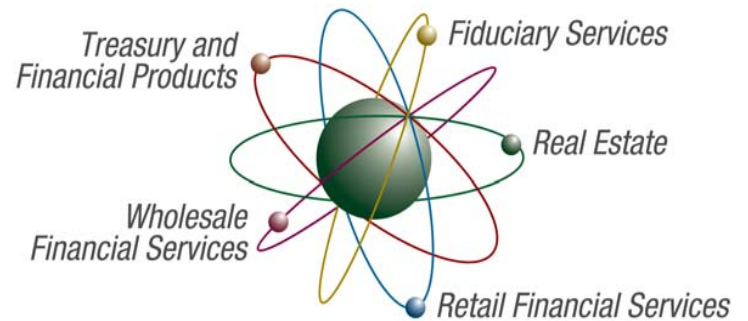




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*Sumitomo Trust & Banking
Co., Ltd.*



**Information Meeting
on
Financial Results for 1HFY2004**

December 1, 2004

The quality trust bank



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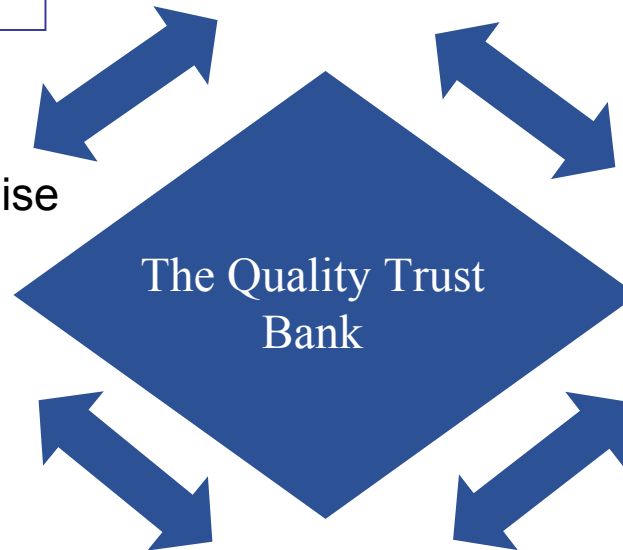
Aiming to become the quality trust bank

The quality trust bank

Trust bank along with real estate business having strength in efficient capital control and having high quality in capital, asset, profit, as well as customer franchise

- Quality of asset
 - Low non-performing loan ratio
 - High RAROA
 - Highly diversified investment

- Quality of customer franchise
 - Number of customers
 - Depth of customer relation
 - Critical mass of trust business

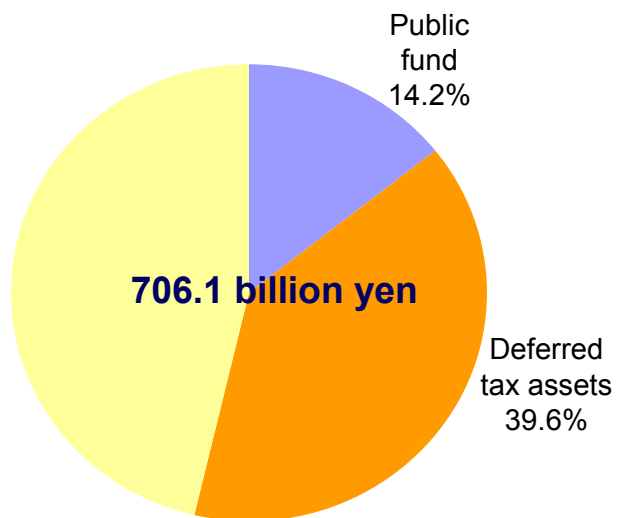


- Quality of profit
 - Sustainable growth of bottom line
 - High fee income ratio
 - Low overhead ratio

- Quality of capital
 - Potential dilution of capital
 - Low deferred tax assets
 - High Tier 1 ratio

Capital

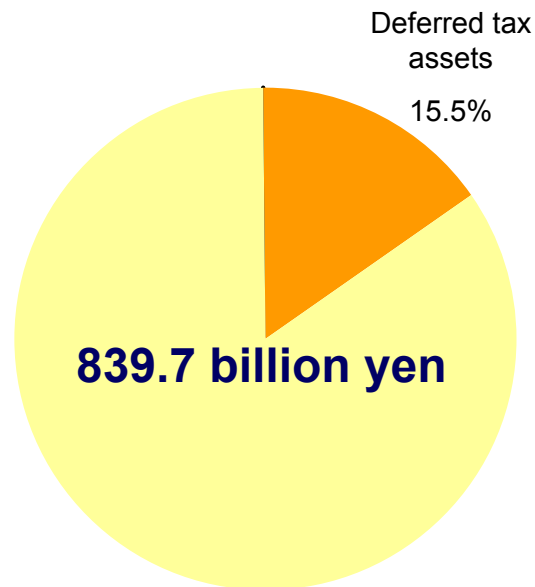
Tier 1 as of Mar. 2003



Tier 1 ratio 6.09%

BIS capital ratio 10.48%

Tier 1 as of Sep. 2004



Tier 1 ratio 7.38%

BIS capital ratio 13.24%



Strategic capital allocation with agility

High quality and excess capital + Free hand for management



Ensure growth in ROE & EPS by reallocating and efficiently using freed up capital



Strategic investment

- ▶ Sustainable growth in top line
- ▶ Proprietary investment to increase leverage for profitability

Profit sharing with shareholders

- ▶ Stable dividend → Total profit sharing (Dividend + Share buy back)
- ▶ Dividend payout ratio: over 20%
- ▶ Forecast dividend for FY2004: 10 yen (amended from 6 yen forecast)



For efficient capital allocation

~Equity capital is the most expensive source of funding~

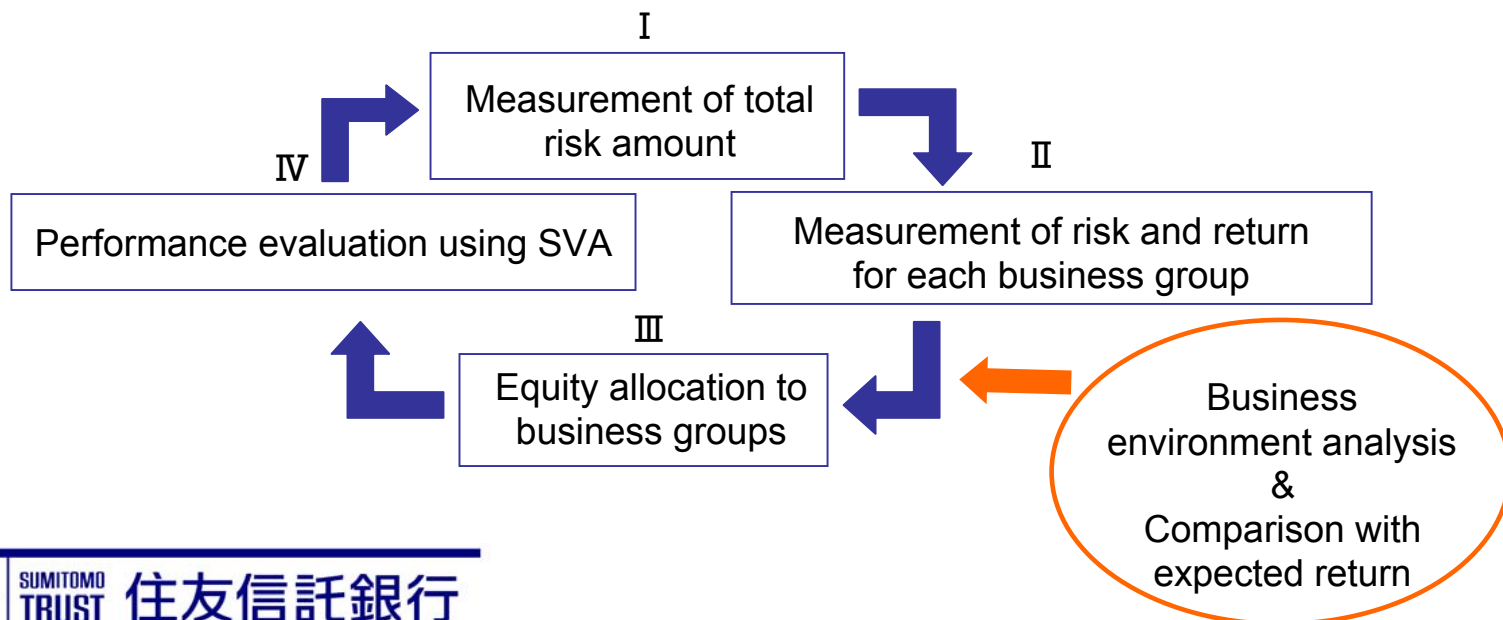
Establishment of “Capital Allocation Committee”

