

The 7th Japanese Financial Service Conference

Mitsui Trust Financial Group Management Strategies



September 8, 2005

Mitsui Trust Holdings, Inc.

Agenda

. Management Strategies

- *Management Direction* · *Trend of Financial Results*
- *Profitability & Efficiency* · *Recomposition of Revenue Structure*
- *Low Cost Operations*

. Financial Highlights & Key Initiatives

1. *Financial Highlights*
2. *Efficiency in Banking Business*
3. *Enhancement of Fee Business*

. Strengthening of Balance Sheet

- *Disposal of NPLs* · *NPLs Balance & NPLs Ratio*
- *Equity Portfolio* · *Bond Portfolio*
- *Deferred Tax Assets* · *Capital*

. New Businesses

. *Management Strategies*

- *Management Direction*
- *Trend of Financial Results*
- *Profitability & Efficiency*
- *Recomposition of Revenue Structure*
- *Low Cost Operations*

Management Direction

Mitsui Trust Financial Group

Actions

FY3/05

~ Enhancement of Profitability ~

- Increase revenues ^{*1}
- Low cost operations

Steady Achievement

- Recomposition of revenue structure
- Thoroughly efficient management

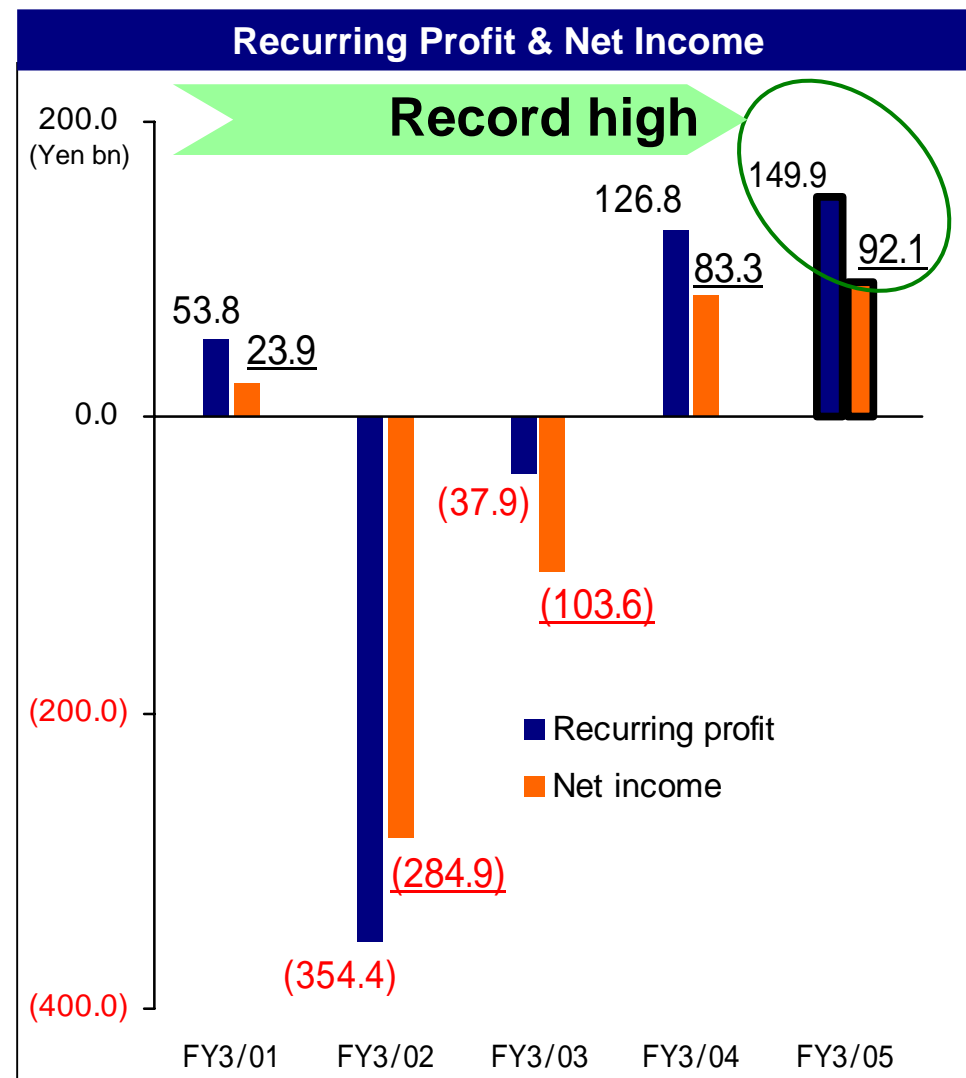
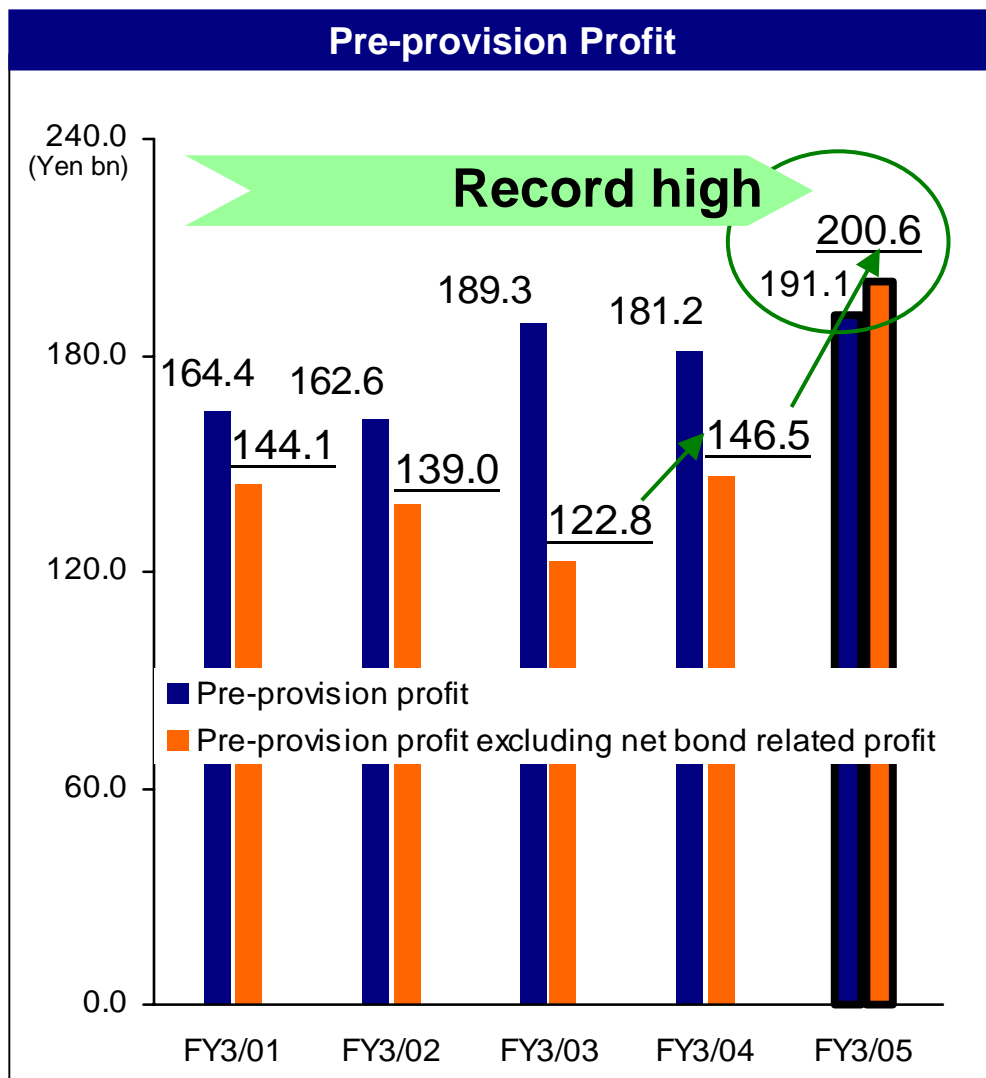
*1 Gross operating profit

~ Strengthen Balance Sheet ~

- Final disposal of NPLs
- Reduction of equity portfolio

Nearly completed

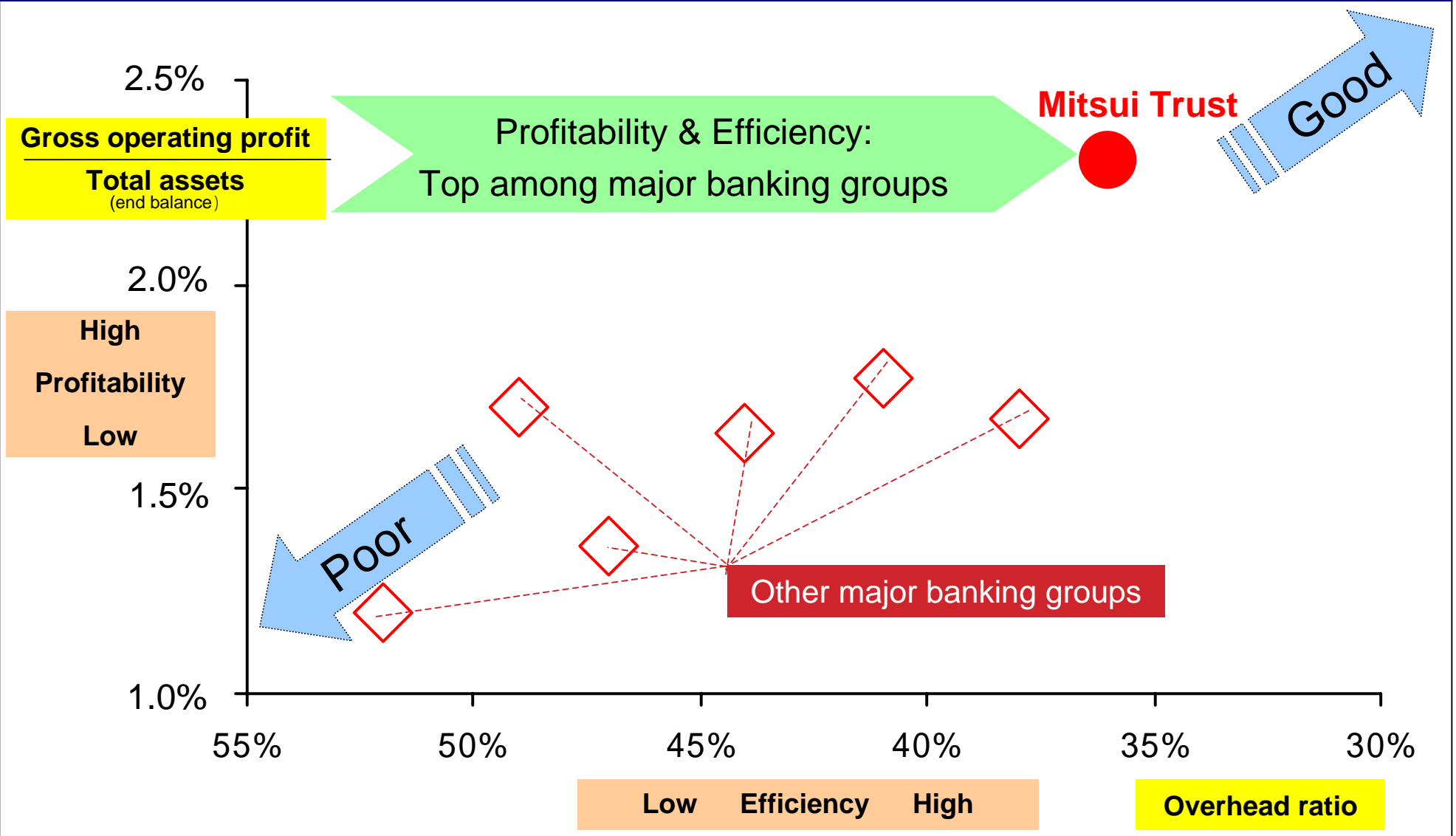
Trend of Financial Results



FY3/01: Chuo Mitsui (CMTB), FY3/02 and after: CMTB+Mitsui Asset (MATB)

