fees and commissions (Including other trust fees)	87.5	84.6	2.9	3%
Other profits	31.8	85.8	-53.9	-63%
(Net gains on bonds)	(24.4)	(119.4)	(-94.9)	(-80%)
General and administrative expenses	-129.2	-133.2	4.0	3%
Total credit costs (*1)	8.4	-54.9	63.4	115%
(Total substantial credit costs) (*2)	(7.4)	(-121.3)	(128.7)	(106%)
(Domestic)	(10.6)	(-48.1)	(58.8)	(122%)
(International)	(-3.1)	(-73.1)	(69.9)	(96%)
Net gains on sales of stocks and other securities	-7.8	-46.6	38.8	83%
Other non-recurring profit	-33.1	-60.5	27.3	45%
Amortization of net actuarial losses/ prior service cost	-16.2	-9.9	-6.3	-64%
Losses on investment in partnerships	-8.9	-1.6	-7.3	-437%
Losses related to domestic and overseas credit investment	-3.7	-52.4	48.7	93%
Ordinary profit	127.5	37.9	89.5	236%
Extraordinary profit	-49.7	23.5	-73.3	-311%
Reversal of allowance for loan losses	14.0	-	14.0	-
Allowance for investment loss	-64.8	-	-64.8	-
Net income	21.6	38.9	-17.2	-44%

(*1) Include "Reversal of allowance for loan losses" and "Recoveries of written-off claims" posted as "Extraordinary profit"

(*2) "Total substantial credit costs" is a sum of "Total credit costs", costs in "Net gains on sales of stocks and other securities" and "Other non-recurring profit" which are related to investment in securities of domestic and overseas credit.

- Net business profit before credit costs decreased by 25.5 billion yen from FY2008 to 175.4 billion yen. This was mainly due to the decrease in net gains on bonds, which recorded a high level in FY2008. We greatly exceeded our initial planned profit of 145.0 billion yen, due to temporary income contributions such as one-time dividends from subsidiaries of 13.5 billion yen, and 12.7 billion yen of gain on sale of international credit securities impaired in previous years.
- Net income decreased by 17.2 billion yen from FY2008 to 21.6 billion yen, due to posting 64.8 billion yen of an allowance for investment loss for First Credit' shares, the difference between their acquisition costs and their valuation amounts after the goodwill revaluation, despite a large decrease in domestic and overseas total substantial credit costs which resulted in an excess reversal of 7.4 billion yen.
- We next look at a breakdown of profit by business. Please go to page 7.

Breakdown of profit by business

- Retail financial services: Gross business profit (non-consolidated) decreased by 3.7 billion yen from FY2008, mainly due to loan-deposit margin shrink, despite increase in sales fees of mutual funds and individual annuities
- Wholesale financial services: Increased by 14.5 billion yen from FY2008, including 12.7 billion yen gain on sale of foreign credit bonds
- Fiduciary services: Decreased by 8.2 billion yen from FY2008, due to decreased trust fees mainly as a result of depressed market values
- Real estate: Decreased by 2.1 billion yen from FY2008, due to stagnation in brokerage transactions against a backdrop of delayed market recovery

	<Non-consolidated>						<Consolidated>		
	Gross business profit before credit costs			Net business profit before credit costs			Net business profit before credit costs		
(in billions of Yen)	FY2009	FY2008	Change	FY2009	FY2008	Change	FY2009	FY2008	Change
Retail financial services	75.3	79.0	-3.7	14.9	19.7	-4.7	18.1	22.6	-4.4
Wholesale financial services	111.4	96.9	14.5	81.8	61.0	20.7	102.1	95.3	6.8
Stock transfer agency services	14.3	18.5	-4.2	5.7	4.6	1.0	4.6	7.9	-3.2
Treasury and financial products	77.9	142.7	-64.7	67.0	130.7	-63.6	67.0	130.7	-63.6
Fiduciary services	49.0	57.2	-8.2	18.7	27.5	-8.8	24.2	31.3	-7.0
Pension asset management	36.2	39.4	-3.2	11.8	15.9	-4.0	16.7	16.8	-0.1
Securities processing services	12.8	17.8	-5.0	6.8	11.6	-4.7	7.6	14.5	-6.9
Real estate	10.6	12.7	-2.1	3.6	4.8	-1.1	4.1	5.6	-1.5
Fees paid for outsourcing	-21.5	-25.3	3.8	-	-	-	-	-	-
Stock transfer agency services	-6.7	-11.6	4.8	-	-	-	-	-	-
Fiduciary services	-14.8	-13.7	-1.0	-	-	-	-	-	-
Others (*)	2.0	-28.8	30.9	-10.6	-42.7	32.1	-17.7	-44.4	26.6
Total	304.6	334.3	-29.6	175.4	201.0	-25.5	197.8	241.1	-43.2

(*) Include cost of capital funding, dividend of shares for cross-shareholdings, general and administrative expenses of headquarters, etc
Include dividend income resulting from the gain on retirement of perpetual subordinated bonds (9.5 billion yen) on non-consolidated basis for FY2009

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■ Here, we look at changes from FY2008, on the basis of non-consolidated gross business profit before credit costs.

■ In retail financial services, gross business profit decreased by 3.7 billion yen from FY2008 to 75.3 billion yen due to loan-deposit margin shrink in an environment of lower interest rates, despite the increase in sales fees of mutual funds and individual annuities. In wholesale financial services, impact from the move to paperless stock certificates executed in January last year reduced earnings from stock transfer agency services, but we recorded increased fees from syndicated loans and real estate non-recourse loans, and gain on sale of international credit securities, and as a result, gross business profit rose by 14.5 billion yen from FY2008 to 111.4 billion yen.

■ In fiduciary services, gross business profit decreased by 8.2 billion yen from FY2008 to 49.0 billion yen, mainly due to depressed market values which resulted in a lower fiduciary asset balance on an average balance basis compared to FY2008. In real estate business, gross business profit decreased by 2.1 billion yen from FY2008 to 10.6 billion yen, as slow market recovery depressed brokerage fees, and lower first half earnings pulled down the full year.

■ Treasury and financial products achieved 77.9 billion yen, more than 20.0 billion yen above plan, due to stable earnings recorded by client services, closing of interest rate related positions, etc. Data on the results of each business in recent years is shown starting on page 38, so please refer to that later.

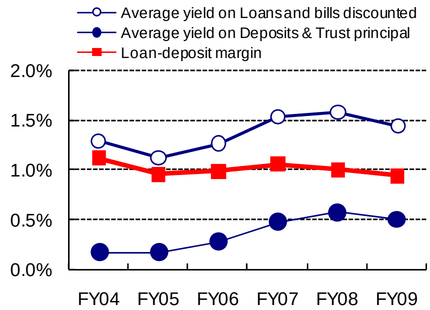
■ Next, we will look at the net interest income situation. Please go to page 8.

Breakdown of net interest income (Non-consolidated)

- Loan-deposit margin dropped by 6bp from FY2008, mainly due to decreased deposit spreads resulting from lower market interest rates. However, there is limited room for further decreases in loan-deposit margins, even considering effects of mismatched periods
- Net interest income increased by 22.0 billion yen from FY2008, mainly due to decreased fundraising costs overseas resulting from lower interest rates, despite a 0.6 billion decrease due to lower domestic deposit income only partially covered by improved swap income, etc.

<Loan-deposit margin (domestic banking a/c and principal guaranteed trust a/c combined)>

	FY2009	2H	1H	FY2008	Change
Average yield on Loans and bills discounted	1.45%	1.41%	1.48%	1.58%	−0.13%
Average yield on Deposits & Trust principal	0.51%	0.49%	0.52%	0.58%	−0.07%
Loan-deposit margin	0.94%	0.92%	0.96%	1.00%	−0.06%



<Breakdown of net interest income>

(Income: in billions of Yen) (Average balance: in trillions of Yen)	FY2009 Income	FY2009 Average balance	FY2009 Yield	FY2008 Income	FY2008 Average balance	FY2008 Yield	Change Income	Change Average balance	Change Yield
Domestic banking a/c and Principal guaranteed trust a/c	136.1			136.7			-0.6		
Interest income	214.0	15.36	1.39%	230.3	15.47	1.48%	-16.2	-0.10	-0.09%
Loans	152.2	10.48	1.45%	165.3	10.40	1.58%	-13.1	0.07	-0.13%
Securities (*1)	44.0	3.26	1.34%	54.2	3.35	1.61%	-10.1	-0.09	-0.26%
Swaps	10.0			3.9			6.1		
Interest expenses	78.5	15.41	0.50%	95.2	15.68	0.60%	-16.6	-0.26	-0.09%
Deposits & Trust principal	60.4	11.84	0.51%	68.4	11.78	0.58%	-7.9	0.05	-0.07%
Negotiable certificate of deposit	5.7	2.18	0.26%	16.5	2.36	0.70%	-10.8	-0.17	-0.43%
Call money, etc. (*2)	0.8	0.55	0.14%	3.5	0.73	0.48%	-2.7	-0.17	-0.33%
International	49.1			27.0			22.0		
Total	185.2			163.8			21.3		

- Purchase receivable -2.0
  (FY08: 5.0 bn → FY09: 3.0 bn)
- Redemption profit of mutual funds -10.0 bn
  (12.0 bn → 2.0 bn)
- One-off dividend income from the leasing subsidiaries +4.0 bn

- Securities -37.0 bn (92.0 bn → 55.0 bn)
  (Dividend income from an overseas subsidiary resulting from the gain on retirement of perpetual subordinated bonds +9.0 bn)
- Loan spread -16.5 bn (37.0 bn→ 20.5 bn)
- Swaps +31.0 bn (-23.5 bn→ 7.5 bn)
  (Swap liquidation profit from unwinding JGB portfolio with asset swaps (hedge accounting) +11.0 bn)
- Interest expenses +55.0 bn (-91.0 bn→ -36.0)

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(*1) Sum of securities and purchased loans
(*2) Include Call money, Bills sold, Loans from trust a/c, Buy/sell, Repo and Short term bonds

■Domestic loan-deposit margins shrunk by 6 basis points from FY2008 to 94 basis points, as market interest rates continued to decline. Comparing to declining interest rate environments in the past, the period mismatch effects of shrinking loan-deposit margins are expected to end in FY2010, and we think there is limited scope for further deterioration.

■Overall net interest income increased by 21.3 billion yen from FY2008 due to income improvement in our international business, as you can see in the table below.

■I next explain the breakdown of fee revenues. Please look at page 9.

Fee revenue breakdown (Consolidated, non-consolidated)

- Other trust fees (consolidated): Decreased by 8.7 billion yen from FY2008, mainly due to the decrease in market value of entrusted assets on an average balance basis (including 1.6 billion yen decrease owing to the dissolution of the effect resulting from the revision of accrual method in the previous fiscal year)
- Net fees and commissions (consolidated): Increased by 15.7 billion yen from FY2008, due to the increase in sales fees of mutual funds and individual annuities, and earnings contribution (in second half) from Nikko AM becoming a consolidated subsidiary, despite the decrease in fees of stock transfer agency services and in real estate brokerage

	<Non-consolidated>			<Consolidated>			Major contributing factor (Consolidated)
(in billions of Yen)	FY2009	FY2008	Change	FY2009	FY2008	Change	
Other trust fees	47.5	56.3	-8.7	47.4	56.2	-8.7	Dissolution of the effect resulting from the revision of accrual method in FY2008 -1.6
Pension trust, Public pension	28.2	32.4	-4.1	28.2	32.4	-4.1	Pension trust -2.1 (Market value -0.4, factor mentioned above -0.8)
Securities processing services	12.3	15.8	-3.5	12.3	15.8	-3.5	Mutual fund -2.8, (Market value -0.8, factor mentioned above -0.7)
Asset securitization business (*)	2.1	2.6	-0.4	2.1	2.6	-0.4	
Real estate	3.1	3.9	-0.7	3.1	3.9	-0.7	Securitization -0.4
Net fees and commissions	39.9	28.3	11.6	91.4	75.6	15.7	
Domestic business	39.1	29.8	9.3	84.3	67.7	16.5	
Retail financial services	14.8	11.6	3.3	20.7	16.9	3.7	Sales fees of mutual fund and Individual annuity +3.0 Guaranty fees for mortgage loans +0.5
Wholesale financial services (*)	26.1	21.0	5.1	39.3	42.4	-3.1	Non-consolidated +5.1, (Arrangement fee for syndicated loans and non-recourse loans, etc), Group companies -8.2 (Stock transfer agency -6.4)
Stock transfer agency services	7.5	6.9	0.6	15.5	21.9	-6.3	Non-consolidated +0.6, Group companies -6.9 (Fees paid for outsourcing subsidiary -6.9)
Real estate	6.9	8.6	-1.7	15.5	18.1	-2.6	Real estate brokerage -2.6 (Non-consolidated -1.7, Subsidiary -0.9)
Fiduciary services	6.1	5.7	0.4	26.2	10.4	15.7	Consolidation of Nikko AM (+15.7)
Fees paid for outsourcing	-14.8	-13.7	-1.1	-14.8	-13.7	-1.0	
International business	0.8	-1.5	2.3	7.0	7.8	-0.8	Non-consolidated +2.3, STB (USA) -2.4, STB (LUX) -0.6
Total (A)	87.5	84.6	2.9	138.9	131.9	7.0	
Gross profit before credit costs (B)	304.6	334.3	-29.6	397.1	438.7	-41.6	
Fee revenue ratio (A) / (B) (%)	28.7%	25.3%	3.4%	34.9%	30.0%	4.9%	

(*) Some of asset securitization related revenue has been reclassified from "Net fees and commissions" to "Other trust fees" from this fiscal year

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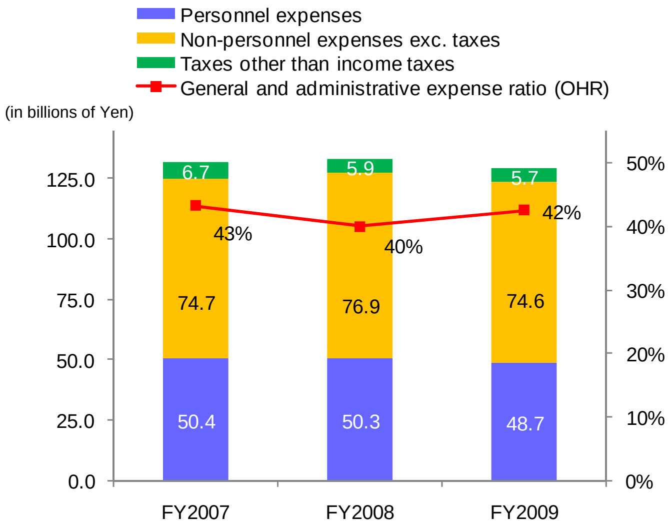
- First, other trust fees decreased by 8.7 billion yen from FY2008, mainly due to the effect of market values on entrusted asset balances.
- Net fees and commissions on a consolidated basis grew by 15.7 billion yen from FY2008, due to contribution from Nikko Asset Management in the second half. With regard to other breakdown categories, net fees and commissions of stock transfer agency services and real estate brokerage decreased, while those in retail financial services increased by 3.7 billion yen from FY2008, mainly due to the increase in sales fees of mutual funds and individual annuities.
- We think that the negative effects of market factors and system factors which we faced in FY2009 have mostly ended. In FY2010, even those the real estate market trend will be one of the uncertain key factors, it seems very likely that overall fee revenues will enter a recovery trend.
- I next explain total substantial credit costs. Please go to page 11.

