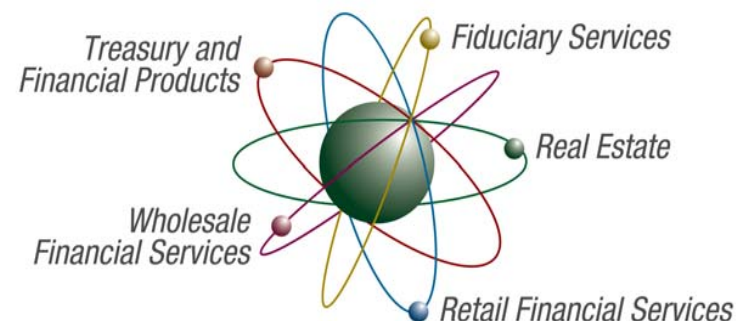


*Sumitomo Trust & Banking
Co., Ltd.
The Breakthrough Plan 2004*



IR Presentation Material

June 2004

✚ FY2003 Financial Highlight (Consolidated basis)

Prerequisites for our growth strategy

“THE TOP TRUST BANK GROUP”

▶ Capital (Consolidated)

✓ Tier1 capital	789.9 billion yen
✓ BIS capital ratio	12.5%
Tier1 ratio	7.1%
✓ Deferred tax assets	150.0 billion yen
Ratio to Tier1	18.9%
✓ Public fund ratio	0%

▶ P/L (Consolidated)

✓ Net business profit before credit cost	153.6 billion yen
✓ Net income	79.6 billion yen
✓ ROE	12.6%
✓ EPS	54 yen

▶ Asset Quality

✓ Credit costs	22.7 billion yen
✓ Non-performing loan ratio	2.8% (Non-consolidated basis)



Breakthrough Plan



Breakthrough Plan

- I. Pursue “sustainable growth” and gain “presence in the society”, following public fund repayment
- II. Carry out a structural reform to reckon with the stagnant past decade after bubble burst
- III. Reallocate “freed up capital” generated as downside risk decreases



**Strategic capital
allocation with agility**

CSR
(Corporate Social Responsibility)



✚ Breakthrough Plan

< Financial target for FY2006 >

1. ROE over 10%
2. Fee revenue ratio over 50%
3. Credit rating Above A

< Corporate goal >

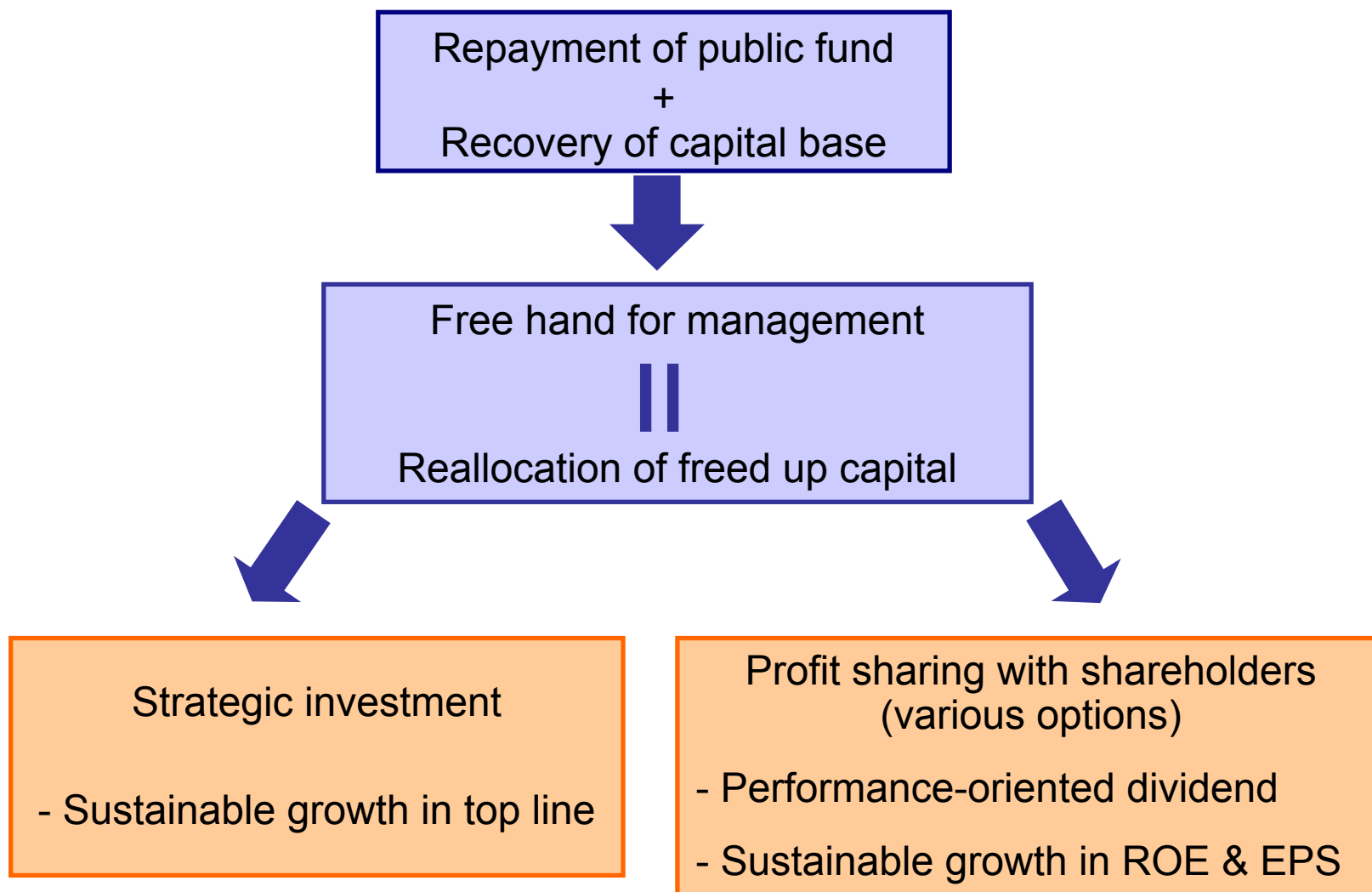
THE TOP TRUST BANK GROUP

The indispensable financial institution providing asset management, custody, and real estate related services based on commercial banking

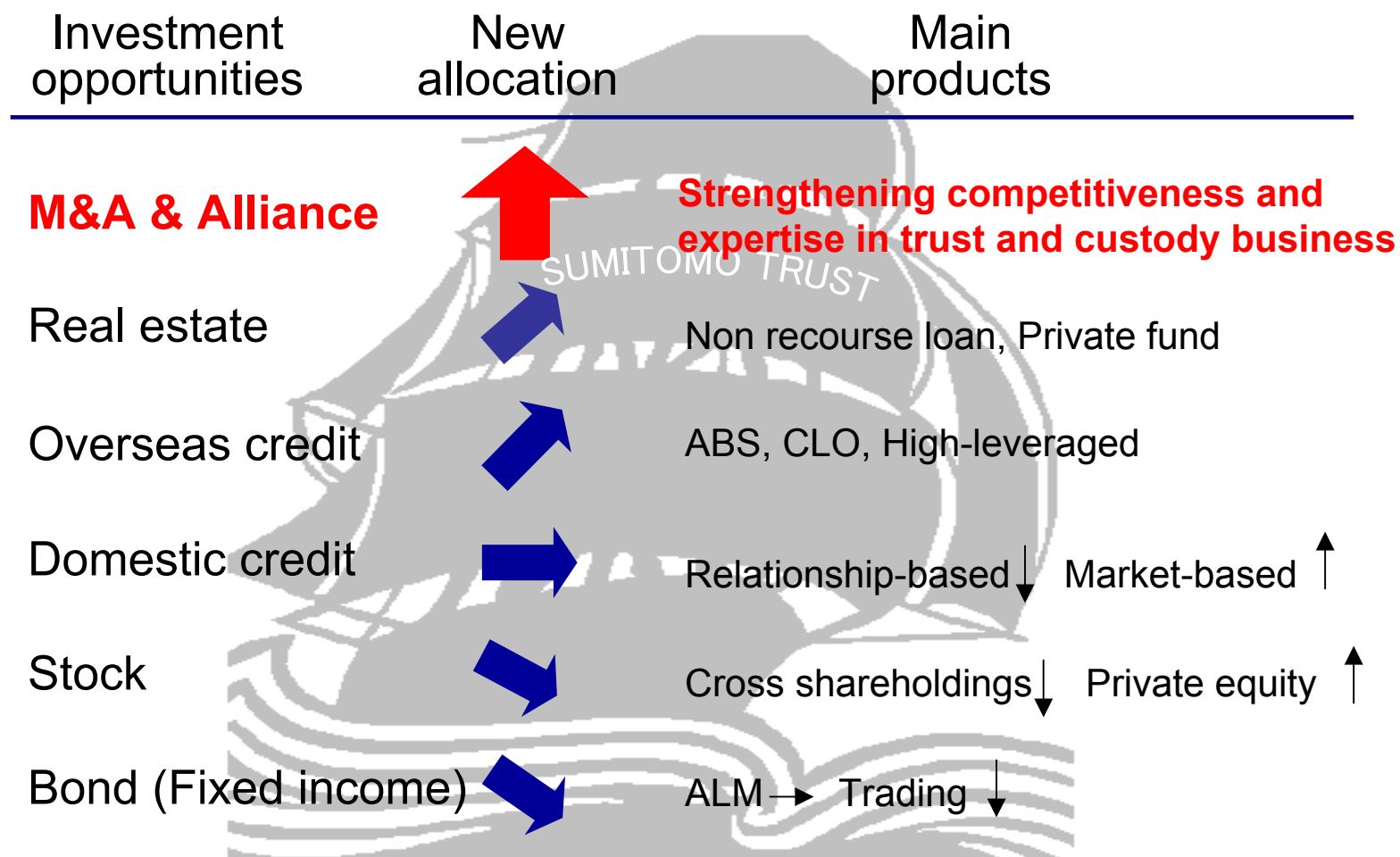
Strategic capital
allocation with agility