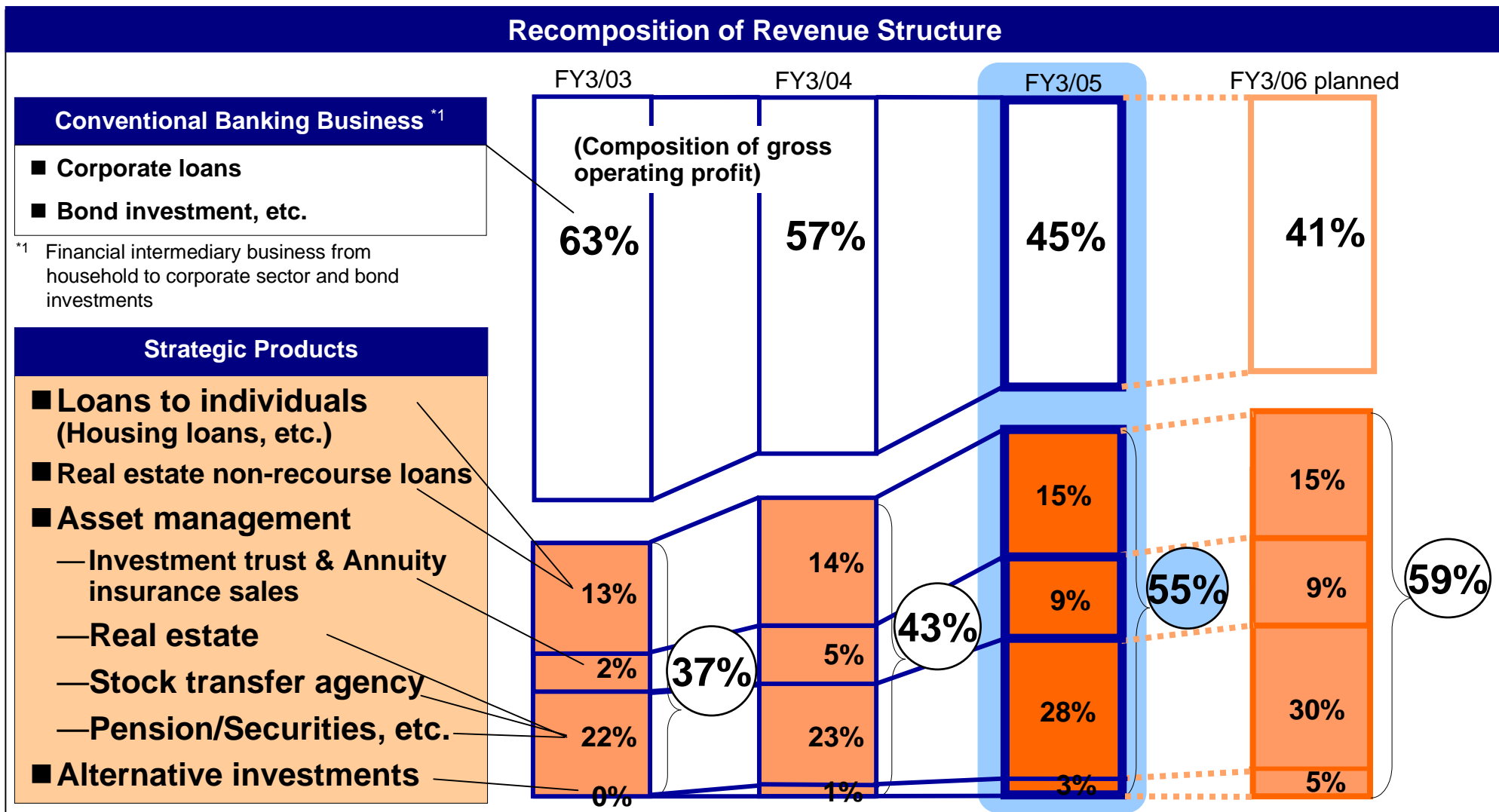
Profitability & Efficiency

Profitability & Efficiency: FY3/05 Comparison of Major Banking Groups



Recomposition of Revenue Structure

Weight of strategic products relative to total revenues exceeded 50%

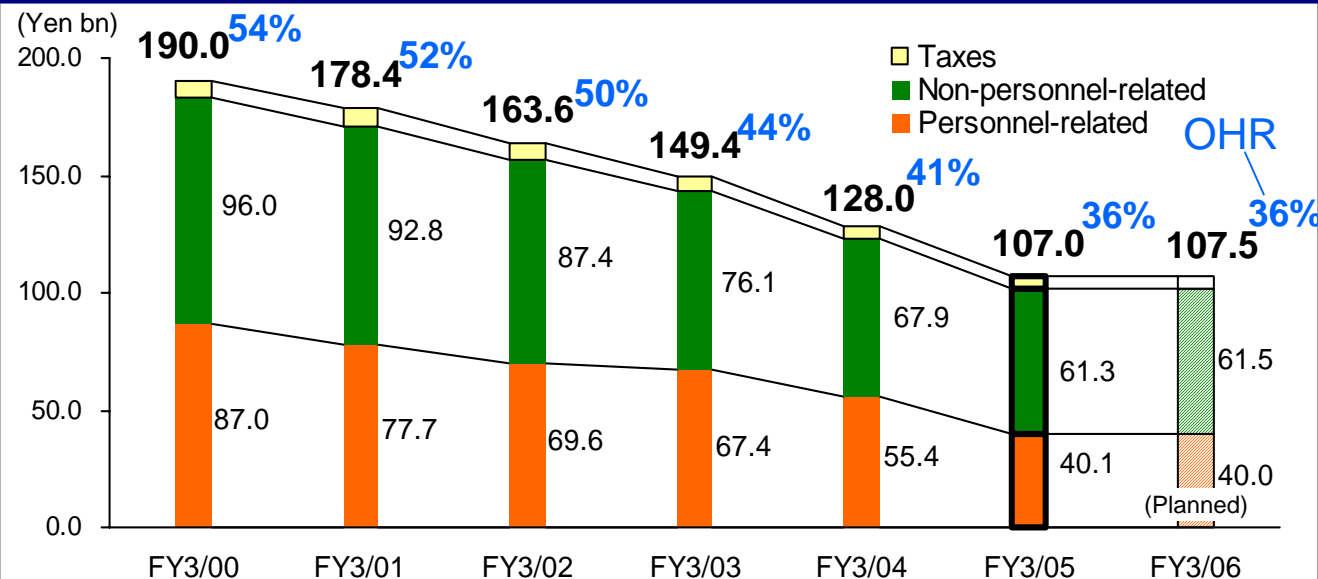


Low Cost Operations

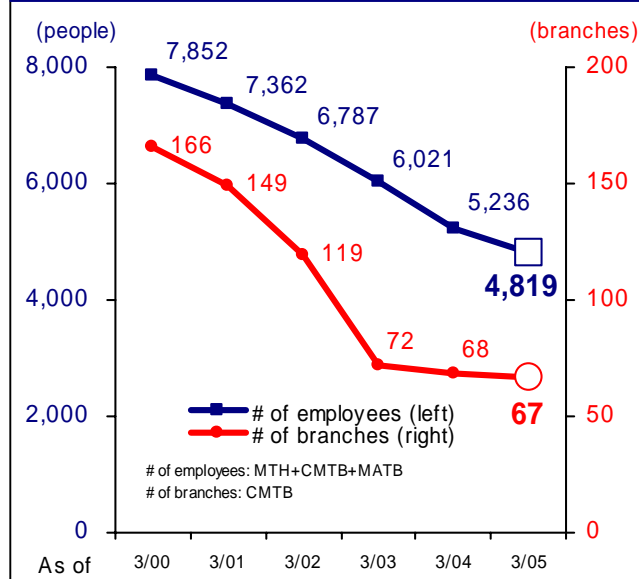
Low Cost Operations (CMTB+MATB)

Items	FY3/05 Actual	FY3/06 Planned
Operating Expenses	Actual : ¥107.0bn (21.0)bn, or (16)% from FY3/04	Remain nearly flat
Overhead Ratio	36%: Top among major banks	Keep current efficiency

Operating Expenses (CMTB+MATB)



of Employees & # of Branches



MTH: Mitsui Trust Holdings

. *Financial Highlights & Key Initiatives*

- 1. Financial Highlights*
- 2. Efficiency in Banking Business*
- 3. Enhancement of Fee Business*



-1. Financial Highlights

- *Financial Summary*
- *Revenues by Business Unit*

Financial Summary

FY3/05 Highlights & FY3/06 Outlook

	a	b	c:b-a	d	(Yen bn) e:d-b
	FY3/04	Actual FY3/05	Change	Outlook FY3/06	Change
CMTB+MATB					
Combined totals					
Gross operating profit *1	309.3	298.1	(11.1)	297.5	(0.6)
Operating expenses	128.0	107.0	(21.0)	107.5	0.5
Overhead ratio	41%	36%	(5)%	36%	0%
Pre-provision profit *2	181.2	191.1	9.8	190.0	(1.1)
Pre-provision profit excl. net bond related profit	146.5	200.6	54.0	200.0	(0.6)
Net stock related profit	39.7	15.8	(23.8)	(10.0)	(25.8)
Recurring profit	126.8	149.9	23.1	130.0	(19.9)
Deferred income taxes	(66.9)	(47.1)	(19.7)	-	(47.1)
Net income	83.3	92.1	8.8	120.0	27.9
Credit costs	58.3	43.9	(14.4)	35.0	(8.9)
MTH, Consolidated					
Recurring profit	105.3	157.4	52.0	140.0	(17.4)
Net income	50.7	94.0	43.2	120.0	26.0
ROE *3	13%	19%	6%	22%	3%

*1 Before trust a/c credit costs *2 Effective net operating profit before trust a/c credit costs & transfer to the general reserve

*3 Outstanding of capital is average balance



Revenues by Business Unit

Revenues by Business Unit					
	a	b	c:b-a	d	(Yen bn)
Total of CMTB & MATB		Actual		Outlook	e:d-b
Revenues ("Gross operating profit")	FY3/04	FY3/05	Change	FY3/06	Change
Banking business	222.6	189.5	(33.0)	182.5	(7.0)
Financing business Excl. a, b (3 a/c total), others	139.6	142.8	3.2	131.0	(11.8)
a Loans to individuals, Non-recourse loans	45.6	46.0	0.4	46.0	0.0
b Alternative investments	2.7	10.1	7.4	15.5	5.4
Net bond related profit	34.7	(9.4)	(44.2)	(10.0)	(0.6)
Asset management (fee) business	86.6	108.5	21.9	115.0	6.5
Sales of investment trusts & annuity insurance	15.3	26.0	10.7	27.0	1.0
Real estate	13.6	25.3	11.7	26.0	0.7
Stock transfer agency	15.0	15.7	0.7	17.5	1.8
Pension	25.4	24.9	(0.5)	26.5	1.6
Securities	7.8	8.8	1.0	10.5	1.7
Others	9.4	7.5	(1.9)	7.5	0.0
Revenues ("Gross operating profit") total	309.3	298.1	(11.1)	297.5	(0.6)
Operating expenses	128.0	107.0	(21.0)	107.5	0.5
Pre-provision profit	181.2	191.1	9.8	190.0	(1.1)