General and administrative expenses (Non-consolidated)

- General and administrative expenses: Decreased by 4.0 billion yen from FY2008, due to reduction in both personnel and non-personnel expenses, as OHR was held to less than 45%
- Non-personnel expenses: Decreased by 2.2 billion yen, due to 3.7 billion yen of reduction in other non-personnel expenses, mainly in advertising and outsourcing expenses, despite a 1.5 billion yen increase in system costs

<Breakdown of general and administrative expenses (Non-consolidated)>



<Breakdown of major general and administrative expenses>

(in billions of Yen)	FY2008	FY2009	Change
Personnel expenses	50.3	48.7	-1.6
Compensation, etc	45.6	45.6	-0.0
Retirement benefit expenses	-2.4	-3.6	-1.1
Social security premiums, etc	7.1	6.7	-0.4
Non-personnel expenses exc. taxes	76.9	74.6	-2.2
Systems costs	17.9	19.4	1.5
Other non-personnel expenses	59.0	55.2	-3.7
Taxes other than income taxes	5.9	5.7	-0.2
General and administrative expenses	133.2	129.2	-4.0

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Breakdown of total substantial credit costs (Consolidated)

- Total substantial credit costs of group companies improved by 37.0 billion yen from FY2008 to -11.7 billion yen, mainly due to the significant decrease in total credit costs of First Credit (-37.3 billion yen in FY2008 → -2.7 billion yen in FY2009)
- Risk managed loans in First Credit stands at 41.0 billion yen (after partial direct written-off). It decreased by about half compared to the end of FY2008, due to progress in moving it off balance sheet

<Total substantial credit costs>

(in billions of Yen)	FY2008 Full	FY2009 1H	FY2009 2H	FY2009 Full	Major factors (FY2009)
Consolidated	-170.0	-40.8	36.5	-4.2	
Non-consolidated	-121.3	-32.7	40.1	7.4	
(Total credit costs)	(-54.9)	(-27.2)	(35.7)	(8.4)	
Domestic factors	-48.1	-24.1	34.7	10.6	(Total credit costs 10.6)
Overseas factors	-73.1	-8.5	5.3	-3.1	(Total credit costs -2.1)
Group companies	-48.7	-8.1	-3.6	-11.7	
STB Leasing (Consolidated)	-4.2	-2.9	1.0	-1.9	Change of reserve ratio -1.4, worsened conditions of some clients, etc.
Sumishin Matsushita Financial Services	-2.8	-2.0	-1.6	-3.6	Worsened conditions of some clients, etc.
First Credit	-37.3	-1.1	-1.5	-2.7	Downgrade of classification -5.4, collection of NPL, etc. +3.3

<Risk managed loans (Banking a/c and principal guaranteed trust a/c combined)>

(in billions of Yen)	Consolidated Mar-09	Consolidated Mar-10	Consolidated Change	Group companies Mar-09	Group companies Mar-10	Group companies Change	First Credit (*) Mar-09	First Credit (*) Mar-10	First Credit (*) Change
Risk managed loans	191.3	214.4	23.0	82.7	45.2	-37.5	80.1	41.0	-39.0
Loans in bankruptcy proceedings	22.0	9.1	-12.8	4.6	1.4	-3.2	4.4	1.2	-3.1
Other delinquent loans	147.2	103.9	-43.3	70.6	40.1	-30.5	69.1	37.7	-31.4
Loans more than 3 months past due	0.0	0.0	-0.0	0.0	0.0	-0.0	-	-	-
Restructured loans	22.0	101.3	79.2	7.3	3.6	-3.7	6.5	2.0	-4.4

(*) Partial direct written-off:
Mar-09: 24.5 bn, Mar-10: 23.0 bn

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- This shows the breakdown of consolidated total substantial credit costs in FY2009. Here you can see group companies' credit costs.
- Total substantial credit costs of group companies decreased drastically by 48.7 billion yen from FY2008 to 11.7 billion yen, mainly because total credit costs at First Credit stood at only 2.7 billion yen, due to fewer newly recognized bad debts, and collection of overdue debts.
- The table below shows risk managed loans on a consolidated basis, and the situation of First Credit as its breakdown. First Credit's risk managed loans decreased by almost half over the past year, showing great progress in handling the existing problematic loan assets.
- With respect to non-consolidated credit costs, overseas credit costs have shrunk to as low as 3.1 billion yen, so I will explain on a total credit costs basis (shown in the parenthesis). Please look at the next page 12.

Breakdown of total credit costs (Non-consolidated), Migration Analysis

- Total credit costs (non-consolidated) stood at reversal of 8.4 billion yen, due to an approximate 37.0 billion yen reversal of allowance for loan losses resulting from upgrades and decline in the loan balance of debtors which had been classified as special mention category or below, while costs accompanying downgrades were held to -29.0 billion yen
- Loans to substandard debtors increased by 107.2 billion yen from March 2009, mainly due to migration from loans to special mention debtors, while doubtful loans and loans to special mention debtors decreased by 12.5 billion yen and 245.4 billion yen due to the upgrades and repayments, etc, respectively

<Breakdown of total credit costs (Non-consolidated)>

(in billions of Yen)	FY2008 Full	FY2009 1H	FY2009 2H	FY2009 Full	Major factors (FY2009)
Total credit costs	-54.9	-27.2	35.7	8.4	
General allowance for loan losses	7.6	20.9	0.6	21.6	Reversal of allowance for loan losses Approx.+37.0 ・Upgrades of debtors Approx.+19.0 ・Decrease in loan balance, etc. Approx.+10.0 ・Decrease in loan loss ratio Approx.+8.0 Newly recognized (downgrades of classification) Approx.-29.0
Specific allowance for loan losses	-47.0	-43.6	36.0	-7.6	
Recoveries of written-off claims	0.9	0.3	1.0	1.3	
Written-off and losses on sales of loans	-16.4	-4.8	-2.0	-6.9	

<Migration analysis> (non-consolidated; banking a/c and principal guaranteed trust a/c combined)

(in billions of Yen)	Mar-09	Mar-10	Change	Downgrade (+)	Downgrade (-)	Upgrade (+)	Upgrade (-)	Repayment, etc.
Bankrupt/ practically bankrupt	28.0	17.6	-10.4	2.3	-	-	-6.3	-6.4
Doubtful	73.7	61.2	-12.5	(*1) 37.2	-0.4	0.3	-19.4	-30.3
Loans to substandard debtors	27.9	135.1	107.2	99.6	-0.2	18.5	-4.9	-5.8
Loans to special mention debtors (exc. loans to substandard debtors)	832.1	586.8	-245.4	(*2) 119.9	(*3) -134.3	11.6	(*4) -138.3	(*5) -104.3

<Major factors of change from Mar-09> (in billions of Yen)

(*1)(*3) Finance and insurance (approx.90.0), Real estate (approx.19.0), Transportation, postal service (approx.15.0) , etc.

(*2) Manufacturing (approx.35.0), Real estate (approx.26.0), Finance and insurance (approx.15.0), etc.

(*4) Finance and insurance (approx.100.0), Real estate (approx.14.0), Manufacturing (approx.0.9), etc.

(*5) Finance and insurance (approx.41.0), Transportation, postal service (approx.18.0) , Real estate (approx.12.0), etc.

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■ Non-consolidated total credit costs in FY2009 stood at excess reversal of 8.4 billion yen. Its factors are analyzed and shown in the right side of the upper table.

■ First, as factors in reversal of allowance for loan losses, about 19.0 billion yen was due to upgrades of debtors which had been classified as special mention category or below, and about 10.0 billion yen was due to the decline in the loan balance of such categories. In other words, reversal of conservative allowances from previous years and gain on reversal with decreased credit risk volume reached roughly 30.0 billion yen. The lower loan loss ratio resulted in approximately 8.0 billion yen of reversal of general allowance for loan losses, with reversal factors of approximately 37.0 billion in all.

■ On the other hand, newly recognized total credit costs, due to downgrades of classification, were held to about 29.0 billion yen.

■ The lower table shows migration of classification of debtors. Please look at this table in comparison to the breakdown of total credit costs. Loans to substandard debtors increased due to downgrades from loans to special mention debtors. However, please note that there are cases among loans to special mention debtors in which the allowance levels are equivalent to those for loans to substandard debtors, and costs did not increase because of the downgrades, while there were large effects from reversals, due to repayments and upgrades of doubtful loans and loans to special mention debtors.

■ We next look at coverage and allowances for non-performing loans. Please go to page 13.

Non-performing loans: Collaterals and allowances, by industries

- NPL increased by 60.0 billion yen from March 2009 to 176.5 billion yen, mainly due to an increase in substandard loans
- Coverage ratios stand at 86% for doubtful loans and 72% for substandard loans, respectively, both of which represent sufficient level

<Balance and ratio to total loan balance of NPLs> (Non-consolidated; banking a/c and principal guaranteed trust a/c combined)

(in billions of Yen)	Mar-09	Sep-09	Change fm Mar-09	Change fm Sep-09	Mar-10	Collateral / Reserve		Coverage ratio (*1)	Reserve ratio (*2)
Assets classified under the Financial Reconstruction Low	116.4	309.2	60.0	-132.7	176.5			80%	57%
(Ratio to total loan balance)	(0.9%)	(2.5%)	(0.5%)	(-1.1%)	(1.4%)			(88%)	(76%)
Loans in bankrupt and practically bankrupt	28.0	26.1	-10.4	-8.5	17.6	Specific allowance for loan losses	11.2	100%	100%
						Collateral value	6.4	(100%)	(100%)
Doubtful loans	73.7	242.2	-12.5	-181.0	61.2	Uncovered	8.2	86%	77%
						Specific allowance for loan losses	28.4		
						Collateral value	24.7	(87%)	(79%)
Substandard loans	14.7	40.9	82.9	56.8	97.7	Uncovered	26.4	72%	22%
						General allowance for loan losses	7.6		
						Collateral value	63.7	(65%)	(15%)
<For reference> Loans to substandard debtors	(27.9)	(51.8)	(107.2)	(83.3)	(135.1)				
Special mention (exc. Substandard)	845.3	619.1	-221.2	5.1	624.2				
Total loan balance	12,479.8	12,268.6	205.6	416.8	12,685.3				

(*1) Coverage ratio = (collateral value + allowance for loan losses) / loan balance

(*2) Reserve ratio = allowance for loan losses / (loan balance - collateral value)

Figures of ratio in parenthesis are as of Mar. 2009

<Assets classified under the Financial Reconstruction Low by industry> (Non-consolidated; banking a/c and principal guaranteed trust a/c combined)

(in billions of Yen)	Mar-09	Sep-09	Change fm Mar-09	Change fm Sep-09	Mar-10
Domestic branches (exc. offshore)	112.2	303.6	59.2	-132.3	171.3
Manufacturing	5.6	6.2	1.0	0.5	6.6
Construction	6.4	5.0	0.3	1.7	6.7
Communication	27.0	23.2	-6.6	-2.8	20.5
Transportation, postal service	-	39.0	14.8	-24.3	14.8
Finance and insurance	0.1	144.9	58.8	-86.1	58.8
Real estate	52.6	65.0	-5.8	-18.3	46.7
Overseas branches and offshore	4.3	5.5	0.9	-0.4	5.1
Total	116.4	309.2	60.0	-132.7	176.5

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- Non-performing loans increased by 60.0 billion yen from FY2008, due to an increase in substandard loans. Looking at changes in non-performing loans by industry, this was mainly increase in “Finance and insurance.”
- Looking at the coverage of these substandard loans, on a conservative collateral valuation basis, we are maintaining a high 72% coverage ratio by collaterals and allowances.
- Doubtful loan balance decreased to 61.2 billion yen, and its coverage ratio was 86%, showing similarly sufficient financial allowances.
- Next, please go to page 14.

Breakdown of total substantial credit costs (Non-consolidated, overseas)

- Overseas total substantial credit costs for FY2009 were -3.1 billion yen, mainly -3.6 billion yen of the loss on sales of corporate loans, and the impairment loss of asset-backed securities decreased to -1.1 billion yen due to the recovery of the prices (while posting a 12.7 billion yen gain on sales of impaired securities in net gains on bonds)
- Total balances of international credit investments, both securities and loans, decreased by 20% from FY2008 to 808.1 billion yen, due to risk reduction by sales, etc

<Breakdown of total substantial credit costs (Overseas, Non-consolidated)>

(in billions of Yen)	FY2008 Full	FY2009 1H	FY2009 2H	FY2009 Full		
Total credit costs	-8.0	-3.2	1.0	-2.1		
General allowance for loan losses	6.5	0.3	1.0	1.3		
Specific allowance for loan losses	-7.5	-1.0	1.1	0.0		
Written-off and losses on sales of loans	-7.0	-2.4	-1.1	-3.6	Sales of corporate loans -3.6	
Net gains on sales of stocks and other securities	-13.7	-0.6	3.1	2.5	Sales of CLO equities +3.0, Devaluation of CLO equities -0.5	ABSs Impairment -1.1
Other non-recurring profit	-51.2	-4.7	1.1	-3.5	Sales of ABSs -3.0, Impairment loss of ABSs -0.6	
Total substantial credit costs (Non-consolidated, overseas)	-73.1	-8.5	5.3	-3.1		

<Overview of international credit investment (Non-consolidated)>

(in billions of Yen)	Mar-09 Balance(*1)	Mar-10 Balance(*1)	Mar-10 Change fm Mar-09	Mar-09 Unrealized gains/ losses (*2)	Mar-10 Unrealized gains/ losses (*2)	Mar-10 Change fm Mar-09
Available-for-sale securities with fair value	378.2	276.0	-102.2	-39.7	7.3	47.1
Asset-backed securities	90.7	34.0	-56.6	-12.9	1.4	14.4
Corporate bonds	287.5	241.9	-45.5	-26.8	5.9	32.7
Held-to-maturity debt securities with fair value	300.9	262.6	-38.2	-2.9	45.4	48.4
Securities with no available fair value	27.8	23.1	-4.6			
Corporate loans (Non-Japanese)	312.7	246.2	-66.5			
Total balance of international credit investments	1,019.8	808.1	-211.6			

(*1) Available-for-sale securities with fair value: Cost (after impairment), Held-to-maturity debt securities with fair value: Book value

(*2) Unamortized amount of unrealized gains/ losses resulting from reclassification is -78.8 billion yen as of the end of Mar-10

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- In our final look at total substantial credit costs, please look at overseas factors. Overseas total substantial credit costs were only 3.1 billion yen overall, mainly caused by 3.6 billion yen of costs recorded on sales of corporate loans.
- The impairment loss and loss on sales of overseas asset-backed securities both fell to very low levels, while 12.7 billion yen of gain on sales of impaired securities was recorded in net gains on bonds, one of the contributors to the income recovery in FY2009.
- Our total overseas non-Japanese exposure, both securities and loans, decreased by about 20% from FY2008 to about 800.0 billion yen, due to results from efforts to reduce risks via sales, etc. Unrealized gains and losses are at nonproblematic levels, including those for held-to-maturity debt securities. From the perspective of financial risks, we think we have shrunk these to sufficiently controllable levels.
- I next explain the status of capital. Please go to page 17.