CSR
(Corporate Social Responsibility)

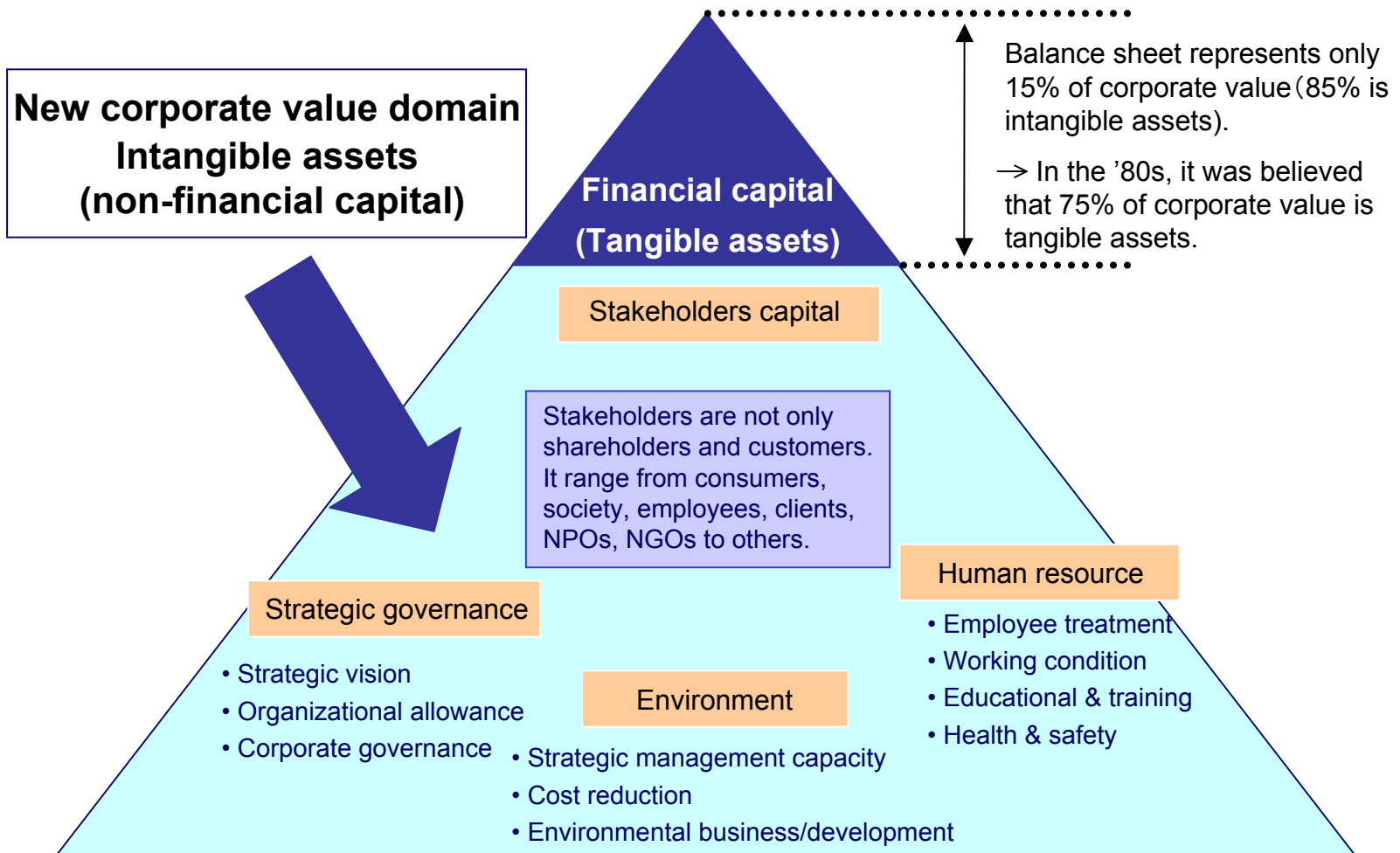
✚ Strategic capital allocation with agility



✚ Reallocation of risk capital (Taking advantage of wind-wing situation)



Why CSR management?



Source: Innovest ("Shakaiteki sekinin toushi nyuumon" etc.)

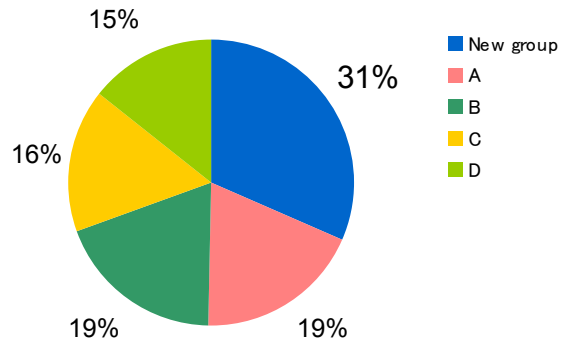
Foundation of THE TOP TRUST BANK GROUP

- ▶ Realizing growth scenario
 - ✓ Complementary position
 - ✓ Economies of scale
 - ✓ Expansion of customer base

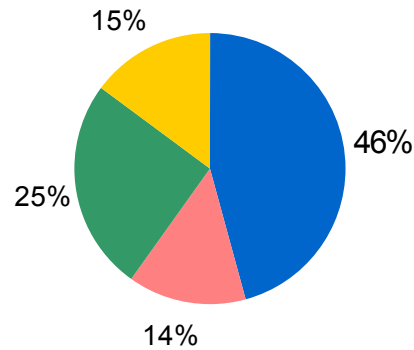
- ▶ Establishment of THE TOP TRUST BANK GROUP business model
 - ✓ Consulting and solution providing with trust functions
 - ✓ Marketing channel, several banking groups' network
 - ✓ Two asset management entities under the group with different brand (management style)
 - ✓ Highly profitable custody business through efficiency

Business size and market share of the THE TOP TRUST BANK GROUP

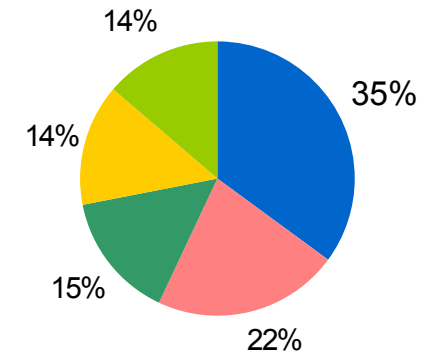
Asset under management
25 trillion yen



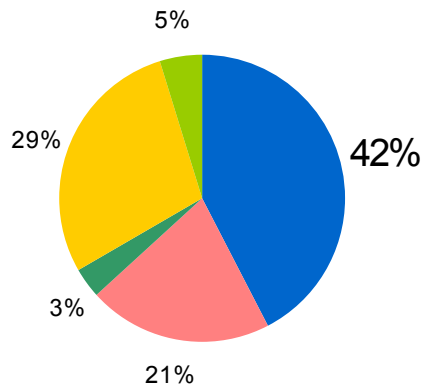
Stock transfer agency
(Number of corporate clients) 2917



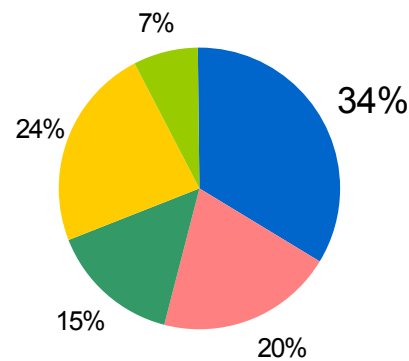
Asset under custody
61 trillion yen



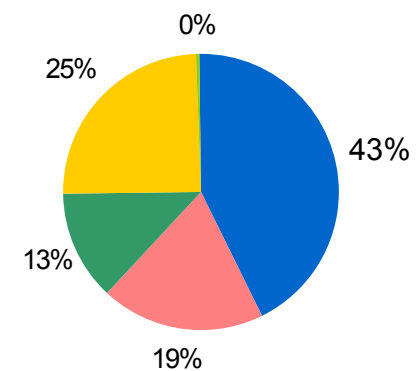
Financial asset securitization
6.3 trillion yen (as of 2003/9)



Real estate brokerage fee
39.1 billion yen



Real estate securitization 3.5 trillion yen (as of 2003/9)