<Mission>

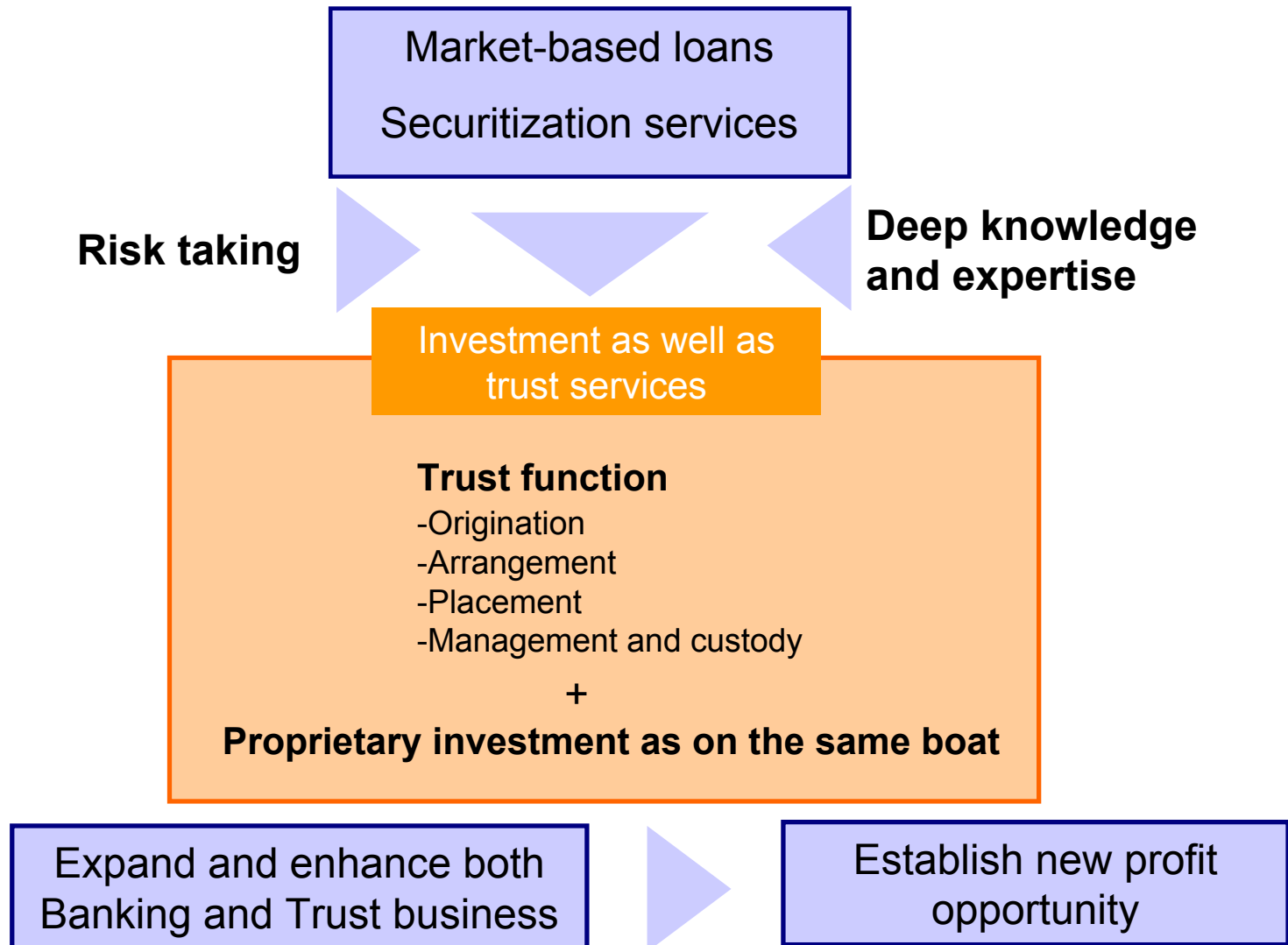
- ▶ Maximize shareholders’ value through efficient capital allocation

<Function>

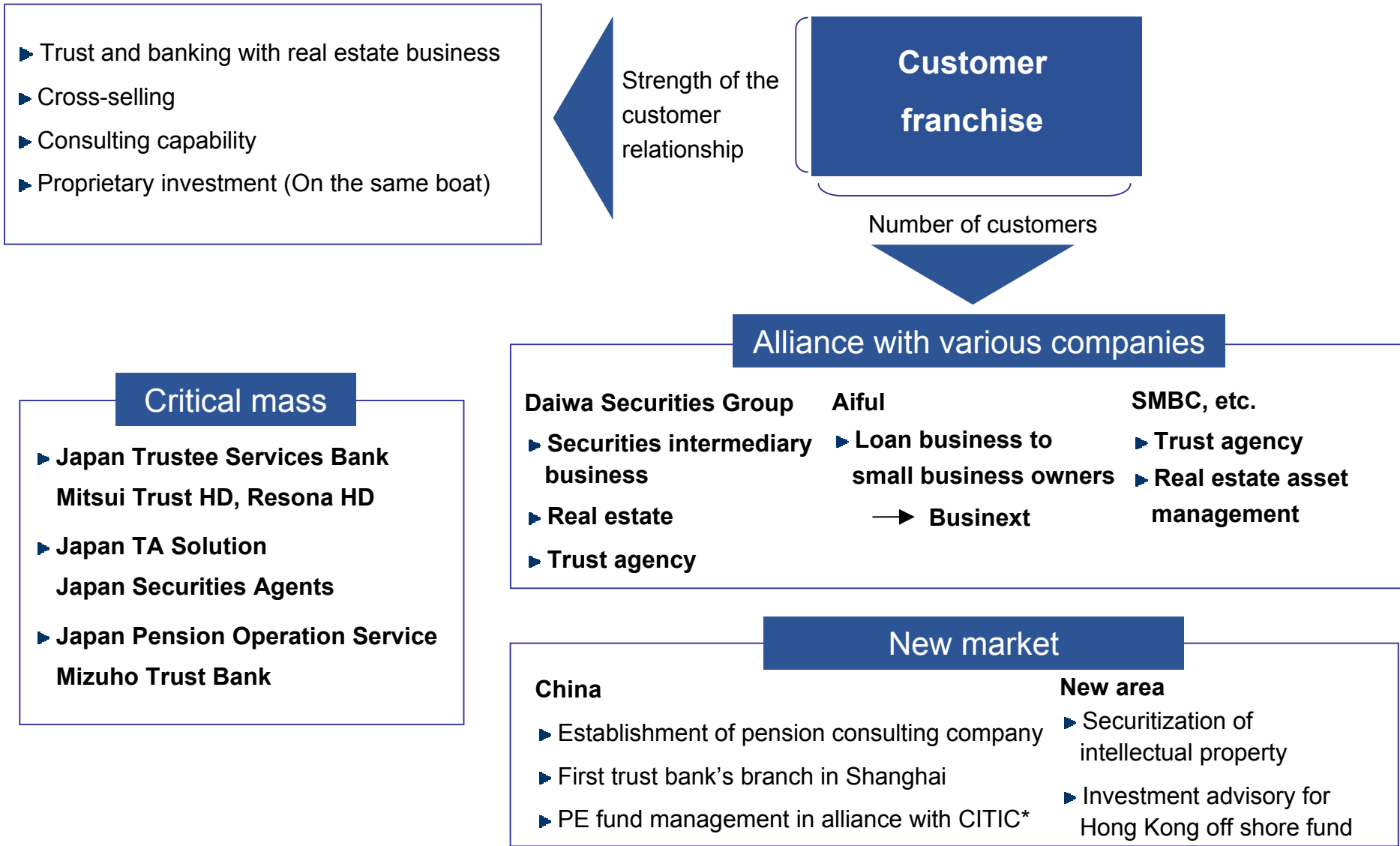
- ▶ Verify capital adequacy in terms of economic capital
- ▶ Promote diversified investment strategy to avoid concentration of risk
- ▶ Review business model through optimization of capital allocation and shareholders’ value added (SVA) based performance analysis