Securities portfolio and interest rate risk

- Unrealized gains/ losses on both "Held-to-maturity debt securities" and "Available-for-sale securities" are significantly improved to 53.7 billion yen (increased by 49.3 billion yen from March 2009) and 94.3 billion yen (increased by 163.3 billion yen from March 2009) respectively, mainly due to improved valuations of overseas asset-backed securities and stocks
- Big decrease in interest rate risks on the bond portfolio held by the Global Markets Business, for both yen bonds and foreign bonds

<Unrealized gains/ losses of securities for which market prices are available (consolidated/ after devaluation)>

	Market value			Book value			Unrealized gains/ losses		
(in billions of Yen)	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change
Held-to-maturity debt securities	600.3	661.6	-61.3	546.6	657.2	-110.6	53.7	4.4	49.3
Japanese Government Bonds	244.0	338.8	-94.7	236.0	331.7	-95.6	8.0	7.1	0.8
Foreign bonds (Note)	332.8	298.2	34.5	287.2	301.1	-13.8	45.5	-2.8	48.4

(Note) Unamortized balance of unrealized loss on asset-backed securities which were reclassified from "Available-for-sale securities" to "Held-to-maturity debt securities" (2010/3: -78.8 bn yen, 2009/3: -95.5 bn yen)

	Book value			Cost			Unrealized gains/ losses		
(in billions of Yen)	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change
Available-for-sale securities (Note)	3,614.7	4,030.8	-416.0	3,520.4	4,099.8	-579.4	94.3	-69.0	163.3
Stocks	491.8	408.2	83.6	426.7	432.6	-5.9	65.1	-24.4	89.5
Japanese Government Bonds	1,215.9	1,437.2	-221.3	1,191.3	1,416.5	-225.2	24.5	20.7	3.8
Foreign bonds	1,066.3	1,588.8	-522.4	1,070.6	1,634.1	-563.5	-4.2	-45.3	41.0

(Note) "Cost" and "Unrealized gains/ losses" for Avilable-for-sale securities increased by 327.3 billion yen and 1.6 billion yen respectively, due to the evaluation of private placement bonds with no market price

<Securities portfolio of treasury and financial products business (*1) (non-consolidated)>

	Cost			Unrealized gains/ losses			10BPV(*2)		
(in billions of Yen)	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change
JPY	1,549.5	1,838.5	-289.0	32.6	27.9	4.6	5.2	6.4	-1.2
Other	649.3	1,104.6	-455.2	-4.0	9.9	-13.9	1.9	4.3	-2.4
USD	552.8	577.0	-24.1	-4.9	3.2	-8.2	1.7	2.4	-0.6
EUR, etc.	96.4	527.5	-431.0	0.9	6.7	-5.7	0.1	1.9	-1.7

(*1) Managerial reporting basis; Held-to-maturity debt securities and Available-for-sale securities are combined.

(*2) Exclude Japanese bonds which are hedged individually by asset swaps (balance as of 2009/3: 247.5 bn yen)

<Outlier ratio (*3) (consolidated)>

(in billions of Yen, %)	Mar-10	Mar-09	Change
Total interest rate risk	24.7	137.8	-113.1
JPY	5.9	74.6	-68.7
Tier I + Tier II	1,872.9	1,745.4	127.5
Outlier ratio	1.32%	7.90%	-6.58%

(*3) Regarding the explanation of the calculation method, please refer to the notes in page 14 of our Explanatory Material for FY2009.

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Status of capital

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Regulatory capital

- Tier I capital ratio improved by 2.23% from March 2009, to 9.86%, due to an increase in Tier I capital and a reduction in risk-weighted assets etc. (1.08 trillion yen decrease)
- The decrease in risk-weighted assets was due to a decrease in the special mention debt balance, a decrease in market risks, and revision of PD etc. accompanying default data accumulation under the Foundation Internal Ratings-Based Approach (-0.51 trillion yen effect)

<Capital and BIS capital adequacy ratio (consolidated)>

(in billions of Yen)	Mar-10 (Preliminary)	Mar-09 (Actual)	Change	
Total qualifying capital	1,777.3	1,682.8	94.4	
Tier I	1,266.3	1,061.8	204.5	
Shareholders' equity	1,133.3	990.4	142.9	(1)
Preferred shares	109.0	-	109.0	
Noncumulative preferred securities issued by overseas SPV	280.0	280.0	-	
Less: Goodwill equivalents	133.0	106.9	26.1	(2)
Less: Unrealized loss on available-for-sale securities	0.3	109.6	-109.2	(3)
Less: (EL - Eligible provisions) x 50%	22.1	7.8	14.2	
Tier II	606.6	683.6	-77.0	
45% of unrealized gain on available-for-sale securities	-	-	-	
Subordinated debts	596.8	673.6	-76.8	
Upper Tier II	186.9	292.7	-105.8	(4)
Lower Tier II	409.9	380.8	29.0	
Less: Deduction (double gearing)	82.6	62.5	33.0	
BIS capital adequacy ratio	13.85%	12.09%	+1.76%	
Tier I capital ratio	9.86%	7.63%	+2.23%	

<Total risk-weighted assets>

Total risk-weighted assets	12,831.3	13,911.4	-1,080.1	
Amount of credit risk-weighted assets	11,963.6	12,943.8	-980.1	(5)
Amount of market risk equivalents	96.8	284.7	-187.8	(6)
Amount of operational risk equivalents	770.8	682.8	87.9	

Major factors of change in capital from March 2009

(1) Shareholders' equity: +142.9 billion yen
- Preferred shares (Bond type) issuance +109.0 billion yen
- Net income for FY2009 +53.1 billion yen
- Dividend -19.3 billion yen

(2) Goodwill equivalent (Less): +26.1 billion yen
- The goodwill related to acquisition of Nikko AM +69.0 billion yen
- The goodwill impairment loss of First Credit -34.4 billion yen
- Amortization -8.3 billion yen

(3) Unrealized loss on available-for-sale securities (Less): -109.2 billion yen
Decreased unrealized loss on available-for-sale securities, due to higher stock prices etc

(4) Subordinated debts (Upper Tier II): -105.8 billion yen
Retirement of perpetual subordinated bonds -250 million pounds etc

Major factors of change in risk-weighted assets from March 2009

(5) Amount of credit risk-weighted assets: -0.98 trillion yen
- Effect of revision of PD ratio by utilizing accumulated default data -0.29 trillion yen (Corporates)
- Sovereign risk-weights revision (JGB, etc.) -0.18 trillion yen

→ Effect of revision of PD ratio and sophistication of calculating risk-weighted assets -0.51 trillion yen
- The decrease in loans to large-lot special mention debtors -0.25 trillion yen

(6) Amount of market risk equivalents: -0.18 trillion yen
Decreased interest rate volatility + reduced position

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- Tier I capital ratio as of March 2010 improved by 2.23% from March 2009 to 9.86%.
- Tier I capital increased by 204.5 billion yen, due to the issuance of 109.0 billion yen of bond-type preferred shares in September last year and the decrease in unrealized losses on available-for-sale securities, despite the increase in goodwill related to the acquisition of Nikko Asset Management.
- On the other hand, risk-weighted assets decreased by about 1,080 billion yen, mainly due to a decrease in credit risk-weighted assets. We reduced risks on the balance sheet by decreasing our special mention debtor balance, etc. and implemented more rationalized calculation of probability of default accompanying data accumulation under the Foundation Internal Ratings-Based Approach, which resulted in a reduction effect of about 500.0 billion yen of risk-weighted assets.
- Next, please look at page 18.

Quality and quantity of capital, shareholding risk

- Core Tier I capital ratio (exc. DTA) after deducting preferred shares, preferred securities and DTA significantly improved by more than 2% from March 2009 to 6.25%
- Leverage ratio (total assets/Tier I capital) is at a relatively low level among major banks. While details of new regulations are not finalized, impact of their introduction is expected to be relatively limited
- Stock holdings (426.7 billion yen on a cost basis) represent 33.6% of Tier I, and our policy is to continue working on reducing this towards our medium term target of 30%

<BIS capital adequacy ratio (consolidated)> (Preliminary)

(in billions of Yen)	Mar-10 (Preliminary)	Mar-09 (Actual)	Change
Tier I capital	1,266.3	1,061.8	204.5
Preferred shares	109.0	-	109.0
Preferred securities	280.0	280.0	-
Net deferred tax assets ("DTA")	79.0	207.7	-128.6
Core Tier I capital	877.3	781.8	95.5
Core Tier I capital (excl. DTA)	798.2	574.1	224.1
Total risk-weighted assets	12,836.0	13,911.4	-1,075.3
Tier I capital ratio	9.86%	7.63%	+2.23%
Core Tier I capital ratio	6.83%	5.61%	+1.22%
Core Tier I capital ratio (excl. DTA)	6.25%	4.18%	+2.07%

Core Tier I capital ratio = Core Tier I capital / Total risk-weighted assets
(Core Tier I capital = Tier I capital - Preferred shares - preferred securities)
Core Tier I capital ratio (excl. DTA)
= Core Tier I capital (excl. DTA) / Total risk-weighted assets - DTA
(Core Tier I capital (excl. DTA)= Core Tier I capital - DTA)

<Stock holding and capital (consolidated)>

(in billions of Yen)		Mar-10 (Preliminary)	Mar-09 (Actual)	Change
Cost	(a)	426.7	432.6	-5.9
Ratio to Tier I capital	(a) / (b)	33.6%	40.7%	-7.1%

<(Reference1) Comparison of leverage ratio (Total assets / Tier I capital, consolidated) with other banks>

	STB	Mega-bank		
		A	B	C
Leverage ratio (Times)	16.2	20.3	20.4	30.2
(Ref.) Risk-weighted assets / Total assets (%)	62.4	46.0	43.9	36.3

<(Reference2) Deduction items in Basel III common equity ratio>

(in billions of Yen)	Mar-10 (Preliminary)	Mar-09 (Reference)	Difference
Preferred shares (Less)	109.0	-	109.0
Preferred securities (Less)	280.0	280.0	-
Minority interests (Less)	21.3	26.9	-5.6
Net deferred tax assets (Less)	79.0	207.7	-128.6
Advanced benefit paid (Less)	110.6	118.4	-7.7
Intangible assets (excl. goodwill) (Less)	36.9	35.9	1.0
Double gearing (Less)(*1)	52.8	48.5	-------
Total (Less)	709.0	724.4	-------
(Ratio to Tier I capital) (Less) (*2)	(5.48%)	(5.29%)	-------

(*1) Figures for Mar-10 is investments in the common share of certain banking, securities and insurance entities which are outside the regulatory scope of consolidation which are proposed in consultative documents published in 2009/12 by Basel committee on Banking Supervision and that for Mar-09 is intentional holdings of other financial institutions and investments in subsidiaries engaged in banking and financial activities which are not consolidated in national system on Basel II.

(*2) Simulation based after adjustments for risk-weighted assets corresponding to each deduction items.

- Here, from the perspective of enhancing quality of capital, please look at the state of our improvements.
- The Core Tier I capital ratio after deducting preferred shares, preferred securities and deferred tax assets improved by over 2% from March 2009 to 6.25%. In addition to the effects which improved Tier I capital as we just saw, reduced deferred tax assets also contributed.
- Please look at the tables on the right, which shows reference figures related to the leverage ratio and the common equity ratio being discussed for Basel III. If you look at the leverage ratio of total assets simply divided by Tier I capital, you can see that we are keeping this at a relatively low level compared to those of the megabanks.
- Also, if we assume the strictest case shown in the Consultative Document of the Basel Committee on Banking Supervision, ratio of deduction items in calculating so-called common equity to Tier I capital would total 5.48%. There are significant uncertainties regarding the contents of the final regulations and the timing of when they will actually be introduced, and even if strict standards are introduced, we expect the effects on our bank would be relatively small compared to those on other major banks. Thus at lease at the present time, we do not believe the situation requires any consideration of an immediate capital increase by common share.
- As shown in the lower left, the ratio of shareholding acquisition costs to Tier I capital declined to 33.6%, mainly due to an increase in capital. We are continuing to work on reducing risks, by continually reviewing the economic rationality of our equity holdings of each individual company, or implementing hedges in advance, etc.
- Next, I explain the FY2010 results forecast. Please go to page 21.