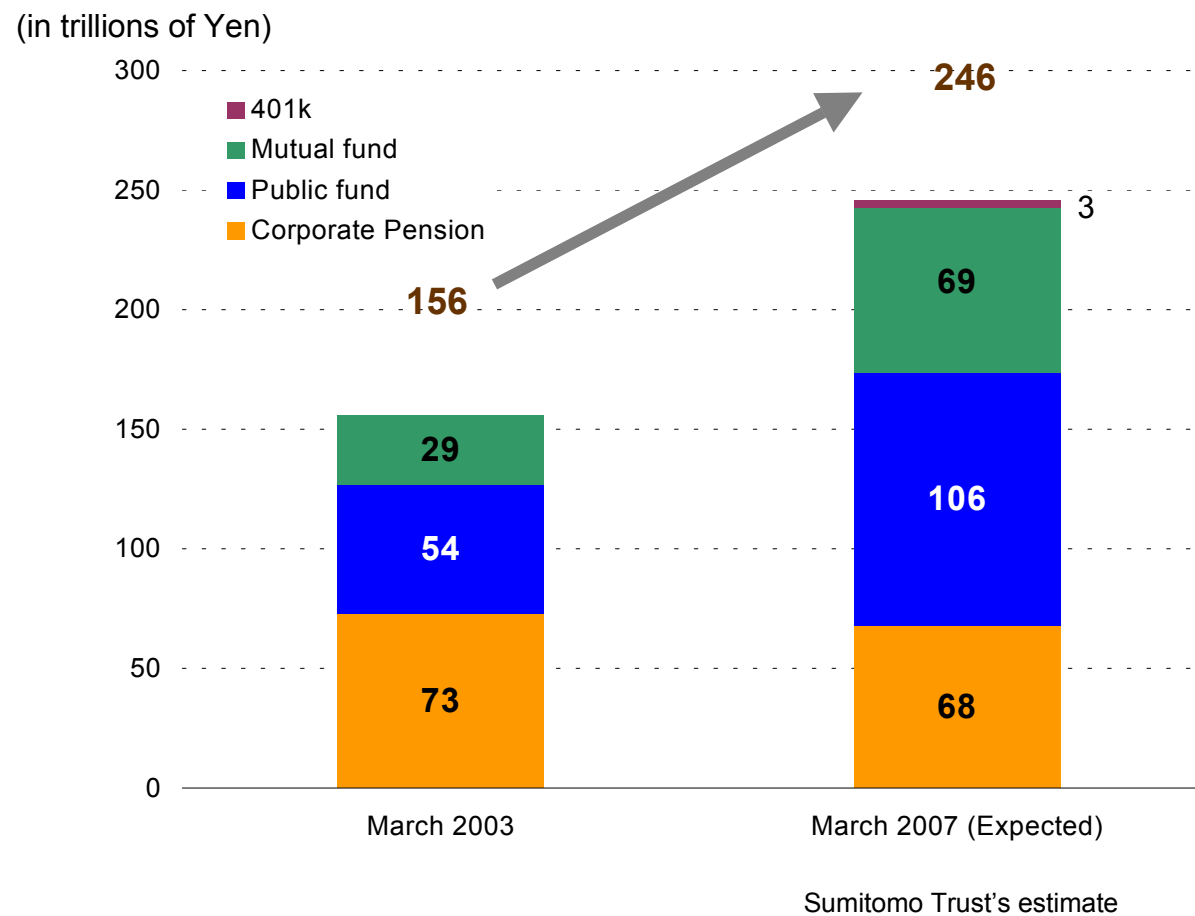


✚ Complementary position

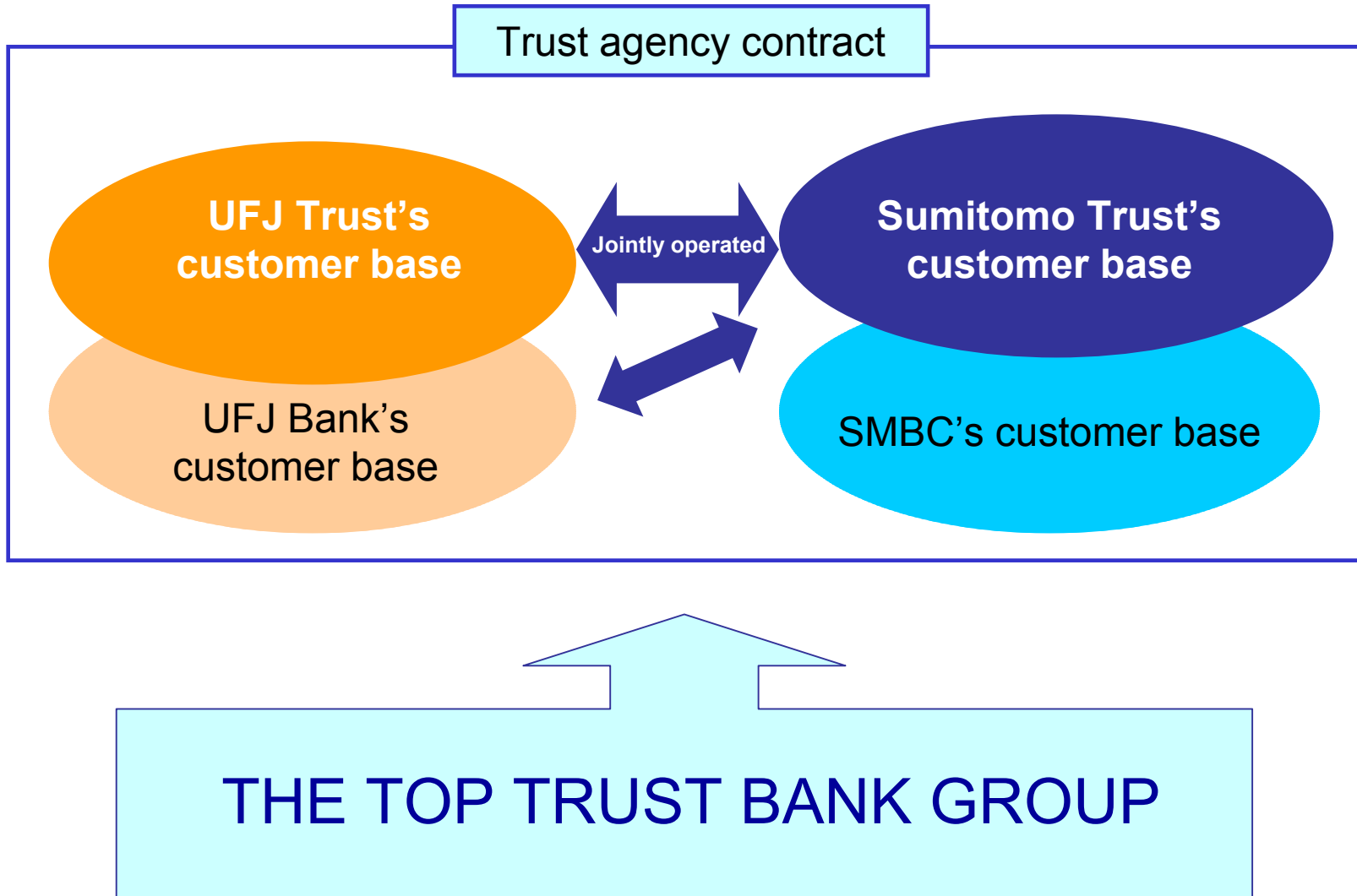
Top position in every trust business

	Current position			New group's position
	Sumitomo Trust	UFJ Trust		
Asset management	1	+	6	= 1
Stock transfer agency	3	+	1	= 1
Custody of mutual fund	4	+	1	= 1
Custody of pension tokkin	2	+	5	= 1
Real estate brokerage	2	+	5	= 1
Retail deposit	3	+	5	= 1
Securitization of real estate	2	+	4	= 1

