



SUMITOMO
TRUST

住友信託銀行

*Sumitomo Trust & Banking
Co., Ltd.*



Information Meeting
on
Financial Results for 1HFY2005
November 28, 2005

Meeting agenda

- ▶ Management policy
- ▶ Management priorities and Growth strategy
- ▶ 1HFY2005 financial results
- ▶ Division performance
- ▶ Strategic investment
- ▶ Forecast for FY2005 and Mid term target through FY2008



Achieve sustainable growth as an independent financial institution with ideal business mix



“The top quality trust bank” with banking, trust and real estate business

- ▶ For shareholders → Putting the highest priority on maximizing shareholders' value with high capital efficiency
 - ▶ For clients → Pursuing customer satisfaction as strategic partner with strong commitment to trust business
 - ▶ For society → Providing necessary infrastructure to support paradigm shifts in Japanese economy
- ▶ Paradigm shifts in Japanese economy
 - ① Movement from savings to investment
 - ② Progression of aging society and the structural reconstruction of pension market
 - ③ Expansion of securitization markets

Management priorities

Management priorities

Continuing growth taking advantage of wind-wing situation

Strategies

- ▶ Retail business
 - ▶ Real estate business
- ▶ Prioritized allocation of resources

Enhance client & business franchise

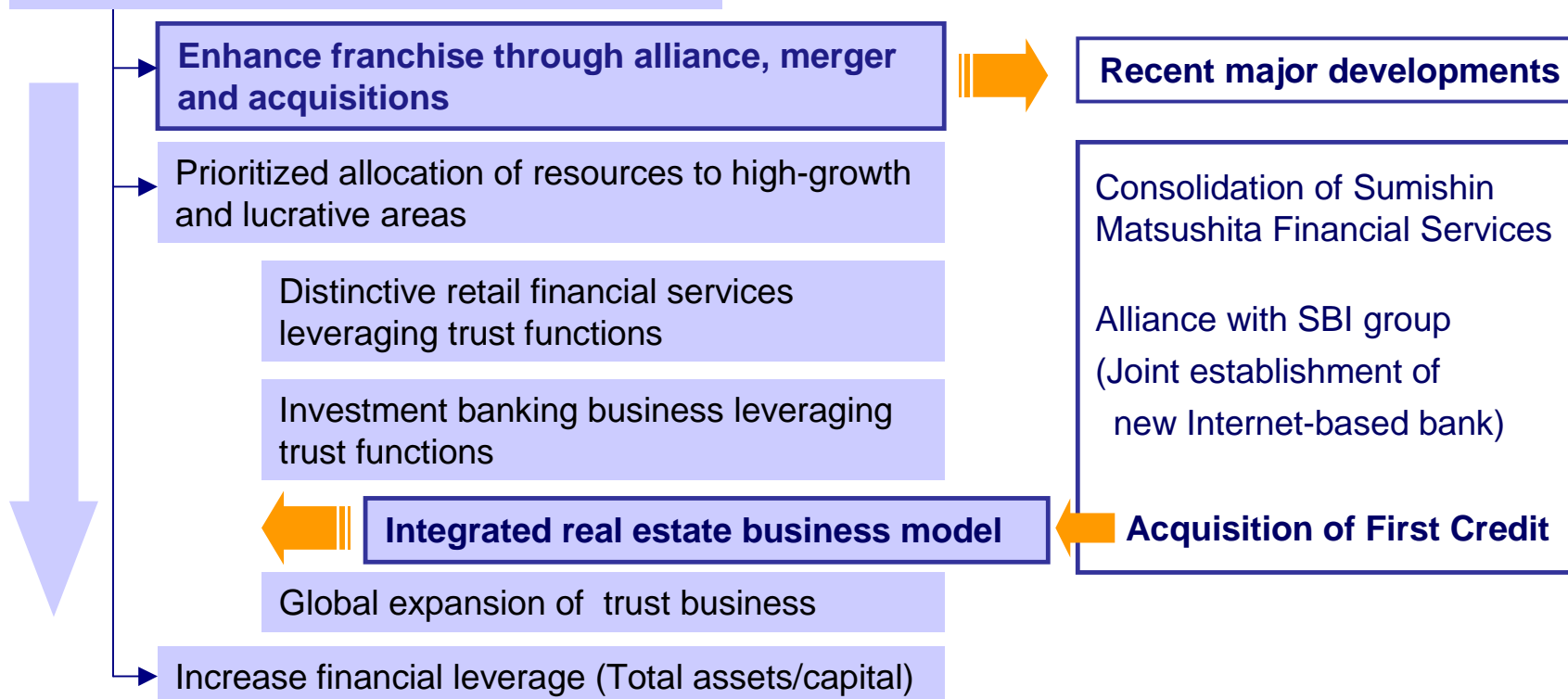
- ▶ Enhance client franchise through alliance, merger and acquisitions
- ▶ Extend into new business areas to strengthen trust and real estate business capabilities

Efficient capital allocation

- ▶ Maintain deposit/loan balance growth to enhance franchise for cross-selling
- ▶ Increase investment activities utilizing improved risk-taking capabilities
- ▶ Optimize capital structure and bolster profit sharing with shareholders

Growth strategy

Highest quality of financial fundamentals



The top quality trust bank

Quality of profit = High fee revenue ratio/Sustainable growth of bottom line/High ROE
Quality of asset = Low non-performing loan ratio/High RAROA/Highly diversified investment
Quality of capital = Low rate of dependence on deferred tax assets/No public fund, no potential dilution
Quality of customer franchise = High loyalty/Depth of customer relations

Financial results for 1HFY2005



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1HFY2005 financial results (2005/4 – 2005/9)

	1HFY2005	Forecast announced in 2005/5	Change	1HFY2004	Change
<Consolidated> (in billions of Yen)	(A)	(B)	(A)-(B)	(C)	(A)-(C)
Net business profit before credit costs	101.1	-	-	65.9	35.2
Net operating income	87.9	65.0	22.9	64.3	23.5
Extraordinary income	3.8	-	-	16.4	-12.5
Net income	53.7	37.0	16.7	48.7	4.9
Consolidated EPS (fully diluted)	32.2yen	-	-	29.3yen	+3.0yen
Total risk adjusted assets (in trillions yen)	13.6	-	-	11.3	+2.3
Tier 1 ratio	6.8%	-	-	7.4%	-0.6 points

<Non-consolidated> (in billions of Yen)

Net business profit before credit costs	88.0	70.0	18.0	61.4	26.5
General and administrative expenses	60.2	-	-	56.5	3.6
Personnel expenses	23.5	-	-	22.2	1.3
Non-personnel expenses	33.4	-	-	30.9	2.5
Credit costs	3.4	10.0	-6.6	-13.1	16.6
Net gains on stocks	6.8	-5.0	1.2	7.8	-0.9
Other non-recurring profit※	-10.6			-6.6	-4.0
Net operating income	76.9	55.0	21.9	58.8	18.0
Extraordinary income	4.5	-	-	16.6	-12.1
Net income	49.7	33.0	16.7	46.3	3.4

* Main items include Net gains on stock related derivatives (-4.8 bn. yen) and Amortizations of net actuarial losses/prior service cost. (2.7 bn. yen)