Deferred tax assets

- Net deferred tax assets (Consolidated) decreased by 128.6 billon yen from March 2009 mainly due to the sales of international credit investment securities which had been impaired without tax effects in the past, in addition to the improvement of valuation difference on available-for-sale securities
- No problem in terms of collectability of deferred tax assets, as the bank's loss carry forwards is insignificant and its business performance has been stable

<Major factors for deferred tax assets and deferred tax liabilities>

(in billions of yen)	Consolidated			Non-consolidated			
	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change	
Deferred tax assets (A)	122.5	215.2	-92.6	100.0	194.9	-94.8	
Allowance for loan losses (including written-off of loans)	56.7	77.8	-21.0	38.3	53.5	-15.1	
Devaluation of securities	34.5	66.9	-32.4	38.0	66.8	-28.8	(1)
Allowance for investment losses	-	-	-	26.7	0.4	26.3	(2)
Loss carry forwards	10.9	3.3	7.6	1.5	-	1.5	
Valuation difference on available-for-sale securities	-	67.0	-67.0	-	66.9	-66.9	(3)
Valuation allowance	-23.2	-28.3	5.1	-33.3	-8.7	-24.6	(4)
Deferred tax liabilities (B)	43.4	7.5	35.9	40.5	3.6	36.8	
Valuation difference on available-for-sale securities	5.8	0.0	5.8	5.6	-	5.6	(3)
Net deferred tax assets (A) - (B)	79.0	207.7	-128.6	59.5	191.2	-131.7	
(Ratio to Tier I capital)	(6.2%)	(19.6%)	(-13.4%)	(4.5%)	(16.9%)	(-12.4%)	

Major factors of change (Non-consolidated)

(1) Seles of international credit investment securities which had been impaired without tax effects in the past

(2) First Credit

(3) Improvement by stock price appreciation

(4) Disallowed tax-deferred effect related to allowance for investment losses

<Taxable income (before deduction of loss carry forwards), income tax>

(in billions of yen)	FY2009(*)	FY2008	FY2007	FY2006	FY2005
Taxable income before deduction of loss carry forwards	-3.8	86.8	144.6	199.2	93.6
Income taxes (P/L statement basis)	5.0	36.1	65.6	48.0	-

Corresponds to company with stable performance in the past (Item 2 of the JICPA Industry Auditing Committee Report No. 66).

(*) Figure for FY2009 is estimated.

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Forecast for FY2010

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Forecast for FY2010

- Net business profit before credit costs is forecasted to be 175.0 billion yen on consolidated basis and 140.0 billion yen on non-consolidated basis, based on a forecasted disappearance of transient factors which boosted profit in FY2009, decreased market related earnings
  → Loan-deposit margins forecasted to shrink until FY2010, while net fees and commissions will continue to recover
- Net income is forecasted to be 60.0 billion yen on consolidated basis and 50.0 billion yen on non-consolidated basis, based on conservative total substantial credit costs forecast

<Consolidated> (in billions of Yen)	FY2009 (Actual)	FY2010 (Forecast)	Change	
Net business profit before credit costs	197.8	175.0	-22.8	(1)
(Total substantial credit costs)	(-4.2)	(-45.0)	(-40.8)	(2)
Ordinary profit	148.1	110.0	-38.1	
Net income	53.1	60.0	6.9	
<Non-consolidated>				
Net business profit before credit costs	175.4	140.0	-35.4	
Gross business profit	304.6	270.0	-34.6	
(Retail financial servises)	(75.3)	(75.0)	(-0.3)	(3)
(Wholesale financial servises)	(111.4)	(95.0)	(-16.4)	(4)
(Real estate)	(10.6)	(19.0)	(8.4)	(5)
(Fiduciary services)	(49.0)	(50.0)	(1.0)	
(Treasury and financial products)	(77.9)	(58.0)	(-19.9)	(6)
Genral and administrative expenses	(-129.2)	(-130.0)	(-0.8)	
Total credit costs	8.4	-30.0	-38.4	(7)
(Total substantial credit costs)	(7.4)	(-35.0)	(-42.4)	
Other non-recurring profit	-41.0	-25.0	16.0	(8)
Ordinary profit	127.5	85.0	-42.5	
Net income	21.6	50.0	28.4	
Dividend per common share (Yen)	10	10	-	

Major factors of change from 2009/3 (Figures in billions of yen)

(1) Net business profit before credit costs: Group companies 35.0
Sumishin Panasonic Financial Services: 14.0, Life Housing Loan: 5.0, First Credit: 3.0, Nikko AM: 8.0, etc

(2) Total substantial credit costs: Group companies -10.0
Sumishin Panasonic Financial Services, First Credit, etc

(3) Retail financial services: -0.3 from FY2009
Decreased loan-deposit margin earnings, with recovery in mutual fund sales fees

(4) Wholesale financial services: -16.4 from FY2009
Elimination of the gains related to the international credit investment securities (12.7)

(5) Real estate: +8.4 from FY2009
Brokerage fee recovery is forecast

(6) Treasury and financial products: -19.9 from FY2009
Disappearance of high revenue level is forecast

(7) Total credit costs: Forecast -30.0
Conservative plan with newly generated costs similar to FY2009, but no reversal factors

(8) Other non-recurring profit: Forecast -25.0
Loss on sales on bonds related to international credit investment: -5.0, amortization of unrecognized net actuarial loss: -13.0.

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- Net business profit before credit costs is forecasted to be 175.0 billion yen on a consolidated basis and 140.0 billion yen on a non-consolidated basis, respectively, assuming the disappearance of temporary factors pushing up profits in FY2009, and a decrease in market related earnings. We also assume that fee revenues will continue their recovery trend, while loan-deposit margins are expected to continue shrinking until FY2010.
- Total credit costs are forecasted at 30.0 billion yen on a non-consolidated basis, as we conservatively assume newly recognized credit costs will continue at the same pace as in FY2009, without any reversal factor. Total substantial credit costs on a consolidated basis, which include continued sales of overseas credit securities and costs of group companies, etc., are forecasted to be 45.0 billion yen.
- Thus, we expect net income of 60.0 billion yen on a consolidated basis and 50.0 billion yen on a non-consolidated basis, respectively. Dividend on common share is expected to be 10 yen per share, based on our existing dividend policy which targets the consolidated dividend payout ratio of approximately 30%.
- Please go to the next page.

Solidify the foundations of our earnings - Growth strategy toward "The Trust Bank"

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- Next, let me focus on our progress and results since FY2009 regarding our efforts toward "Solidifying the foundations of our earnings," the third theme raised when I began with the FY2009 summary. Here, we summarized our achievements as strengthening our group strategy via acquisition and restructuring, and the three aspects of strengthening growth businesses, strengthening our client base, and restructuring our credit portfolio, in line with priority themes in our midterm management plan.
- Please go to page 23.

Strengthen group strategy

- Strengthen asset management and administration, and investment marketing through the acquisition of Nikko AM (October 1, 2009)
- Strengthen earning capacity and promote streamlining of group companies, by the merger of two leasing subsidiaries (April 1, 2010) and the management integration of Life Housing Loan (LHL) and First Credit (FC) (targeting FY2010), etc.

Expansion of group companies (acquisition of Nikko AM)

- Strengthen asset management business: Expand the foundation of asset management business for retail investors and overseas institutional investors (described later)
- Strengthen asset administration business: Expand entrusted stock investment trusts (about 80% of new investment trusts set up in 2HFY2009 has been entrusted to STB), and global custody
- Strengthen investment marketing: Utilize Nikko AM's product provision and marketing support capabilities to strengthen investment marketing to retail investors (described later)

Strengthen earning capacity and promote streamlining of group companies

- Merger of two leasing subsidiaries on April 1, 2010 to establish Sumishin Panasonic Financial Services Co., Ltd. (SPFC)

  → SPFC provides various sophisticated financial instruments such as leasing, installment sales, credit card, financing, etc. to a wide range of clients of STB and the Panasonic group

  <Synergy effects> Target 10 to 15% of SPFC's net business profit for FY2012 (combined net business profit for FY2009 was 9.6 billion yen)
- Management integration of LHL and FC intended to take place within FY2010

  → Position the newly integrated company as the "core company of the real estate-secured finance business" within the STB Group by streamlining management resources and expanding collaborations within the STB Group

  <Synergy effects (income)> Aim at approx. 5 to 10% of operating income for FY2012

  <Synergy effects (cost)> Aim at over 5% of sales, general & administrative costs (SG&A) for FY2012

<Midterm earnings plan (simply adding LHL and FC)>

(in billions of yen)	FY2009 Actual	FY2010 Plan	FY2011 Plan	FY2012 Plan
Operating income	16.8	15.0	16.5	17.0
SG&A	-4.5	-5.0	-5.0	-5.0
Total credit costs	-2.9	-2.0	-2.0	-2.0
Net income	4.8	4.0	4.5	5.5

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■ The first pillar of strengthening our group strategy was the acquisition of Nikko Asset Management in October last year. This dramatically strengthened the STB Group's asset management business, as well as our asset administration business and investment marketing.

■ As a concrete effect in our asset administration business, about 80% of new investment trusts set up by Nikko Asset Management during 2HFY2009 has been entrusted to STB, and we began to provide global custody service for Nikko Asset Management which has over 1 trillion yen of overseas assets under management. I will explain later about other effects in our asset management business and investment marketing.

■ Another pillar of our group strategy is strengthening earning capacity and promoting streamlining of our group companies. Sumishin Matsushita Financial Services merged with STB Leasing on April 1. We will reduce costs further and fuse both companies' strengths, and provide diverse financial services to the broad client bases of STB and Panasonic Group.

■ As we announced last month, management integration of Life Housing Loan and First Credit is intended to take place within FY2010. The new integrated company will be positioned as our "core company for the real estate-secured finance business." We are working to expand collaborations within the STB Group, and strengthen earning capacity by mutual use of their networks of real estate companies, and by reallocation of staff.

■ I next explain the strengthening of our main growth businesses. Please look at page 24.

Strengthen growth business 1. Strengthen assets management business

- Expand the foundation of STB group's asset management business through the acquisition of Nikko AM which has the strong foundation of asset management business for retail investors and overseas institutional investors
- Utilize strength in Japanese stocks investment (research, quantitative analysis methods) to strengthen Asian stocks investment structure

Expand the foundation of asset management business (acquisition of Nikko AM)

<Assets under management as of March 2010>

(in trillions of yen)	Sumitomo Trust	STB AM	Total	+	Nikko AM	→	STB Group
Retail investors	0.03	1.18	1.21		6.99		8.21
(% of total AUM)	(0.1%)	(78.8%)	(4.2%)		(67.0%)		(20.7%)
Domestic institutional investors	27.57	0.31	27.89		2.44		30.34
(% of total AUM)	(99.8%)	(21.2%)	(95.7%)		(23.4%)		(76.7%)
International institutional investors	0.02	0.00	0.02		1.00		1.02
(% of total AUM)	(0.1%)	(0.0%)	(0.1%)		(9.6%)		(2.6%)
Total AUM	27.63	1.50	29.14		10.44		39.58

Strengthen Asian stocks investment structure

(1) Strengthen investment structure in Tokyo and Hong Kong (increase staff from 5 to 10 in 2HFY2009)

→ Strengthen further the research structure of analysts by utilizing the know-how of Japanese stocks investment in FY2010

(2) Expand product line-up: Obtained Chinese stocks investment license (QFII) in July 2009, and developed and sold a Chinese SRI fund in March 2010

→ Plan to expand investable countries (such as India and Indonesia)

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■As for our asset management business, let me start from the effects of our acquisition of Nikko Asset Management from the aspect of strengthening asset management business foundation. With this acquisition, I believe we took a first step in the significant shift from our previous structure which was overwhelmingly focused on domestic institutional investors, towards a more balanced structure. We will also pursue synergies in retail investment marketing which I describe next, and in business targeting overseas institutional investors.

■We are also making solid progress in strengthening our Asian stocks investment structure, which is one of our priority themes. We are applying to Asian stocks investment our research techniques and quantitative analysis techniques with strengths in Japanese stocks investment, and we are strengthening our research structure of analysts. We doubled our staff for Asian stocks investment in Tokyo and Hong Kong in 2HFY2008.

■Based on the license to invest in Chinese securities markets (QFII) which we obtained in July last year, we set up and began selling a Chinese SRI fund this March, and its launch is making steady progress. This fiscal year, we will further expand our investable countries to India, Indonesia, etc., so as to strengthen our product line-up.

■Next, regarding our strengthening of investment sales, please look at page 25.

Strengthen growth business 2. Strengthen investment sales

- Strengthen retail investment marketing capability by establishing consulting sales model and strengthening marketing skills and structure
- Expand and enhance retail investment marketing foundation by utilizing defined contribution (DC) and workplace channels

Establish consulting sales model ⇐ **Utilize product provision capability of Nikko AM**

- Provide total portfolio analysis → Implement "Core + satellite" portfolio consulting

  <Core funds> Balanced funds, etc. (managed by STB AM), fund wraps, separately managed accounts

  <Satellite funds> Funds to invest based on specific themes, etc. (managed by Nikko AM)

Strengthen investment marketing skills and structure ⇐ **Utilize sales support capability of Nikko AM**

(1) Practical training for investment sales staff in all branches (during FY2009)

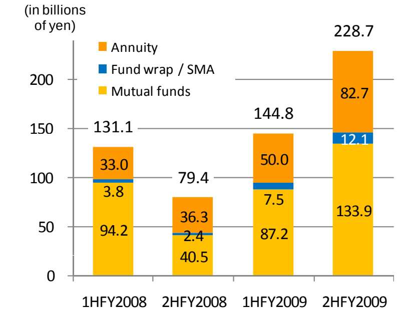
(2) Hold 3-company joint seminars by STB, Nikko AM and STB AM (more than100 times to be planned in FY2010)

Strengthen utilization of DC and workplace channels

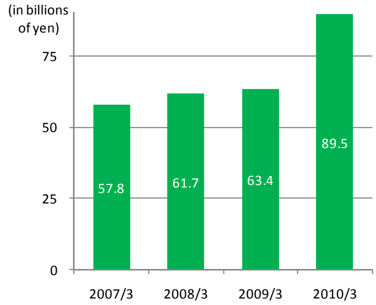
(1) DC channel: Established the status as one of the 5 largest DC plan administrators (374 thousand subscribers as of March 31, 2010, company type) → Increased significantly the outstanding volume of mutual fund by dint of investment education based on the consulting sales model and DC web which has strength in simulation functions, etc. (functions were strengthened in 2HFY2009 and are to be further strengthened in 1HFY2010)

(2) Workplace channel: Introduced mutual funds specialized for workplace channels (March 2010), and plan to introduce mutual funds based on a periodic fixed amount investment (FY2010)

<Sales volume of mutual funds/ individual annuity>



<Sales balance of mutual fund in defined contribution (DC) area>



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- In retail investment marketing, through FY2009 we established a consulting sales model which utilizes our know-how as to sales to institutional investors. We implemented and established such model thoroughly in all branches, to strengthen our investment marketing capability.
- Specifically, we analyze client portfolios, and provide consulting based on a structure comprised of "core funds" for long term diversified investing, and "satellite funds" which aim at active management under a specific investment theme. Nikko Asset Management is fully demonstrating its strengths, especially by supplying "satellite funds", and by supporting our sales via training schemes for clients as well as STB's sales staff.
- We feel that the recovery of sales of mutual funds and individual annuities in FY2009 shows the effects of these measures to strengthen our retail marketing capability.
- Also, as mutual fund sales channels, we are strengthening utilization of our defined contribution pension channel and workplace channel. Especially in defined contribution pensions, STB is one of the five largest defined contribution plan administrators. With investment education based on a consulting sales model, and by strengthening services to subscribers via a web site strong in simulation functions, etc., our sales balance of mutual fund via defined contribution pensions jumped by 40% during FY2009.
- Next, for our policy to strengthen the real estate business, please look at page 26.

