



We deeply appreciate your continuing support for the STB Group. This annual report was created to explain our fiscal year 2009 results and the situation of each business. We hope it proves useful to you.

The STB Group strives to provide client-first service. In order to clearly demonstrate to clients and the market the advantages of our independent trust bank model, which combines “banking, trust and real estate operations,” we are working to reform our management system and to solidly execute our business strategy.

In our fiscal year 2009 results, consolidated net business profit before credit costs declined 43.2 billion yen year on year to 197.8 billion yen, mainly due to market related earnings declining from its previous fiscal year’s high level produced by our accurate financial operations which delivered a solid buildup of earnings, despite higher fee revenues on investment sales to individual clients. On the other hand, consolidated net income increased by 45.2 billion yen to 53.1 billion yen, due to a large decrease in total substantial credit costs for the entire group.

Current financial markets have destabilized again due to the debt crisis in Greece and elsewhere, and the unclear and unpredictable business environment is forecast to continue. However, we are working to provide comprehensive solutions utilizing our strengths in “Trustee-ness” and “STB-ness,” to earn even more trust and support from our clients. We are undertaking business initiatives to boost both value-added and efficiencies, and enhancing our management and business infrastructure, to create sustainable growth for the STB Group. As we move towards achieving management integration with Chuo Mitsui Trust Holdings, Inc., based on a spirit of mutual trust and equality, we are building a new business model of a future-oriented new trust bank group: “The Trust Bank.”

Through such initiatives, management and employees of the STB Group are working as a team to further enhance our enterprise value.

We look forward to your continuing support.

August 2010

A handwritten signature in black ink, which appears to read "Hitoshi Tsunekage". The signature is written in a cursive, flowing style.

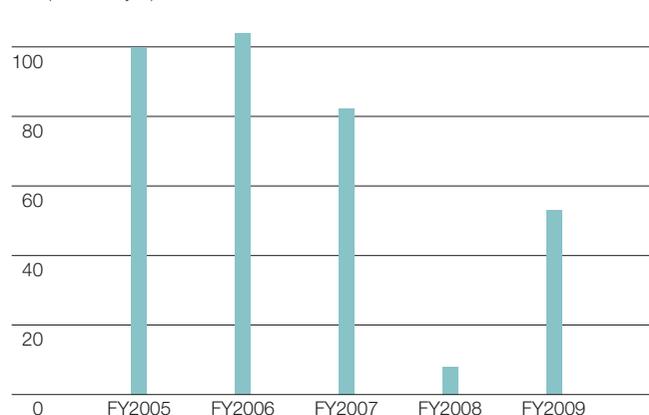
Hitoshi Tsunekage President and CEO

Q Please summarize the STB Group's financial results in fiscal year 2009.

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 Corporation'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 international credit investments and loans to depressed domestic industries, and got rid of risk factors for FY2010 onward as much as possible.

• Changes in Consolidated Net Income

120 (Billions of yen)



Q Explain the STB Group's progress in strengthening the quality and quantity of capital.

We reinforced Tier I capital without relying on issuing common shares, and enhanced the quality of capital by decreasing net 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 31, 2010 was 9.86%, with 6.25% of "Core Tier I capital ratio (excl. DTA)," deducting preferred shares, preferred securities and net deferred tax assets. Both ratios improved by over 2% from March 2009. Thus, we are making steady progress in strengthening the quality and quantity of our capital.

• BIS Capital Adequacy Ratio (consolidated)

As of March 31	Billions of Yen		
	2010	2009	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)

Q Please describe the progress in the Midterm Management Plan.

In response to changes in financial and business conditions in Japan and overseas, the STB Group began its three-year Midterm Management Plan (through March 2012) in April 2009. Fiscal year 2009 was the first year of the Midterm Management Plan, in which we worked in all our businesses to strengthen the sales departments, and to expand and enhance our client base. We did so through the cultivation of new business with Japanese companies listed on the First and Second Sections of the Tokyo Stock Exchange and with universities and colleges, through building even stronger business relationships with existing clients, and through providing loans to Japanese companies operating overseas. Meanwhile, utilizing our acquisition of Nikko AM, we are working to further expand our investment management business for retail clients, enhance our investment sales capabilities, and restruc-

ture our credit portfolio. We are thus working to “solidify the foundations of our earnings.” Furthermore, as I explained above, we have made considerable progress in implementing measures to establish a sound financial position, by strengthening our capital base.

