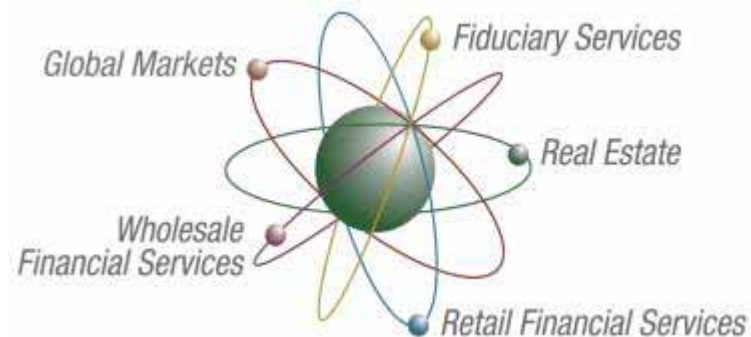




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***Sumitomo Trust & Banking  
Co., Ltd.***



**Information Meeting  
on  
Financial Results for FY2006**

**May 31, 2007**

- ▶ FY2006 financial results
- ▶ Other financial condition
- ▶ Forecast for FY2007
- ▶ Division performance
- ▶ Midterm financial plan



# FY2006 financial results



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## FY2006 financial results (April 2006 – March 2007)

- ▶ <Non-consolidated> Net business profit <sup>(\*1)</sup>: Retail and Fiduciary business surpassed the target, contributed to achieve 175.9 billion yen or 7% increase from FY2005
- ▶ <Non-consolidated> Net income decreased by 7% due mainly to increase in credit costs while <Consolidated> Net income increased by 4% as a result of increased contributions from consolidated subsidiaries and affiliates
- ▶ ROE stayed at 8.8%; Dividend payment of 17 yen per share, an increase of 5 yen from FY2005 or as originally planned, representing dividend payout ratio of 27.4%

<Consolidated> (in billions of Yen)	FY2006	FY2005	Change	% change
Net business profit before credit costs	215.4	196.2	19.2	9%
Net operating income	170.1	171.9	-1.7	-1%
Net income	103.8	100.0	3.7	4%
Consolidated return (Net income) on equity (%)	8.8%	9.9%	-1.1%	-11%
Consolidated EPS (fully diluted) (Yen)	62.04	59.87	2.17	4%

<Non-consolidated> (in billions of Yen)	FY2006	FY2005	Change	% change
Net business profit before credit costs	175.9	164.6	11.2	7%
Net interest income <sup>(*2)</sup>	162.0	162.5	-0.4	-0%
Net fees & commissions <sup>(*3)</sup>	115.9	111.4	4.5	4%
Other profits	19.7	12.3	7.4	60%
General and administrative expenses	121.8	121.6	0.2	0%
Net operating income	134.5	148.2	-13.7	-9%
Net income	81.8	88.4	-6.6	-7%
Total credit costs	40.5	9.7	30.7	314%
Dividend per share (Yen)	17	12	5	42%
Consolidated dividend payout ratio	27.4%	20.0%	7.4%	37%

(\*1) Denotes "Net business profit before credit costs" in this presentation

(\*2) Includes net trust fees of principal guaranteed trust a/c but exclude principal guaranteed trust a/c credit costs

(\*3) Include net trust fees other than net trust fees of principal guaranteed trust a/c



## Breakdown of profit by business group

- ▶ Retail and Fiduciary: <Non-consolidated> Gross business profit <sup>(\*)1</sup> recorded 15% and 17% increase, respectively, contributed by the growth in both total depositary and entrusted assets
- ▶ Wholesale: <Non-consolidated> Profit decreased caused by the tightening credit spreads, while the <Consolidated> figure increased due to the enhanced profit contributions by consolidated subsidiaries and affiliates
- ▶ Real estate: Normalized after rapid increase in FY2005; decrease in the number of large size brokerage deals