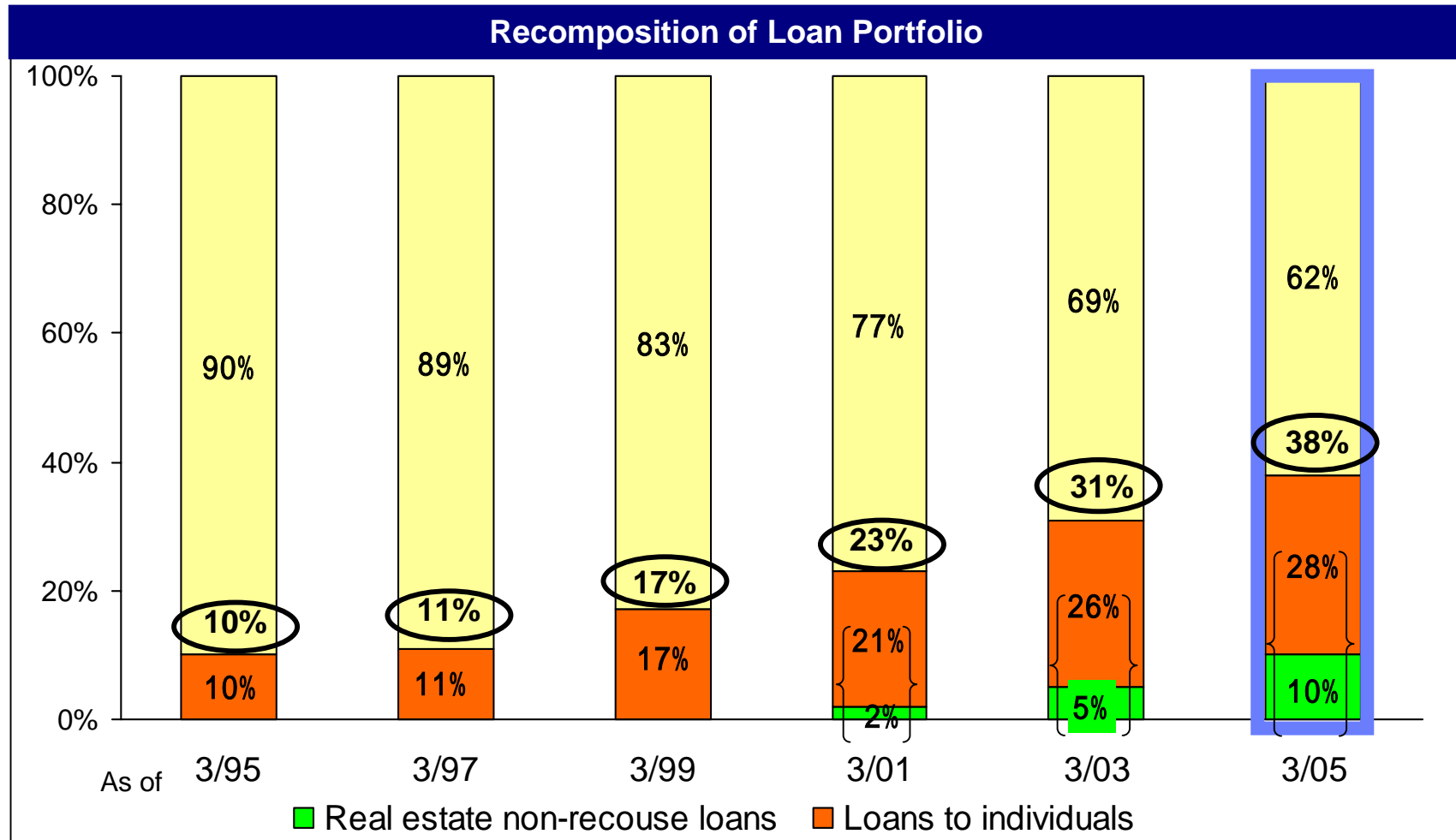
-2. Efficiency in Banking Business

- *Recomposition of Loan Portfolio*
- *Housing Loans*
- *Real Estate Asset Finance*
- *Loan Volume*
- *Yields & Margins*
- *Alternative Investments*

Recomposition of Loan Portfolio

Composition of loans to individuals and real estate non-recourse loans: Reached 38% at 3/05

- Credit loss rate of loans to individuals: Stable at 0.01%
- Real estate non-recourse loans: No defaults



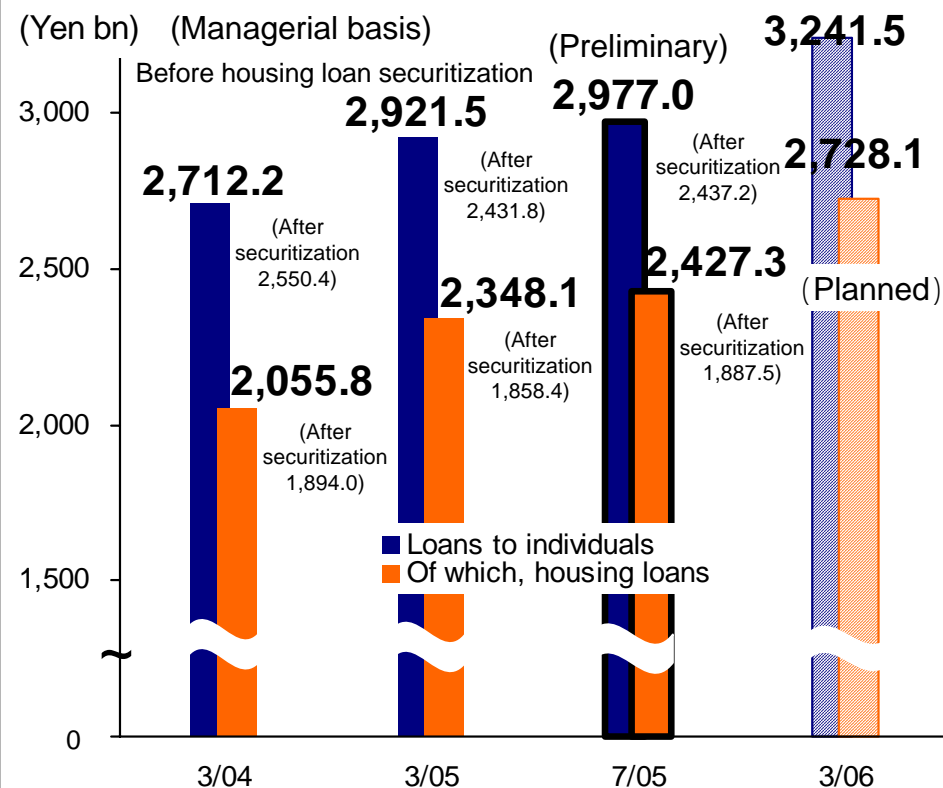
Housing Loans

Steady growth in housing loan net increase

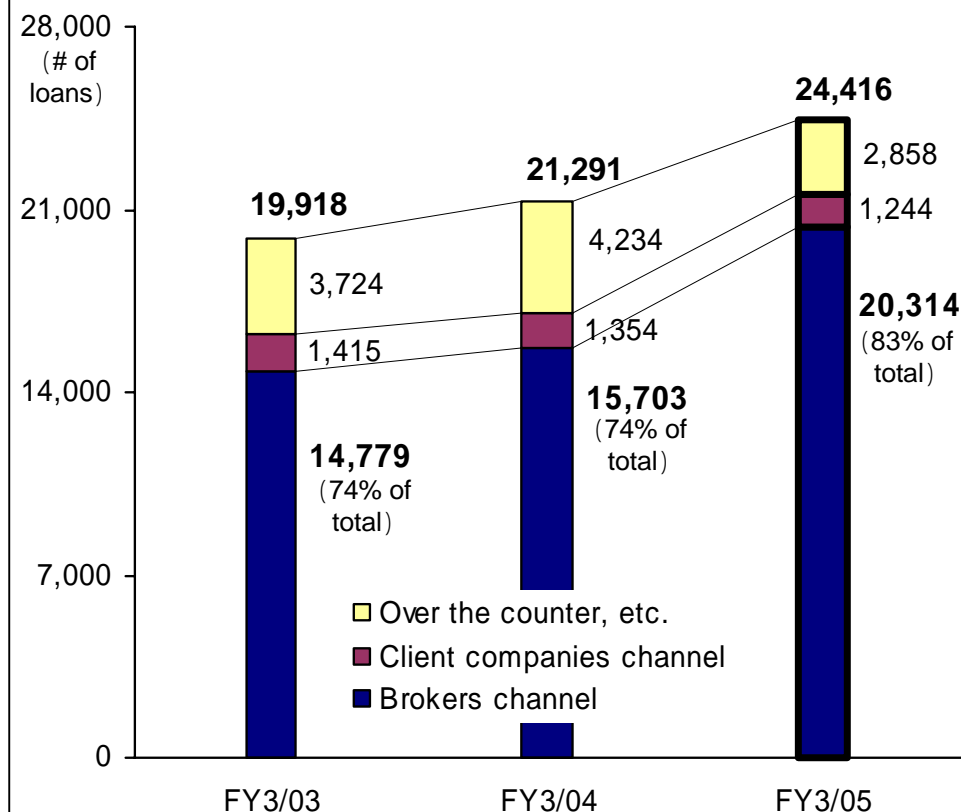
FY3/03	FY3/04	FY3/05
¥266.5bn	¥271.4bn	¥292.3bn

“Route sales (channels with real estate agents and developers)” strategy brings in successful differentiation from competitors