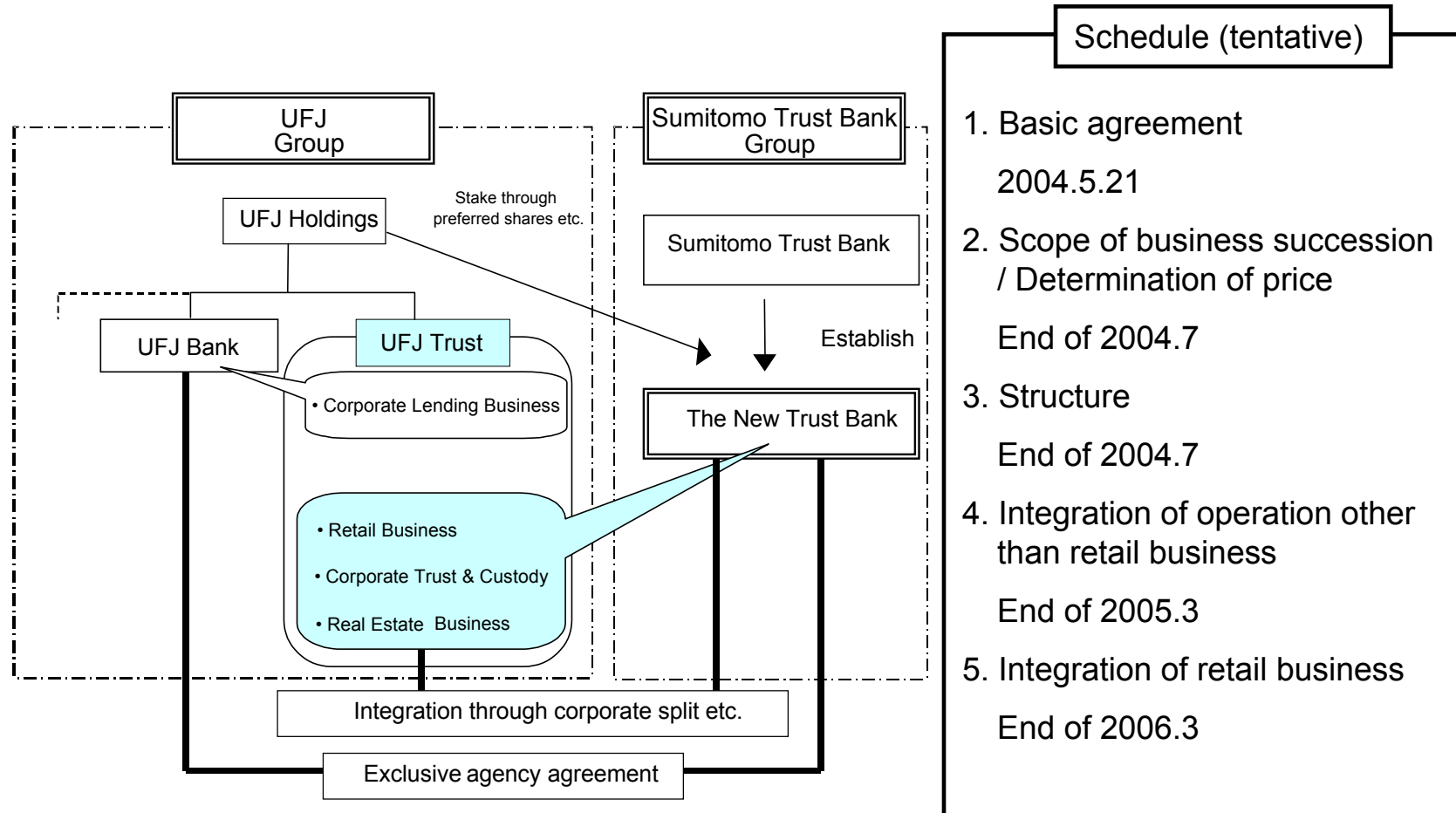
Expanding asset management market



✚ Substantial expansion of customer base



Structure and schedule (1st phase)



Financial results for FY2003



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✚ FY2003 financial outlook

< Non-consolidated > (in billions of Yen)	FY2003	FY2002	Change
Net business profit before credit costs	145.0	158.8	-13.8
General & administrative expenses	111.9	116.3	-4.4
Personnel expenses	46.4	47.4	-0.9
Non-personnel expenses	60.7	63.9	-3.1
Credit costs	21.8	85.9	-64.0
Net gains on stocks	25.6	-127.7	153.4
Other non-recurring profit	-24.7	-13.5	-11.1
Net operating profit	122.1	-68.3	190.5
Extraordinary items	3.8	-36.3	40.2
Net income	73.9	-56.5	130.4
<hr/>			
< Consolidated > (in billions of Yen)	FY2003	FY2002	Change
Net business profit before credit costs	153.6	159.0	-5.4
Net operating profit	135.6	-66.1	201.8
Extraordinary items	2.9	-60.3	63.2
Net income	79.6	-72.9	152.5
<hr/>			
ROE	12.6%	-13.6%	+26.2point
EPS (Fully diluted basis)	JPY48.33	-	-
Tier 1 ratio	7.07%	6.09%	+0.98point



Breakdown of profit by business group

(in billions of Yen)	Non-consolidated						Consolidated		
	Gross business profit before credit costs			Net business profit before credit costs			Net business profit before credit costs		
	FY2003	FY2002	Change	FY2003	FY2002	Change	FY2003	FY2002	Change
Wholesale financial services	83.6	83.7	-0.1	62.8	61.9	0.9	64.1	61.2	2.9
Retail financial services	59.9	58.2	1.7	9.1	3.6	5.5	10.9	4.7	6.2
Treasury and financial products	56.5	73.1	-16.6	47.0	64.0	-17.0	47.0	64.0	-17.0
Fiduciary services	38.9	45.1	-6.2	17.1	23.2	-6.1	21.8	22.6	-0.8
Pension asset management	29.5	29.5	0.0	14.7	15.8	-1.1	14.8	15.8	-1.0
Securities processing services	4.1	7.8	-3.7	1.1	4.8	-3.7	1.4	2.7	-1.3
Stock transfer agency services	5.3	7.8	-2.5	1.4	2.6	-1.2	5.6	4.1	1.5
Real estate	18.1	15.2	2.9	9.0	6.1	2.9	9.9	6.5	3.5
Total	257.0	275.2	-18.2	145.0	158.8	-13.8	153.6	159.0	-5.4

Net fees and commissions (Consolidated, Banking a/c)

(in billions of Yen)

	FY2003	FY2002	change	%change
Net fees and commissions (Consolidated)	52.8	36.0	16.7	46%
Domestic net fees and commissions	50.8	33.4	17.4	
Wholesale financial services	15.7	12.1	3.6	30%
Retail financial services	9.8	6.4	3.4	53%
Stock transfer agency services	15.2	11.3	3.9	34%
Real estate	20.6	16.8	3.8	22%
Fees paid to JTSB	-11.3	-13.5	2.2	
International net fees and commissions	2.1	2.7	-0.6	
Non-consolidated portion	-2.2	-2.1	-0.1	
Global custody	4.1	4.7	-0.6	

← Securitization, syndicated loans, non-recourse loans, etc.

← Mutual fund sales

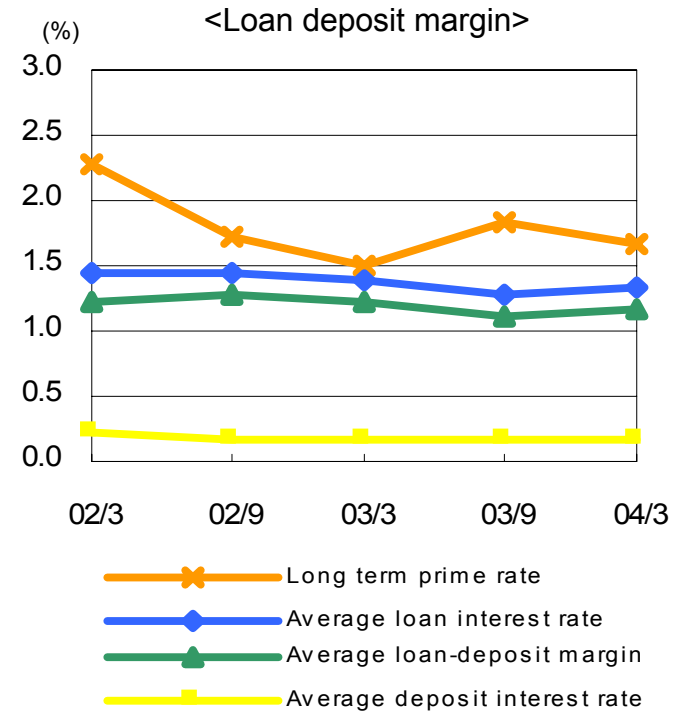
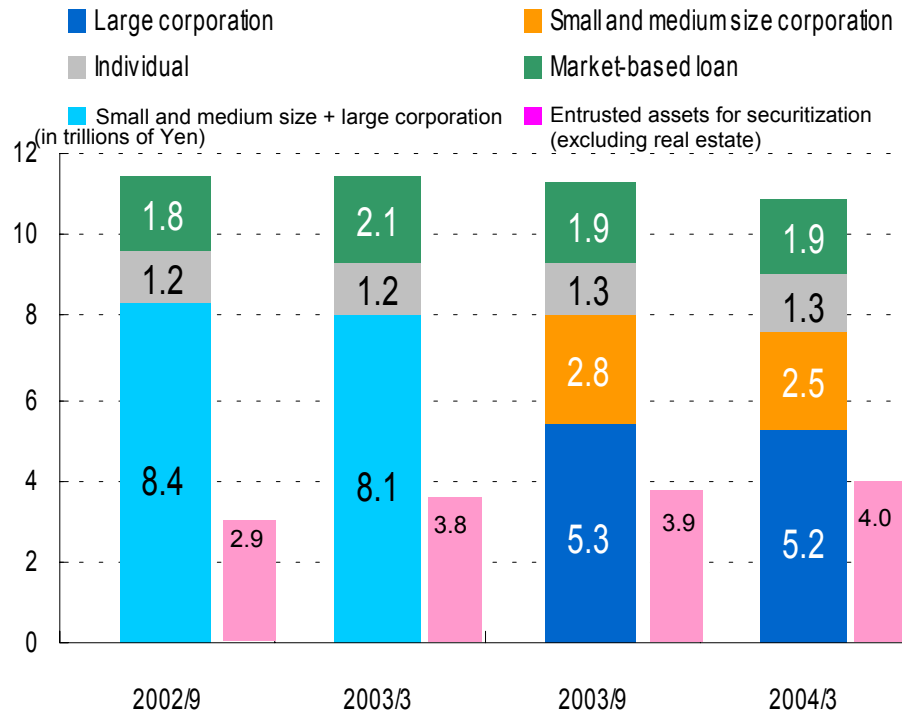
← Increase of transfer registration