(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		
	FY2006	FY2005	Change	FY2006	FY2005	Change	FY2006	FY2005	Change
Retail financial services	84.2	73.4	10.8	27.3	17.1	10.1	29.6	19.9	9.7
Wholesale financial services	105.3	106.0	-0.7	69.4	72.1	-2.6	96.2	93.1	3.1
Stock transfer agency services	19.5	18.4	1.0	4.5	4.1	0.3	9.1	8.2	0.9
Treasury and financial products	48.7	48.6	0.1	39.4	39.4	-0.0	39.4	39.4	-0.0
Fiduciary services	55.9	47.9	7.9	28.5	20.6	7.8	33.1	24.0	9.0
Pension asset management	41.5	37.5	3.9	19.9	16.0	3.9	21.3	16.7	4.5
Securities processing services	14.4	10.4	3.9	8.5	4.6	3.8	11.7	7.3	4.4
Real estate	30.0	34.2	-4.2	22.6	26.4	-3.7	27.0	29.6	-2.6
Fees paid for outsourcing (*2)	-27.3	-26.1	-1.1						
Others (*3)	1.0	2.2	-1.2	-11.4	-11.0	-0.3	-9.9	-9.9	-0.0
<b>Total</b>	<b>297.7</b>	<b>286.2</b>	<b>11.5</b>	<b>175.9</b>	<b>164.6</b>	<b>11.2</b>	<b>215.4</b>	<b>196.2</b>	<b>19.2</b>

(\*1) Denotes "Gross business profit before credit costs" in this presentation

(\*2) From FY2006, non-consolidated gross business profit before credit costs of each division is shown before "Fees paid for outsourcing." Breakdown of "Fees paid for outsourcing" by business lines is shown in page 12 of "Explanatory Material Fiscal Year ended on Mar. 31, 2007".

(\*3) Include cost of capital funding, dividend of shares for cross-shareholdings, general and administrative expenses of headquarters, etc.



# Contribution of major group companies to consolidated financial results

- ▶ Full-year contribution of First Credit, in addition to improving performance of Fiduciary as well as Real estate subsidiaries, helped <Consolidated> Net business profit to grow by 7.9 billion yen from FY2005
- ▶ The Net business profit for SMFC and Businext decreased due mainly to extraordinary gains posted last year
- ▶ STB Leasing and Sumishin Guaranty recorded non-ordinary gains (one-time effect) of 3.6 and 2.1 billion yen respectively

(in billions of Yen)	Business group	Group's ownership	Consolidated Net business profit before credit costs (*1)			Consolidated Net income before amortization of goodwill (*2)		
			FY2006	FY2005	Change	FY2006	FY2005	Change
Sumishin Guaranty Co., Ltd.	Retail	100%	2.3	1.8	0.4	3.8	0.9	2.9
STB Leasing Co., Ltd. (*3)	Wholesale	100%	3.0	1.7	1.2	5.4	1.1	4.2
Sumishin Matsushita Financial Services Co., Ltd. (SMFC)	Wholesale	66%	5.2	8.2	-3.0	1.8	2.9	-1.0
First Credit Corporation	Wholesale	100%	10.6	4.4	6.1	9.3	5.8	3.4
BUSINEXT CORPORATION	Wholesale	40%	2.5	2.0	0.5	0.2	0.9	-0.7
Japan TA Solution, Ltd.	Stock transfer agency	80%	4.6	4.0	0.6	3.2	2.8	0.3
Sumitomo Trust and Banking Co. (U.S.A.)	Fiduciary	100%	2.9	2.2	0.6	1.7	1.3	0.4
Japan Trustee Services Bank, Ltd.	Fiduciary	33%	0.8	0.8	-0.0	0.4	0.5	-0.0
STB Asset Management Co., Ltd.	Fiduciary	100%	1.2	1.0	0.2	0.7	0.6	0.1
Sumishin Realty Co., Ltd.	Real estate	100%	2.7	2.3	0.3	1.3	1.2	0.0
STB Real Estate Investment Management Co., Ltd. (STREIM)	Real estate	100%	1.3	0.5	0.7	0.8	0.3	0.4
Total			39.5	31.6	7.9	22.0	11.5	10.4

(\*1) Consolidated subsidiaries: Net operating income (adjusted for non-recurring items) - intergroup transaction (dividend payment, etc.)  
 Affiliates: Net operating income (adjusted for non-recurring items) x %ownership - intergroup transaction (dividend payment, etc.)

(\*2) Goodwill amortization 6.1 bn. yen (FY2005: 5.3 bn. yen): First Credit Corporation 5.4 bn. yen (3.8 bn. yen), Sumishin Matsushita Financial Services 2.0 bn. yen (2.0 bn. yen), STB Leasing Co., Ltd. -1.2bn. yen (-), etc.