Improving asset and profit quality: Investment as well as trust services



Enhancing customer franchise base



Financial results for 1HFY2004



1HFY2004 financial outlook

<Non-consolidated>	1HFY2004	Previous forecast	Change	1HFY2003	Change
(in billions of Yen)	(A)	(B)	(A) - (B)	(C)	(A) - (C)
Net business profit before credit costs	61.4	65.0	-3.6	77.3	-15.9
General & administrative expenses	56.5	-	-	55.5	1.0
Personnal expenses	22.2	-	-	23.0	-0.7
Non-personnal expenses	30.9	-	-	30.0	0.8
Credit costs	-13.1	15.0	-28.1	9.9	-23.1
Net gains on stocks	7.8	} $\Delta 5.0$ }	} 6.2 }	8.9	-1.1
Other non-recurring profit	-6.6			-11.1	4.5
Net operating profit	58.8	45.0	13.8	62.3	-3.5
Extraordinary items	16.6	-	-	5.7	10.8
Net income	46.3	27.0	19.3	40.3	5.9
<Consolidated>					
(in billions of Yen)					
Net business profit before credit costs	65.9	-	-	79.6	-13.6
Net operating profit	64.3	50.0	14.3	66.6	-2.2
Extraordinary items	16.4	-	-	5.6	10.7
Net income	48.7	29.0	19.7	40.9	7.8
EPS (Fully diluted basis)	29.3 yen	-	-	24.9 yen	4.4 yen
Tier 1 ratio	7.4%	-	-	6.7%	+0.7 point



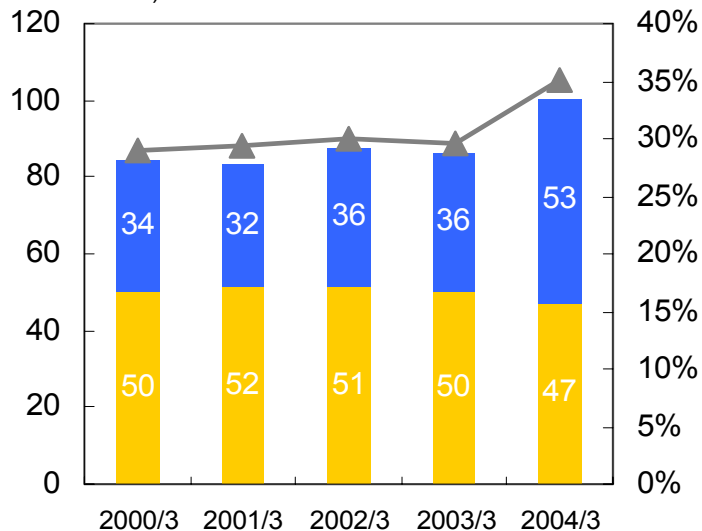
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Net fees and commissions and other trust fees

Full fiscal year basis (Consolidated)

(in billions of Yen)



Net fees and commissions

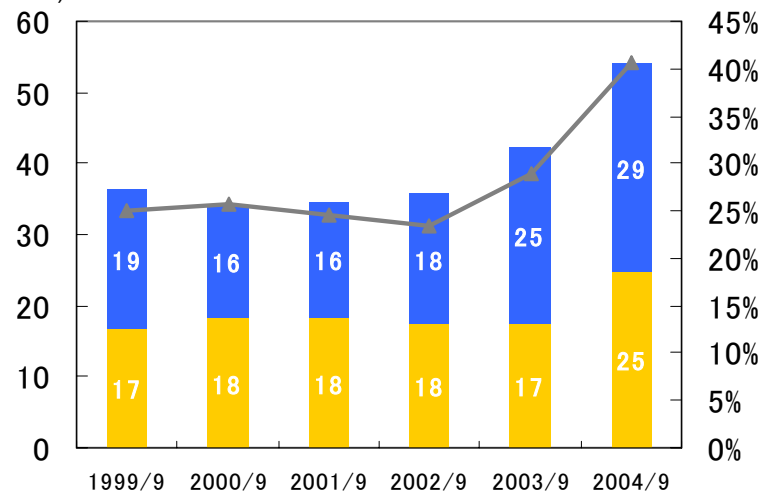
- ▶ Syndicated loan, Non recourse loan
- ▶ Individual annuity, Mutual fund
- ▶ Stock transfer agency services
- ▶ Real estate brokerage, Real estate administration
- ▶ Outsourcing fee (paid), Brokerage fee (paid)

Other trust fees

- ▶ Pension tokkin
- ▶ Securities processing services (Tokkin, Mutual fund, Security trust)
- ▶ Corporate pension, public pension
- ▶ Real estate securitization, land trust
- ▶ Asset securitization

Half fiscal year basis (Consolidated)

(in billions of Yen)



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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		
	1HFY2004	Change from forecast	1HFY2003	Change from 1HFY2003	1HFY2004	1HFY2003	Change	1HFY2004	1HFY2003	Change
Wholesale financial services	42.4	3.1	43.9	-1.4	32.0	33.2	-1.2	34.1	35.9	-1.8
Stock transfer agency services	2.9	0.1	2.6	0.2	1.6	1.2	0.4	2.9	3.4	-0.5
Retail financial services	30.7	1.7	25.9	4.9	5.6	0.2	5.3	6.3	1.0	5.3
Treasury and financial products	14.7	-19.8	42.4	-27.6	10.3	37.7	-27.5	10.3	37.7	-27.5
Fiduciary services (*1)	15.6	4.5	12.0	3.7	8.2	5.5	2.7	9.4	4.0	5.4
Pension asset management	12.9	3.3	10.5	2.4	6.3	4.9	1.4	6.7	3.6	3.1
Securities processing services	2.8	1.2	1.5	1.3	1.9	0.6	1.3	2.7	0.4	2.3
Real estate	10.3	3.3	7.4	2.9	6.6	3.9	2.7	6.8	4.2	2.7
Others (*2)	4.2	1.2	1.5	2.7	-1.2	-3.2	2.0	-1.0	-3.2	2.2
Total	118.0	-6.0	132.9	-14.8	61.4	77.3	-15.9	65.9	79.6	-13.6

*1 Effect of change in trust fee accounting from cash basis to accrual basis is 4.2 billion yen.