Loans to Individuals



Housing Loans Origination

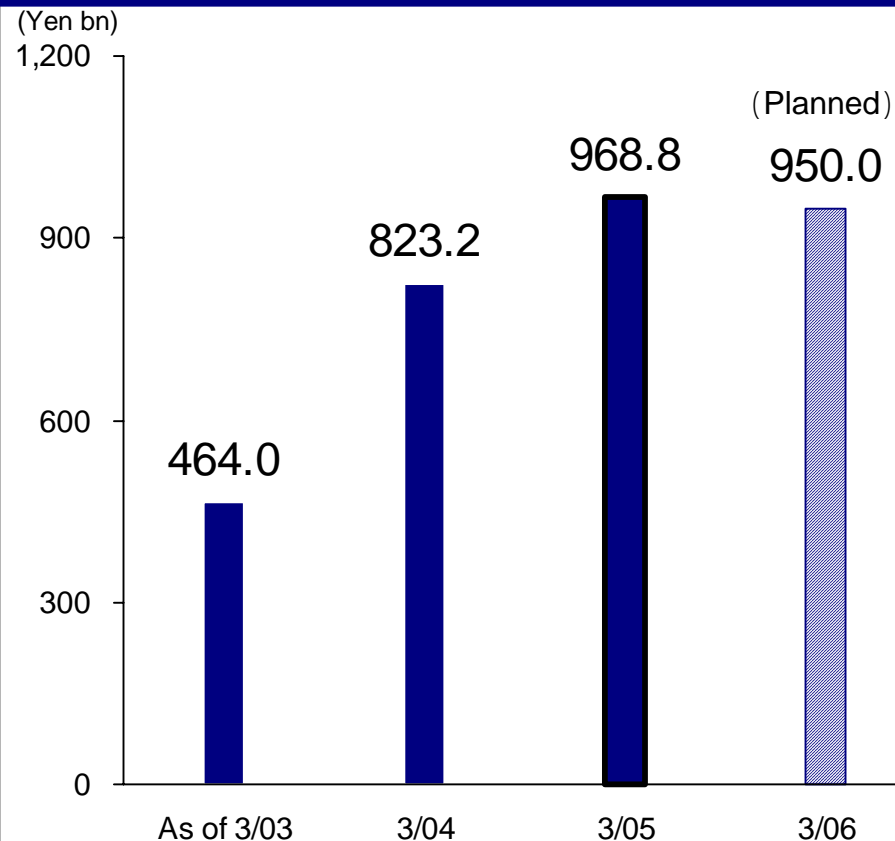


Real Estate Asset Finance

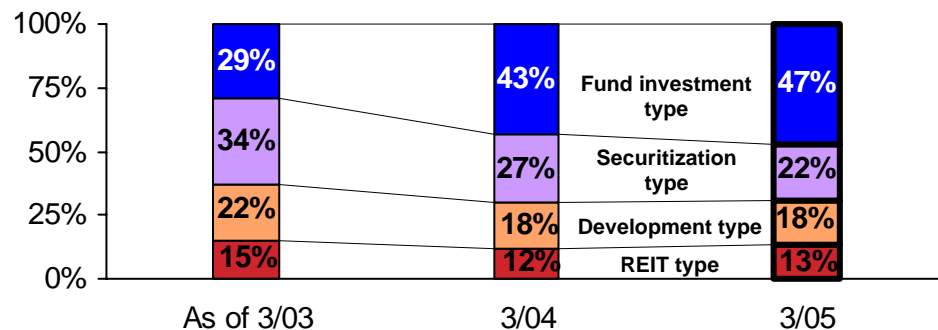
Plans securitization of real estate asset finance this FY
(In 5/05, securitized ¥63bn)

Significant growth of fund investment type continues

Real Estate Asset Finance

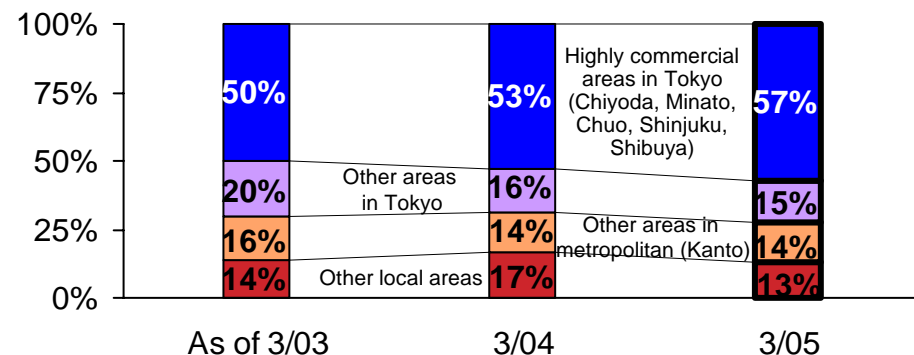


Real Estate Non-recourse Loans by Type (Loan balance basis)



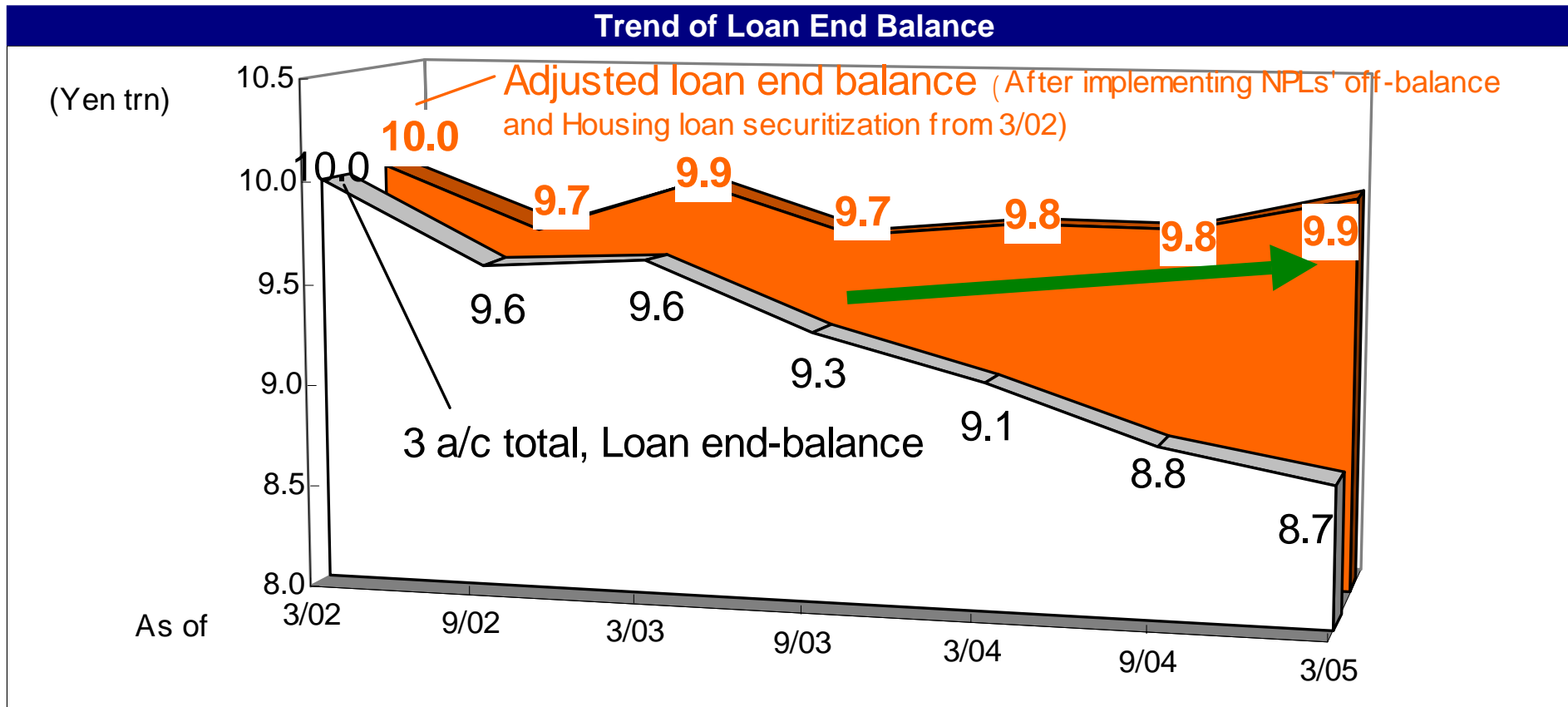
Fund investment type: Real estate fund investment, Securitization type: Off-balance real estate of corporations
Development type: Build new office buildings and large condominiums
REIT type: Loans to REIT (to investment company)

Real Estate Non-recourse Loans by Area (Loan balance basis)



Loan Volume

There is a clear sign of a bottoming out in loan volume.



Yields & Margins

CMTB: Banking a/c (domestic) Yields

CMTB, Banking a/c, Domestic funds

	a	b	c:b-a
	FY3/04	FY3/05	Change
1 Average yield	1.26%	1.13%	(0.12)%
2 Average yield on loans and bills discounted	1.61%	1.40%	(0.20)%
	Interest yield on securities	0.73%	0.74%
3 Average yield on procured funds	0.41%	0.33%	(0.07)%
4 Average yield on deposits	0.29%	0.22%	(0.07)%
Yield margin(1-3)	0.85%	0.80%	(0.04)%
Yield margin(2-4)	1.31%	1.18%	(0.13)%

Declining trend of funding costs continues

CMTB: 3 a/c Yields

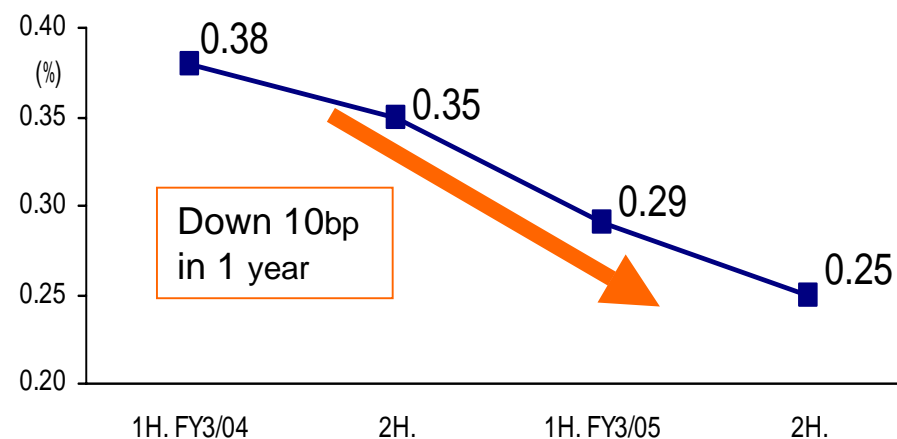
Banking a/c(domestic funds) + Loan Trusts + JODMTs*

	a	b	c:b-a
	FY3/04	FY3/05	Change
1 Average yield	1.31%	1.19%	(0.12)%
2 Average yield on loans and bills discounted	1.62%	1.46%	(0.16)%
	Average yield on securities	1.03%	0.96%
3 Average yield on procured funds	0.32%	0.27%	(0.05)%
4 Average yield on deposits and principals	0.21%	0.17%	(0.04)%
	Yield margin(1-3)	0.99%	0.92%
Yield margin(2-4)	1.41%	1.29%	(0.11)%

*Jointly Operated Designated Money Trusts

Yields on Time Deposits

(Managerial accounting basis, 6 month average, stock basis)



Alternative Investments

Alternative Investments: Actual & Planned

		(Yen bn)		
		Actual FY3/04	Actual FY3/05	Planned FY3/06
	End balance	350.0	680.0	850.0
a	Average balance	80.0	560.0	750.0
b	Returns ^{*1}	4.7	12.6	23.0
b/a	Rate of returns	5.9%	2.2%	3.1%

*1 Gross basis (before considering funding costs)

- Diversifying asset management, reallocation of risk capital allowed by reduction of equity portfolio, etc.
- Risk control thoroughly considered

Reference: Risk Quantity on Alternative Investments

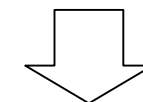
- Improvement of loan portfolio
- Reduction of equity portfolio

Reduction of risk quantity excluding alternative investments in past 2 years:
Approx. ¥110bn

Increase of capital in past 2 years:
Approx. ¥300bn

Improvement in risk tolerance

(Approx. ¥410bn)



Risk quantity increased by alternative investments: Approx. ¥70bn

-3. Enhancement of Fee Business

- *Investment Trust & Annuity Insurance Sales*
- *Real Estate Business*
- *Stock Transfer Agency Business*
- *Pension & Securities Business in Mitsui Asset T/B*