← Brokerage

← Fees paid to intermediary brokers

← Decreased due to yen appreciation

Loan business



Amount of market-based loans

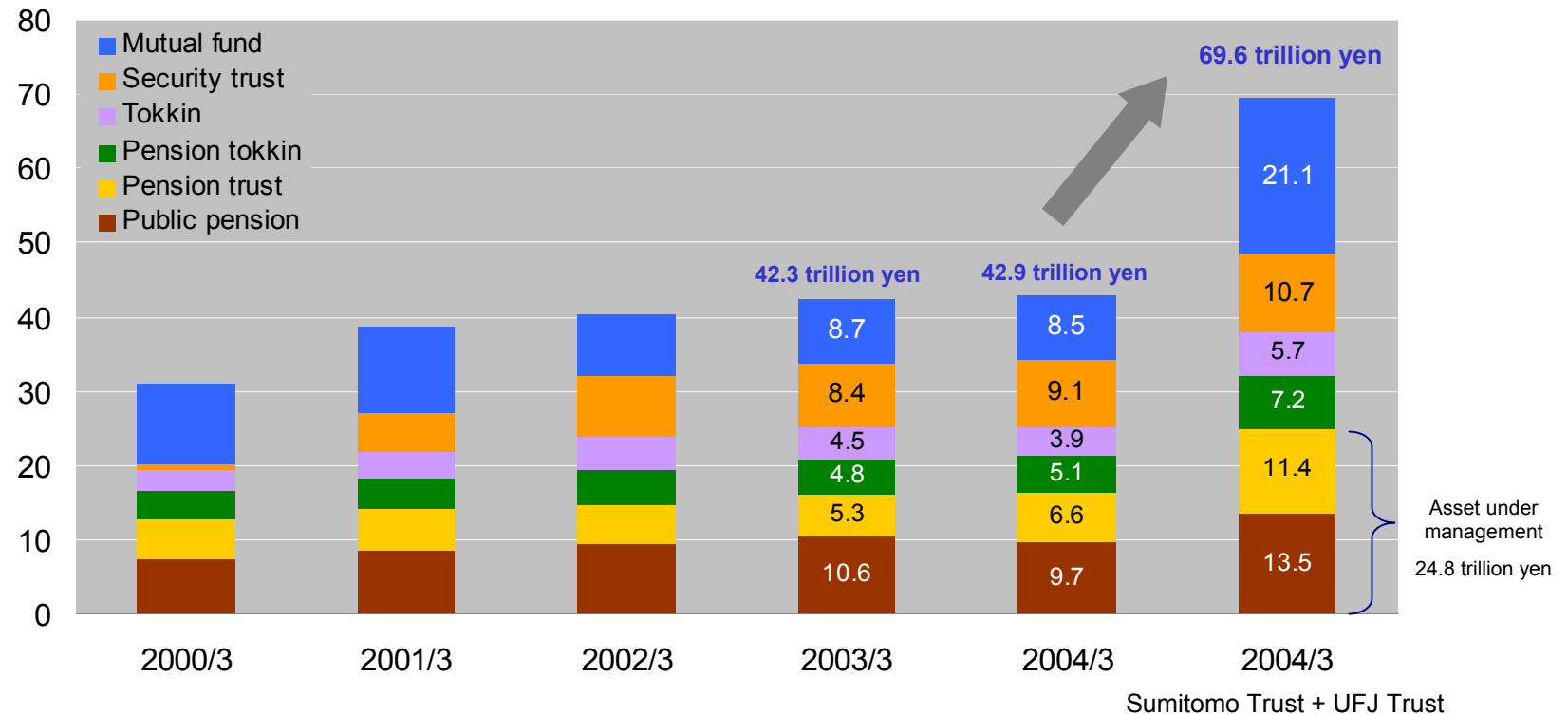
(in billions of Yen)	2004/3	2003/9
Non recourse loan/ Project finance	510.2	440.9
Syndicated loan/ Loan purchase in secondary mkt	401.1	515.0
Overseas branches, ABS	988.8	918.5
Total	1,900.1	1,874.4

	FY2003 (%)	
		Change
Gross margin	0.98	0.03
Average interest yield earned	1.22	0.00
Average interest yield paid	0.24	-0.03
Loan-deposit margin	1.15	-0.09
Average loan interest rate	1.32	-0.09
Average deposit interest rate	0.17	0.00

✚ Growth of trust business

▶ Volume of entrusted assets(ending balance)

(in trillions of Yen)