(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”

Q Please describe your priority policies for fiscal year 2010.

Fiscal year 2010 is the second year of the Midterm Management Plan. We are making efforts companywide to further enhance our “client-first” services, and to further strengthen our abilities to provide comprehensive solutions. We are also making solid progress in our preparations for the management integration with Chuo Mitsui Trust Group, building our new business model of “The Trust Bank.”

First, regarding the strategy to strengthen our priority growth businesses, we are encouraging greater cooperation between businesses across the entire company, and strengthening our analysis and research capabilities. Specifically, we are working to achieve closer coordination with STB Asset Management Co., Ltd. (“STB AM”) and Nikko Asset Management Co., Ltd., on investment sales backed by accurate asset management consulting, and to comprehensively utilize the STB Group’s diverse functions: finance, asset management, administrative services, etc. In this way, we are working to strengthen the earnings and expand market share of the entire Group.

Next, to pioneer new markets and find alternative sources of growth, we have been developing new business with companies

listed on the First and Second Sections of the Tokyo Stock Exchange and Japanese companies operating overseas since fiscal year 2009. In addition, we are working to expand and enhance our client base and our knowledge of client needs, which covers a broad range of clients: high net-worth individuals, Japanese and overseas investors, real estate-related clients, etc.

Also, with regard to the Asian region, which is expected to maintain a high rate of economic growth, we are actively engaging in project finance for Japanese companies making infrastructure investments, and are undertaking the accelerated development of our joint business with Nanjing Trust & Investment Corporation. We are also strengthening our Asian stocks investment structure by expanding the staff, as we work to further reinforce our businesses.

We are also working to develop useful products and services that embody “Trustee-ness” and are tailored to meet specific client needs. In addition, we are continuing efforts to strengthen the cost management systems of the STB Group and realize the refinement of structures for compliance and risk management, including the appropriate operation of the management system for the facilitation of financing to SMEs.

Q Please describe your business development in China.

In fast-growing China, we are implementing initiatives to strengthen our business development activities, utilizing the STB Group’s diverse functions embodying “Trustee-ness” and “STB-ness.” Specifically, our Shanghai Branch is expanding its dealings in Chinese yuan, and has acquired shares of Nanjing Trust & Investment Corporation. We are thereby proceeding to develop our organization to quickly meet the funding needs of the clients of Japanese companies, as well as broader needs utilizing our trust functions.

As the first Japanese bank to acquire an investment license for Chinese yuan-denominated stocks (Chinese A shares*), we worked with STB AM to establish the “China Good Company” SRI fund, which invests in Chinese stocks, including Chinese A shares. We began selling the fund in March 2010, and it has passed 7 billion yen in total net assets (as of the end of May), as it is well regarded by many clients.

* Yuan-denominated shares of companies listed in the China market. In principle, only Chinese mainland investors can invest in such shares, but investments are allowed by qualified foreign institutional investors which have obtained a license.

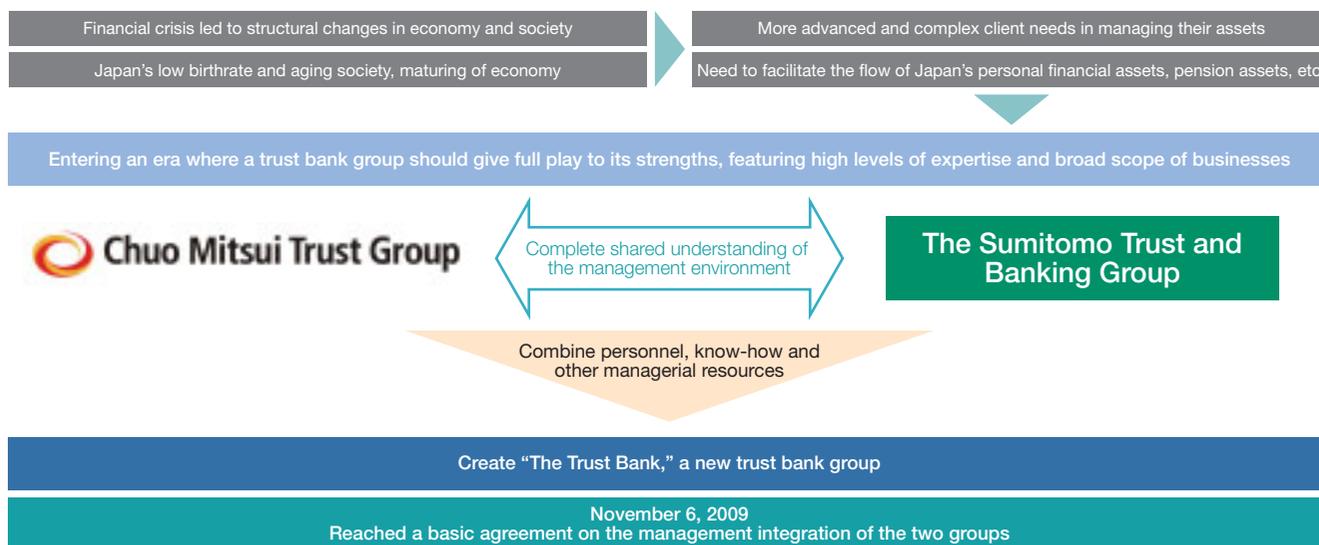
Q Please discuss the management integration with Chuo Mitsui Trust Holdings, Inc.