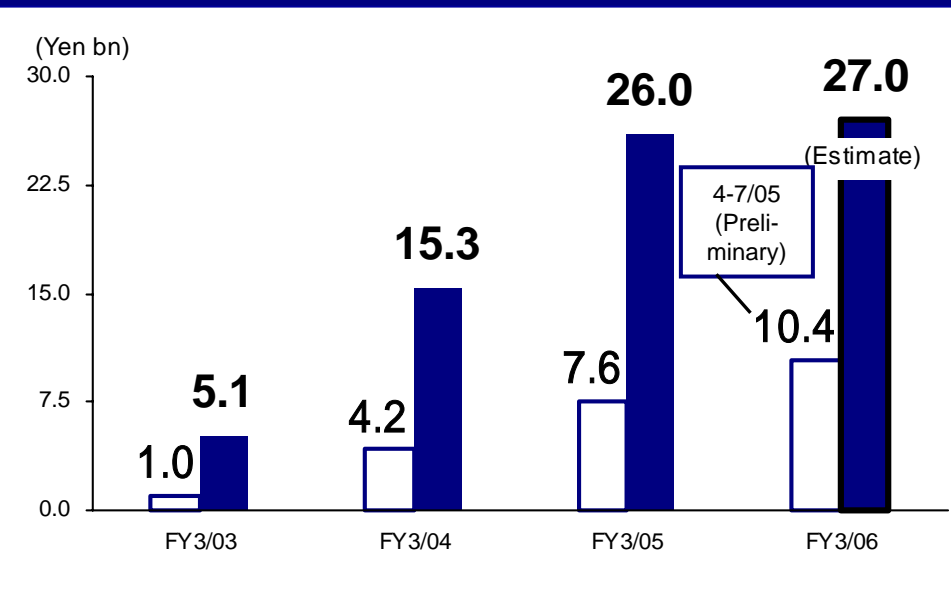
Investment Trust & Annuity Insurance Sales

- FY3/06 target of sales fees: ¥27.0bn
- April-July 05, 4months sales fees: ¥10.4bn [Up37% over the same period last year]

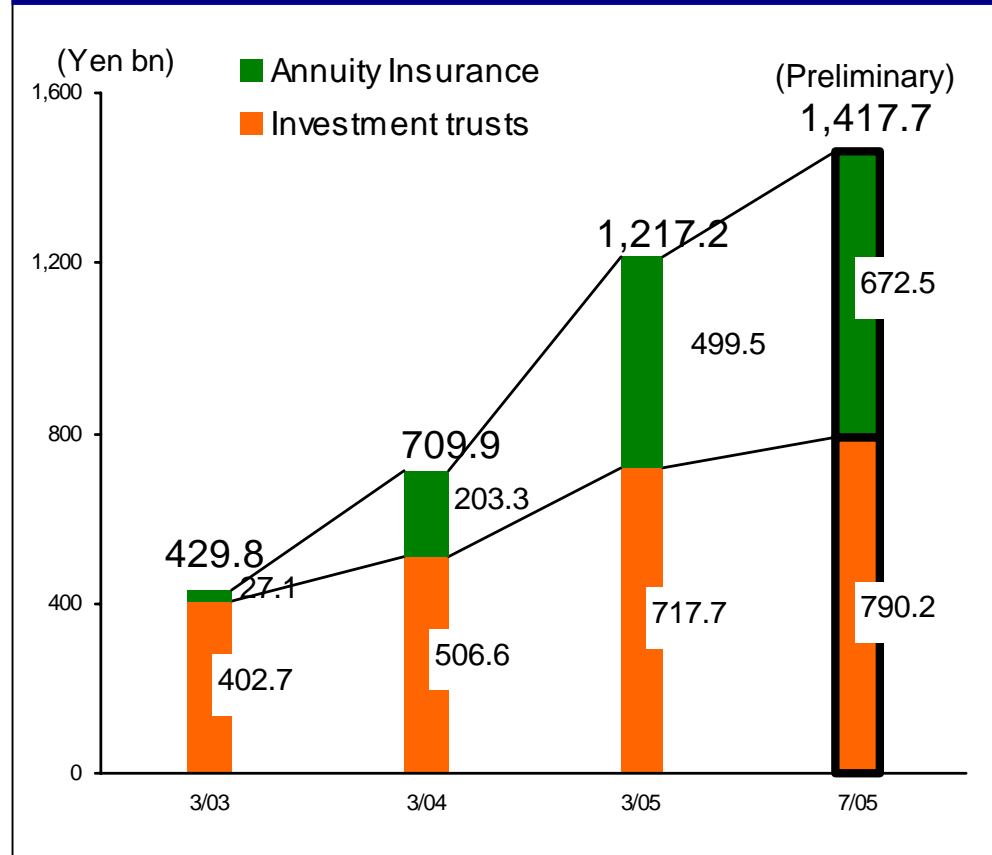
Sales Fees of Investment Trusts & Annuity Insurance

CMTB	a	b	c:b-a	d	(Yen bn)
	FY3/04	Actual FY3/05	Chg.	Outlook FY3/06	e:d-b
Investment trust related	6.7	8.8	2.1	9.0	0.2
Annuity insurance related	8.5	17.1	8.6	18.0	0.9
Total	15.3	26.0	10.7	27.0	1.0

Growth of Investment Trust & Annuity Insurance Sales Fees



Balance of Investment Trusts & Annuity Insurance



Real Estate Business

Revenues of Real Estate Sector

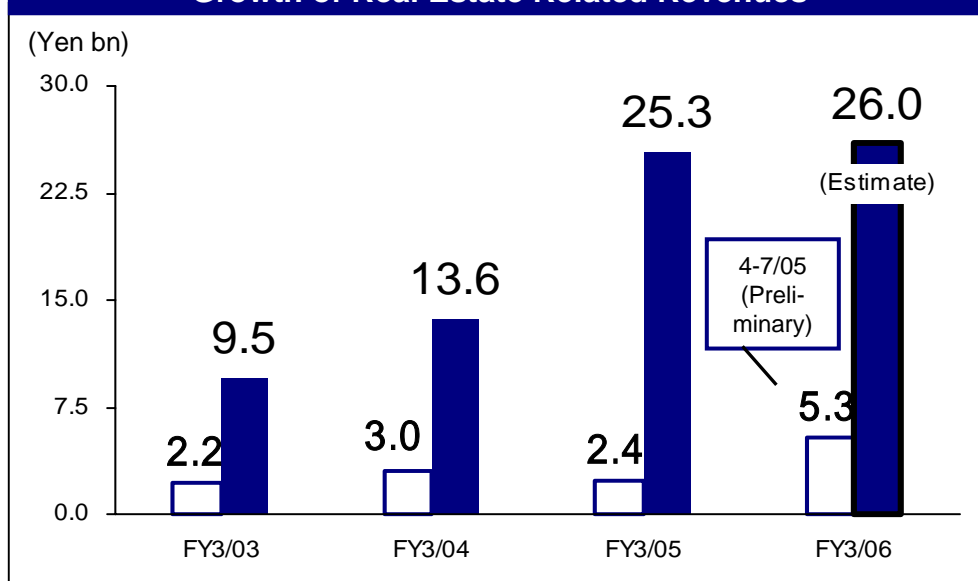
CMTB	a	b	c:b-a	d	(Yen bn)
	FY3/04	Actual FY3/05	Chg.	Outlook FY3/06	e:d-b
					Chg.
Brokerage and other	10.5	21.0	10.5	21.5	0.5
Securitization related	3.1	4.3	1.2	4.5	0.2
Total	13.6	25.3	11.7	26.0	0.7

- Due to market expansion and strengthened sales forces, posted record high revenues since Chuo Mitsui's establishment in 2000.
- Competitive advantage in fund business brings business opportunities with trend of real estate becoming financial products

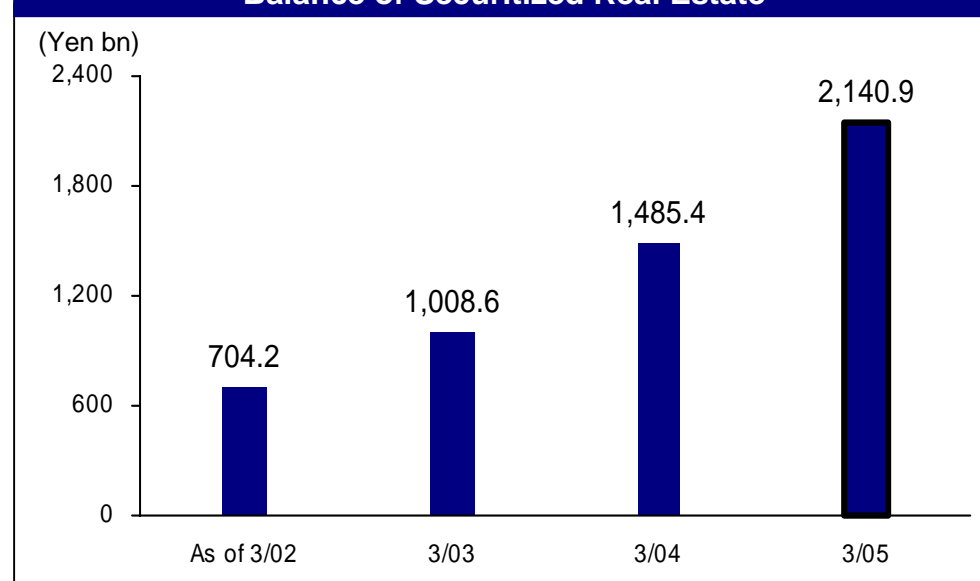
Brokerage fees related to funds & investors increased

Steady increase in securitization related revenues

Growth of Real Estate Related Revenues



Balance of Securitized Real Estate

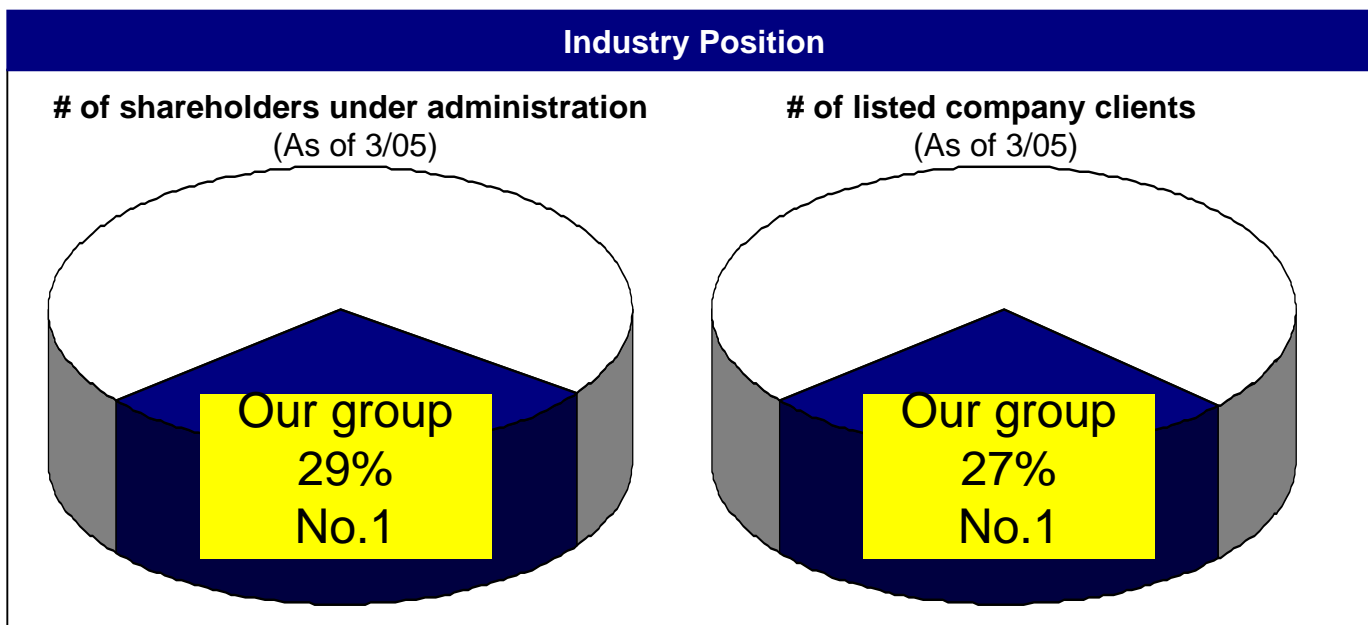


Stock Transfer Agency Business

Revenues of Stock Transfer Agency Sector					
CMTB	a	b	c:b-a Chg.	d	(Yen bn) e:d-b
	FY3/04	Actual FY3/05		Outlook FY3/06	Chg.
Fees received	24.6	27.0	2.4	29.0	2.0
Fees paid (Minus)	9.6	11.3	1.7	11.5	0.2
Total	15.0	15.7	0.7	17.5	1.8