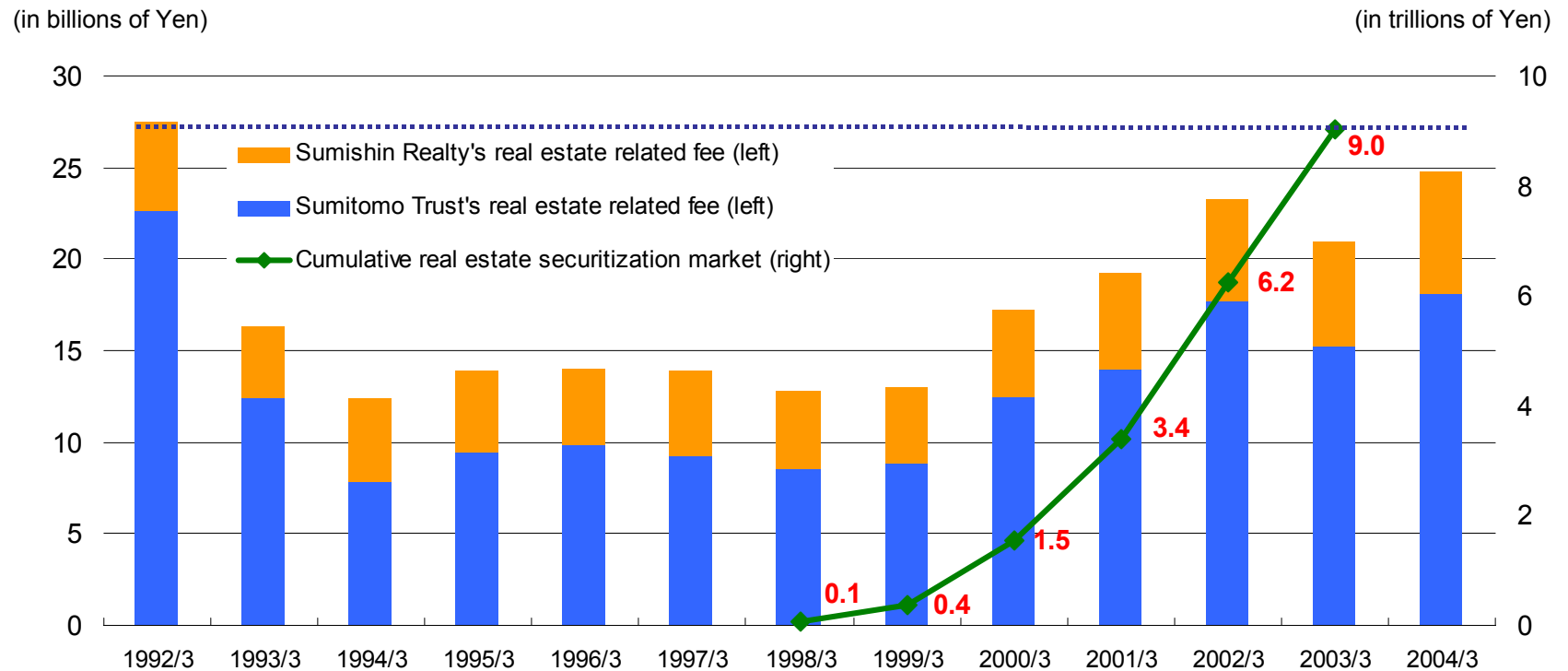


▶ Cost basis: mutual fund, tokkin and public pension

▶ Mark-to-market basis: securities trust, pension tokkin and pension trust

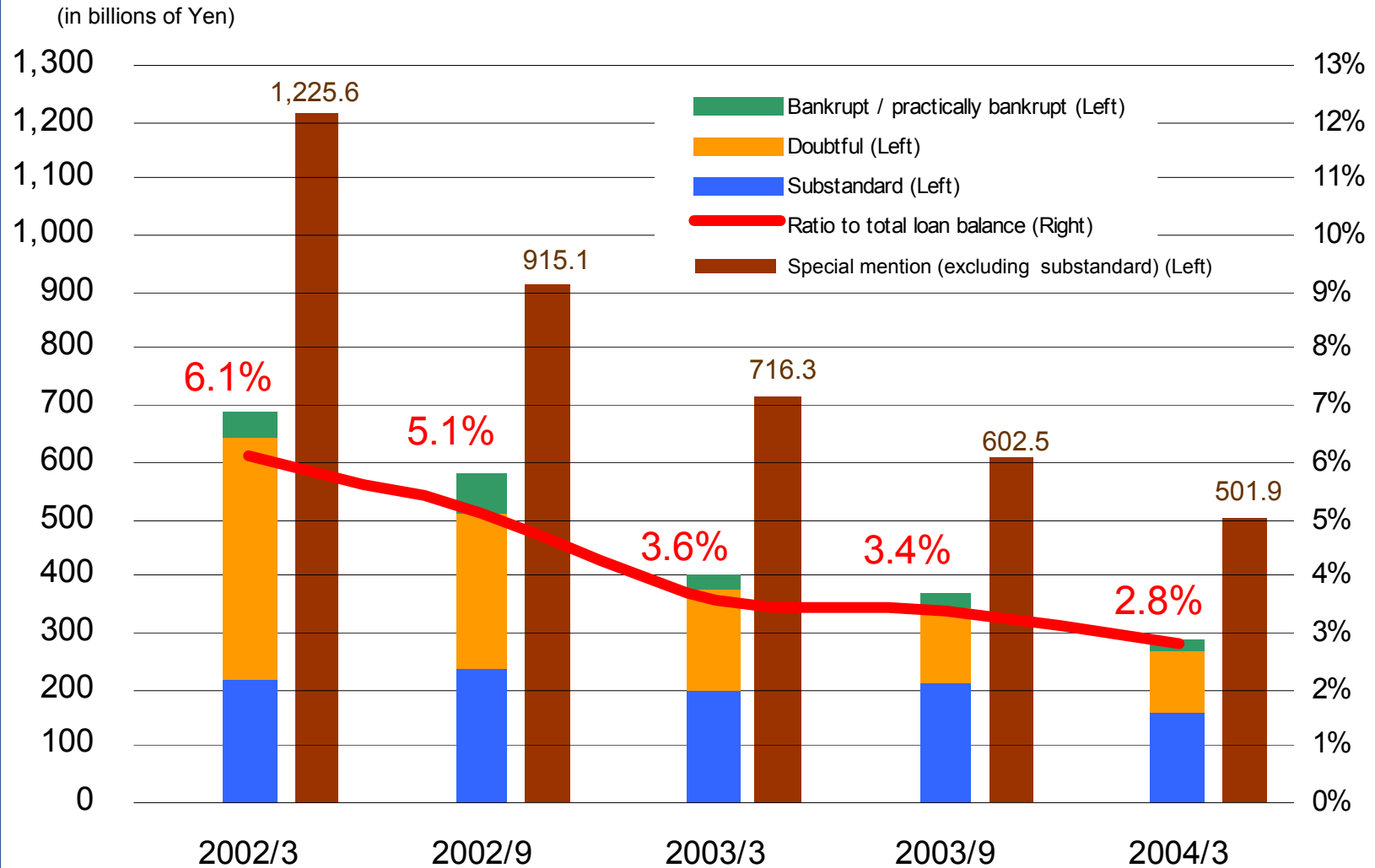
✚ Growth of real estate business

▶ Approaching record-high profit



Source: Ministry of Land, Infrastructure and Transport

Non-performing loans



Note: Amounts in the chart are for both banking and principal guaranteed trust a/c



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✚ FY2003 credit costs breakdown

► Credit costs

(in billions of yen)	FY2002	FY2003	1HFY2003	2HFY2003	Notes
Write-off/reserve (1)	80.7	36.3	19.2	17.0	
Trust a/c	20.3	4.6	2.2	2.4	<ul style="list-style-type: none"> • Mainly write-off for 1HFY2003 • Write-offs for 2HFY2003: approx. 3.0 billion yen → Reflected on trust a/c credit costs for 1HFY2004
Banking a/c	60.4	31.6	17.0	14.6	
Net transfer to general reserve (2)	5.1	-14.4	-9.3	-5.1	<ul style="list-style-type: none"> • Enlarged category for DCF method applied borrowers: approx. 5.0 billion yen • Decrease of special mention category in banking a/c (approx. -140.0 billion yen) → Write back of reserves: approx. 11.0 billion yen
Total credit costs (1) + (2)	85.9	21.8	9.9	11.8	<ul style="list-style-type: none"> • Write-offs, sales: approx. -1.0 billion yen (net gain) • Increase of specific loan loss reserve due to borrowers' migration to worse categories: approx. 12.0 billion yen • Others: approx. 4.0 billion yen

Migration analysis

► Banking and principal guaranteed trust a/c

2HFY2003

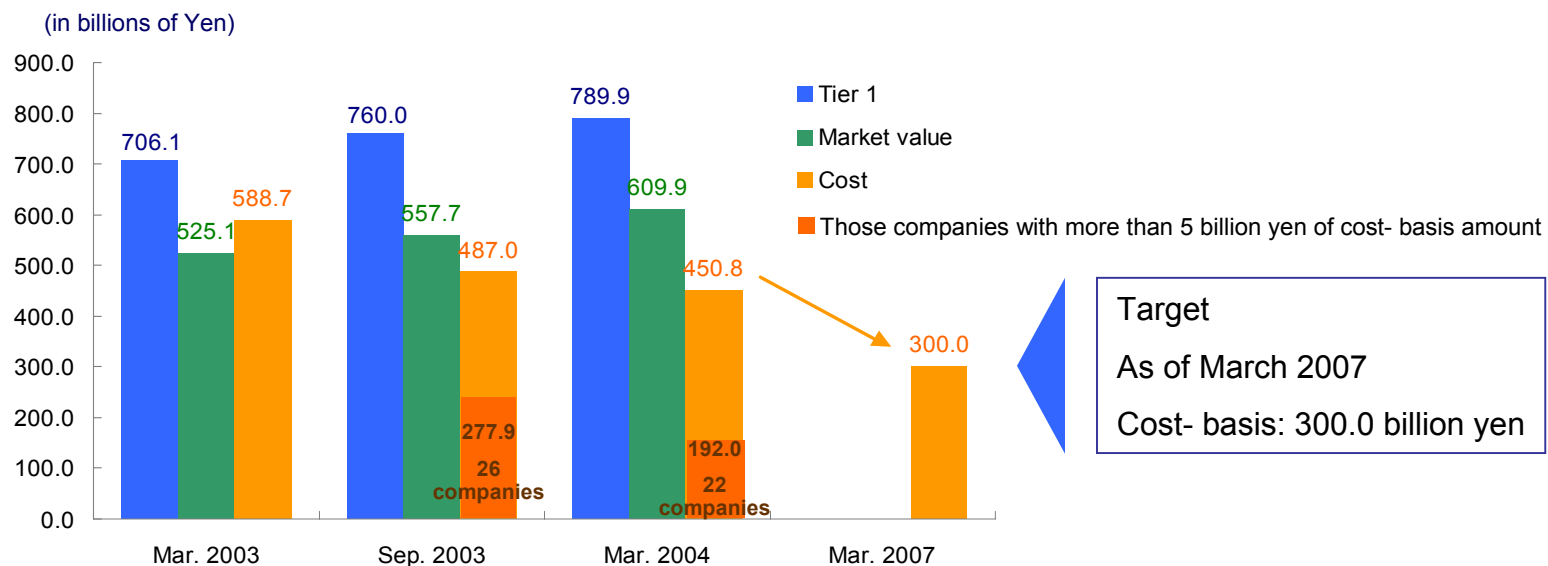
(in billions of yen)	Mar.2004	Sep.2003	Change	Downgrade(+)	Downgrade(-)	Upgrade(+)	Upgrade(-)	Write-off, sales or collection
Bankrupt/practically bankrupt	18.7	25.7	-7.0	4.2	-	-	-2.6	-8.6
Doubtful	113.1	133.6	-20.5	13.0	-1.5	2.5	-15.4	-19.1
Loans to substandard debtors	161.9	227.9	-66.1	1.6	-10.4	10.1	-11.8	-55.5
Loans to special mention debtors (excluding loans to substandard debtors)	497.2	587.9	-90.7	21.1	-5.7	17.0	-58.1	-64.9

- About 10% of loans categorized special mention debtors (excluding loans to substandard debtors) are reclassified to ordinary category.

✚ Securities portfolio

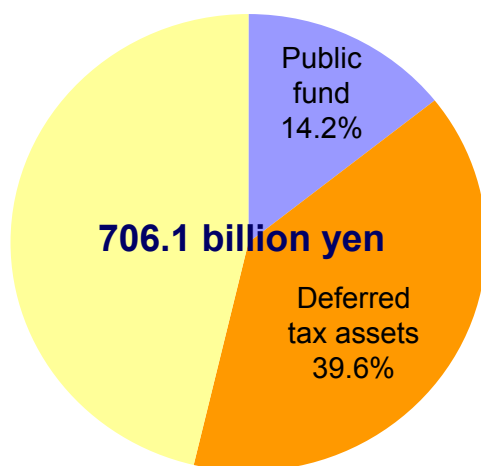
▶ Historical cost and net unrealized gains/ losses of securities (for securities market price available)
(Consolidated/ after devaluation)

Banking a/c (in billions of Yen)	Cost			Net unrealized gains/ losses		
	Mar. 2004	Sep. 2003	Change	Mar. 2004	Sep. 2003	Change
Stocks	450.8	487.0	-36.2	159.0	70.6	88.4
Bonds (JGB)	1,165.2	1,203.9	-38.6	-8.9	-12.9	4.0
Foreign bonds and others	1,501.3	1,803.9	-302.5	10.3	16.4	-6.1
Total	3,117.4	3,494.9	-377.4	160.5	74.1	86.3



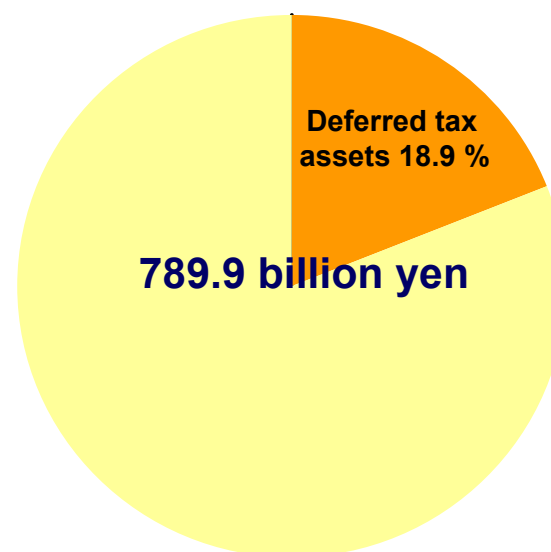
Capital (Consolidated)

Tier 1 as of Mar. 2003



Tier 1 ratio 6.09%
BIS capital ratio 10.48%

Tier 1 as of Mar. 2004



Tier 1 ratio 7.07%
BIS capital ratio 12.45%

Forecast and plans



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Forecast for FY2004

(in billions of Yen) < Non-consolidated >	FY2004 Forecast (A)	FY2003 Actual (B)	Change (A) - (B)
Net business profit before credit costs	145.0	145.0	0.0
Credit costs	30.0	21.8	8.2
Banking a/c	25.0	17.1	7.9
Trust a/c	5.0	4.6	0.4
Net non-recurring items	-5.0	0.8	-5.8
Net operating profit	110.0	122.1	-12.1
Net income	66.0	73.9	-7.9
<hr/>			
< Consolidated >			
Net business profit before credit costs	154.0	153.6	0.4
Net operating profit	120.0	135.6	-15.6
Net income	70.0	79.6	-9.6

* The forecast above does not include the impact of management integration with UFJ Trust.