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		
	1HFY2005 (A)	Change from forecast as of May 2005	1HFY2004 (B)	Change (A) - (B)	1HFY2005	1HFY2004	Change	1HFY2005	1HFY2004	Change
Wholesale financial services	45.1	1.0	42.4	2.6	34.4	32.0	2.4	43.7	34.1	9.6
Stock transfer agency services	3.0	-0.0	2.9	0.2	2.0	1.6	0.5	4.0	2.9	1.1
Retail financial services	34.8	1.6	30.7	4.0	7.1	5.6	1.6	8.3	6.3	2.0
Treasury and financial products	37.9	14.0	14.7	23.2	33.4	10.3	23.1	33.4	10.3	23.1
Fiduciary services	15.2	-0.1	15.6	-0.5	8.4	8.2	0.2	9.9	9.4	0.4
Pension asset management	11.9	-0.3	12.9	-0.9	5.9	6.3	-0.4	6.2	6.7	-0.5
Securities processing services	3.3	0.3	2.8	0.5	2.4	1.9	0.5	3.6	2.7	0.9
Real estate	12.3	3.3	10.3	2.0	8.4	6.6	1.8	9.1	6.8	2.3
Others (*)	3.0	-1.3	4.2	-1.1	-3.7	-1.2	-2.5	-3.2	-1.0	-2.2
Total	148.2	18.4	118.0	30.2	88.0	61.4	26.5	101.1	65.9	35.2

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

Net fees and commissions (Consolidated, Banking a/c)	1HFY2005	1HFY2004	Change	% Change
Net fees and commissions (Consolidated)	40.6	29.3	11.4	39%
Domestic net fees and commissions	38.6	27.0	11.5	
Wholesale financial services	10.0	7.6	2.5	33%
Retail financial services	11.1	5.6	5.5	97%
Stock transfer agency services	10.0	8.8	1.2	13%
Real estate	14.2	10.8	3.4	31%
Fees paid to JTSB	-5.2	-5.8	0.6	
International net fees and commissions	2.1	2.2	-0.1	

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

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

Division performance



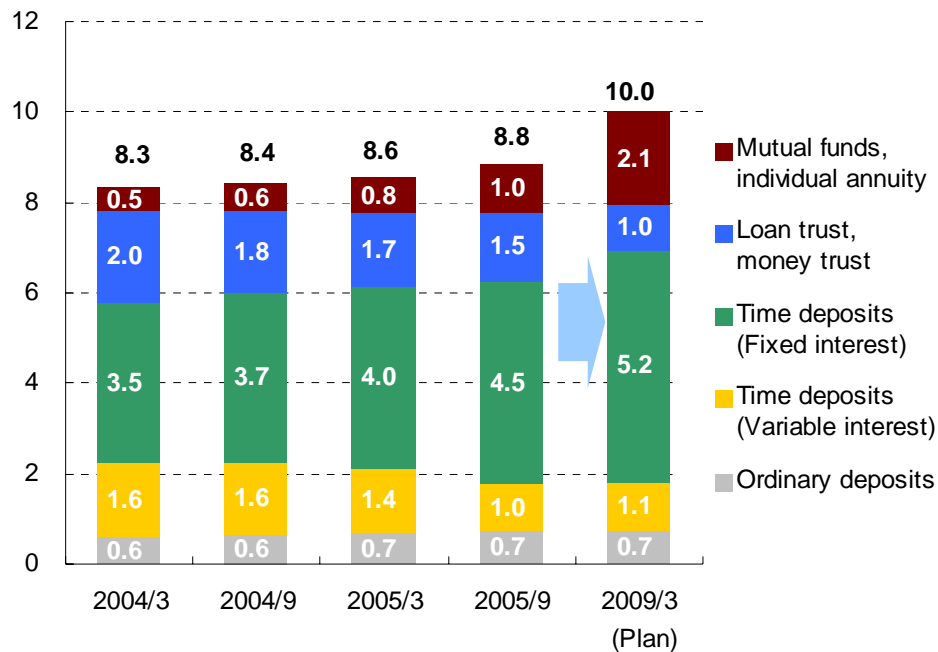
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Retail financial services

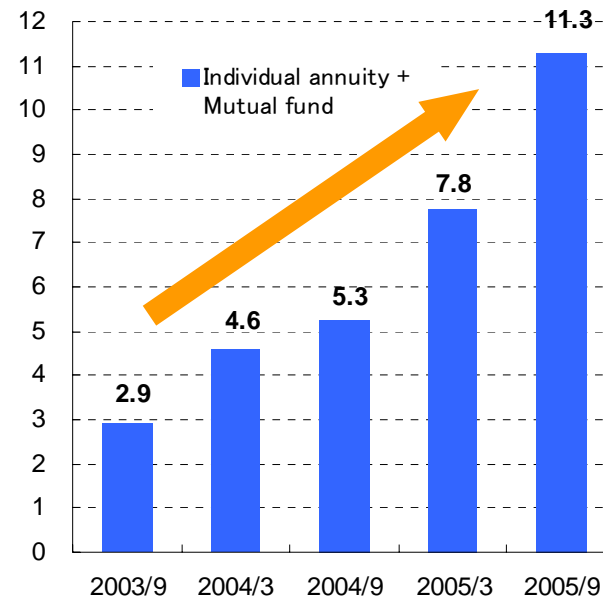
► Volume of plan for depositary assets

(in trillions of Yen)



► Fee revenue of mutual fund and individual annuity

(in billions of Yen)



► Balance the volume of deposits and sales of mutual fund and individual annuity

► New type time deposits “Good select” increased rapidly (launched in April 2004, 1.7 trillion yen as of Sept. 2005)

► Decide to discontinue sales of Loan Trust

→ Cover by time deposit, mutual fund and individual annuity

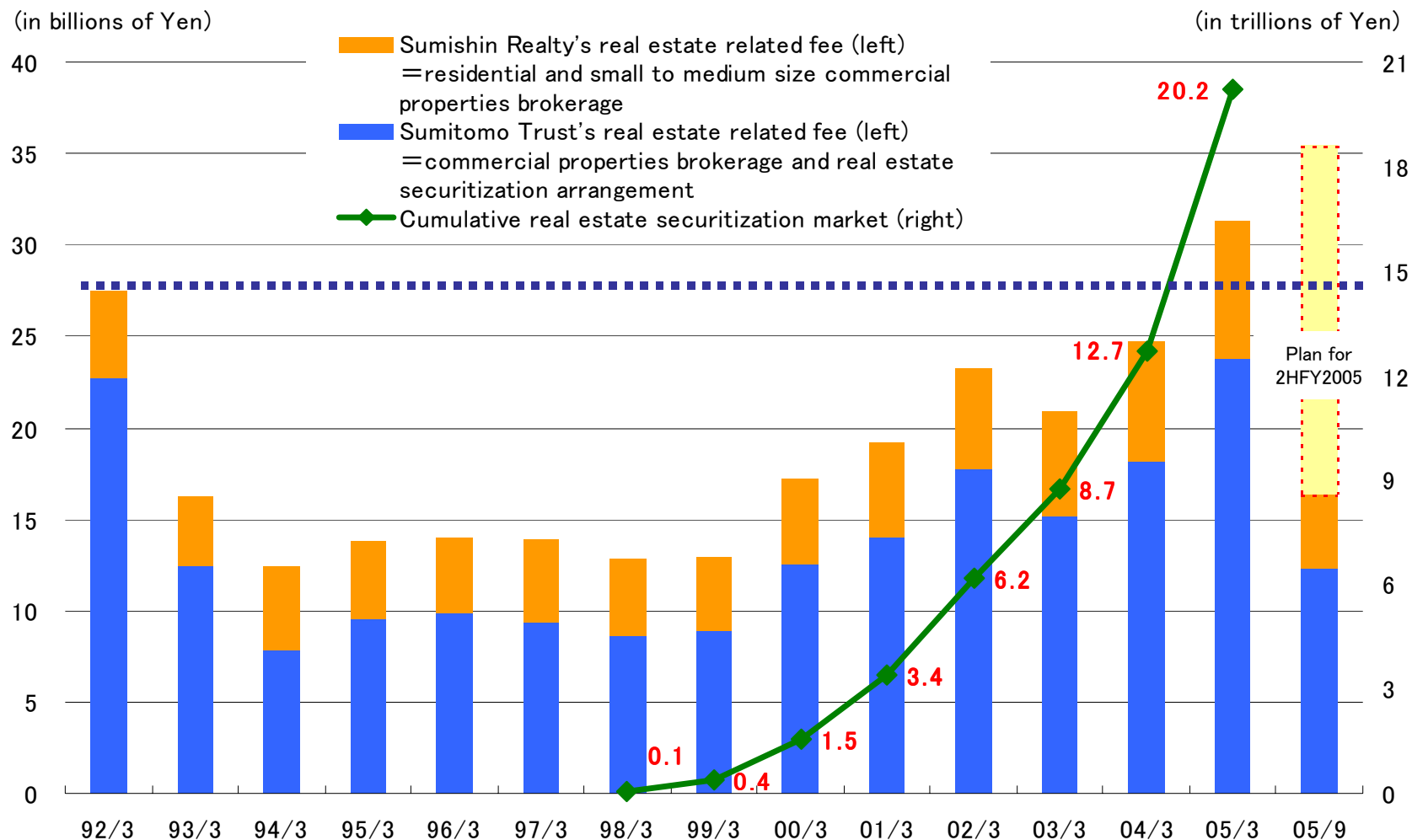
► Balance of loans to individuals

(in trillions of Yen)