(\*3) Consolidated subsidiary after December 2006. Equity affiliate for FY2005. Includes its subsidiaries.



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## Breakdown of net interest income (Domestic)

- ▶ Signs of recovering in loan-deposit margin from the 2H of FY2005 bottom
- ▶ Affected by decreased yield gains from the securities, the increase in domestic net interest income remained marginal

### <Loan-deposit margin (domestic banking a/c and principal guaranteed trust a/c combined)>

	FY2006		FY2005	
	2H	1H	2H	1H
Average yield on loans and bills discounted	1.36%	1.18%	1.09%	1.16%
Average yield on Deposits & Trust principal	0.34%	0.22%	0.16%	0.17%
Loan-deposit margin	1.02%	0.96%	0.93%	0.99%

Loan (-desk/market) margin has contracted, while Deposit (-desk/market) margin has widened

### <Breakdown of net interest income (Domestic)>

(Income: in billions of Yen) (Balance: in trillions of Yen)	FY2006			FY2005			Change		
	Income	Balance	Yield	Income	Balance	Yield	Income	Balance	Yield
Domestic banking a/c and Principal guaranteed trust a/c combined	146.5			146.0			0.5		
Interest income	198.5	15.66	1.26%	170.4	14.06	1.21%	28.0	1.60	0.05%
Loans	130.1	10.22	1.27%	108.9	9.60	1.13%	21.2	0.62	0.14%
Securities (*1)	43.8	4.05	1.08%	40.1	3.48	1.15%	3.6	0.56	-0.07%
Swaps	16.8			17.1			-0.3		(*2)
Interest expenses	52.1	15.56	0.33%	25.2	13.92	0.18%	26.9	1.63	0.15%
Deposits & Trust principal	32.6	11.40	0.28%	18.0	10.55	0.17%	14.5	0.84	0.11%
Negotiable certificate of deposit	6.6	2.15	0.31%	0.6	1.84	0.03%	6.0	0.31	0.28%
Call money, etc. (*3)	4.1	1.37	0.30%	0.5	1.18	0.04%	3.6	0.19	0.26%



(\*1) Sum of securities and purchased loans

(\*2) Yield on bonds and purchased loans: +0.10%, Stocks and other securities: -0.73%

(\*3) Includes Call money, Bills sold, Loans from trust a/c, Buy/sell, Repo and Short term bonds

## Fee revenue breakdown

- ▶ Retail: Revenue from mutual fund sales increased; management fee steadily increased led by the increase in depositary asset
- ▶ Fiduciary: Increase in pension trust and mutual fund related trust fees sustained high-level growth
- ▶ Real estate: Normalization after rapid increase in FY2005 caused <Non-consolidated> brokerage fee to decrease

<Consolidated>	(in billions of Yen)	FY2006	FY2005	Change	% Change	Major contributing factors (in billions of Yen)
Other trust fees		58.2	50.1	8.1	16%	Real estate securitization 0.5
Pension trust, Public pension		32.6	29.1	3.4	12%	Pension trust 3.2, Public pension 0.3
Securities processing services		13.4	9.4	4.0	43%	Mutual fund administration 3.1, Tokkin 0.3, Securities trust 0.4
Net fees and commissions		103.7	100.5	3.1	3%	
Domestic business		97.3	95.2	2.1	2%	Mutual fund management 1.3
Retail financial services		31.0	27.3	3.7	14%	Mutual fund related fee 3.8 (Mutual fund administration 2.7)
Wholesale financial services		45.5	43.3	2.2	5%	First Credit 1.9
Stock transfer agency services		20.9	19.9	1.0	5%	Japan TA Solution 0.7
Real estate		34.9	36.6	-1.7	-4%	Commercial property brokerage -4.4, Investment management 0.9, Residential property brokerage 1.6
Fees paid for outsourcing (custody & pension administration)		-14.3	-13.9	-0.4	-3%	
International business		6.4	5.3	1.0	21%	Global custody 0.8
Total		161.9	150.6	11.2	8%	