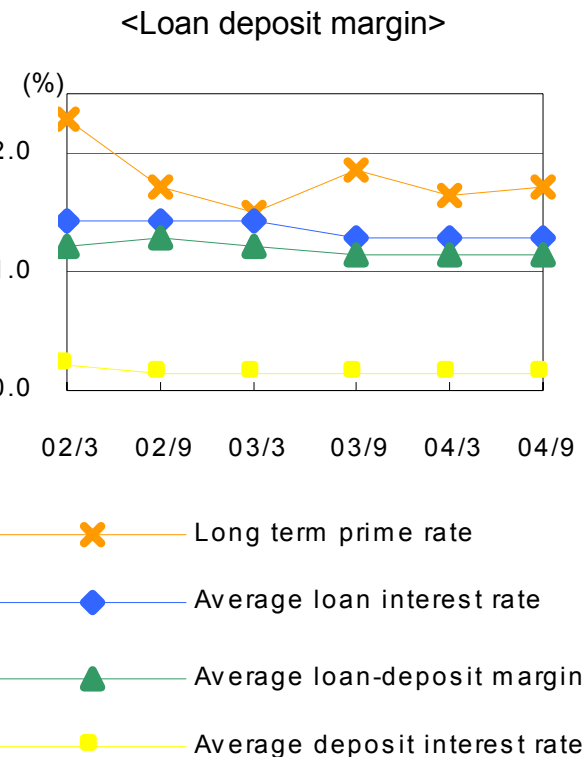
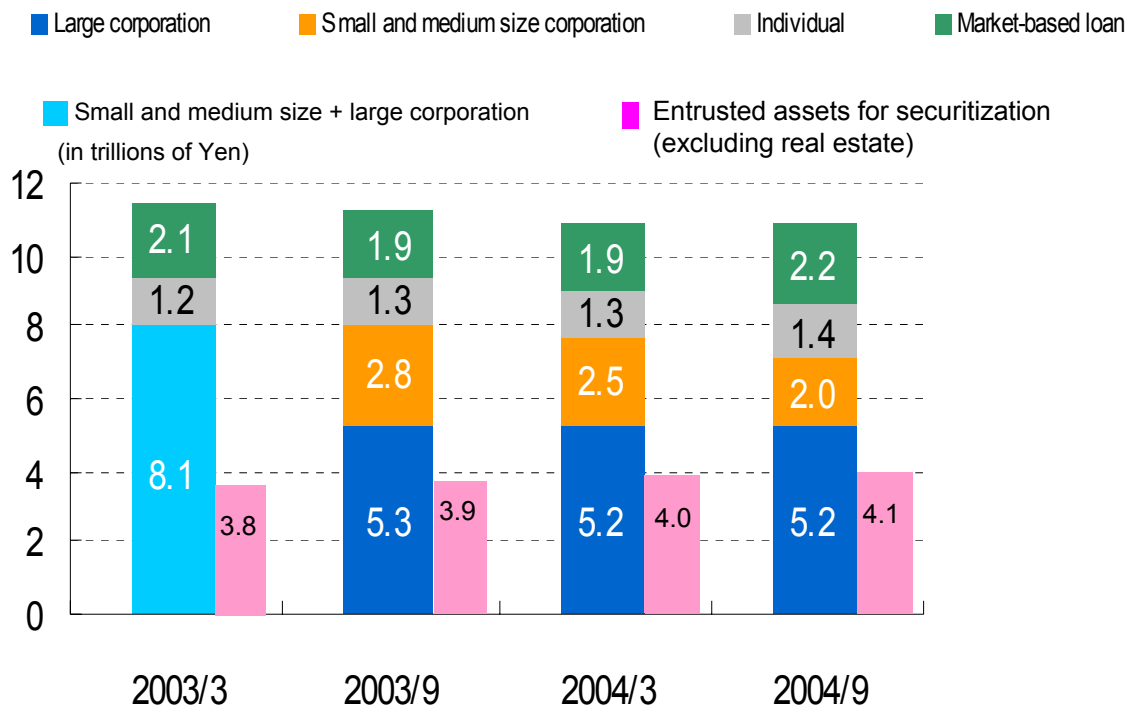
*2 Changed management accounting grouping. Net of dividend income, cost of capital sourcing and head office expense is included.

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

(in billions of Yen)	1HFY2004	1HFY2003	Change	% Change	
Net fees and commissions (Consolidated)	29.3	25.0	4.3	17%	
Domestic net fees and commissions	27.0	24.0	3.0		
Wholesale financial services	7.6	7.9	-0.4	-5%	← Non-recourse loans
Retail financial services	5.6	3.4	2.2	65%	← Mutual fund and annuity sales
Stock transfer agency services	8.8	7.4	1.4	19%	← Increase of transfer registration
Real estate	10.8	8.8	2.0	22%	← Brokerage and securitization
Fees paid to JTSE	-5.8	-3.6	-2.2		Effect of change to accrual basis -12
International net fees and commissions	2.2	0.9	1.3		← CLO arrangement



Loan business/ Loan deposit margin



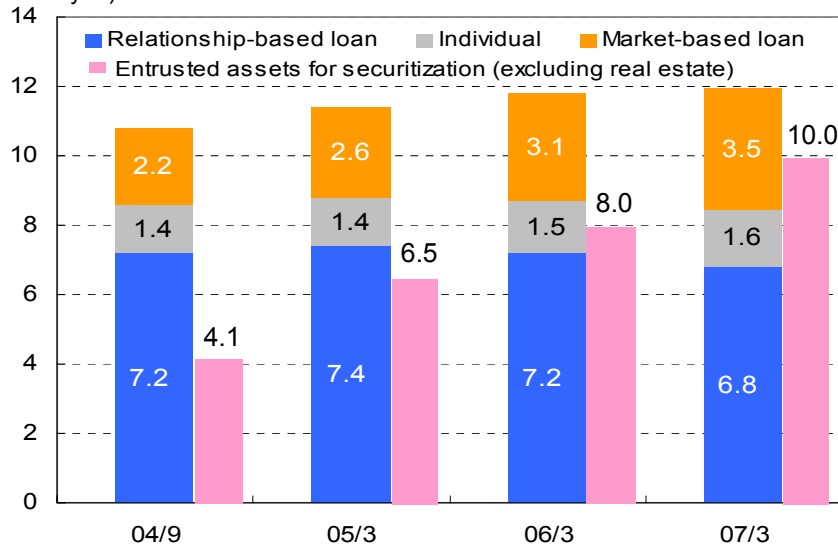
Amount of market-based loans

(in billions of Yen)	2004/9	2004/3
Non recourse loan/ Project finance	575.8	510.2
Syndicated loan/ Loan purchase in secondary mkt, ABS	901.3	760.4
Overseas branches	758.3	629.5
Total	2,235.4	1,900.1

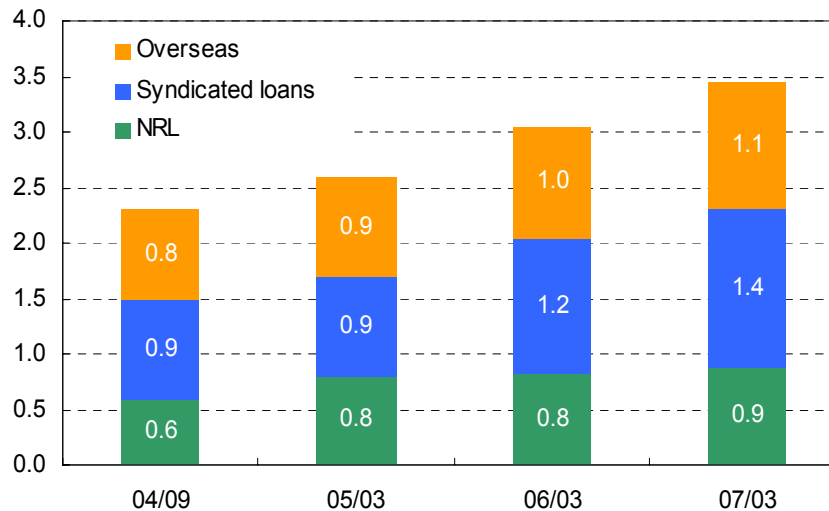
	1HFY2004 (%)	
		Change
Gross margin	1.05	0.17
Average interest yield earned	1.24	0.09
Average interest yield paid	0.19	-0.08
Loan-deposit margin	1.14	0.02
Average loan interest rate	1.31	0.02
Average deposit interest rate	0.17	0.00

Wholesale financial service

(in trillions of yen)



(in trillions of yen)