2004/9	2005/3	2005/9	2009/3(Plan)
1.36	1.51	1.64	2.24

Growth of real estate business

► Grow beyond record-high revenue

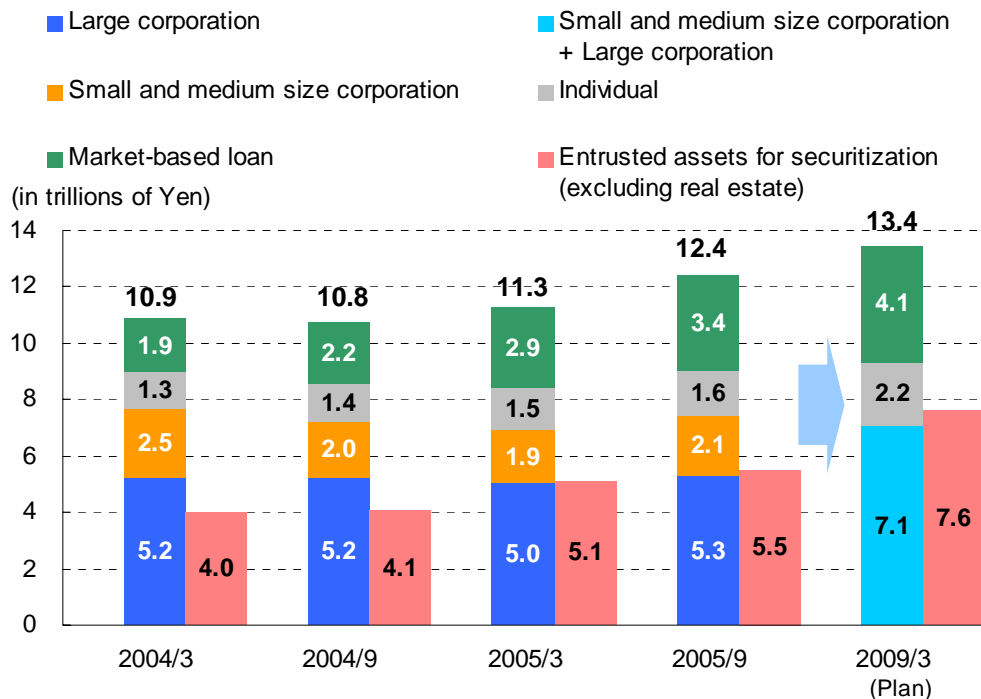


* Source: Ministry of Land, Infrastructure and Transport

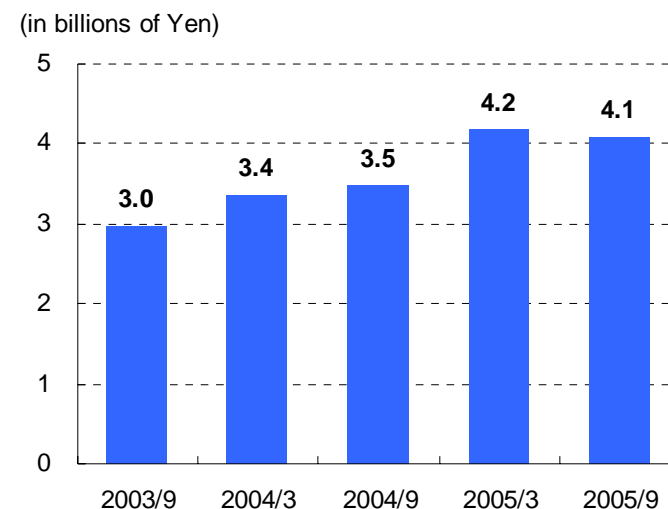
* Revenue from real estate non-recourse loans is not included.

Loan portfolio

► Change in balance of loan portfolio (Non-consolidated)



► Fee revenue of market-based loans*



* Non recourse loan/project finance, and Syndicate loan

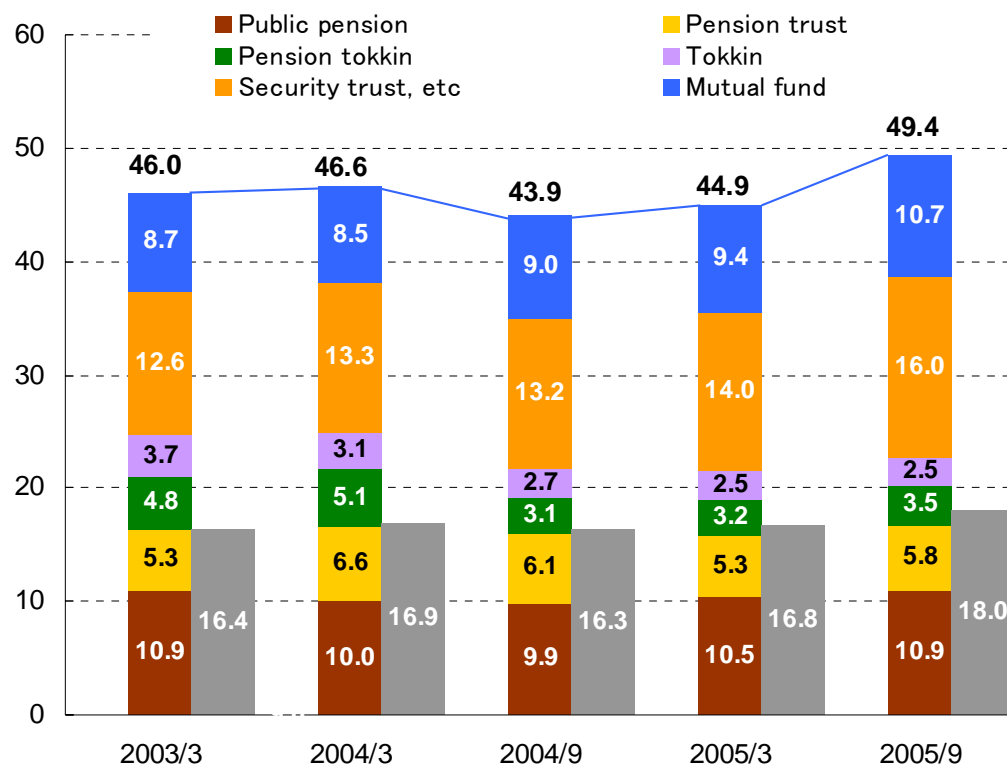
Amount of market-based loans

(in billions of Yen)	2004/3	2004/9	2005/3	2005/9
Non recourse loan/ Project finance	510.2	575.8	766.1	879.0
Syndicate loan/ Loan purchase in secondary mkt, ABS	760.4	901.3	1,188.1	1,536.1
Overseas branches	629.5	758.3	896.1	993.8
Total	1,900.1	2,235.4	2,850.3	3,408.9