# Non-performing loans

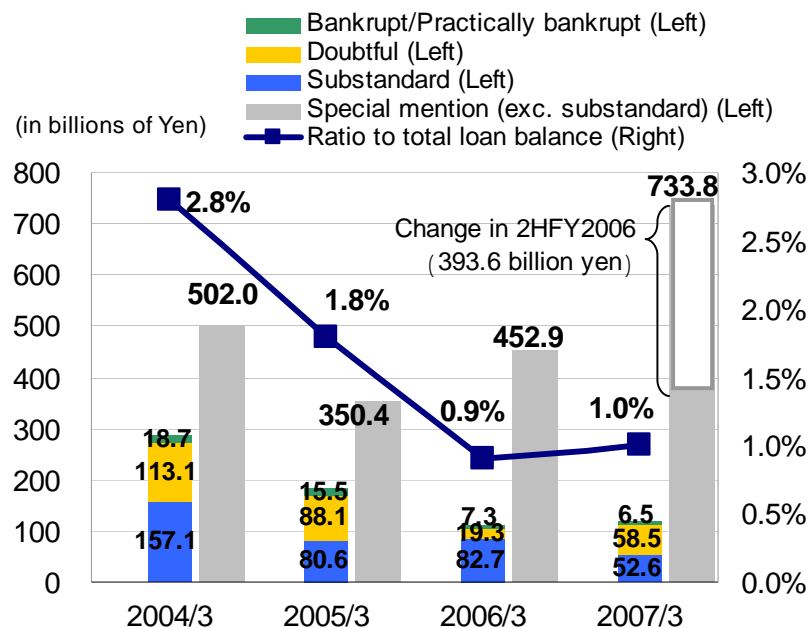
- ▶ Reclassification of some debtors in certain industry to “Loans to special mention debtors (excluding substandard loans)” to monitor its business environment, increasing credit costs by approximately 30 billion yen
- ▶ Regardless of increase in credit costs attributed by the increase in “Doubtful” loans, credit costs remained within the normalized range excluding certain industry factor

## <Breakdown of total credit costs (non-consolidated)>

(in billions of Yen)	FY2006	FY2005
Banking a/c	39.1	8.9
Write-offs & sales, etc.	4.8	4.1
Net transfer to reserves	34.2	4.8
Net transfer to specific loan loss reserves, etc. (*)	15.4	-5.6
Net transfer to general reserves	18.8	10.4
Trust a/c	1.3	0.8
<b>Total credit costs</b>	<b>40.5</b>	<b>9.7</b>
Net transfer to reserve for losses on investment securities	6.4	-1.2
<b>Total credit related costs</b>	<b>46.9</b>	<b>8.5</b>

(\*) Negative figure indicates profit due to write backs.

## <Balance and ratio to total loan balance of NPLs (non-consolidated; banking a/c and principal guaranteed trust a/c combined)>



- |  |                           |                                |
|--|---------------------------|--------------------------------|
| - Certain industry factor              | Approx. 30.0 billion yen  | } Net approx. 10.0 billion yen |
| - Other newly recognized costs         | Approx. 32.0 billion yen  |                                |
| - Migration to better categories, etc. | Approx. -15.0 billion yen |                                |
| - Balance change & collection          | Approx. -7.0 billion yen  |                                |



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## Other financial condition



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# Migration analysis

- ▶ Among the total increase in “Loans to special mention debtors” during 2HFY2006, the downgrade from certain industry accounted for approximately 400 billion while approximately 40 billion yen exposure was placed to the improving debtors of the same class; 27.9 billion yen net decrease
- ▶ The total amount of upgraded loans in the FY2006 is at approximately 120 billion yen

## <Banking and principal guaranteed trust a/c (non-consolidated)>

2HFY2006	(in billions of Yen)	March 2007	September 2006	Change	Downgrade (+)	Downgrade (-)	Upgrade (+)	Upgrade (-)	Write-off, sale or collection
Bankrupt / practically bankrupt		6.5	6.0	0.5	2.0	-	-	-0.2	-1.2
Doubtful		58.5	23.4	35.0	44.0	-0.4	0.0	-0.3	-8.3
Loans to substandard debtors		82.7	98.3	-15.5	0.1	-	0.0	-0.0	-15.6
Loans to special mention debtors (excluding loans to substandard debtors)		703.7	312.8	390.9	467.1	-39.4	0.3	-9.2	-27.9