Mid term projection (excluding the impact of management integration with UFJ Trust)

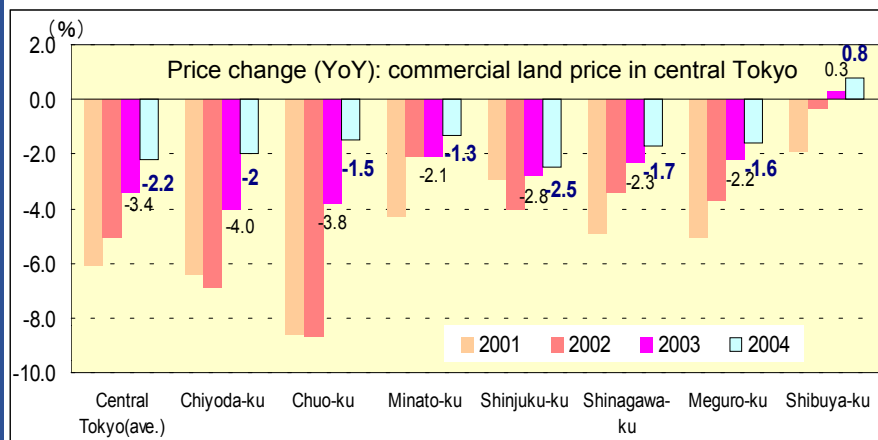
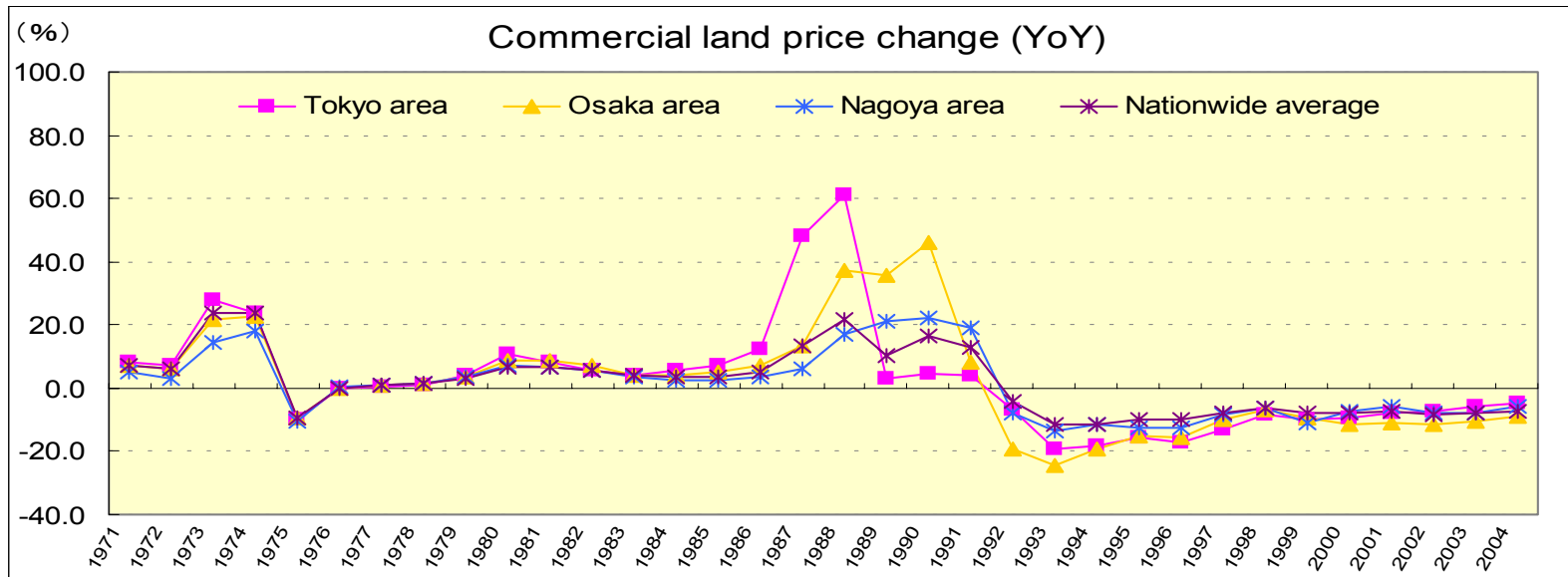
< Non-consolidated > (in billions of Yen)	FY2003 (Actual)	FY2004	FY2005	FY2006
Gross profit	257.0	262.5	263.5 ↔ 273.5	273.5 ↔ 288.5
Wholesale financial services	83.6	83.5	83.5 ↔ 88.0	88.0 ↔ 90.4
Retail financial services	59.9	64.1	64.3 ↔ 69.5	69.5 ↔ 85.4
Treasury and financial products	56.5	55.0	55.0 ↔ 50.0	50.0 ↔ 40.0
Fiduciary services	38.9	41.8	41.7 ↔ 46.0	46.0 ↔ 51.4
Real estate	18.1	18.0	19.0 ↔ 20.0	20.0 ↔ 21.3
Expenses	111.9	117.5	118.5	118.5
Net business profit before credit costs	145.1	145.0	145.0 ↔ 155.0	155.0 ↔ 170.0
Credit costs	21.8	30.0	30.0 ↔ 20.0	30.0 ↔ 20.0
Net operating profit	122.1	110.0	115.0 ↔ 135.0	125.0 ↔ 150.0
Net income	73.9	66.0	69.0 ↔ 81.0	75.0 ↔ 90.0

< Consolidated > (in billions of Yen)	FY2003 (Actual)	FY2004	FY2005	FY2006
Net business profit before credit costs	153.6	154.0	156.0 ↔ 166.0	167.0 ↔ 182.0
Net operating profit	135.6	120.0	127.0 ↔ 147.0	138.0 ↔ 163.0
Net income	79.6	70.0	74.0 ↔ 86.0	81.0 ↔ 96.0

<upside>

<Interest rate/ stock price assumption 1 >	Mar. 2005	Mar. 2006	Mar. 2007	< Interest rate/ stock price assumption 2 >	Mar. 2005	Mar. 2006	Mar. 2007
6-month Yen LIBOR	0.06%	0.10%	0.18%	6-month Yen LIBOR	0.06%	0.18%	0.39%
5-year Yen SWAP	0.56%	0.65%	0.75%	5-year Yen SWAP	0.56%	0.75%	0.95%
Nikkei 225 (Yen)	11,000	11,500	12,000	Nikkei 225 (Yen)	11,000	12,000	13,000

Condition of real estate market



	Number of spots				Proportion of monitoring spots which showed price up or flat	
	price went up		price stayed flat		2003	2004
	2003	2004	2003	2004		
Tokyo area	39	52	54	70	5.4%	6.3%
Central Tokyo	39	50	49	65	11.4%	14.5%
Osaka area	0	0	1	8	0.2%	1.0%
Osaka city	0	0	1	5	0.6%	2.4%
Nagoya area	1	11	1	5	0.4%	2.4%
Nagoya city	1	11	1	4	0.9%	5.3%

Real estate related services

▶ Brokerage, securitization

- Customers' financial needs (utilization of real estate for finance and balance sheet reform through real estate securitization)
- Expansion of information source through alliance with other companies
- Enhancement of residential brokerage business
(Sumishin Realty's revenue plan 5.5 billion yen (04/3) → 7.3 billion yen (07/3))