Fiduciary business (Change in volume of entrusted assets)

▶ Volume of entrusted assets (ending balance)

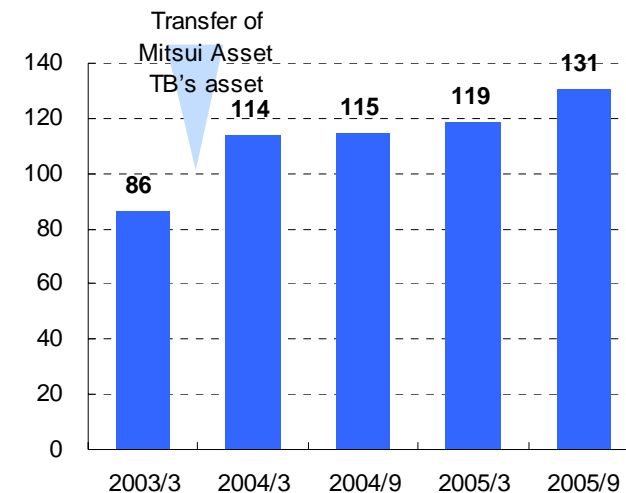
(in trillions of Yen)



- ▶ Cost basis: mutual fund, tokkin and public pension
- ▶ Mark-to-market basis: security trust, pension tokkin and pension trust
- ▶ The balance of asset under management is total of pension trust, public pension, investment trust managed by STB Asset Management, etc.

▶ Volume of Japan Trustee Services Bank

(in trillions of Yen)



▶ Specific reasons for decline in FY2004

- Pension tokkin
 - A few large clients changed the contract to JTJB directly.
- Pension trust
 - “Daiko henjyo”
 - A few large clients changed the contract from trust agreement to investment advisory agreement.

▶ Major reasons for increase in 1HFY2005

- Public pension
 - Fund increased from some large “mutual aids associations”
- Pension trust
 - Share-in and share-up from some large pension funds

Fiduciary business (Strategies)

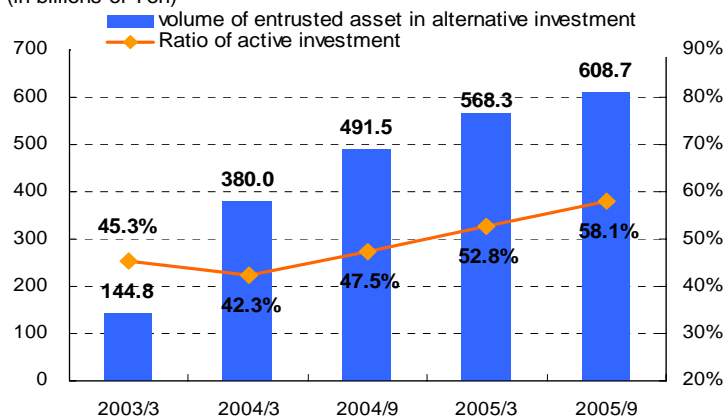
► Pension and asset management

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

► Ratio of active investment (Corporate Pension)

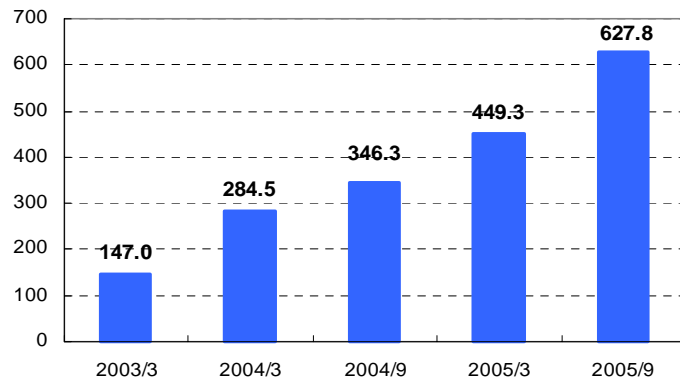
► Volume of entrusted asset in alternative investment

(in billions of Yen)



► Volume of investment trust managed by STB Asset Management

(in billions of Yen)

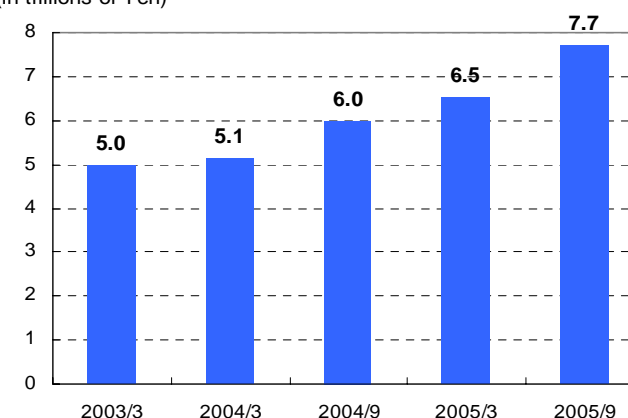


► Securities processing services

- Focus on growing areas such as investment trust, global custody and securities lending business

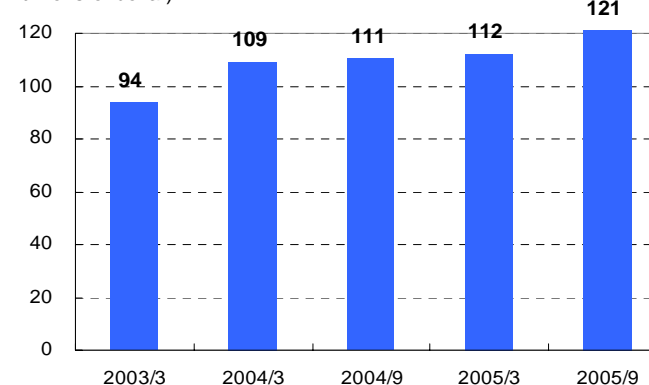
► Volume of equity investment trust

(in trillions of Yen)



► Volume of Global Custody (Sumitomo Trust USA)

(in billions of dollar)



Strategic investment

Overview of major strategic investments

► Consolidation of Sumishin Matsushita Financial Services (April 2005)

Main business	Investment amt. / %ownership	Total assets	Expected income level	Amortization of goodwill	ROI (see note)
Lease Cards	¥53.4bn. 66%	¥496.1bn. 2005/3	¥4.1bn. Net income 2005/3	¥2.0bn. per annum for 5years	9.1% Under assumption of 6.0% Tier1 ratio

► Acquisition of First Credit (November 2005-Plan)

Main business	Investment amt. / %ownership	Target loan balance	Expected income level	Amortization of goodwill (estimation)	ROI (see note)
Real estate secured loan	¥130bn. 100%	¥200bn. 2010/3	¥9.0bn. Net income 2010/3 target	¥5.0bn. per annum for 20years	8.0% Under assumption of 6.0% Tier1 ratio

► Alliance with SBI group (Joint establishment of new Internet-based bank : 1HFY2007-Plan) *

Main business	Investment amt. / %ownership	Target number of accounts	Expected income level
Deposit and mutual fund SME loan Domestic & foreign exchange	¥10bn. 50%	800,000 7th FY	¥10.0bn. Net business profit 7th FY

* In addition, cross-shareholding with SBI group for 10 billion yen is planned.