Strengthen growth business 3. Strengthen real estate business

- Augment the information related to real estates significantly by building database and establishing structure to manage client information in an integrated manner
- Strengthen structure to promote “real estate brokerage service with added value” through various consulting, etc.
- Agreed with AXA REIM to set up jointly a real estate investment fund in the first half of 2010 (planned), a significant step toward full-fledged investment marketing of Japanese real estates to overseas investors

Augment the real-estate related client information by managing it in an integrated manner

➢Built database and established structure to manage client information related to real estates in an integrated manner (2HFY2009), and strengthen collaboration with Wholesale Financial Services Business

→ Amount of new information related to real estate transactions on a non-consolidated basis increased threefold from the previous fiscal year (the number of information increased approx. 1,400 in FY2008 to approx. 4,000 in FY2009)

Strengthen structure to promote “real estate brokerage service with added value”

➢Established professional teams to provide clients with solutions based on consulting, etc. ([1] Effective use and construction consulting, [2] Environmental consulting, [3] Financial and tax consulting, [4] Finding and introducing tenants)

Agreed with AXA REIM to set up a joint real estate investment fund

➢Agreed with AXA REIM to launch a joint fund in the first half of 2010 (planned)

- Aim to launch the fund with total size of approx. 100 billion yen , the largest fund in Japan since the financial crisis in 2008
- Sharing roles, STB: Asset manager and marketing investors in Japan, AXA REIM: Marketing overseas investors

→ Build relationship with overseas investors, through the activity as an asset manager and announcement effect of the joint fund

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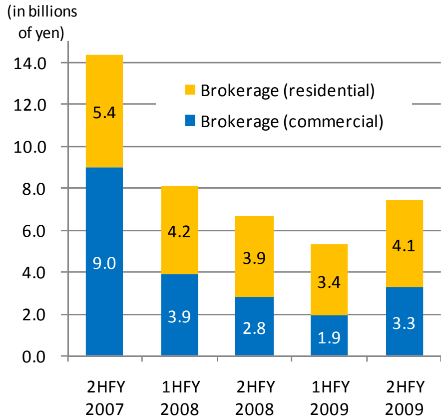
<Gross profit for real estate brokerage (group basis)>



- First, from the perspective of maximizing and effectively utilizing the client information related to real estates, we strengthened our organizational structure and introduced an information system to manage and share client information in an integral manner. Creating and sharing an enhanced client database, and building stronger cooperation with wholesale financial services are leading to stronger relationships with our clients. The volume of information flow tripled compared to FY2008.
- To strengthen our capability to provide added values, which is a key to linking this information to transactions, we established specialist teams this April for providing solutions. In our traditional strength of consulting functions, we are expanding and enhancing our environmental consulting services, and strengthening our structure for finding and introducing tenants.
- Also, regarding the joint real estate fund with AXA REIM announced last year, our preparations are progressing towards its launch target in the first half this year. Ripple effects are already appearing for our building connections to overseas investors, including increasing inquiries from European and Asian investors regarding Japanese real estates. This is positioned as a significant step toward full-fledged investment marketing of Japanese real estates to overseas investors.
- We expect real estate transactions to recover further towards the second half of this fiscal year, centering on office buildings in the Tokyo metropolitan area, and intend to link these measures to enhanced business achievements.
- I next discuss our progress in strengthening our client base. Please look at page 27.

Strengthen client base

- Expanded a client base of Japanese large corporations with which STB can expect various business relationships including corporate pensions, real estate transactions and stock transfer agency services, as well as lending
- Strengthened business with Japanese corporations operating in overseas, especially in Asia, one of the key themes in STB's global strategy redefined under the midterm management plan
- Expanded significantly a client base of universities and colleges, a prioritized segment in wholesale investment marketing

Expanded a client base of Japanese large corporations

➢Established structure to develop and process marketing information as to specific fields (environment, energy, etc.) and specific industries in an integrated manner

➢Strengthened structure to cultivate new clients in all departments and braches for corporate clients

→Cultivated 69 new clients listed in the first and second sections of the Tokyo Stock Exchange ("TSE") (FY2009), and expanded total clients to 1,248 as of March 2010 (approx. 59% of all corporations listed in the first and second sections of TSE)

<Corporate clients listed in the first and second sections of the Tokyo Stock Exchange ("TSE")>

	Mar-09	Mar-10	Change
Clients	1,209	1,248	39
Companies listed in 1st and 2nd sections of TSE	2,162	2,127	-35
Ratio	55.9%	58.7%	2.8%

Expanded a client base of Japanese large corporations operating in overseas

➢Cultivated 126 new clients mainly in Asia (FY2009), and expanded total clients to 654 as of March 2010

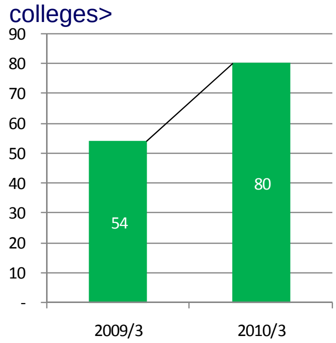
➢Cultivated 32 new clients (FY2009) through renminbi lending (started in December 2009) by Shanghai branch, and increased renminbi-based loan balance to approx. 15 billion yen as of March 2009

Expanded a client base of universities and colleges

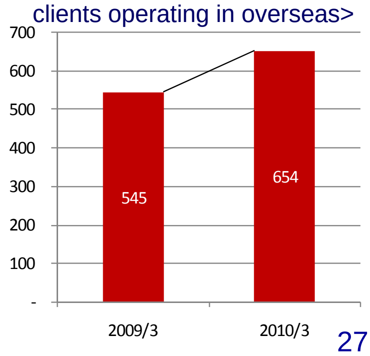
➢Expanded a client base by providing low-risk investment products such as money trusts and derivative embedded deposits

→ Cultivated 33 new clients (FY2009), and expanded total clients to 80 as of March 2009

<Clients of universities and colleges>



<Japanese large corporate clients operating in overseas>



- First of all, we are working to expand our client base of Japanese large corporations, with which STB can expect various business relationships including corporate pensions, real estate transactions and stock transfer agency services, as well as lending. We are especially focusing on companies listed in the first and second sections of the Tokyo Stock Exchange. By improving our organizational structure to find, process and share sales information, and reinforcing our system of cultivating new clients in all branches, we cultivated 69 new clients in FY2009 to surpass our internal plan.
- In last year's midterm management plan, "Expanding business with Japanese corporations operating overseas" was one of the priority themes in "Redefine global strategy." We cultivated 126 new clients in FY2009, as we made progress in expanding our client base at a pace faster than planned. Our Shanghai branch started renminbi lending in December last year, which contributed to our expanding results in the Asian region.
- The university and college market is positioned as a priority segment in our wholesale investment marketing, where we gained the remarkable result of 33 new clients in FY2009. In our view, this is because our clients appreciate our consulting services which match changing client needs since the financial crisis, as well as appropriate provision of our products.
- As the final theme, let me discuss our progress in credit portfolio restructuring. Please look at page 28.

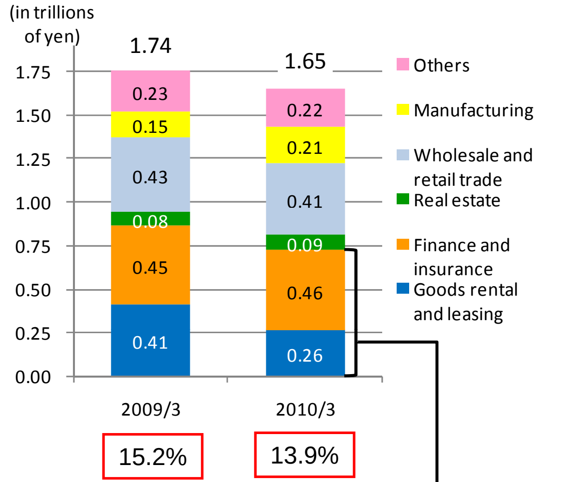
Restructure credit portfolio

- Reduced international and domestic "Market-based loan", while increased prioritized segments of "Corporate loan (Japanese companies operated in overseas)" and "Loans to individuals" by approx. 0.2 trillion yen, respectively, from March 2009
  → Executed approx. 470 billion yen of loans to individuals in FY2009, the largest ever amount (previous record was 460 billion yen in FY2005)
- Reduced concentration risk of "Corporate loan (Japanese)", and ratio of loan balance to top 20 companies to total loan balance (non-consolidated) decreased by 1.3% from March 2009 to 13.9% as of March 2010, while made progress in industry diversification of top 20 companies

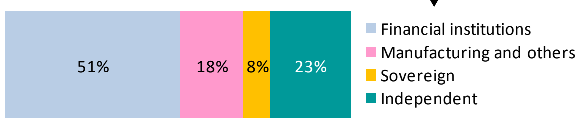
<Balance of credit portfolio (non-consolidated)>

(in trillions of Yen)	Mar-09	Mar-10	Change from Mar-09
Credit portfolio	13.50	13.55	0.05
Loans to individual	2.04	2.24	0.20
Market-based loan (international)	1.01	0.80	- 0.21
Market-based loan (domestic; exc. Real estate NRL)	0.65	0.60	- 0.04
Real estate NRL (inc. CMBS and loans to REITs)	1.23	1.15	- 0.07
(Real estate NRL)	(0.90)	(0.83)	(- 0.07)
STB Group companies	0.55	0.44	- 0.10
Corporate loan (Japanese)	7.99	8.28	0.29
(Japanese companies operated in overseas)	(0.51)	(0.71)	(0.19)

<Loan balance to top 20 companies>



Ratio to total loan balance (non-consolidated)
Our subsidiaries are excluded from the top 20 companies



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■Regarding our credit portfolio, according to plan, we reduced international and domestic "Market-based loans" by about 250.0 billion yen, while our prioritized segments of "Corporate loan (Japanese companies operated in overseas)" and "Loans to individual" increased by about 200.0 billion yen, respectively. We executed about 470.0 billion yen of "Loans to individuals" in FY2009, our record high.

■We made progress in reducing credit concentration risk of "Corporate loan (Japanese)," as the ratio of loan balance to top 20 companies to total balance fell from 15.2% one year before to 13.9% in March 2010. The industry composition of these 20 companies also shifted to manufacturing, a change in accordance with our policy of industry diversification.

■I think you can realize that we reduced downside risks in times of stress through FY2009, by restructuring our credit portfolio, in addition to strengthening our financial allowances, especially for large borrowers.

Management integration with Chuo Mitsui Trust Group (disclosed on November 6, 2009)

Create "The Trust Bank", a new trust bank group

"The Trust Bank" will take pride as Japan's leading trust bank group which boasts the largest scale and the highest status by combining banking, asset management and administration and real estate businesses

(1) Japan's largest asset management and custody group
(2) One of Japan's leading asset management consulting groups
(3) One of Japan's leading firms in trust-bank-related businesses

(For reference) Schedule

On April 1, 2011, Chuo Mitsui Trust Holdings, Inc. ("CMTH") and STB plan to conduct the management integration through a share exchange between CMTH and STB and to position CMTH, planned to be renamed Sumitomo Mitsui Trust Holdings, Inc., as a new holding company.

On April 1, 2012, plan to merge the three trust banks under Sumitomo Mitsui Trust Holdings, Inc. (planned), and establish Sumitomo Mitsui Trust Bank, Ltd. (planned)

(Note) Please refer to the news release as of November 6, 2009, "Conclusion of a Basic Agreement on the Management Integration of Chuo Mitsui Trust Group and The Sumitomo Trust and Banking Group Creating "The Trust Bank" with a Combination of Expertise and Comprehensive Capability

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- I have explained our FY2009 progress and results according to our midterm management plan announced last May. FY2010 is positioned as "the 2nd year of Midterm Management Plan" and we will continue to work on all required aspects of our target issues.
- I feel we are moving into a highly uncertain environment that calls for the best balance of "offense" and "defense" like never before, which I have repeatedly mentioned since I became President. I believe we have greatly evolved our "basic form" to achieve the best balance, by restructuring of our strategies and businesses through the midterm management plan. We will work from this fiscal year onwards to achieve results by thoroughly utilizing such "basic form".
- As to the management integration with Chuo Mitsui Trust Group planned for next April, I am determined to make FY2010 a year in which we work with a "future orientation" to thoroughly address various agenda, and powerfully accelerate towards establishing "The Trust Bank" by flexibly overcoming the "New paradigm" after the financial crisis.
- That completes my presentation. Thank you for listening.

Credit portfolio

Overview of international credit investment 1. Available-for-sale securities

- Total balance decreased by 102.2 billion yen from 2009/3 to 276.0 billion yen (including 34.0 billion yen of asset-backed securities): Risk amount reduced significantly by sales -53.8 billion yen, redemption -39.7 billion yen, etc
- Unrealized loss improved by 47.1 billion yen from 2009/3 to 7.3 billion yen: Loss on sales was -3.0 billion yen, while gain on sales of impaired securities was 12.7 billion yen

<Available-for-sale securities>

(in billions of yen)

	Cost (after impairment)				Unrealized gains/ losses			Credit ratings (*)					Impariment
		North America	Europe	Change from Mar-09		Change from Mar-09	%	AAA	AA	A	BBB	BB and below/ (Non rating)	
Securities backed by non-securitized assets	33.2	2.9	29.1	-52.5	-4.0	8.3	-12.2%	15.8	12.2	2.3	2.7	-	-0.1
RMBS exc. Subprime related RMBS	16.1	-	14.9	-8.6	-1.5	0.9	-9.6%	12.4	3.3	0.3	-	-	-0.1
CMBS	14.1	-	14.1	-9.3	-2.5	3.3	-17.6%	3.4	8.8	1.8	-	-	-
CARDS	2.7	2.7	-	-2.7	-0.0	0.6	-0.7%	-	-	-	2.7	-	-
CLO	-	-	-	-0.0	-	-	-	-	-	-	-	-	-
Other ABS	0.1	0.1	-	-18.3	0.0	2.0	16.5%	-	-	0.1	-	-	-
Subprime related RMBS	-	-	-	-4.7	-	0.6	-	-	-	-	-	-	-
CDO mezzanine	-	-	-	-3.4	-	-	-	-	-	-	-	-	-
Synthetic CDO	-	-	-	-5.2	-	0.8	-	-	-	-	-	-	-
ABS-CDO	0.1	0.1	-	-2.9	0.0	0.4	35.4%	-	-	-	-	0.1	-
CLO equities	0.6	0.5	0.0	-0.6	5.4	5.4	797.0%	-	-	-	-	0.6	-0.5
SIV Capital notes	0.0	0.0	-	-0.5	-	0.1	-	-	-	-	-	0.0	-0.5
Asset-backed securities	34.0	3.6	29.2	-56.6	1.4	14.4	4.3%	15.8	12.2	2.3	2.7	0.8	-1.1
Corporate bonds	241.9	21.3	95.0	-45.5	5.9	32.7	2.4%	-	24.2	118.0	76.3	23.2	-
Bonds issued by financial institutions	59.5	11.5	29.2	-17.4	-1.4	12.7	-2.5%	-	20.6	33.3	5.5	-	-
Securities with fair value	276.0	25.0	124.2	-102.2	7.3	47.1	2.7%	15.8	36.5	120.3	79.1	24.0	-1.1

(*) On internal credit ratings basis (shown by rating marks based on the general correspondence to external credit ratings)

Overview of international credit investment
2. Held-to-maturity debt securities, corporate loans, etc.