▶ Asset planning

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

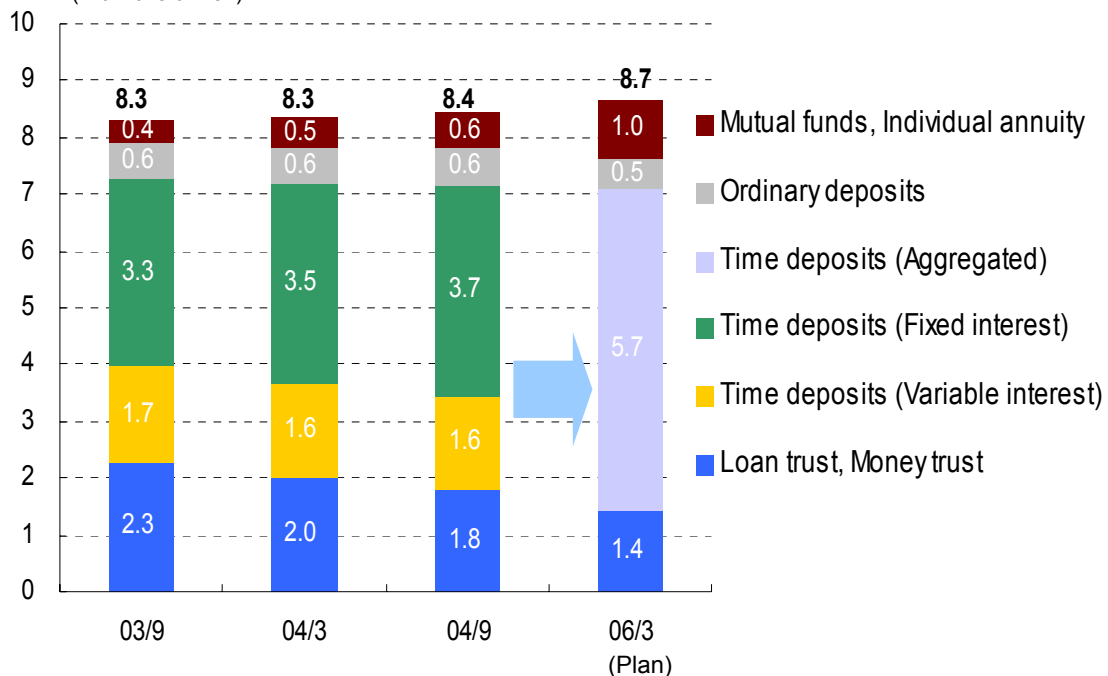
▶ Strategies for credit risk taking

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

Volume of depositary assets and Sales profits of mutual fund and individual annuity

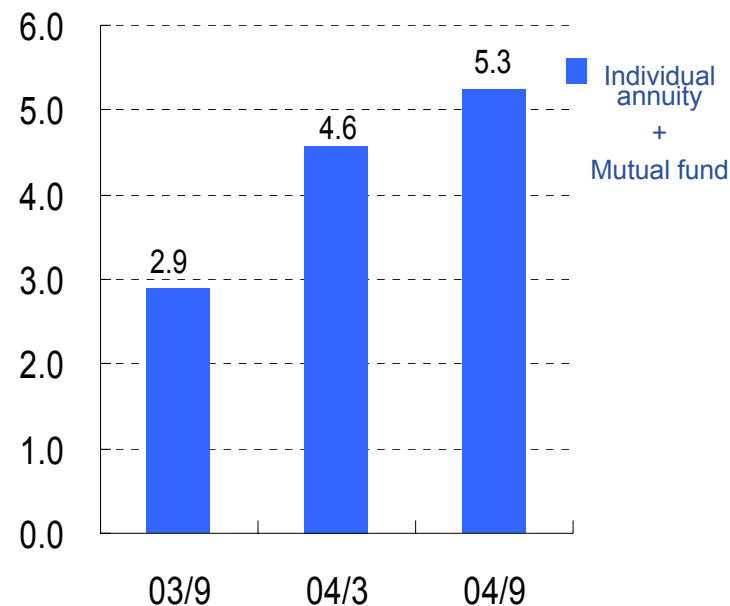
Volume of plan for depositary assets

(in trillions of Yen)



Sales profits of mutual fund and individual annuity

(in billions of Yen)

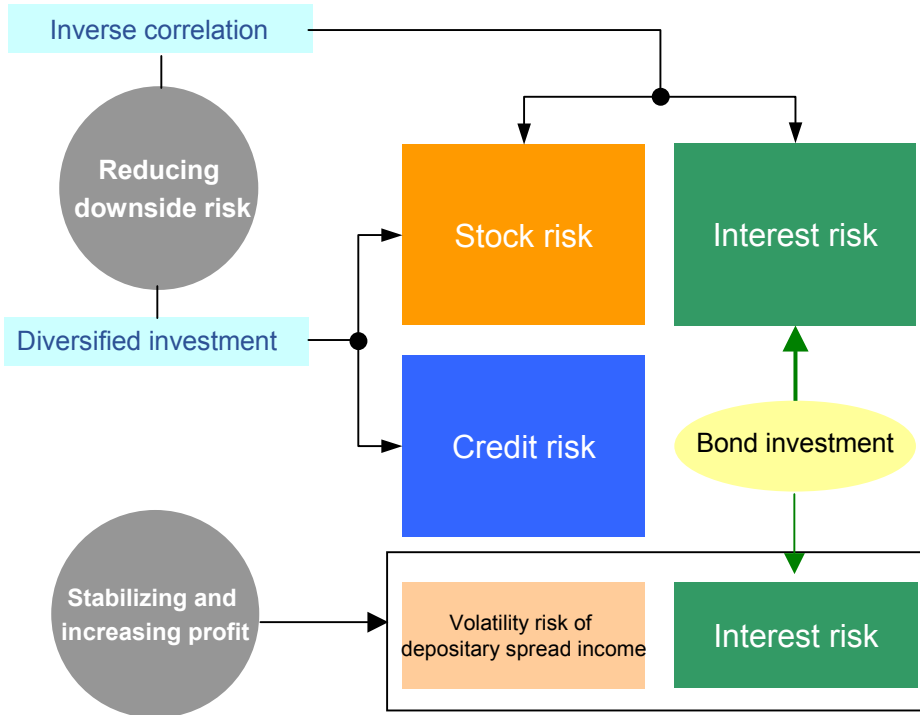


- ▶ Increased total depositary assets
- ▶ Balancing the volume of deposits and sales of mutual fund and individual annuity
- ▶ Introducing new products = Good select (Introduced in April 2004, 443.8 billion yen in Sep. 2004)
- ▶ Increased fee revenue by selling mutual funds and individual annuity

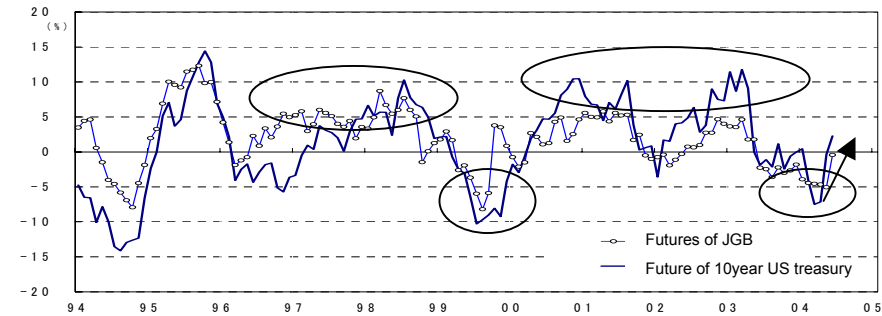
ALM strategy

ALM: Ensuring stable bottom line

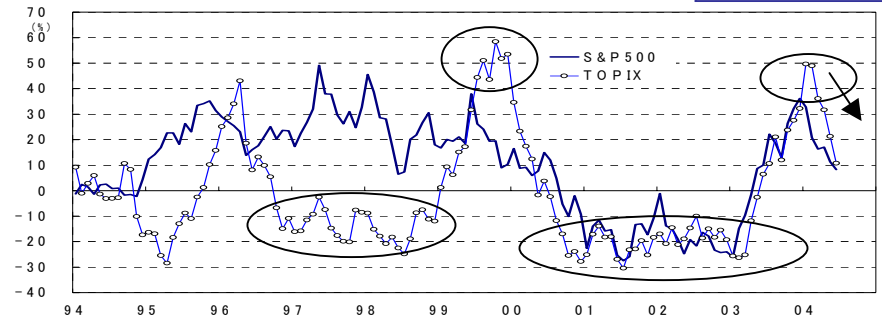
- ▶ Continuous strategy
Reducing downside risk by "diversified investment*1" and "using inverse correlation*2"
- ▶ New strategy
Increase of profit level and stability of mid term profit by "bond investment focusing on the attribute of deposits*3"



Increase of bond future price from previous year



Increase of stock index from previous year



Inverse correlation

1. Diversified investment

Credit risk and stock risk is controlled with the experience of concentration risk. Reducing downside risk by investing to various asset class and eliminating concentration.