▶ Property management and custody, appraisal, consulting

- Low cost custody service with IT system

▶ Proprietary investment

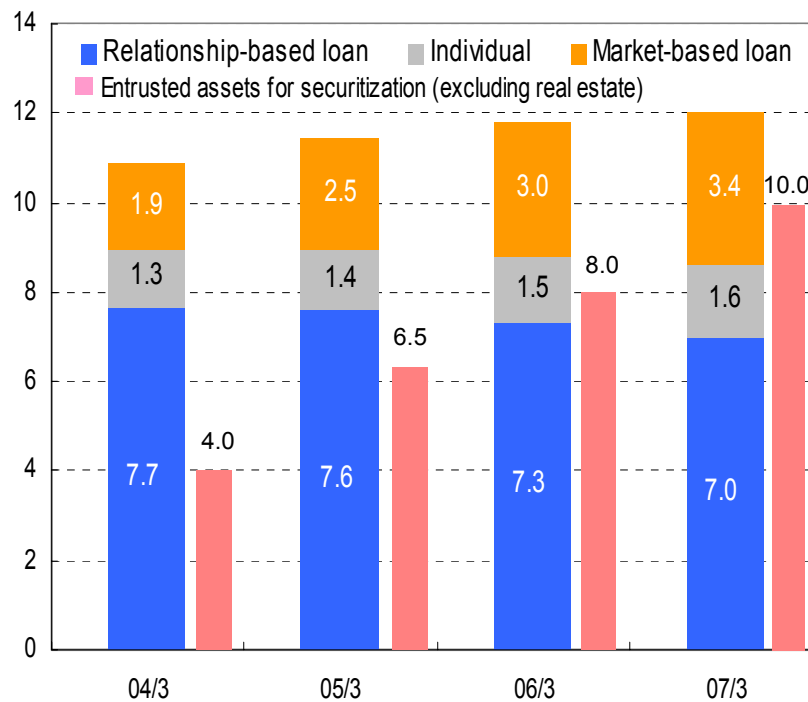
- Origination of private funds as well as investment into mezzanine/ equity of those funds
→ Generate real estate brokerage business opportunities

▶ Fund origination, investment advisory, product distribution

- Product offering through investment advisory service
- Development & sales of real estate related derivatives

Wholesale financial services, business plan

(in trillions of yen)

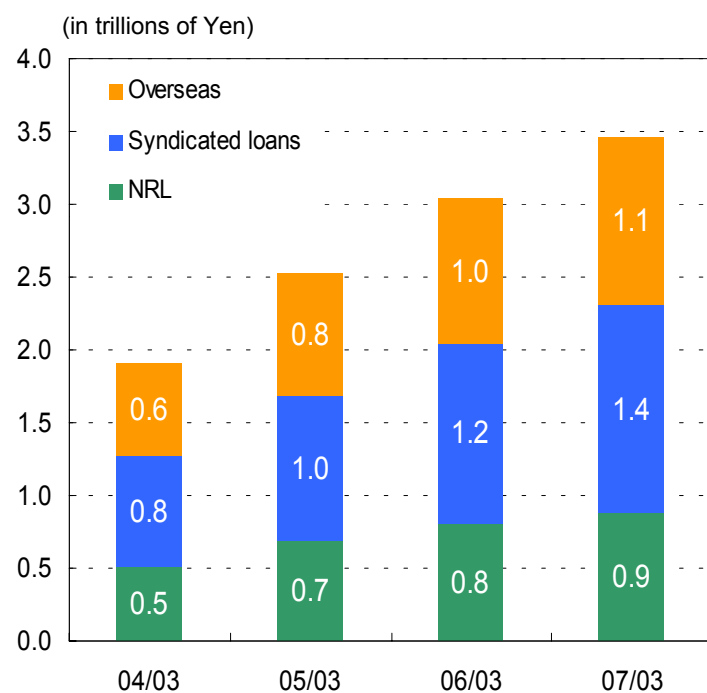


Asset plan

1. Expect low or flat loan demand from large corporations
2. Maximize risk-adjusted return on assets = optimization
 - (1) Spread guideline
 - (2) Portfolio diversification
3. Market-based loan
 - (1) Higher expected return on risk
 - (2) Emphasize on liquidity
4. Increasing corporate and investors' needs of securitization and securitized products



Wholesale financial services, plan for market-based loans



Strategies for credit risk taking

1. Change of appraisal method
 - Risk - return analysis based on EL (expected loss) to based on EL and UL (unexpected loss)
2. Better performance expected from middle risk or mezzanine, under the recovery of Japanese economy and stable overseas economic condition
3. Net decline of real estate related exposure
 - Increase of NRLs
 - Collection of recourse loans to real estate related special mention debtors
4. Investment opportunities into overseas credit
 - Relatively higher return on risk than domestic credit
 - Easy to generate diversified portfolio
5. Exit strategy

Asset management business

Market share expansion

Fee revenue increase

Maximizing both market share and fee level

Maximizing profit

Consulting capability

- ⇒ Pension plan & asset management
- ⇒ Open platform

Corporate pension asset under management (as of March 2004)

- ⇒ 6.65 trillion yen
- ⇒ Increased 390 billion yen during 2FY2003 (largest increase among trust banks)
- ⇒ Jumped up to No. 2 position

▶ Keeping high active management ratio

▶ Alternative investment

- ⇒ Leading player (380 billion yen of AUM as of March 2004)
- ⇒ Real estate
- ⇒ Hedge fund

“Sumitomo aims to rule Japan as distributor and manager.”

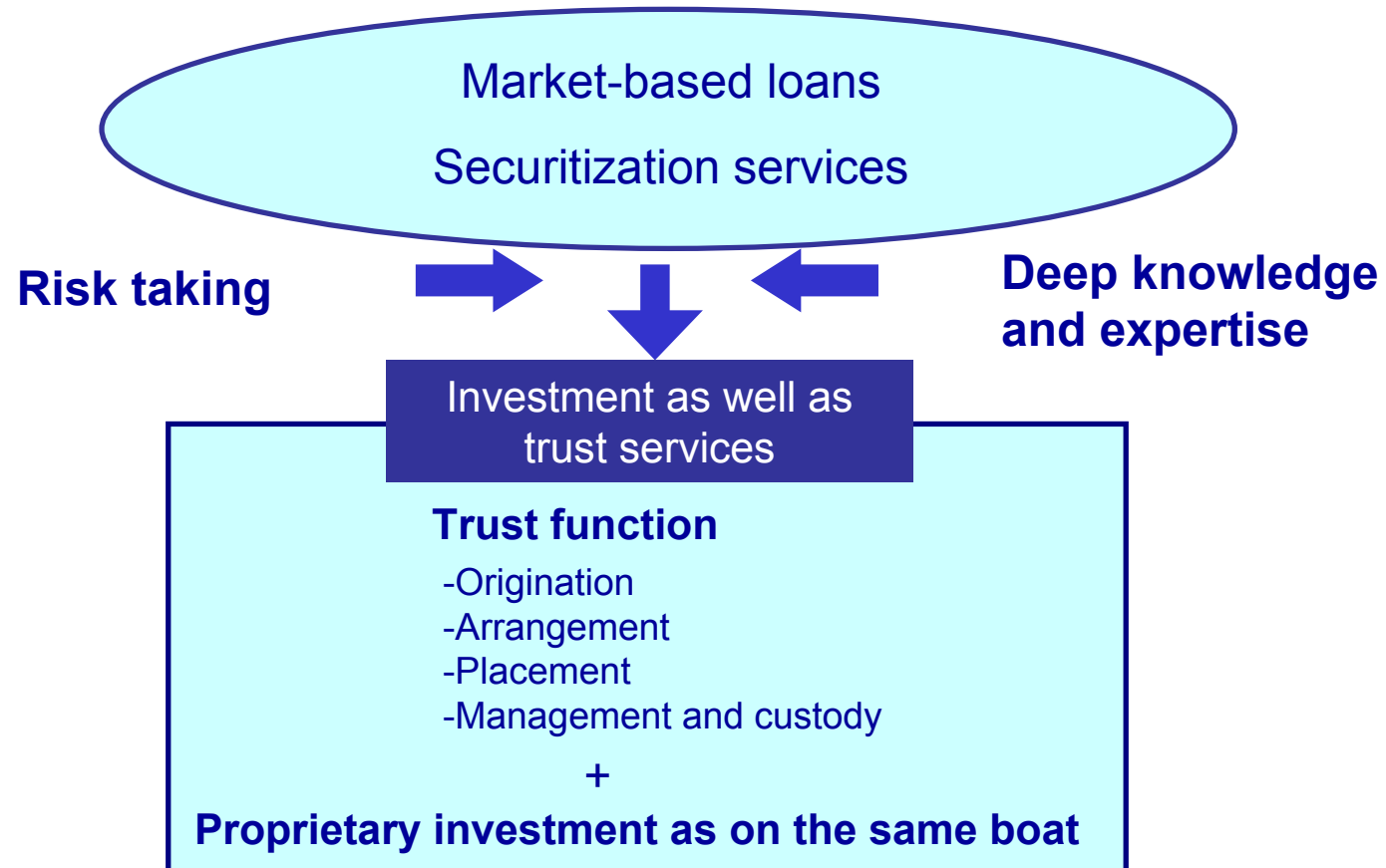
“The \$120billion asset management giant has teamed up with Financial Risk Management to build its comprehensive range of products and help it run its \$2billion hedge fund portfolio.”

InvestHedge April, 2004

Asset allocation of public pension	2000	2001	2002
Bonds	31.7%	31.5%	35.1%
Stocks	53.4%	52.3%	42.3%
Balanced asset mix (insurance)	11.4%	12.1%	14.0%
Others	3.7%	4.2%	8.7%
(Real estate)	approx 0.1%	approx 0.1%	approx 0.1%
Asset allocation of US corporate pension			
Others	8.5%	9.9%	10.6%
(Real estate)	3.2%	4.3%	4.6%

Potential expansion of alternative investment

✚ Investment as well as trust services



Expand and enhance both
Banking and Trust business



Establish new profit
opportunity

This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in managerial circumstances.