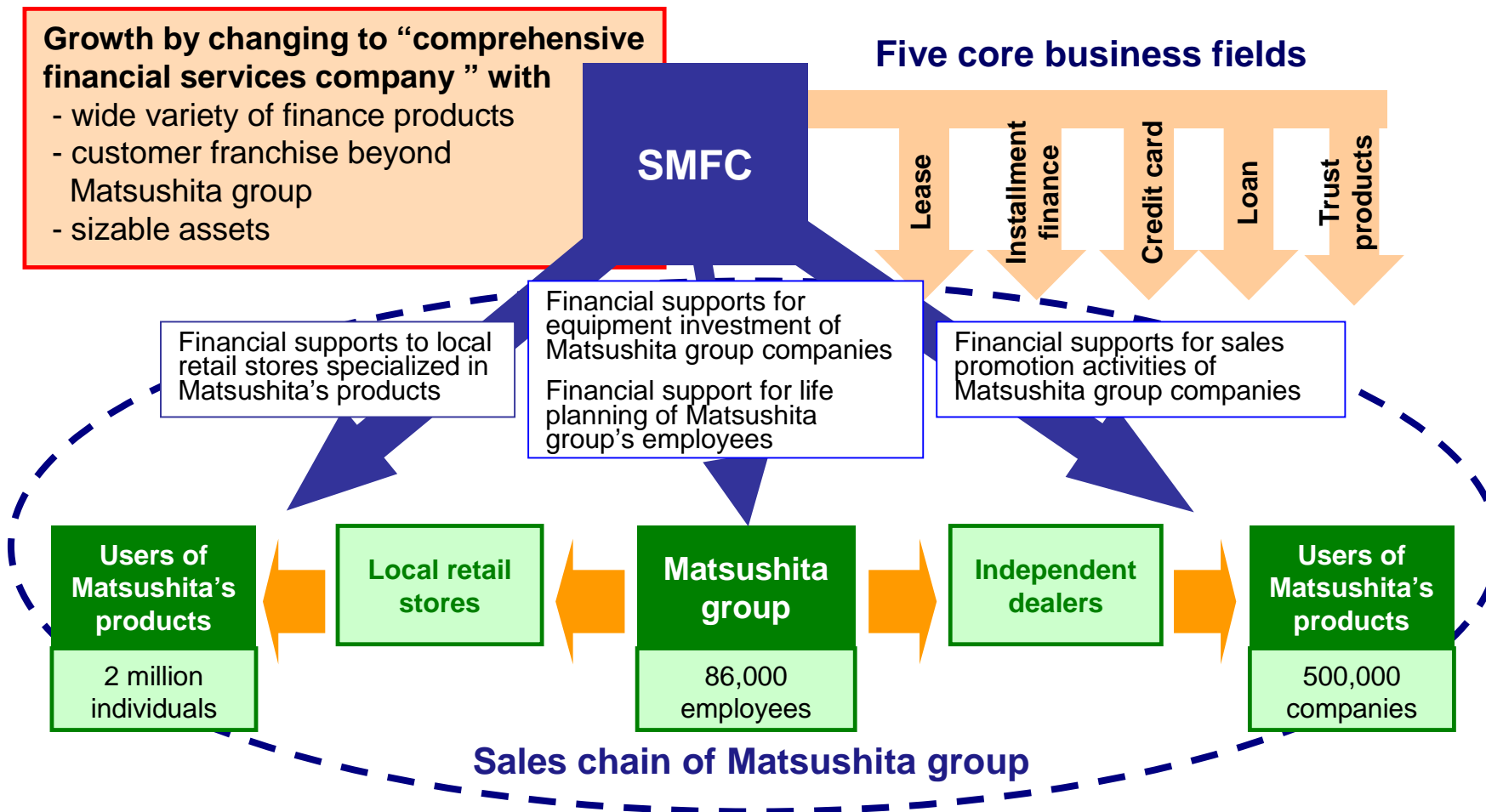
Note) calculated using following formula (%ownership)

Expected income level /

(Asset balance x 6.0% + Initial goodwill)

Consolidation of Sumishin Matsushita Financial Services

- ▶ Acquire direct sales channel to Matsushita group companies and customer franchise
- ▶ Growth by enhancing product line-ups, customer franchise and sizable assets



Acquisition of First Credit (Integrated real estate business model)

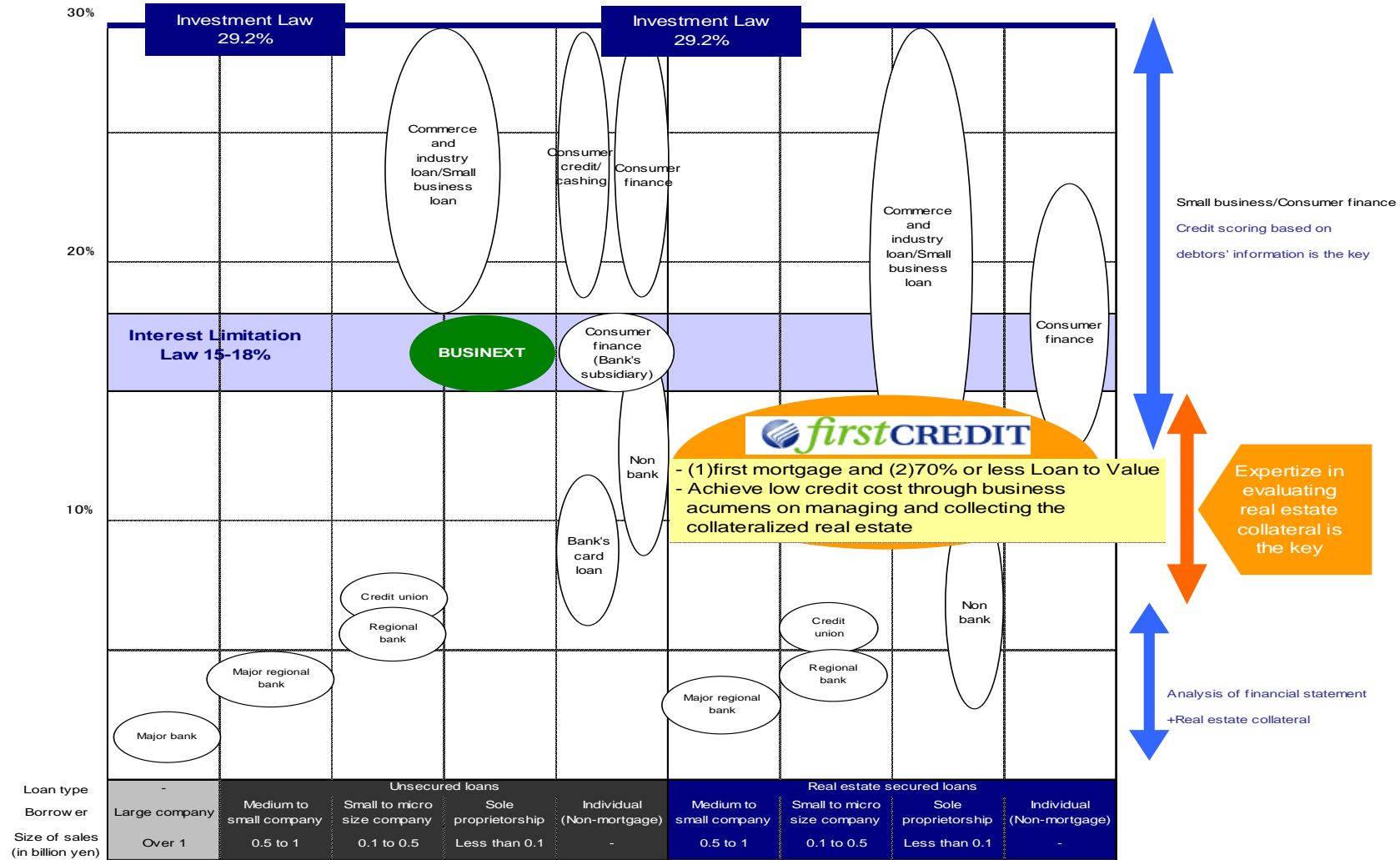
- ▶ Acquire real estate secured loan function for small companies and small business owners → Increase interest income
- ▶ Acquire real estate brokerage franchise and business know-how for small companies and small business owners → Increase fee income

		Real estate related business				
		Brokerage	Lending	Securitization	Prop. investment Investment advisory	Custody Appraisal
Client segmentation (Real estate owners)	Large company					
	Medium company					
	Small Company					
	Private Company Owner	 Sumishin Realty Co., Ltd				+
	Individual	 Sumishin Realty Co., Ltd				 Sumishin Realty Co., Ltd

➡ Enhance coverage of customer franchise and business opportunities on real estate transactions to take full advantage of paradigm shift in real estate market.