- Acquisition of Tokyo Securities Transfer Agent brings economy of scale in IT investment
- Plan to increase # of shareholders under administration through trust agency agreement with SMBC (Sumitomo Mitsui Banking Corporation)

**Acquisition of Tokyo Securities Transfer Agent in 3/05:
Share increase of approx. 3%**



Pension & Securities Business in Mitsui Asset T/B

Mitsui Asset: FY3/05 Highlights & FY3/06 Outlook

	a	b	c:b-a	d	(Yen bn) e:d-b
	FY3/04	Actual FY3/05	Change	Outlook FY3/06	Change
Gross operating profit	32.7	32.8	0.1	36.0	3.2
Pension business	25.4	24.9	(0.5)	26.5	1.6
Securities business	7.8	8.8	1.0	10.5	1.7
Others	(0.4)	(0.9)	(0.5)	(1.0)	(0.1)
Operating expenses	21.0	14.5	(6.5)	14.0	(0.5)
Overhead ratio	64%	44%	(20%)	39%	(5%)
Pre-provision profit	11.6	18.2	6.6	22.0	3.8
Net income	4.6	10.1	5.5	12.0	1.9

By cross-selling of highly profitable alternative products etc.,
Fees received increased

Revenues of Pension Operations Sector

	a	b	c:b-a	d	(Yen bn) e:d-b
MATB	FY3/04	Actual FY3/05	Chg.	Outlook FY3/06	Chg.
Fees received	28.5	30.9	2.4	26.5	
Fees paid (Minus)	3.1	6.0	2.9		
Total	25.4	24.9	(0.5)	26.5	1.6

Revenues of Securities Sector

		b		d	(Yen bn) e:d-b
MATB	FY3/04	Actual FY3/05	Chg.	Outlook FY3/06	Chg.
Fees received	10.8	11.6	0.8	10.5	
Fees paid (Minus)	3.0	2.8	(0.2)		
Total	7.8	8.8	1.0	10.5	1.7

In addition to continuous effort to promote efficiency of operations, outsourcing of asset administration business to JTSB* significantly reduced operating expenses

*JTSB: Japan Trustee Services Bank

Enhance approach to the expanding investment trust market, to increase balances of entrusted asset & investment advisory

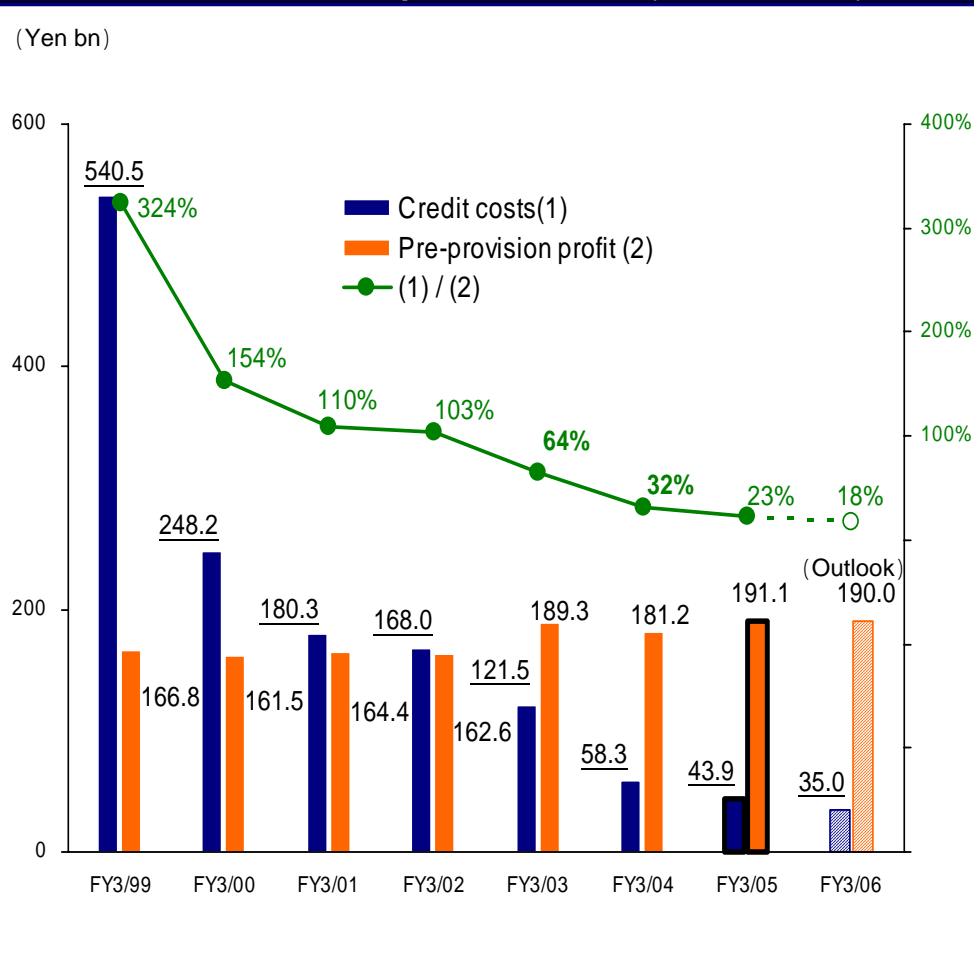
. Strengthening of Balance Sheet

- *Disposal of NPLs*
- *NPLs Balance & NPLs Ratio*
- *Equity Portfolio*
- *Bond Portfolio*
- *Deferred Tax Assets*
- *Capital*

Disposal of NPLs

Credit costs to decline for 6 consecutive years, to 23% of pre-provision profit

Credit Costs & Pre-provision Profit (CMTB+MATB)



Breakdown of Credit Costs

	a	b	c:b-a	d	(Yen bn) e:d-b
CMTB	FY3/04	Actual FY3/05	Chg.	Outlook FY3/06	Chg.
New NPLs costs	42.4	38.1	(4.3)	22.0	(16.1)
Off-balance costs	45.2	22.0	(23.2)	13.0	(9.0)
Transfer to the general reserve	(29.3)	(16.2)	13.1	-	16.2
Total	58.3	43.9	(14.4)	35.0	(8.9)

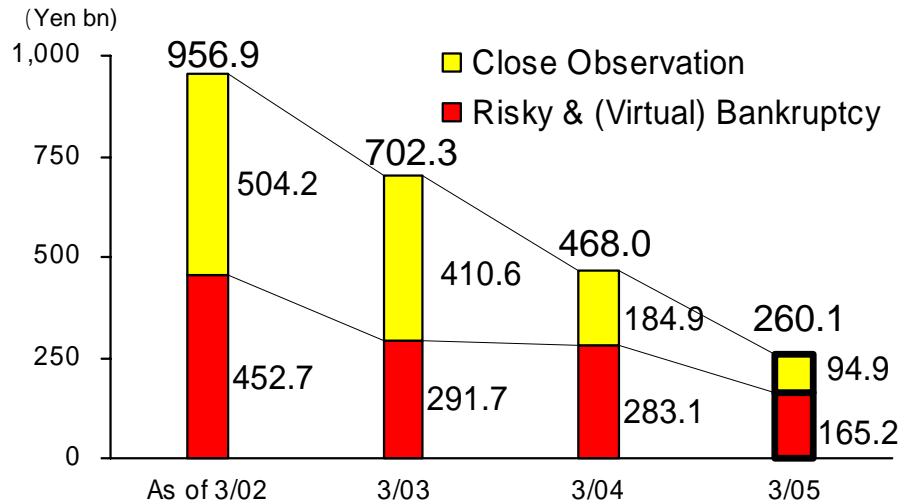
Disposal Amount

	a	b	c:b-a	d	(Yen bn) e:d-b
CMTB	FY3/04	Actual FY3/05	Chg.	Outlook FY3/06	Chg.
Disposal Amount	198.3	253.7	55.4	110.0	(143.7)

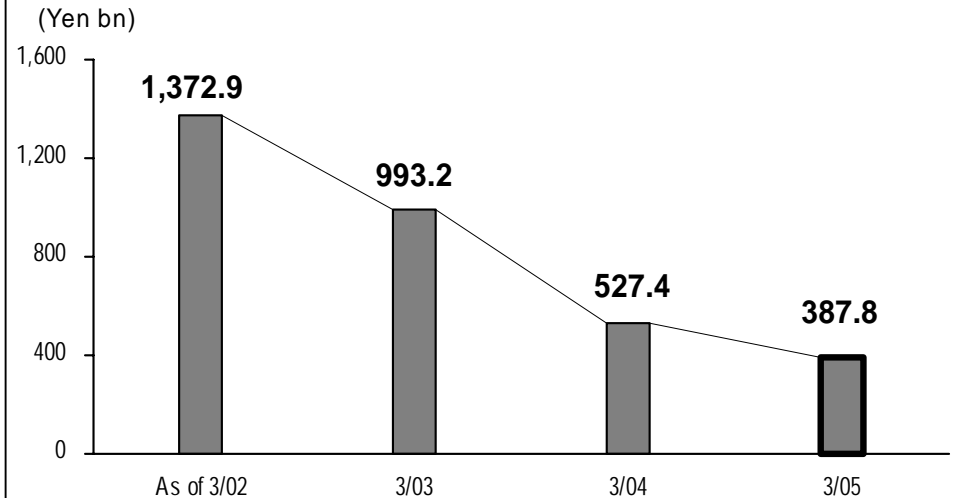
NPLs Balance & NPLs Ratio

NPLs Ratio: down to 2.8%

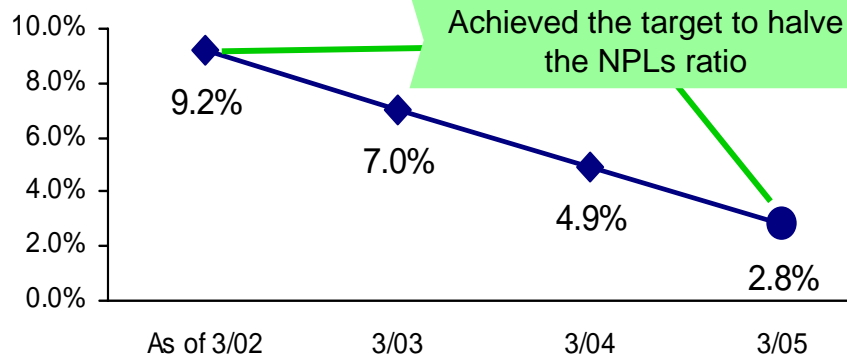
NPLs Balance (Banking a/c + Trust a/c)