2. Inverse correlation

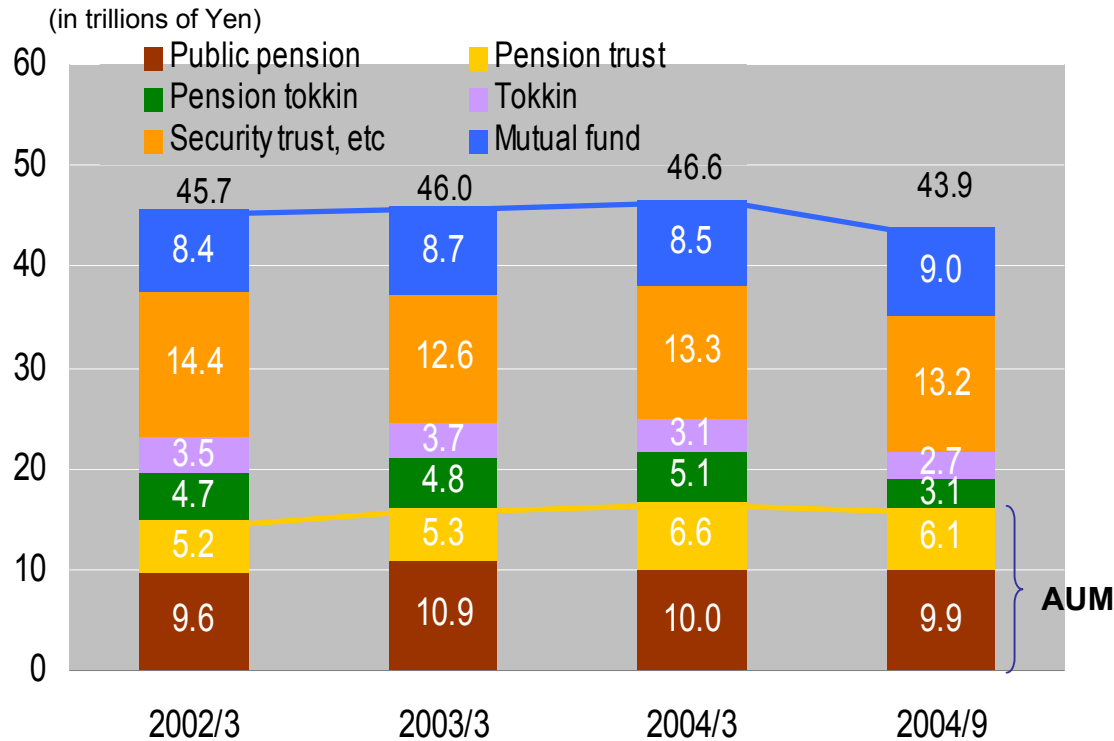
Interest risk is controlled by using inverse correlation of credit risk and stock risk. Holding these two will stabilize unrealized profit and loss of available for sale securities.

3. Bond investment focusing on the attribute of deposits

Focusing on increasing and stabilizing profit. Investing deposits that tend to have long retention period to held-to-maturity bonds.

Fiduciary business

▶ Volume of entrusted assets(ending balance)



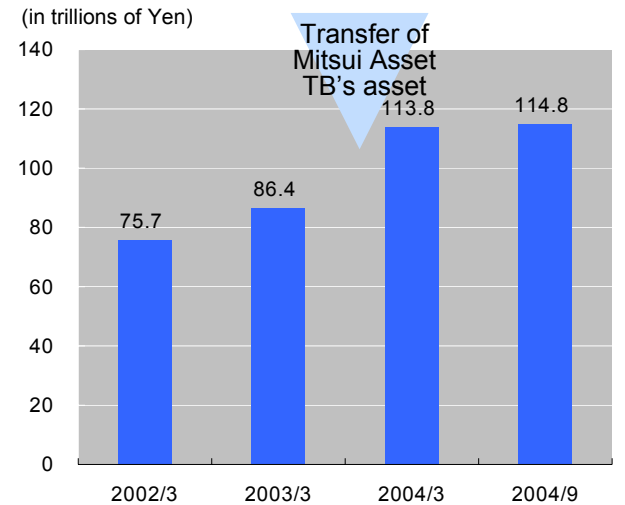
▶ Reason of decline in the 1HFY

- Pension tokkin = Large clients changed the contract to JTBSB directly
- Pension trust = "Daiko henjo"
- Public pension = Continuous influence of in-house investment by public fund
- Gross profit increased in each segment

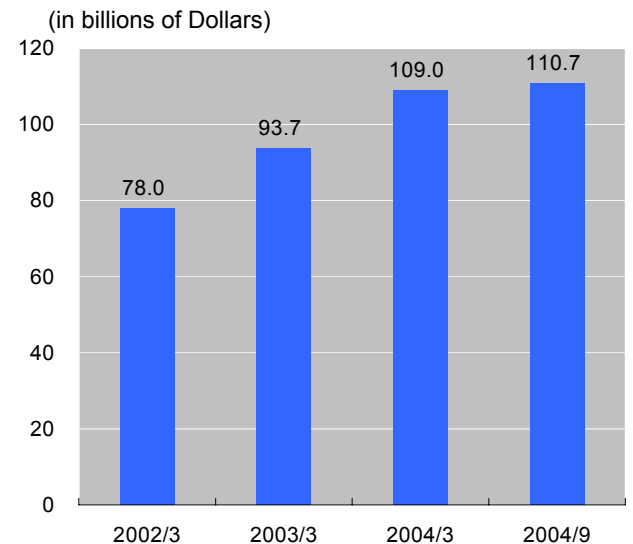
▶Cost basis: mutual fund, tokkin and public pension

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

▶ Volume of Japan Trustee Services Bank



▶ Volume of Global Custody (STB USA)