- Cost of “Held-to-maturity debt securities” was 262.6 billion yen (decreased by 38.2 billion yen from 2009/3) and unrealized gain was 45.4 billion yen (increased by 48.4 billion yen from 2009/3)
  - → Unrealized loss including unamortized balance of unrealized loss at the time of reclassification was -33.4 billion yen (unrealized loss ratio -9.7%)
- Corporate loans (non-Japanese) was 246.2 billion yen (decreased by 66.5 billion yen from 2009/3) : Collection etc. -29.7 billion yen , sales -6.5 billion yen etc.

<Held-to-maturity debt securities>

(in billions of yen)

	Cost				Unrealized gains/ losses			Credit ratings (*1)				
		North America	Europe	change from Mar-09		change from Mar-09	%	AAA	AA	A	BBB	BB and below/ (Non rating)
RMBS exc. Subprime related RMBS	91.7	-	91.7	-15.9	10.8	5.1	11.8%	42.5	23.7	15.7	9.6	-
CARDS	39.4	34.2	5.2	-13.7	9.5	5.2	24.3%	19.7	2.6	3.5	13.4	-
CLO (Corporate loans)	130.5	94.3	36.2	-5.5	25.0	37.7	19.2%	0.7	103.5	203.0	5.9	-
Other ABSs	0.8	0.8	-	-3.0	0.0	0.1	1.6%	-	0.8	-	-	-
Asset-backed securities	262.6	129.3	133.2	-38.2	45.4	48.4	17.3%	63.0	130.8	39.7	29.1	-

(*1) On internal credit ratings basis (shown by rating marks based on the general correspondence to external credit ratings)
(*2) Unamortized balance of unrealized loss on asset-backed securities which were reclassified to "Held-to-maturity debt securities" was -78.8 billion yen as of 2010/3

<Corporate loans (non-Japanese)>

(in billions of yen)

	Balance			Change	Internal credit ratings (*1)		
		North America	Europe	from Mar-09	1-4	5-6	7-8
Corporate loans (*2)	246.2	121.3	46.5	-66.5	75.2	143.8	27.0

(*1) Internal credit ratings: 1-6: Ordinary debtors, 7-8: Special mention debtors (excluding substandard debtors)
(*2) There are no subprime related loans.

<Securities with no available fair value>

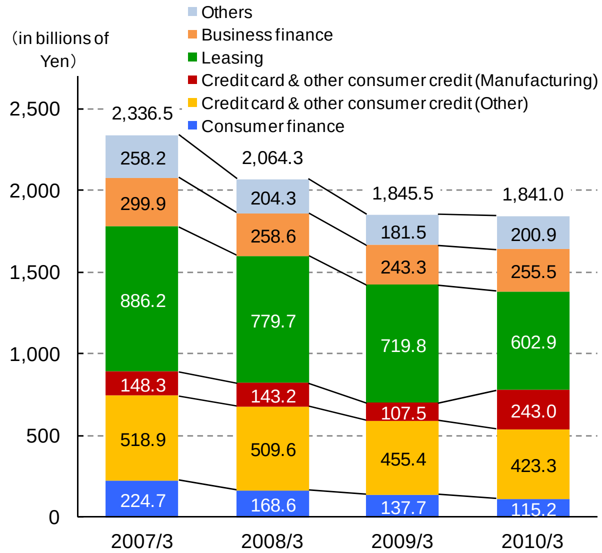
(in billions of yen)

	Balance	Change from Mar-09
Securities with no available fair value	21.2	-6.5

Loans to nonbank financial industry

- Outstanding loan balance to nonbank financial industry was almost unchanged from 2009/3, as we made active efforts in cards and credit sales centering on manufacturing related industry, while loans to consumer finance industry continued to decrease in a contracting market environment
- Outstanding balance to independent nonbanks and ordinary industries continued to decrease, while outstanding balance to manufacturer related nonbanks, which support manufacturer’s group finance and sales finance, increased significantly (increased by 165.9 billion yen from 2009/3)

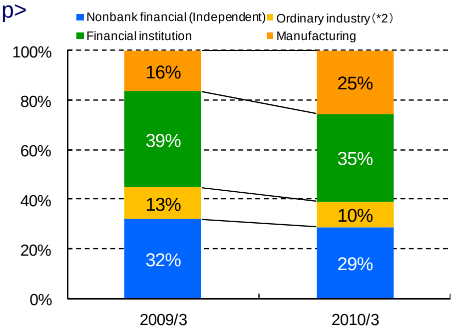
<Outstanding loans to nonbank financial industry (*1) >



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

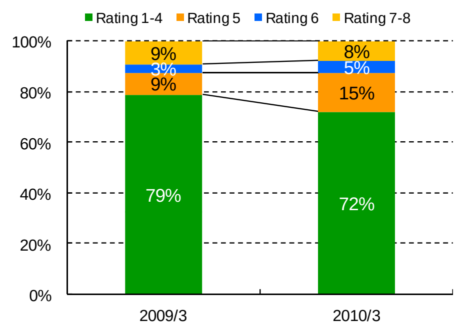
<Characteristics of borrowers in nonbank financial industry>

<By group>



(*2)Ordinary industry: Retail / Services etc.

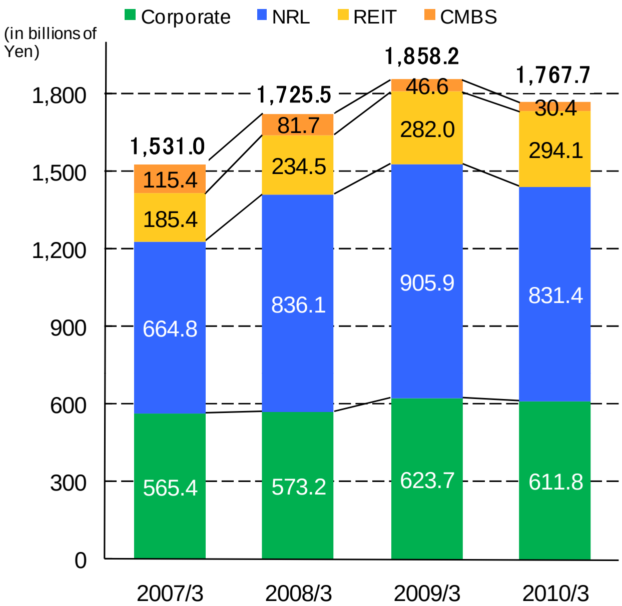
<By internal rating (parent company basis)>



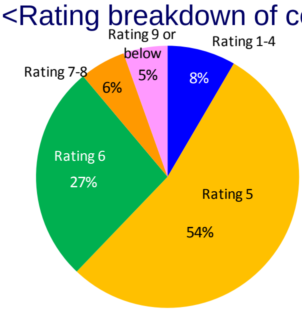
Real estate-related loans 1. Overall, Corporate loans, Loans to REIT

- Outstanding balance of real estate-related loans decreased by 90.6 billion yen from March 2009 to 1,767.7 billion yen, mainly due to the decrease in real estate NRL
- 80% of loans to real estate companies have internal credit ratings of 5(*) or higher on parent company level
  (*) corresponding BBB level by rating agencies
- Loans to REITs increased slightly to 294.1 billion yen from March 2009, and 90% of those REITs have a internal credit rating of 5 or higher

<Balance of real estate-related loans (Overall)>



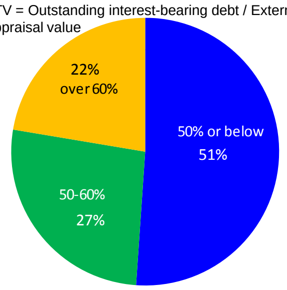
<Rating breakdown of corporate loans>



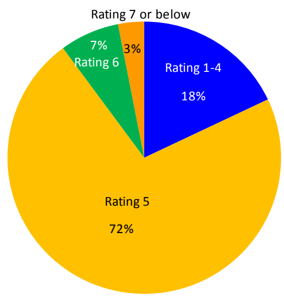
Rating 6
- Loan balance: approx.163.0 bn
- Loans to companies which have parent company with credit rating of 5 or higher: approx.93.0 bn

<LTV* level of REITs (borrowers)>

*Calculated based on each REITs latest financial data
LTV = Outstanding interest-bearing debt / External appraisal value



<Rating breakdown of REITs (borrowers)>



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➢More than 90 % of loans to REIT are sponsored by Japanese major developers, trading companies, financial institutions, etc, and 90% of those REITs have rating of 5 or higher

Real estate-related loans 2. Real estate non-recourse loan （"NRL"）

- Real estate NRL decreased by 74.5 billion yen to 831.4 billion yen, mainly due to the stagnation in new loan transactions, while continuously working on maintaining soundness of existing transactions by early refinancing
- Even though credit rating have been downgraded (LTV levels increased), there will be limited room for further deterioration, considering that the effects of annual collateral revaluation (for individual NRLs) have already been realized, and development type NRLs represent only 15% of total NRL as of March 2010

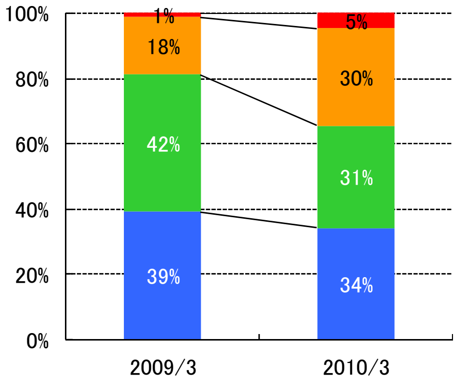
<Change of Real estate NRL balance>

(in billions of Yen)

Mar-09	New lending (+)	Collection etc. (-)	Change fm Mar-10	Mar-10
905.9	256.7	-331.2	-74.5	831.4

* New lending includes the amount of refinancing (182.6 billion Yen)

<Rating* of Real estate NRL (Managerial reporting basis)>

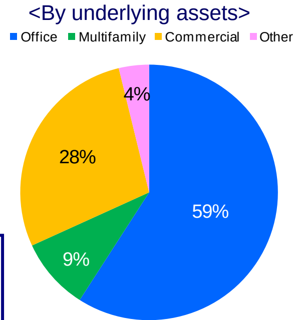


【Upper level of LTV by rating】
- Rating 7 or below： over 90%
- Rating 6 to 6-： 70%-90%
- Rating 5+ to 6+： 60%-70%
- Rating 1 to 4： 60% or below

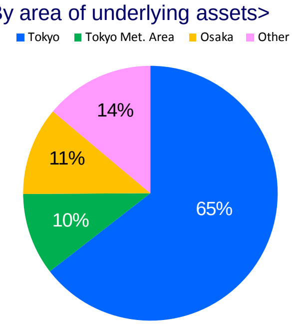
•Ratings are given based on the quantitative evaluation (LTV, DSCR, etc.) of underlying assets, in addition to factors such as structure and sponsor supports

<Characteristics of Real estate NRL (as of Mar-10)>

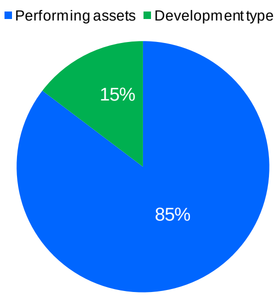
<By underlying assets>



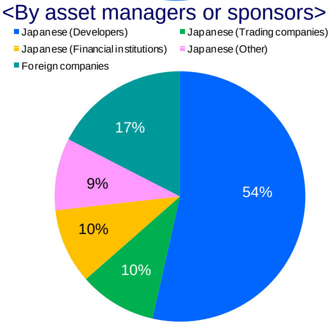
<By area of underlying assets>



<By structure>



<By asset managers or sponsors>



* 83% of NRL is sponsored by Japanese corporations centering on developers, trading companies, etc

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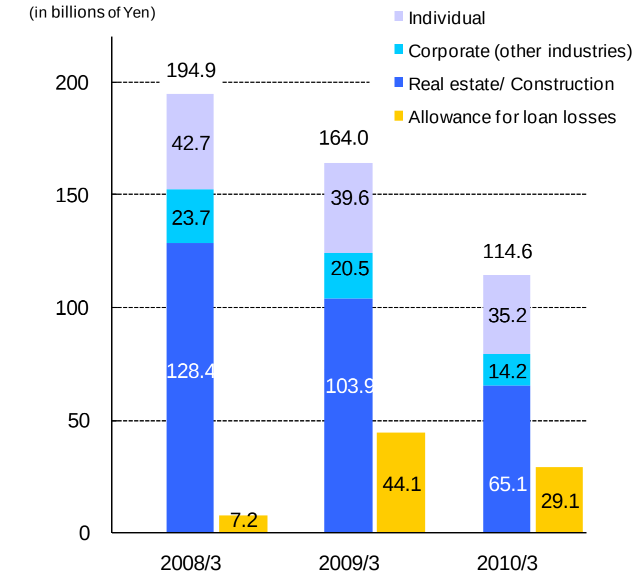
Real estate-related loans of group companies: First Credit

- NPL volume decreased by 40.9 billion yen from March 2009, as a result of effort to reduce the NPLs, and loan balance also decreased by 49.4 billion yen over the same period
- We revised business plan of First Credit, as volume of new real estate-secured loans and their balance have remained below its initial target

  → With the posting of goodwill impairment loss (-34.4 billion yen) on a consolidated basis, annual amount of straight-line amortization is expected to decrease from 5.5 billion yen to 3.1 billion yen