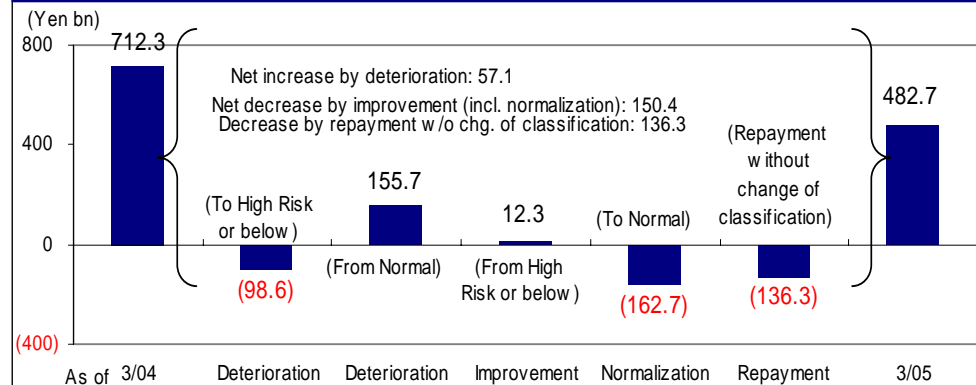
Balance of "Other" Special Mention Loans (Banking a/c + Trust a/c)



NPLs Ratio (Banking a/c + trust a/c)



Migration on Special Mention Loans (Banking a/c + trust a/c)

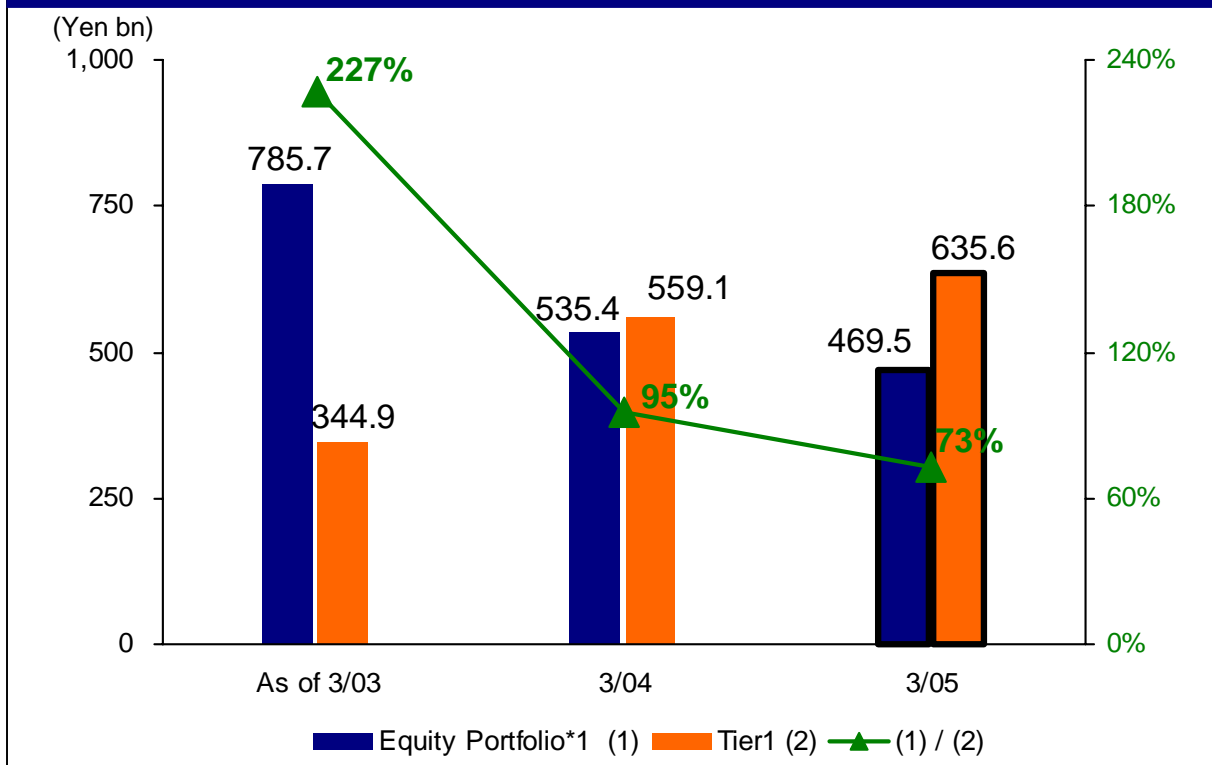


Equity Portfolio

The balance declined to 73% of Tier1 Capital

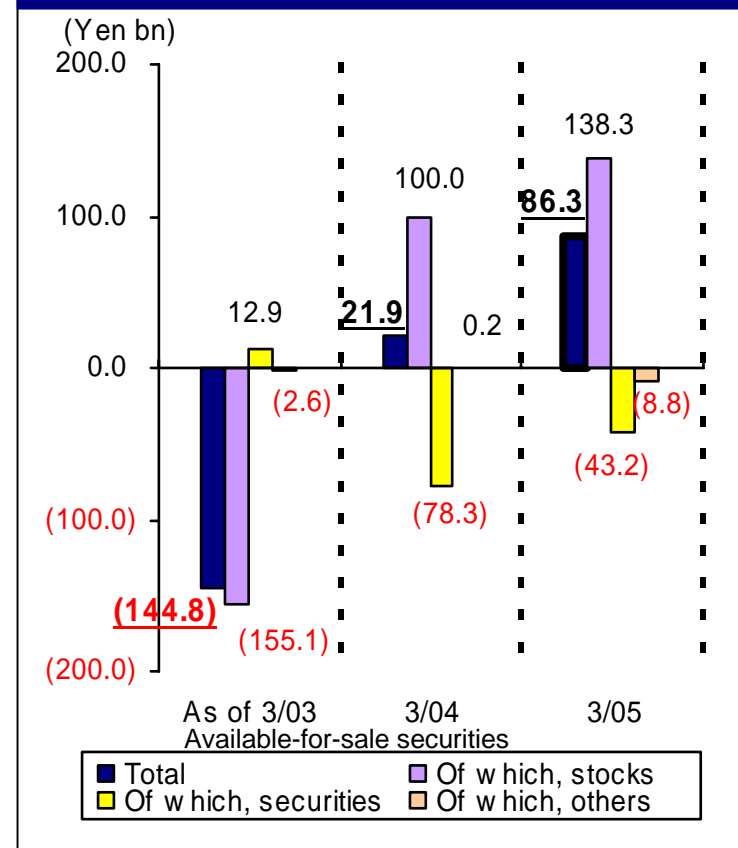
Net unrealized gains on securities held increased

Equity Portfolio & Tier1 (MTH, Consolidated)



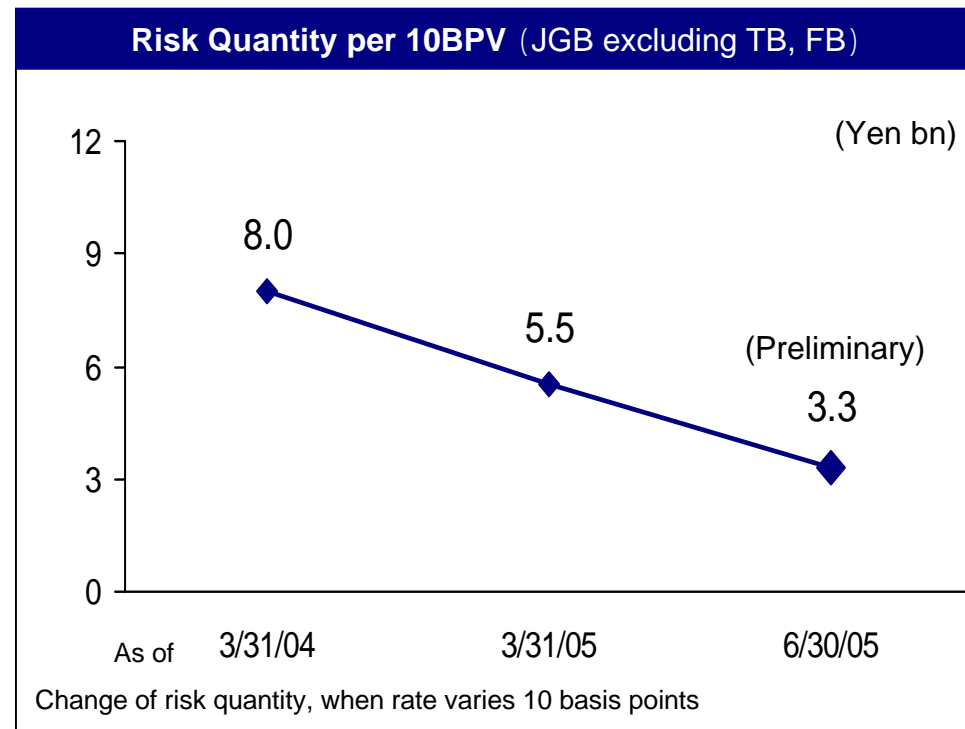
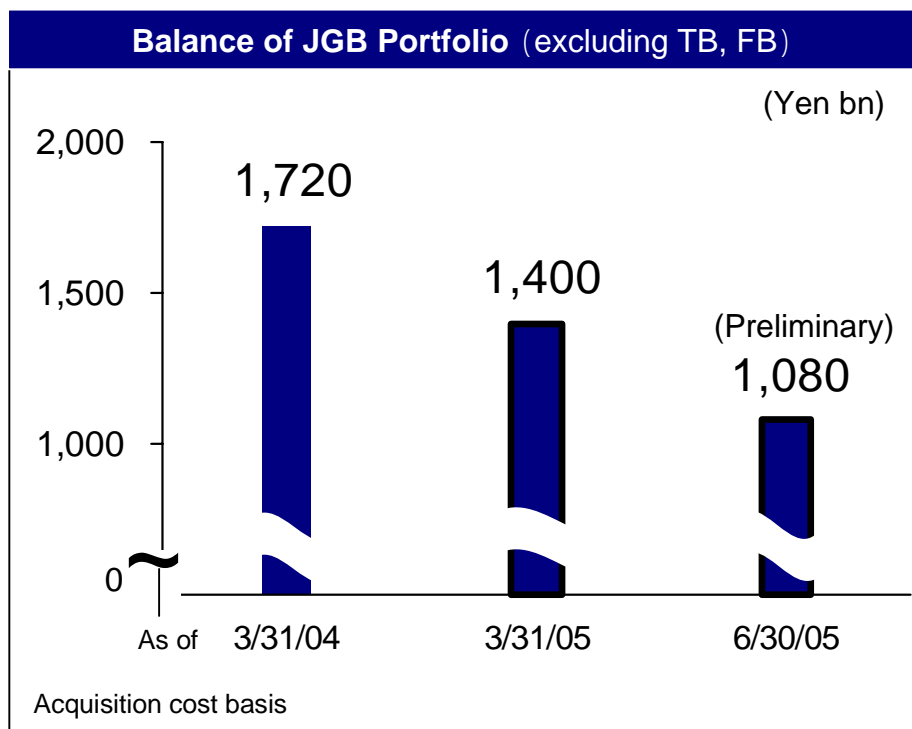
*1 Acquisition cost basis, except for 3/03 figure (book value basis, due to net unrealized losses)

Net Unrealized Gains on Securities Held (MTH, Consolidated)