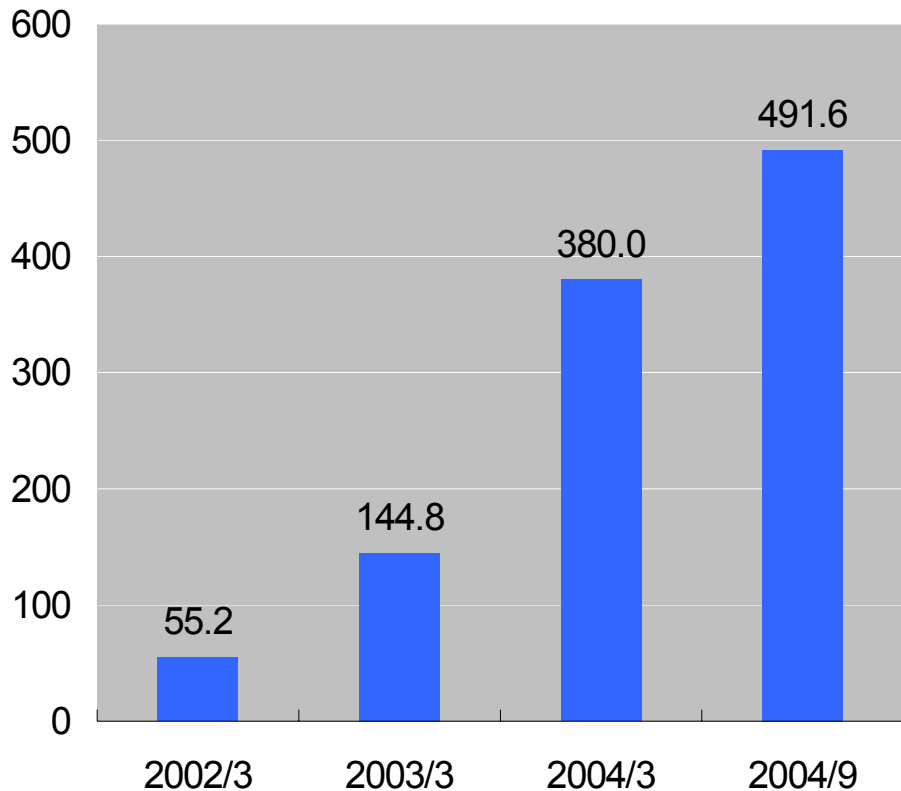


Enhancing client franchise in fiduciary business

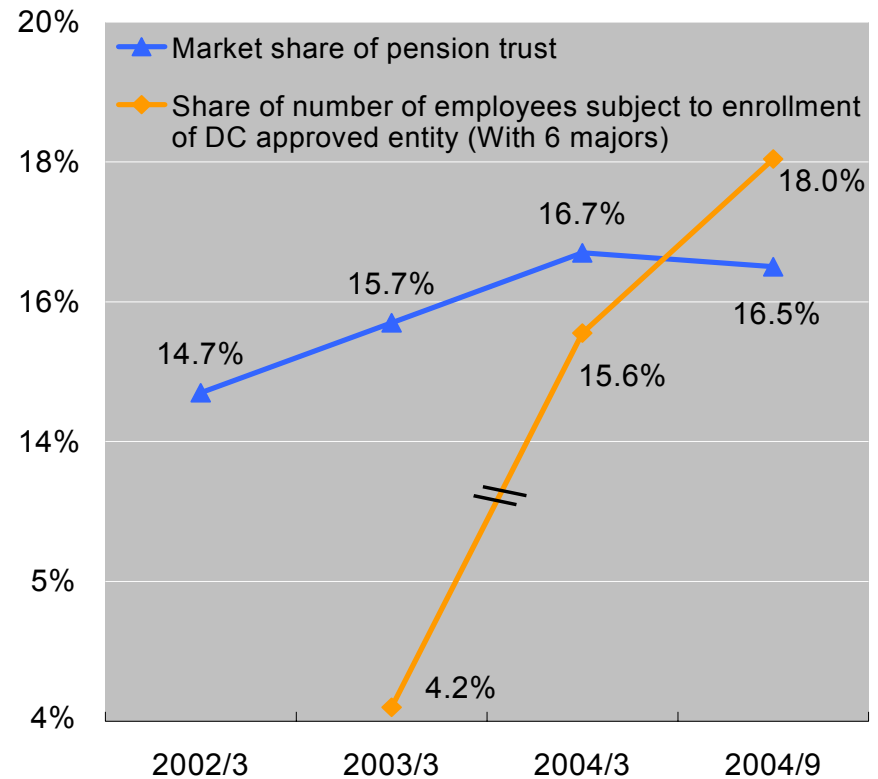
Enhance franchise by utilizing superior consulting expertise in planning and investment as well as offering multi-product

► Volume of entrusted asset in alternative investment

(in billions of Yen)



► Market share of Pension trust and Operation management business in Defined Contributed (DC) pension plan

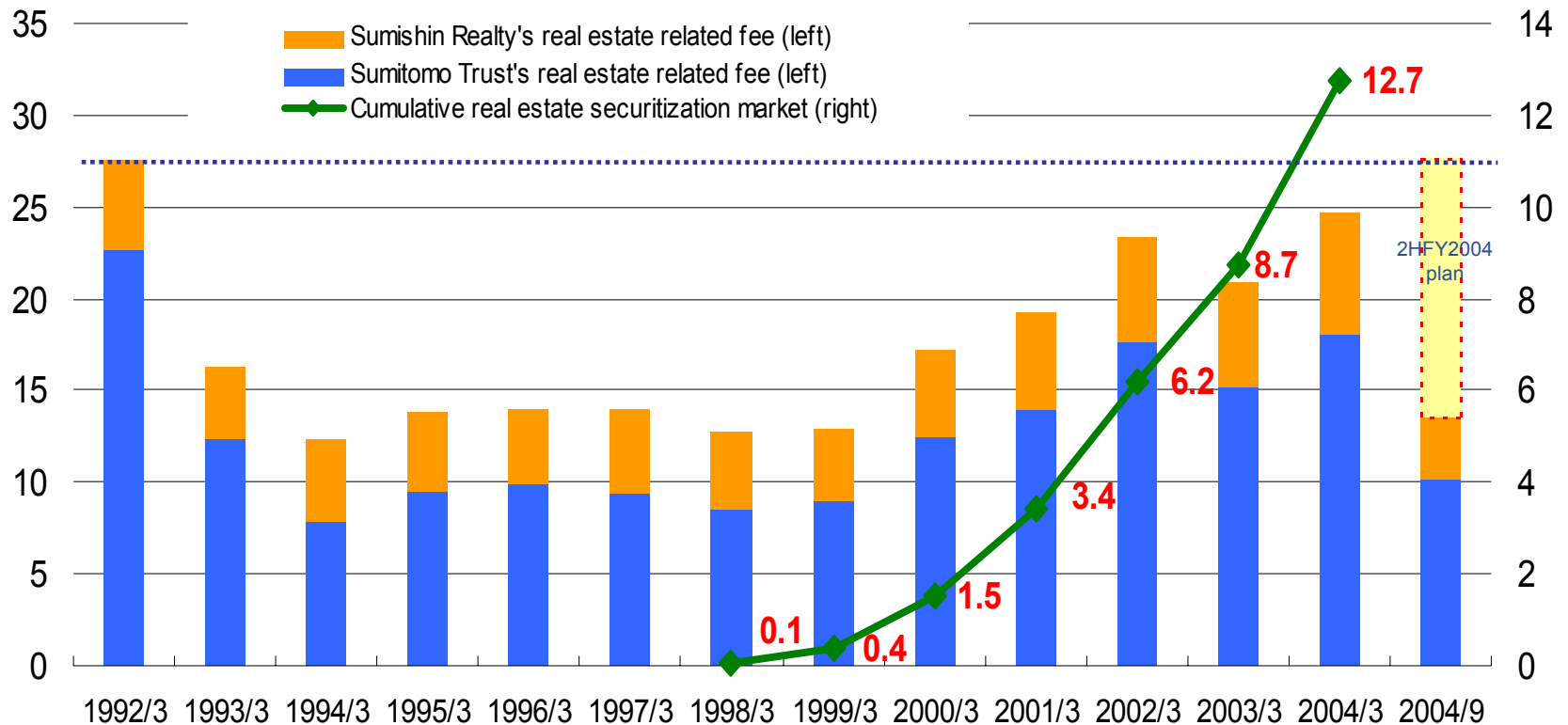


Growth of real estate business

▶ Aiming for record-high profit

(in billions of Yen)

(in trillions of Yen)