The financial crisis has led to major structural changes in the economy and society. Against the background of Japan’s low birthrate and aging society, as well as the maturing of its economy and industries, client needs in managing their assets are becoming increasingly advanced, diverse and complex. I believe we are truly entering an era where a trust group, featuring high levels of expertise and a broad scope of businesses,

should give full play to its strengths.

Based on this understanding, we have reached an agreement to combine the managerial resources of both companies with an eye to the future, and thereby create a new trust bank group to provide speedy, diverse and advanced services to a broader range of clients.

• Background of Management Integration



• What is “The Trust Bank”?



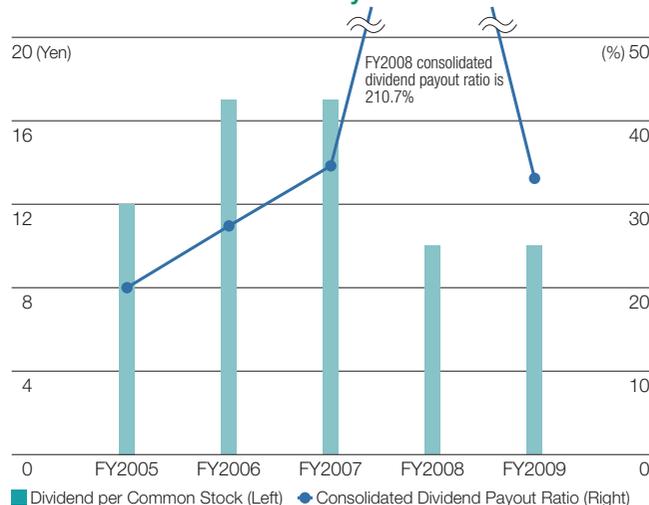
Q Please explain your dividend policy.

Sumitomo Trust considers returns of profits to shareholders as one of its important management policies. Our basic policy is to return profits to shareholders according to business performance. We are also working to satisfy shareholders’ expectations as we seek to increase our enterprise value through strategic investments leading to future growth.

Our dividend policy is to comprehensively assess performance results as well as our strategic investment environment, with the aim of maintaining a consolidated dividend payout ratio of approximately 30%. Based on this policy, we have decided to pay a year-end dividend of 5 yen per share in fiscal year 2009. Including the interim dividend paid last December, the dividends paid this year total 10 yen per share (for a consolidated dividend payout ratio of 33.1%).

With regard to the fiscal year ending March 2011, we will decide on an annual dividend in accordance with the aforementioned policy.

• Dividend per Common Stock and Consolidated Dividend Payout Ratio



Q Please tell us your message for the public.

The economic environment continues to be unclear and the outlook uncertain, and client needs are expected to become increasingly complex and diverse. Against this backdrop, I think we should renew our efforts to clearly show to the market and clients the advantages of our independent trust bank model, based on the spirit of “Trust” inherent in a fiduciary, that is to say, where we adopt the client’s perspective, to promptly provide the best solutions in a customized

and conscientious manner. Based on this understanding, Sumitomo Trust positions fiscal year 2010 as the “term when we further boost the level of added value provided to clients, and flexibly break through the New Paradigm.” Our Company’s entire staff will unite to put their best efforts into further enhancing our “client-first” approach, with the aim of creating “The Trust Bank.” In concluding, I would like to thank our shareholders for their continued warm support.