Bond Portfolio

Executed reduction of risk quantity

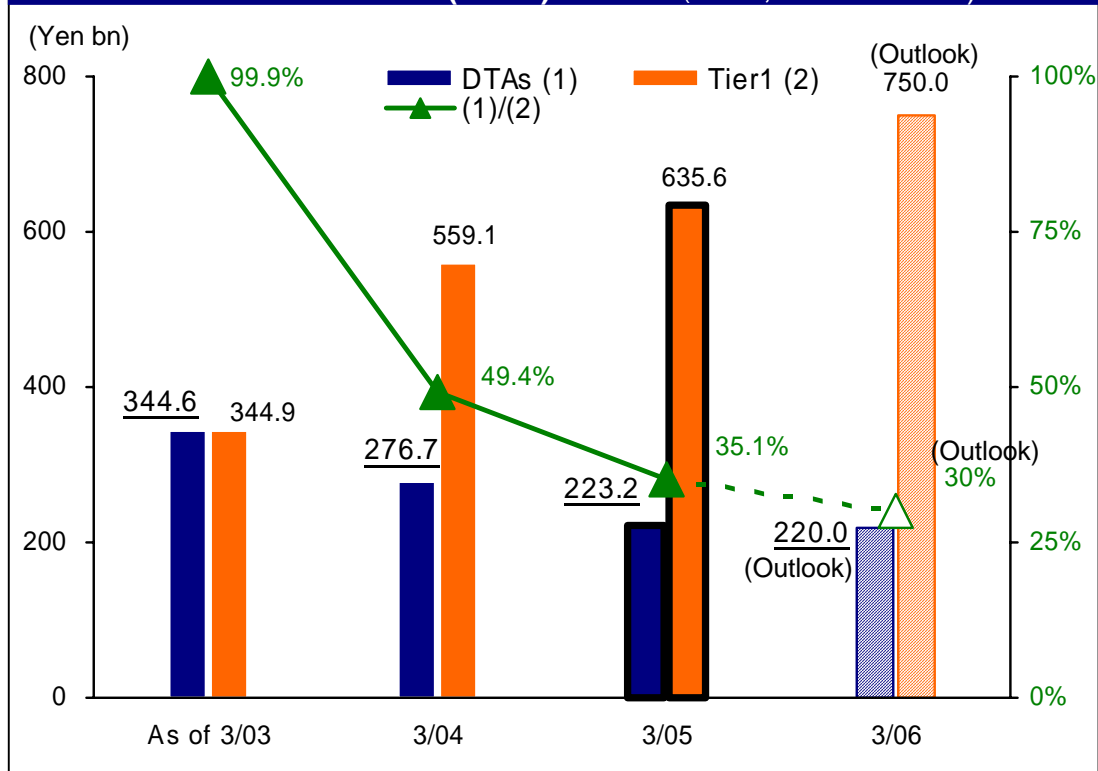


Deferred Tax Assets

To 35% of Tier1 capital (MTH, Consolidated)

FY3/06 estimate: DTAs to remain nearly flat

Deferred Tax Assets (DTAs) & Tier1 (MTH, Consolidated)



Breakdown of Deferred tax Assets & Liabilities

CMTB: Non-consolidated (Yen bn)

	As of	3/04	3/05	Chg.
1 Deferred tax assets		284.6	240.3	(44.2)
Allowance for possible loan losses		60.4	43.9	(16.4)
Securities write-offs		31.8	30.3	(1.4)
Unrealized losses on available-for-sale securities		5.5	-	(5.5)
Reserve for retirement benefits		15.1	13.8	(1.2)
Tax loss carryforwards		270.3	235.2	(35.0)
Others		18.7	21.1	2.3
Valuation allowance (Non-booked)		(117.4)	(104.3)	13.0
2 Deferred tax liabilities		15.7	14.4	(1.2)
Gains on establishment of retirement benefit trusts		12.9	11.4	(1.4)
Unrealized gains on available-for-sale securities		-	-	-
Others		2.7	3.0	0.2
1-2 Net deferred tax assets		268.9	225.9	(43.0)

Estimation of CMTB's Taxable Income before Adjustments (5 Year Total)

Assumption for estimation	Estimated profit 5 yrs total	Adjusted amount	Estimated profit for DTA 5 yrs total
Pre-provision profit	1,300.0	(693.6)	606.4 <small>Approx. 120yen bn p.a.</small>
Net income before taxes	1,150.0	(705.5)	444.5 <small>Approx. 90yen bn p.a.</small>
		Adjustment on tax account	102.0
		Taxable income before adjustments	546.5 <small>Approx. 110yen bn p.a.</small>

Capital

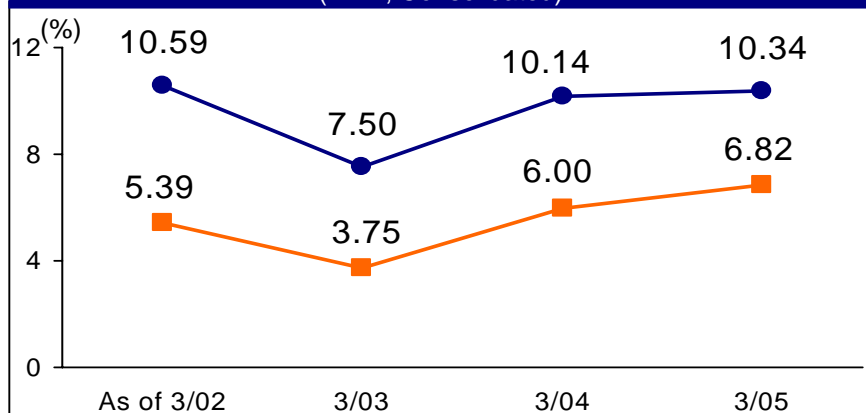
Capital Adequacy Ratio (MTH, Consolidated)

	(Yen bn)				
	a	b	c:b-a	d:Estimate	e:d-b
MTH, Consolidated	3/04	3/05	Change	3/06	Change
Tier1	559.1	635.6	76.5	750.0	114.4
Tier2	386.3	331.4	(54.9)	320.0	(11.4)
Risk-weighted assets	9,307.3	9,320.5	13.2	9,700.0	379.5
Capital Adequacy Ratio	10.14%	10.34%	0.20%	Approx. 11%	
Tier1 Ratio	6.00%	6.82%	0.82%	7.5 to 7.9%	

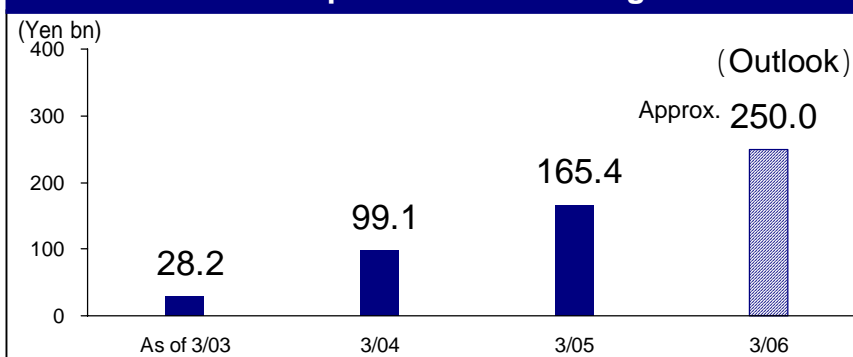
Risk Assets Change in FY3/06 (Planned)

	(Yen bn)	
	End balance	Risk assets
	chg.	chg.
Increase of high yield assets	+550	+360
Housing loans	+380	+190
Alternative investments	+170	+170
Others	+20	+20
Total	+570	+380

Capital Adequacy Ratio & Tier1 Capital Ratio (MTH, Consolidated)



The Group's Retained Earnings *1



*1 Total retained earnings of MTH+CMTB+MATB subtracted by amount required for accumulated earned reserve

Preferred Shares

	Amount (Yen bn)	Type	Year/Month of Injection	Dividend Rate	Current Conversion Price	Reset Floor	Annual reset date, Up/Downward Resets	Mandatory conversion date	Conversion Price at mandatory conversion date	Final Reset Floor (Yen)
Class I	32.0	Convertible	3/1998	2.50%	395.40	395.40	August 1,	8/1/2018	Market price *	400
Class II	150.0	Convertible	3/1999	0.90%	450	450	Downward	8/1/2009	Market price *	400
Class III	250.25	Convertible	3/1999	1.25%	450	450	reset only	8/1/2009	Market price *	400
Total	432.25									

* 30-day average for common share prices, starting from 45 days prior to mandatory conversion



. *New Businesses*



New Businesses

New growth driver of profit to lead the next stage

Turnaround Management Business

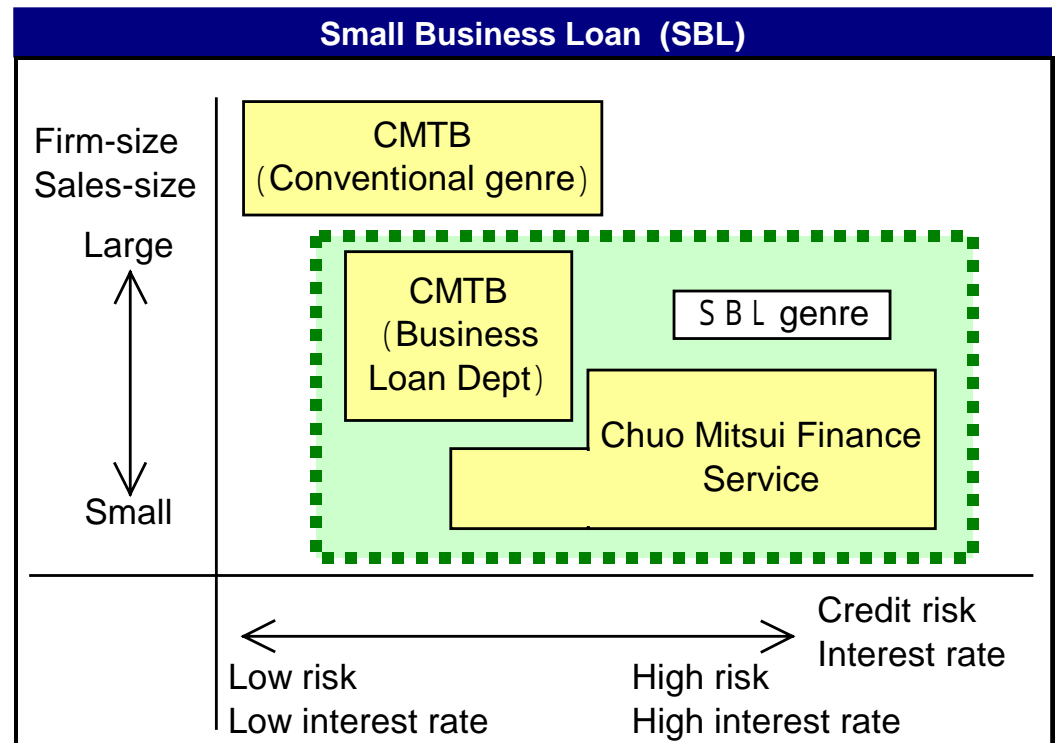
Enhancement of corporate revitalization finance & buyout-related finance

Small Business Loans

- Newly established special division in CMTB, "Business Loan Dept."
- Co-established Chuo Mitsui Finance Service Co. Ltd. with Nissin Co., Ltd.
- Adoption of auto-scoring system

Reverse Mortgage

Engaged in the business ahead of peers in anticipation of coming aging society





This material contains certain forward-looking statements. These statements are not guarantees of future performance, and involve risks and uncertainties. Actual results may differ from these forward-looking statements contained in the present material, due to various factors, including, but not limited, to changes in overall economic conditions.