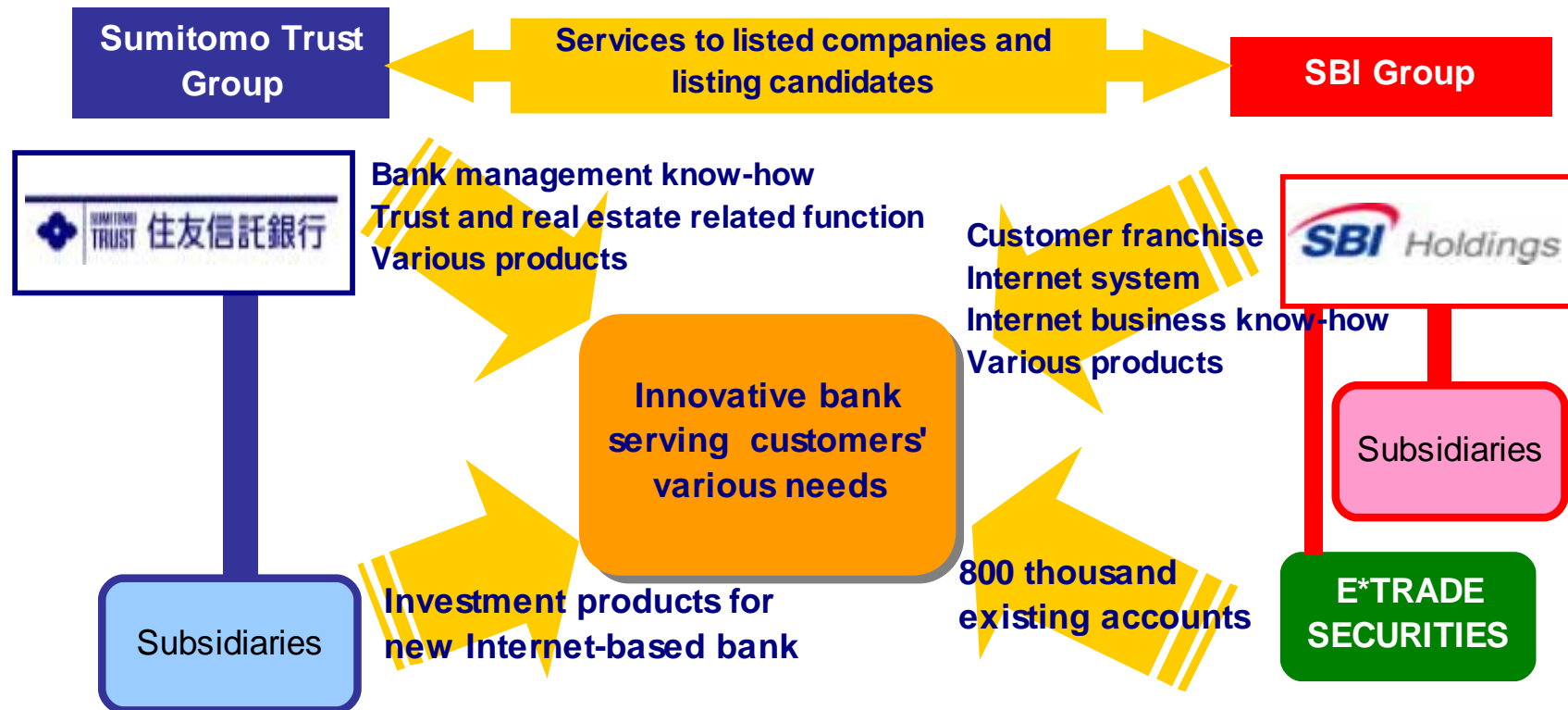
Acquisition of First Credit (Niche Market)

► Aim high growth and profitability by unique SME lending strategy of Businext and First Credit



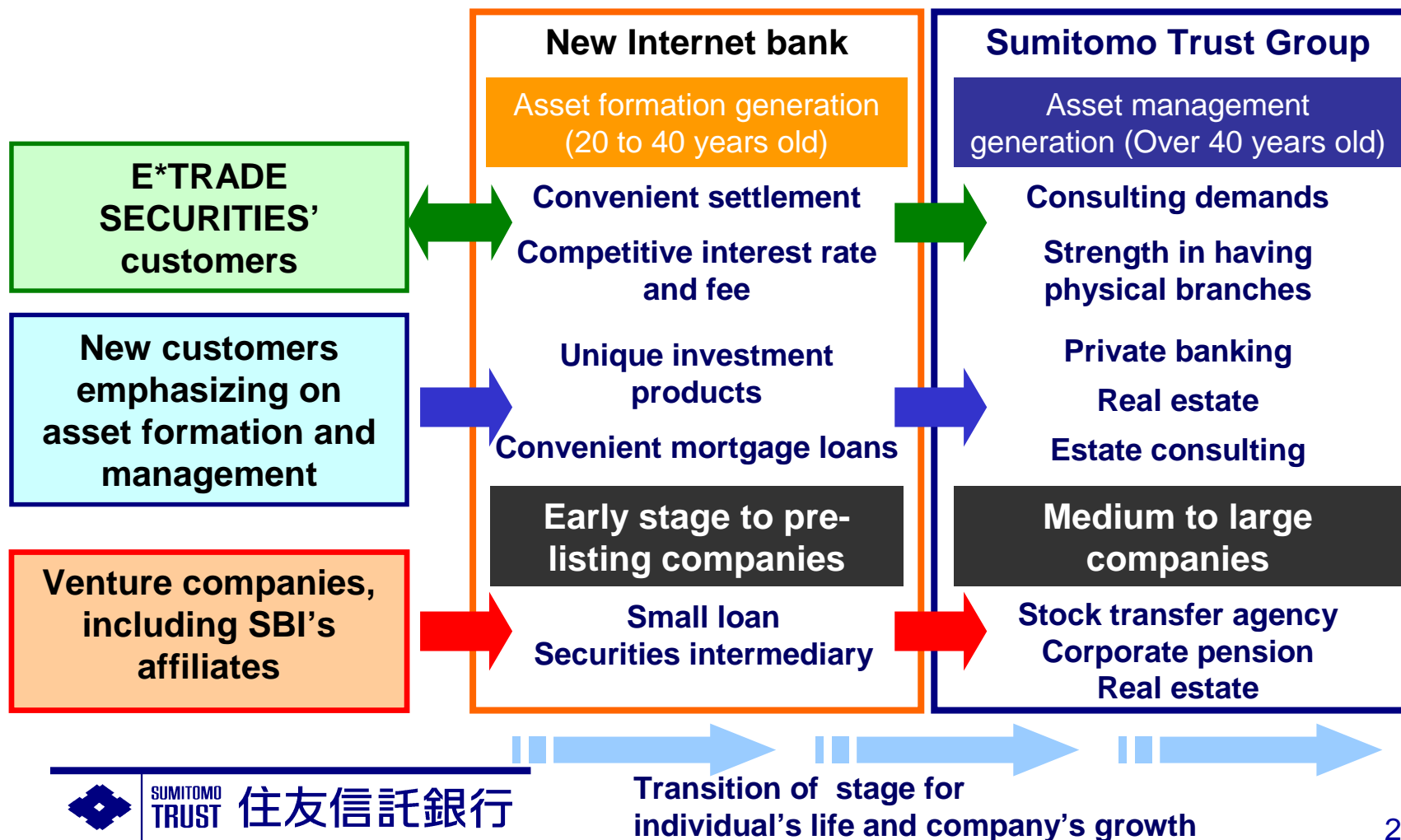
Business and capital alliance with SBI group (Objective of alliance)