<Loan balance and allowance for loan losses>



<Assets under the Financial Reconstruction Low and coverage ratio>

(in billions of Yen)	Mar-09	Change	Mar-10	Coverage ratio(*2)	Reserve ratio(*3)
Loans in bankrupt/ practically bankrupt	55.4	-8.3	47.0	100.0%	100.0%
Doubtful loans	43.1	-28.1	14.9	86.1%	49.9%
Substandard loans	6.5	-4.4	2.0	100.0%	100.0%
Assets classified under the Financial Reconstruction	105.0	-40.9	64.1	96.7%	92.9%
Total loan balance	164.0	-49.4	114.6		

(*1) Loan balance and Assets classified under the Financial Reconstruction Low; First Credit non-consolidated basis, before direct written-off

(*2) (collateral value + reserve) / loan balance

(*3) reserve / (loan balance - collateral value)

<Revised business plan>

(in billions Yen)	FY2009 Actual	FY2010 Plan	FY2012 Plan	FY2014 Plan
Operating income	10.0	7.5	9.0	11.0
Total substantial credit costs	-2.7	-1.5	-1.5	-2.0
Ordinary profit	1.6	1.5	3.0	4.5
Net income	1.5	1.5	3.0	4.5
Loan balance	114.6	115.0	125.0	140.0

* The present revised business plan does not take into account of increased competitive strengths in sales and products, or cost reductions as well as other effects generated by management integration with Life Housing Loan Co.,

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Division performance

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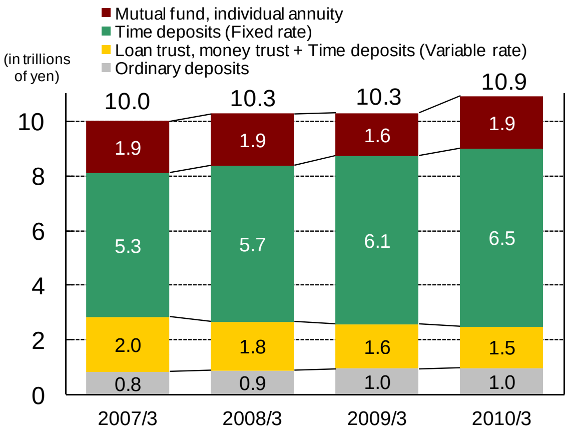
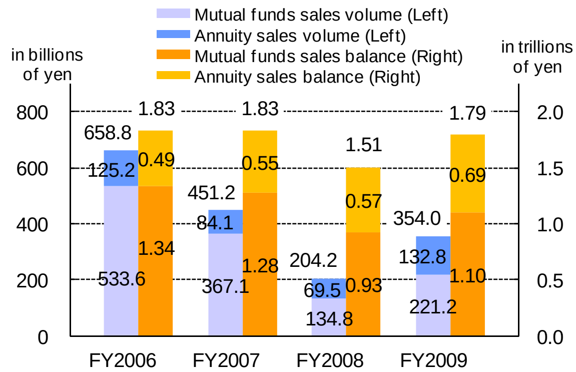
Retail financial services

- Total depositary assets increased by 0.6 trillion yen from 2009/3 to 10.9 trillion yen, due to solid growth in time deposits, and growth in outstanding balance of investment trusts and individual annuities
- Sales volume of mutual funds and individual annuities for FY2009 made a significant recovery to 354.0 billion yen (1HFY2009:137.2 billion yen → 2HFY2009: 216.7 billion yen), 1.7 times of FY2008
- The execution amount of loans to individuals for FY2009 reached 465.7 billion yen, exceeding the previous record high in FY2005. Outstanding balance exceeded 2.2 trillion yen

<Volume of total depositary assets from individuals>



<Sales volume and balance of mutual fund/ individual annuity>



<Execution and outstanding volume of individual loans>

(in billions of Yen)	FY2007	FY2008	FY2009 (1H)	FY2009 (2H)	FY2009 (Full)
Outstanding	2,002.9	2,044.2	2,108.9	-	2,249.8
(before securitization)	(2,002.9)	(2,097.0)	(2,114.6)	(-)	(2,282.3)
Execution	301.3	322.0	186.3	279.4	465.7

<Breakdown of gross business profit>

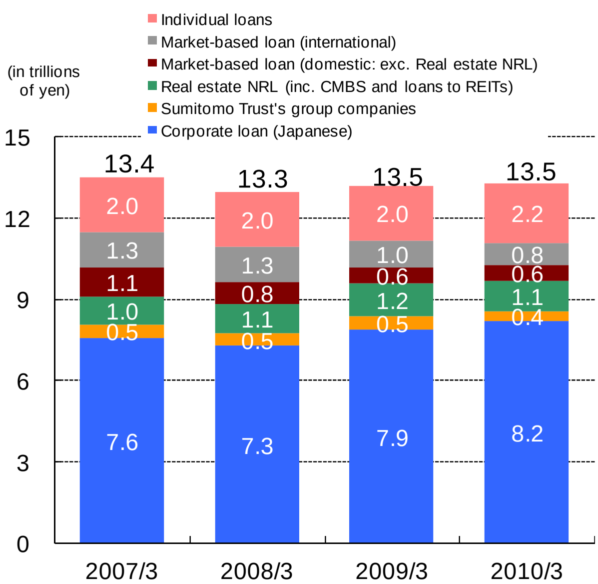
Managerial reporting basis; before transfer pricing among business divisions

(in billions of Yen)	FY2009	FY2008	Change
Gross business profit	46.7	53.2	-6.4
Net interest income	31.5	41.6	-10.1
Deposits	15.8	25.4	-9.7
Loans	15.8	16.2	-0.4
Net fees and commissions	15.2	11.6	3.6
Mutual fund/individual annuity	17.3	14.6	2.8
(Sales fee)	(9.6)	(6.2)	(3.4)
Others	-2.1	-3.0	0.9

Wholesale financial services & Loan portfolio (Non-consolidated)

- Net interest income increased by 2.0 billion yen from FY2008 to 86.7 billion yen, mainly due to the decline in earnings resulting from the decrease in the balance of international credit investment
- Net fees and commissions increased by 2.2 billion yen from FY2008, due to the increase in arrangement fees of syndicated loans and real estate non-recourse loans etc.

<Balance of credit portfolio (non-consolidated)>



<Breakdown of net interest income (non-consolidated)>

Managerial reporting basis; before transfer pricing among business divisions

(in billions of Yen)	FY2009	(2H)	FY2008	(2H)	Change
Net interest income etc	101.3	(51.8)	84.7	(39.5)	16.6
Net interest income	86.7	(44.5)	84.7	(39.5)	2.0
Deposits	3.3	(1.5)	6.0	(3.0)	-2.6
Credit investment	83.4	(43.1)	78.8	(36.6)	4.7
Domestic	66.6	(33.7)	58.5	(30.2)	8.1
International	16.8	(9.3)	20.2	(6.4)	-3.4
Others	14.5	(7.3)	-	(-)	14.5

(*)Including 12.7 billion yen of net gains on international credit securities

<Breakdown of fee revenue (non-consolidated)>

Managerial reporting basis; including net trust fee

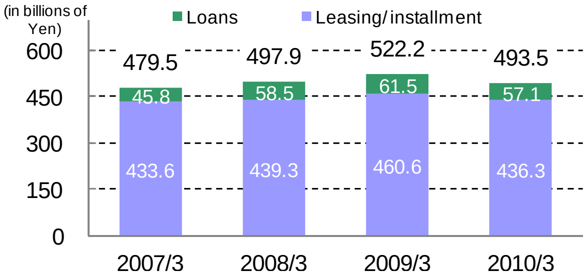
(in billions of Yen)	FY2009	FY2008	Change
Fee revenue	27.6	25.4	2.2
Real estate NRL	5.3	4.0	1.3
Other Market-based loan & syndicated loan	9.3	5.9	3.5
Securitization	4.1	5.3	-1.3
Stock transfer agency services	14.3	18.5	-4.2
Fees paid for outsourcing*	-6.7	-11.6	4.8

* Fees paid for outsourcing of stock agency services operation

Financial related business in group companies 1. Leasing

- STB Leasing Group: Net income increased by 1.5 billion yen from FY2008 to 3.5 billion yen, mainly due to the decrease in total substantial credit costs (2.2 billion yen)
- Sumishin Matsushita Financial Services (SMFC): Net income increased by 0.5 billion yen from FY2008 to 3.4 billion yen, due to the gain on sales of auto leasing receivables (1.7 billion yen), despite increase in total substantial credit costs (0.8 billion yen)

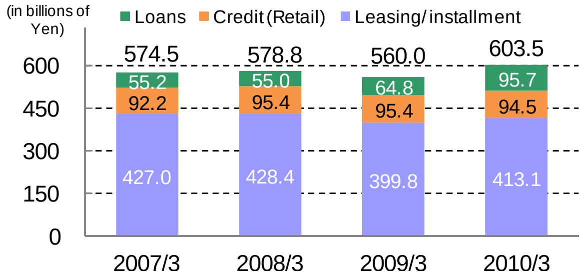
<STB Leasing Group>



(in billions of Yen)	FY2009	Change	FY2008
Net business profit	6.0	2.7	3.3
Leasing profit	149.6	-4.2	153.9
Leasing expense	-136.3	4.9	-141.3
G&A expense	-7.1	2.1	-9.2
Ordinary profit	5.8	2.3	3.4
Net income	3.5	1.5	1.9
Total substantial credit costs*	-1.9	2.2	-4.2

(*) Total substantial credit costs are included in leasing expense and G&A expense

<SMFC>



(in billions of Yen)	FY2009	Change	FY2008
Net business profit	3.5	-0.6	4.2
Leasing profit	174.5	-8.0	182.6
Leasing expense	-156.2	6.3	-162.5
G&A expense	-14.7	1.0	-15.7
Ordinary profit	3.7	-0.7	4.4
Net income	3.4	0.5	2.9
Total substantial credit costs*	-3.6	-0.8	-2.8

(*) Total substantial credit costs are included in G&A expense

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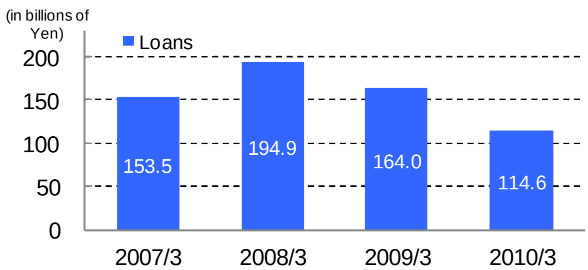
Financial related business in group companies
2. Real estate-related finance, mortgage loans

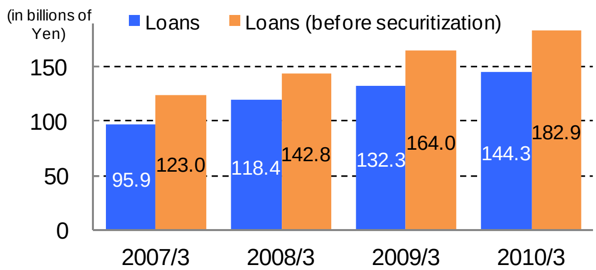
- First Credit: Net income increased by 34.1 billion yen from FY2008 to 1.5 billion yen, due to the normalized total credit costs
- Life Housing Loan: Net income increased by 1.3 billion yen from FY2008 to 3.3 billion yen, due to 2.0 billion yen of extraordinary profit by securitization in FY2009, as well as stable growth through expanded operations

<First Credit>



(in billions of Yen)	FY2009	Change	FY2008
Net business profit	1.6	32.0	-30.4
Loan profit	8.0	-2.9	11.0
G&A expense	-6.4	35.0	-41.5
Ordinary profit	1.6	32.0	-30.4
Net income	1.5	34.1	-32.6
Total substantial credit costs	-2.7	34.6	-37.3

<Life Housing Loan>



(in billions of Yen)	FY2009	Change	FY2008
Net business profit	3.5	0.1	3.4
Loan profit	4.7	0.1	4.6
G&A expense	-1.2	0.0	-1.2
Ordinary profit	3.5	0.1	3.4
Net income	3.3	1.3	2.0
Total substantial credit costs	-0.2	-0.0	-0.2

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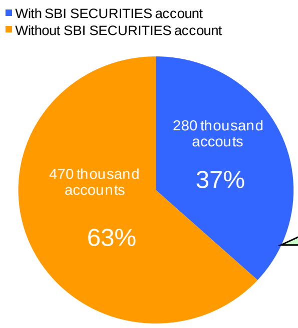
Financial related business in group companies 3. Internet banking

- Net income of SBI Sumishin Net Bank stood at 2.3 billion yen, the first internet bank in Japan which turned out to be positive on a single-year basis in just three years from the start-up of the business
- SBI Sumishin Net Bank has successfully expanded client base to 750 thousand accounts and deposits of over 1.2 trillion yen, and balance of residential mortgage loans doubled from FY2008 to over 440 billion yen
- Backed by stable business expansion, SBI Sumishin Net Bank increased its capital by 5.0 billion yen in August 2009 and 12.0 billion yen in April 2010, respectively (50% of which was allocated to STB)

<SBI Sumishin Net Bank>

	2010/3	Change	2009/3
Number of account (thousands)	750	330	410
Deposits (in billions of Yen)	1,193.8	563.9	629.9
Loans (in billions of Yen)	442.4	222.7	219.7

<Ratio of SBI Sumishin Net Bank's account with SBI SECURITIES' account>



SBI証券
2.05 million accounts
(as of 2010/3)

(P/L)

(in billions of Yen)	FY2009	Change	FY2008
Net business profit	2.3	5.9	-3.6
Ordinary profit	2.3	6.0	-3.6
Net income	2.3	6.0	-3.6

(B/S)

(in billions of Yen)	Mar-10	Change	Mar-09
Total assets	1,248.6	600.7	647.8
Net assets	26.6	15.0	11.5
Shareholders' equity	26.5	7.3	19.1

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Financial related business in group companies 4. Nikko AM

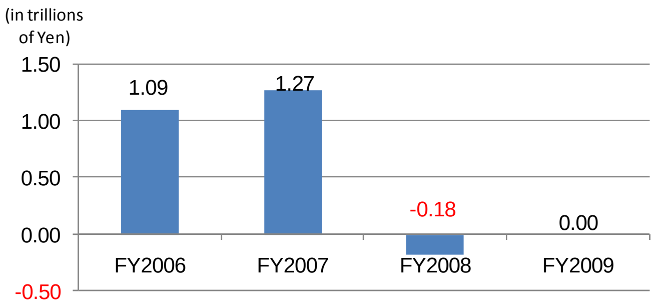
- Net cash inflow/ outflow is on a recovery trend, and assets under management increased by 1.63 trillion yen from March 2009 to 10.44 trillion yen (retail clients: increased by 1.09 trillion yen to 6.99 trillion yen)
- Net income of Nikko AM increased by 0.4 billion yen from FY2008 to 4.0 billion yen (after adjustment of one-time expenses related to the period before the acquisition)