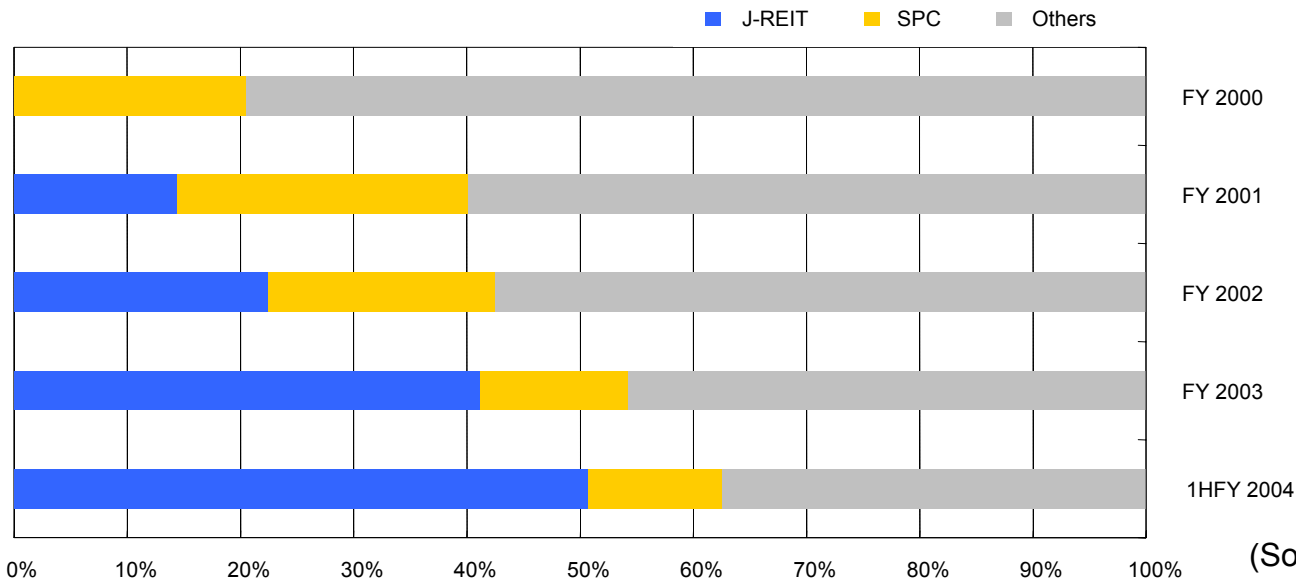
Source: Ministry of Land, Infrastructure and Transport

▶ Interest income from real estate non-recourse loan is not included.

Establishing new business model in real estate business

Holder of real estate is changing

- ▶ Percentage of type of buyer in listed companies' real estate transaction (transaction price basis)



- ▶ Real estate investment advisory business
 - STB Research Institute Co., Ltd.
- ▶ Entering to J-REIT business
 - Top REIT Asset Management Co., Ltd.
- ▶ Private Fund investment, Equity investment
 - Investment as well as trust service

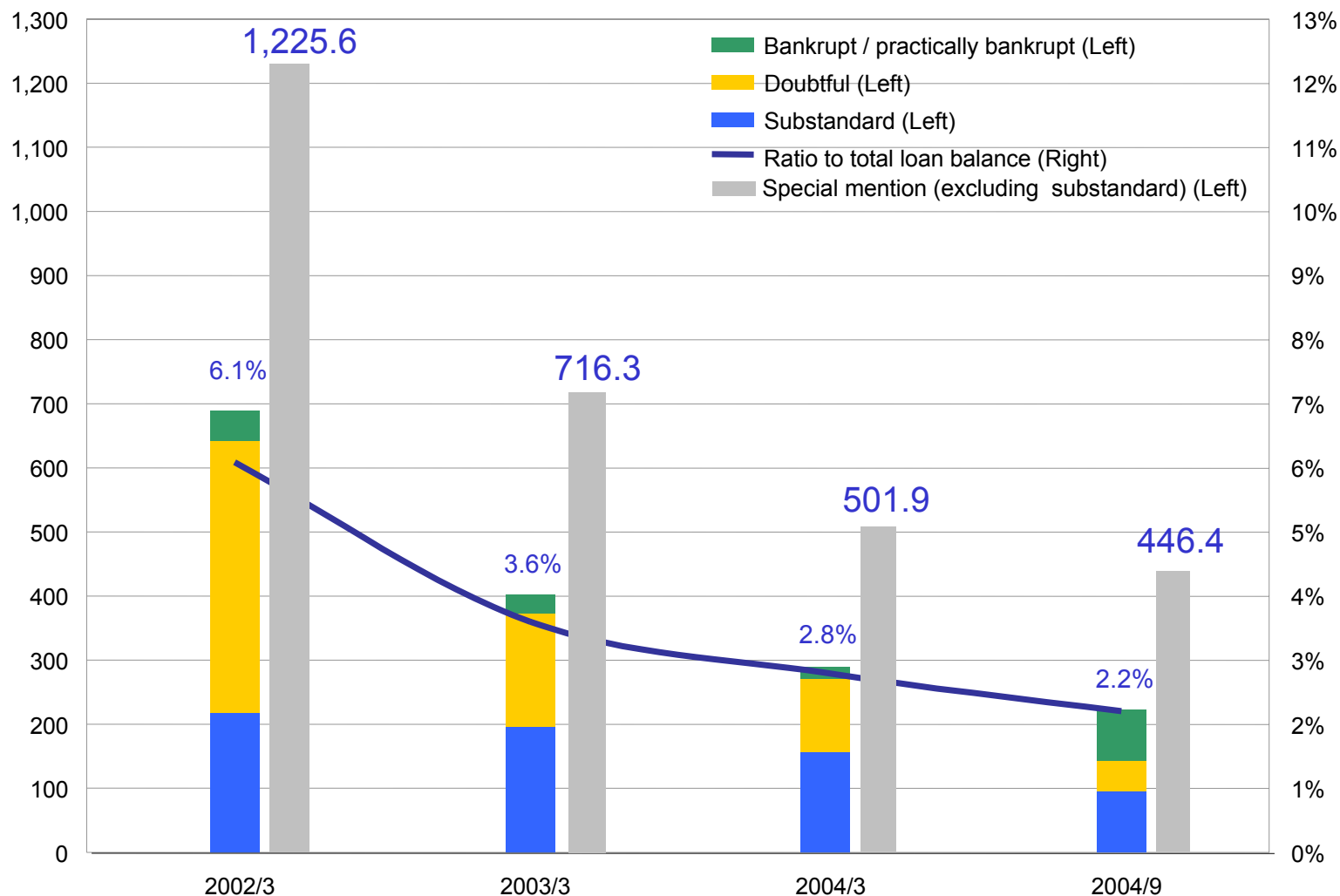
Top REIT Asset Management Co., Ltd.

- ▶ JV with manufacturing companies' real estate entities
 - Nippon Steel City Produce, Inc. (Nippon Steel group)
 - Oji Real Estate Co., Ltd. (Oji Paper group)
 - Enhancing pipeline of property
- ▶ STB's powerful franchise in real estate market
 - Establishing well-diversified REIT

Asset quality

Non-performing loans

(in billions of Yen)



Credit costs breakdown

► Credit costs

(in billions of yen)	FY2003	1HFY2003	2HFY2003	1HFY2004	Notes
Write-off/reserve (1)	36.3	19.2	17.0	1.7	
Trust a/c	4.6	2.2	2.4	3.1	<ul style="list-style-type: none"> • Mainly write-off for 2HFY2004 • Write-offs for 1HFY2004: approx. 2.5 billion yen → Reflected on trust a/c credit costs for 2HFY2004
Banking a/c	31.6	17.0	14.6	-1.4	<ul style="list-style-type: none"> • Write-offs, sales: approx. -7.0 billion yen (net gain) • Increase of specific loan loss reserve due to borrowers' migration to worse categories: approx. 5.0 billion yen • Others: approx. 1.0 billion yen
Net transfer to general reserve (2)	-14.4	-9.3	-5.1	-14.8	
Total credit costs (1) + (2)	21.8	9.9	11.8	-13.1	<ul style="list-style-type: none"> • Decrease of loan balance and increase of collateral (approx. -9.0 billion yen) • Migration to better categories: approx. -6.0 billion yen

Forecast for FY2004

Forecast for FY2004

(in billions of Yen))	FY2003	FY2004	FY2004
<Non-consolidated>	Actual	Previous forecast	Forecast
Net business profit before credit costs	145.0	145.0	140.0
Credit costs	21.8	30.0	0.0
Net non-recurring items	0.8	-5.0	-5.0
Net operating profit	122.1	110.0	135.0
Extraordinary income	3.8	-	-
Net income	73.9	66.0	80.0
<Consolidated>			
Net business profit before credit costs	153.6	154.0	-
Net operating profit	135.6	120.0	145.0
Net income	79.6	70.0	85.0
Dividend for 2FY2004 (yen)	6.00	6.00	10.00
Dividend payout ratio	12%	13%	20%

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.