- ▶ Aim to offer integrated financial services of banking, securities brokerage and trust on Internet
- ▶ Consider business alliances, such as real estate related business, with Sumitomo Trust group and SBI group



Business and capital alliance with SBI group (“Two-brand Strategy”)

- ▶ New internet bank offers services targeting 20 to 40 years old individuals and early stage to prelisting companies
- ▶ Serving at every stage for individuals and companies throughout the group



Forecast for FY2005
Mid term target through FY2008

Forecast for FY2005

(in billions of Yen)	FY2004 (Actual)	FY2005	
		Previous forecast as of May 2005	Current forecast as of November 2005
< Consolidated >			
Net business profit before credit costs	161.1	170.0	185.0
Net operating profit	134.1	140.0	155.0
Net income	96.8	80.0	95.0
< Non-consolidated >			
Net business profit before credit costs	148.2	150.0	160.0
Credit costs (a)	17.6	20.0	15.0
Other non-recurring items	-9.9	-10.0	-10.0
Net operating income	120.5	120.0	135.0
Extraordinary income	19.4	0.0	10.0
Reversal of reserves (b)	19.1	0.0	10.0
Net income	84.7	72.0	85.0
Total credit costs (a)-(b)	-1.4	20.0	5.0
Dividend per common stock (Yen)	12	12	12
Consolidated dividend payout ratio	20%	25%	21%

Mid term target through FY2008 (announced in November 2005)

< Consolidated > (in billions of Yen)	FY2004 (Actual)	FY2005	FY2006	FY2007	FY2008
Net business profit before credit costs	161.1	185.0	190.0 ↔ 195.0	203.0 ↔ 217.0	220.0 ↔ 242.0
Net operating profit	134.1	155.0	162.0 ↔ 167.0	174.0 ↔ 188.0	190.0 ↔ 212.0
Net income	96.8	95.0	96.0 ↔ 99.0	103.0 ↔ 112.0	114.0 ↔ 127.0

< Non-consolidated > (in billions of Yen)	FY2004 (Actual)	FY2005	FY2006	FY2007	FY2008
Gross profit	262.5	283.2	285.0 ↔ 290.0	297.0 ↔ 306.0	315.0 ↔ 327.0
Wholesale financial services	87.8	92.6	93.9 ↔ 94.4	94.4 ↔ 95.9	95.4 ↔ 96.9
Retail financial services	65.7	69.6	70.8 ↔ 73.8	79.0 ↔ 84.5	92.1 ↔ 100.1
Treasury and financial products	47.3	55.5	53.0	53.0	53.0
Fiduciary services	33.9	32.8	33.9	36.0 ↔ 36.5	39.3 ↔ 40.3
Real estate	23.7	27.0	28.0 ↔ 29.5	29.0 ↔ 30.5	30.0 ↔ 31.5
Expenses	114.3	123.2	125.0	127.0	130.0
Net business profit before credit costs	148.2	160.0	160.0 ↔ 165.0	170.0 ↔ 179.0	185.0 ↔ 197.0
Credit costs	-1.4	5.0	20.0	20.0	20.0
Net gains on stocks	13.6	} -10.0	10.0	10.0	10.0
Others	-23.6		-10.0	-10.0	-10.0
Net operating profit	120.5	135.0	140.0 ↔ 145.0	150.0 ↔ 159.0	165.0 ↔ 177.0
Net income	84.7	85.0	85.0 ↔ 88.0	90.0 ↔ 96.0	99.0 ↔ 106.0

<Interest rate/stock price assumption (Base case scenario)>

	05/3 (Actual)	06/3	07/3	08/3	09/3
6-month Yen LIBOR	0.06%	0.06%	0.12%	0.24%	0.37%
5-year Yen SWAP	0.64%	0.73%	0.85%	0.98%	1.11%
Nikkei 225(Yen)	11,668	13,500	13,500	13,500	13,500

<Interest rate/stock price assumption (Upside scenario)>

	06/3	07/3	08/3	09/3
6-month Yen LIBOR	0.06%	0.25%	0.39%	0.50%
5-year Yen SWAP	0.73%	1.14%	1.24%	1.33%
Nikkei 225(Yen)	13,500	14,500	15,500	16,500

Appendix



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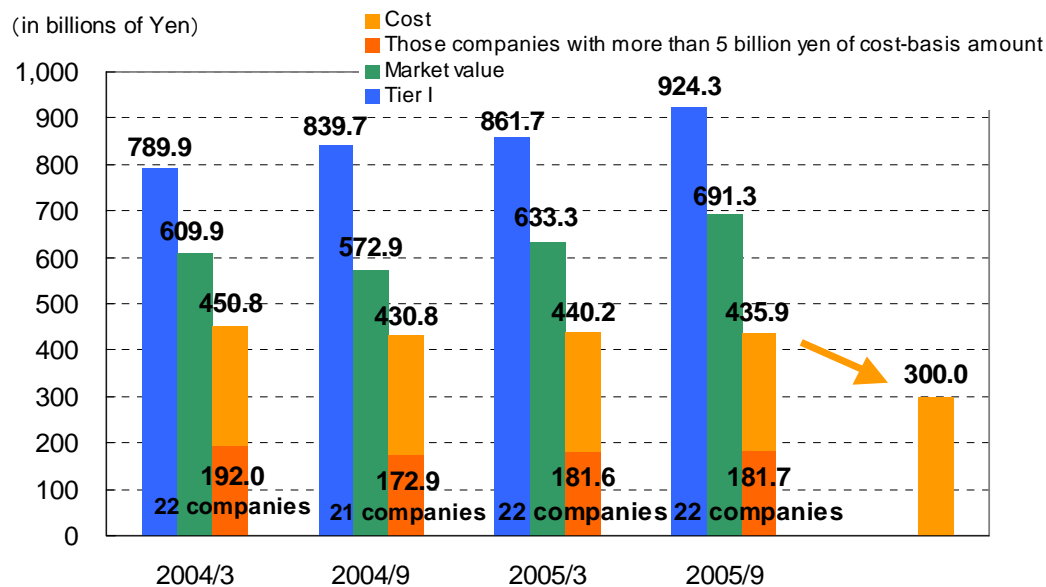
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Securities portfolio

- Change in cost and net unrealized gains/losses of securities (for securities market price available) (Consolidated/after devaluation)