<Nikko AM group>

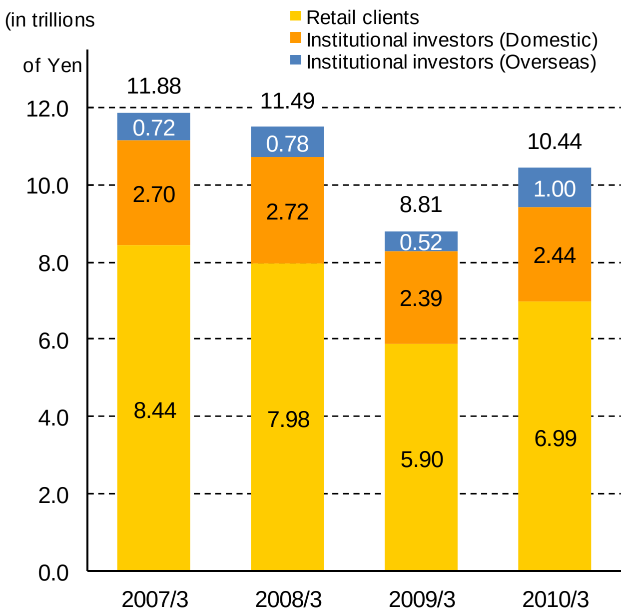
(in billions of Yen)	FY2009	Change	FY2008
Net business profit	4.9	0.8	4.0
Ordinary income	6.0	0.6	5.3
Net income from affiliates by equity method	1.3	0.3	1.0
Net income	4.0	0.4	3.6

* Net income for FY2009 has been adjusted concerning one-time expenses related to the period before the acquisition

<Net cash inflow/ outflow>



<Assets under management>



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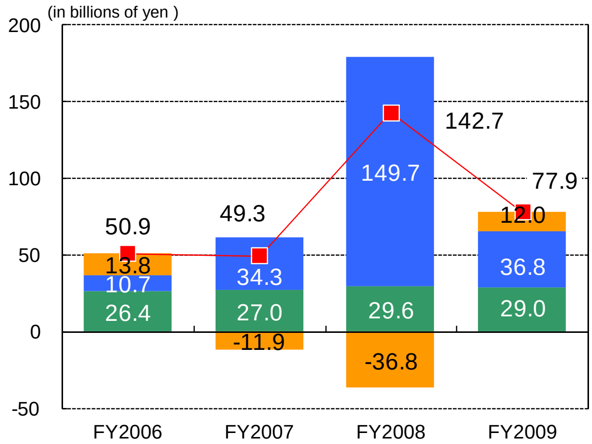
Treasury and financial products

- "Financial operations" earned 36.8 billion yen, due to the increased net interest income against the backdrop of lower short term rates, as well as bond sales, etc.
- "Investment operations" earned 12.0 billion yen, through interest swap operations focusing on spread levels, posting approximately 11.0 billion yen profit as net interest income
- "Marketing functions" remained solid by earning 29.0 billion yen , beating initial business target of 56.0 billion yen

<Breakdown of gross business profit>



Marketing functions: Market-making operations for interest rate and forex products; Creation & Sales of financial products

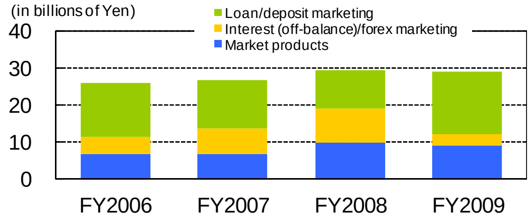
Financial operations: Financial operations managing potential market risks(*) involved in the overall balance sheet

(*) Interest rate risk associated with liquid deposits, equity risk, etc.

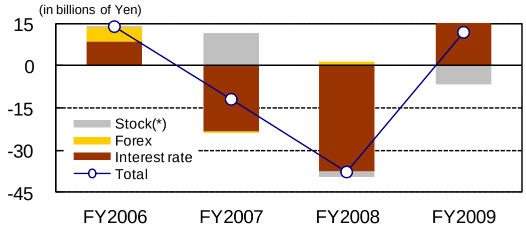
Investment operations: Proprietary investment pursuing absolute return

Total

<Breakdown of Marketing functions>



<Breakdown of Investment operations>



(*) Including Hedge funds investment

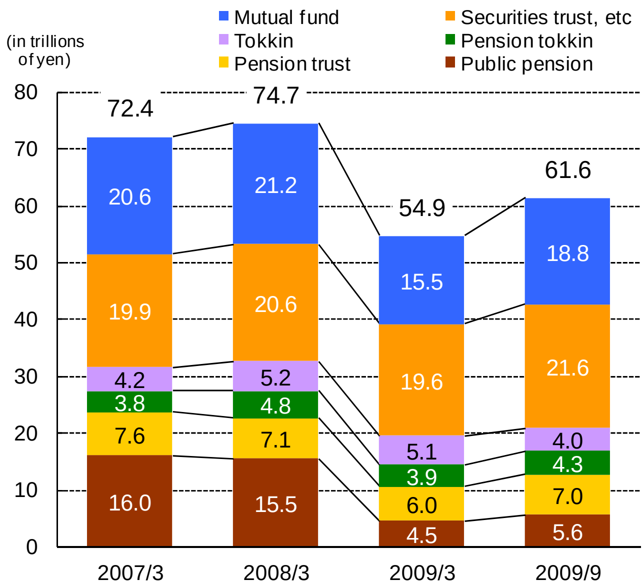
<Hedge funds investment>

(in billions of Yen)	Balance	Change fm Mar. 2009	MTM	Change fm Mar. 2009
Hedge funds investment	15.1	-45.8	-2.1	7.6

Fiduciary business (Total entrusted assets, Securities processing)

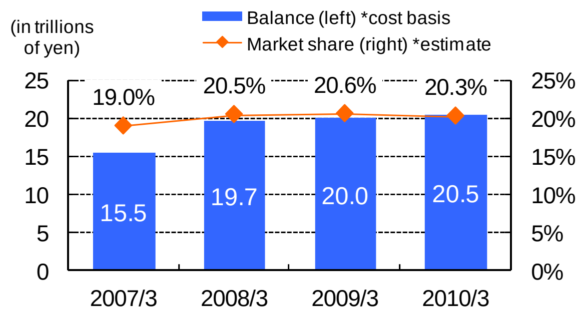
- Entrusted assets rose by 6.7 trillion yen from 2009/3 to 61.6 trillion yen, mainly due to price recovery. Both Stock investment trusts and corporate pension continued their net asset inflows
- Global custody balances made solid recovery with the growth in investment trust balances, while revenues from securities lending decreased due to lower interest rate environment

<Outstanding entrusted assets>

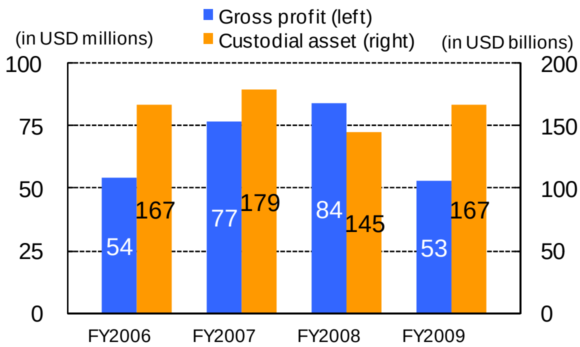


(*) Mark-to-market basis (excluding Tokkin)

<Balance of entrusted stock investment trusts>



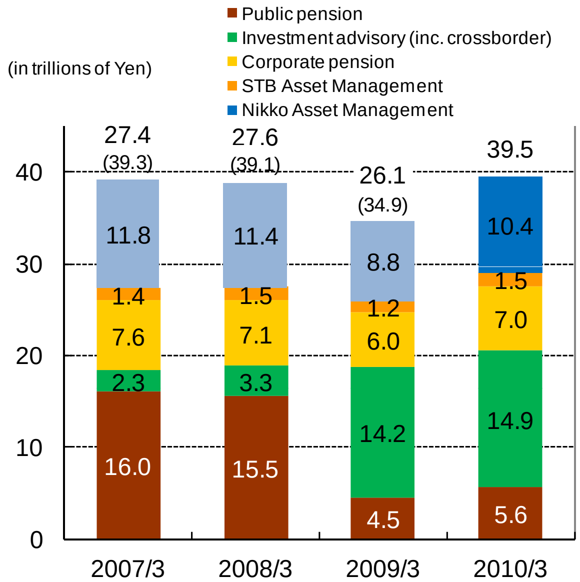
<Global custody business by STBUSA>



Fiduciary business (Pension, Investment management)

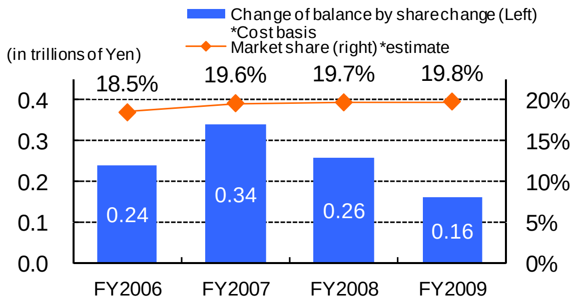
- Assets under management of our group increased by 13.4 trillion yen from 2009/3 to 39.5 trillion yen, mainly due to the consolidation of Nikko AM (Grew by 3.0 trillion yen on a direct comparative basis, if excluding the effect of the consolidation of Nikko AM)
- Change of corporate pension balance due to market share changes among trust banks has been positive for 15 consecutive half years. By proactive measures in response to client's needs returning to active products, ratio of active investments is bottoming, along with expansion of alternative investments to 1.1 trillion yen

<Assets under management of STB group >

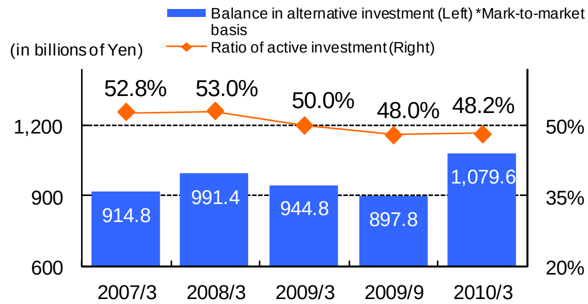


(*1) Mark-to-market basis
(*2) Figures for Nikko AM before 2009/3 are for reference and numbers in pharenthesis are referencial number including Nikko AM

<Market share of corporate pension and change of balance due to market share changes among trustees (*) estimate>



<Ratio of active management (corporate pension) etc.>



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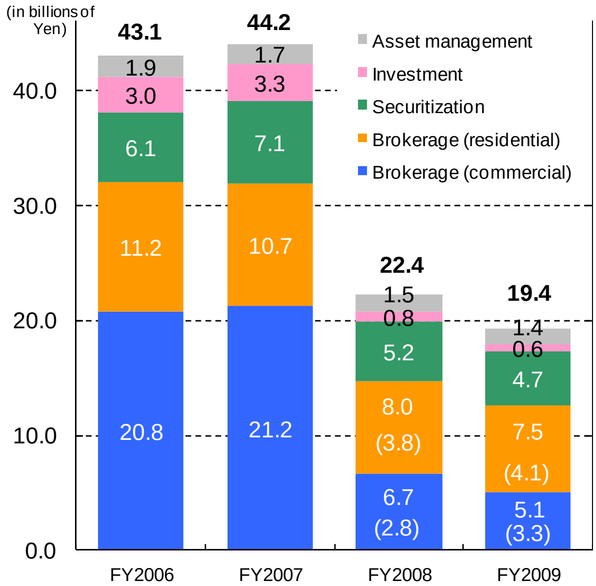
Real estate business

- Gross business profit on a group basis declined by 3.0 billion yen from FY2008 to 19.4 billion yen, mainly due to stagnant brokerage transactions of large commercial properties
- Securitization balance decreased slightly from March 2009 to 4.47 trillion yen, while assets under management (private funds) increased to 236.7 billion yen
- Selective investments in real estate equities in establishing real estate investment management business
  → After posting approximately 10.0 billion yen of impairment loss, etc. in FY2009, the outstanding balance is 30.7 billion yen as of March 2010, of which over 60% are investments in high grade office buildings in Tokyo 5 central wards

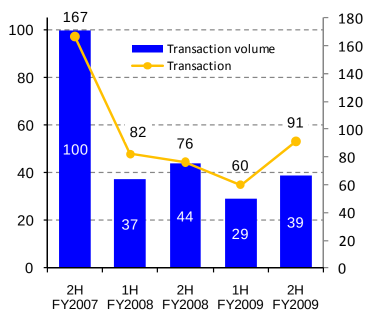
<Gross profit for real estate business>



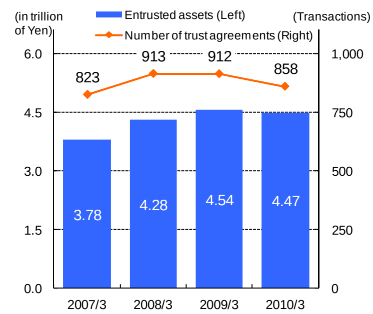
* Figures of brokerage in parenthesis are as for FY2008 and FY2009, respectively

<Outline of brokerage transaction>
(Non-consolidated)

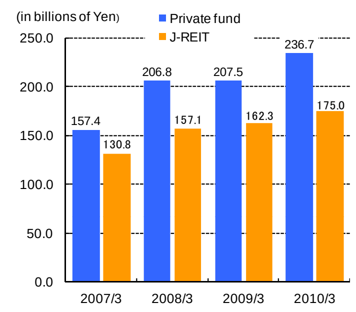
*Transaction volume is an index assuming that figure for 2HFY2007 is as 100



<Securitization balance>



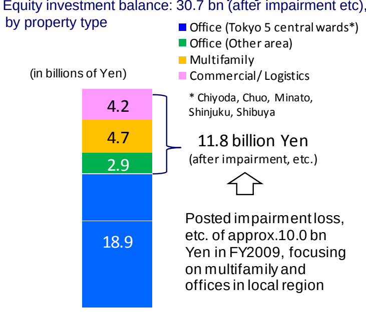
<Asset under management>



Cost basis

<Outline of real estate equity investment>

* Equity investment balance: 30.7 bn (after impairment etc), by property type



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