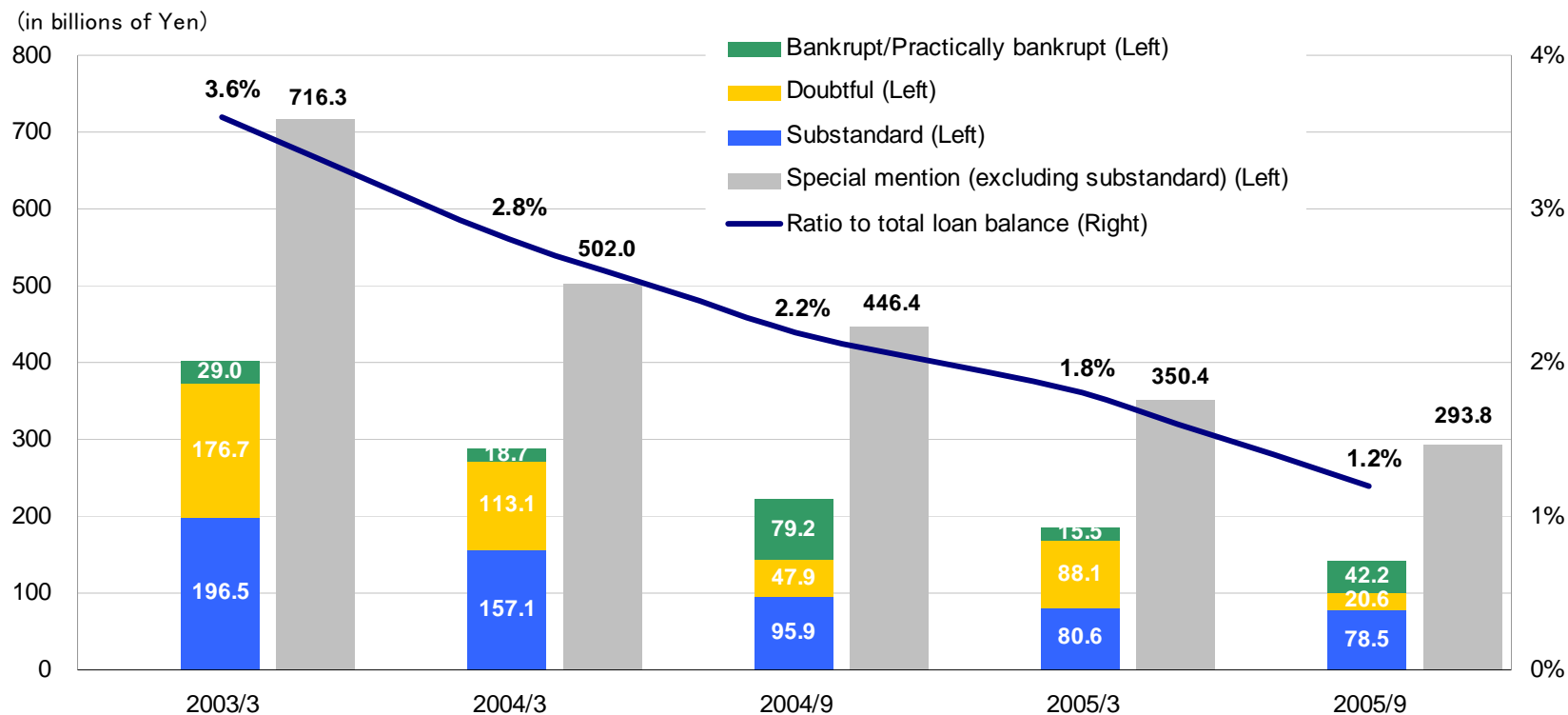
(in billions of Yen)	Cost			Net unrealized gains/losses		
	2005/9 (A)	2005/3 (B)	(A) - (B)	2005/9 (C)	2005/3 (D)	(C) - (D)
Held-to-maturity debt securities	806.4	822.6	-16.2	1.7	4.6	-2.9
Available-for-sale securities	3,908.5	3,115.6	792.9	251.7	193.0	58.7
Stocks	435.9	440.2	-4.3	255.3	193.1	62.2
Bonds (JGB)	1,224.2	957.1	267.1	-6.7	3.3	-10.0
Foreign bonds and others	2,248.3	1,718.2	530.1	3.0	-3.4	6.4

- Change in balance of Stocks (for securities market price available) (Consolidated/after devaluation)



Non-performing loans

► Change in balance of NPLs (Banking a/c and principal guaranteed trust a/c combined: Non-consolidated)



► Collateral/Reserves (Banking a/c: Non-consolidated) as of Sept. 2005

	Coverage ratio (*1)		Reserve ratio (*2)	
		Change		Change
Bankrupt/Practically bankrupt	100%	0%	100%	0%
Doubtful	93%	0%	88%	6%
Substandard	74%	8%	30%	-1%

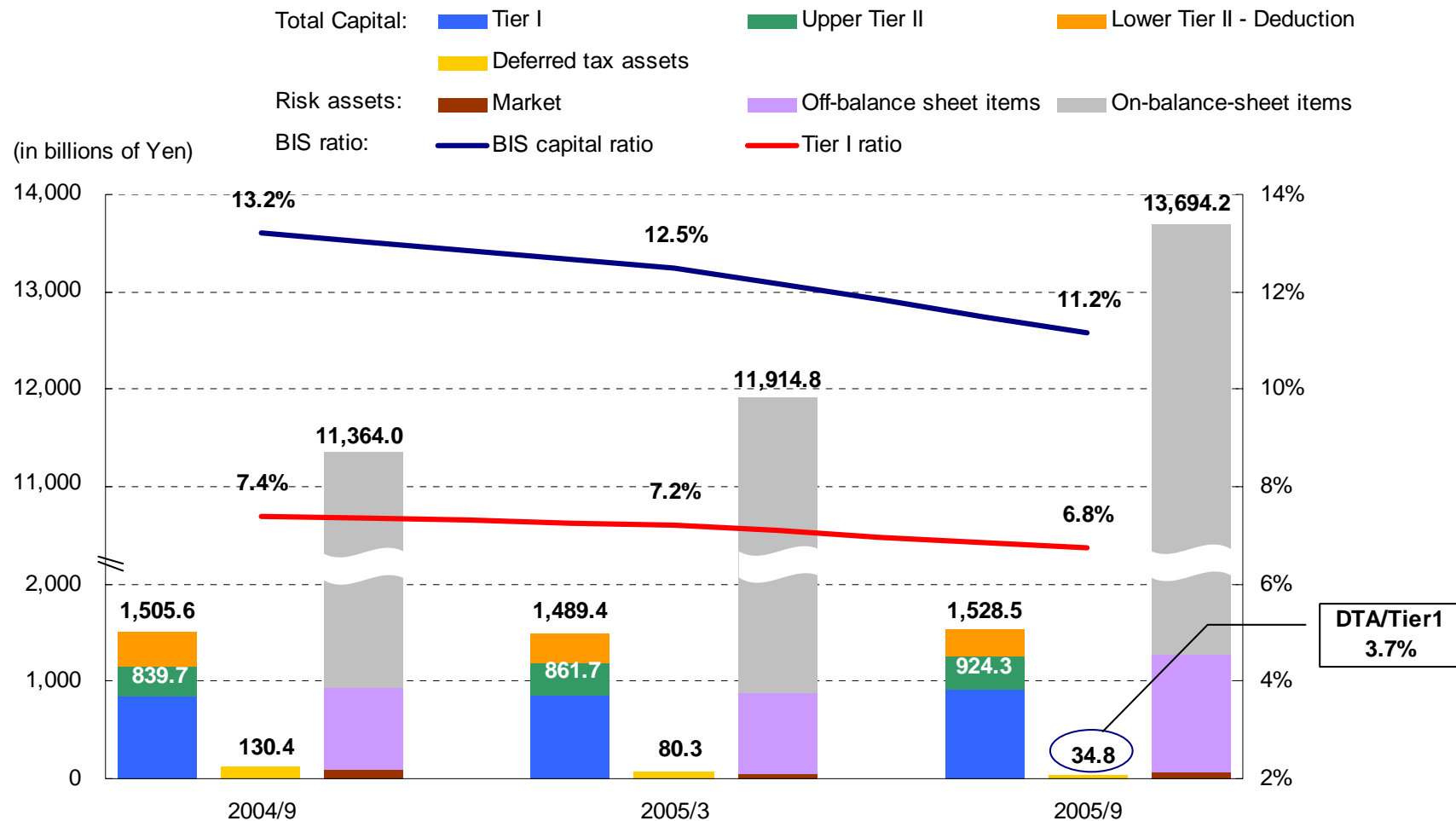
*1 (Guarantee and collateral + Specific loan loss reserves) / Total loan balance

*2 Specific loan loss reserves / (Total loan balance - Guarantee and collateral)

	Reserve ratio	
		Change
Special mention	8.1%	0.5%
Substandard debtors	10.8%	-4.8%
Against uncovered portion	30.8%	-1.4%
Special mention debtors (excluding loans to substandard debtors)	7.4%	1.5%
Ordinary debtors	0.1%	0.0%

Capital

► Change in balance of total risk adjusted assets and total capital



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.