1HFY2006	(in billions of Yen)	September 2006	March 2006	Change	Downgrade (+)	Downgrade (-)	Upgrade (+)	Upgrade (-)	Write-off, sale or collection
Bankrupt / practically bankrupt		6.0	7.3	-1.3	1.1	-	-	-1.0	-1.5
Doubtful		23.4	19.3	4.1	9.6	-0.4	0.2	-1.8	-3.5
Loans to substandard debtors		98.3	117.0	-18.8	1.6	-1.1	2.1	-12.9	-8.5
Loans to special mention debtors (excluding loans to substandard debtors)		312.8	418.6	-105.8	25.6	-8.0	4.4	-96.9	-30.9



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# Securities portfolio and interest rate risk

- ▶ Unrealized gains on domestic as well as foreign bonds represented solid improvement
- ▶ Outlier ratio of 6.26% was far below the 20% threshold level

## <Change in cost and net unrealized gains/losses of securities for which market prices are available (consolidated/ after devaluation)>

(in billions of Yen)	Book value			Cost			Net unrealized gains/losses		
	Mar. 2007 (A)	Mar. 2006 (B)	(A) - (B)	Mar. 2007 (C)	Mar. 2006 (D)	(C) - (D)	Mar. 2007 (E)	Mar. 2006 (F)	(E) - (F)
Held-to-maturity debt securities	706.8	838.8	-131.9	706.8	838.8	-131.9	-1.6	-6.8	5.2
Available-for-sale securities	4,084.0	4,363.2	-279.2	3,587.5	3,951.4	-363.8	496.4	411.8	84.6
Stocks	989.1	911.3	77.7	481.9	463.9	17.9	507.2	447.4	59.8
Japanese bonds	951.4	1,392.7	-441.2	955.0	1,411.3	-456.2	-3.5	-18.6	15.0
Foreign bonds and others	2,143.3	2,059.1	84.2	2,150.5	2,076.1	74.4	-7.2	-17.0	9.7

## <Balance of JGBs (\*) by maturity (non-consolidated)>

(in billions of Yen)	Book value (Market value)					Total
	Less than 1 year	Less than 5 years	Less than 10 years	Over 10 years		
					Floating-rate	
Mar. 2007 (A)	196.5	463.0	410.6	53.0	28.2	1,123.3
Mar. 2006 (B)	239.8	488.0	508.1	149.9	119.7	1,385.9
(A) - (B)	-43.2	-25.0	-97.4	-96.8	-91.5	-262.6

(\*) Sum of Held-to-maturity debt securities and Available-for-sale securities

## <Outlier ratio/ interest rate risk (\*) per major currency (consolidated/ as of March 2007)>

(in billions of Yen)					
Total interest rate risk				Tier I + Tier II	Outlier ratio
	JPY	USD	EUR		
120.9	67.9	30.3	19.6	1,930.8	6.26%

(\*) For assets in major currencies, 1st and 99th percentile of observed interest rate changes using a 1-year holding period and a minimum of 5 years of observations is assumed. The upper limit of the core deposits is defined as the minimum of the following: (a) minimum balance in the last 5 years, (b) the balance after deducting the maximum annual outflow in the last 5 years from the current balance, or (c) the equivalent of 50% of the current balance. The maturity of up to 5 years (average 2.5 years) is assumed.



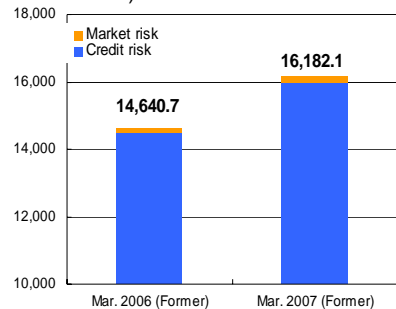
# Regulatory capital

- ▶ Total risk adjusted assets increased by 1.5 trillion yen (former standard) due to the increase in loan balance and the effect of STB Leasing consolidation
- ▶ Although the bank adopted FIRB approach, Tier 1 ratio remained at 6.44% partially due to the gradual roll out effect

## <Former standard: March 2006 v.s. March 2007>

### Total risk adjusted assets

(in billions of Yen)

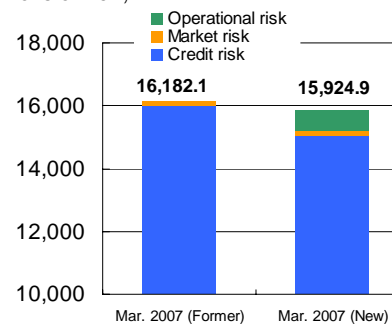


(in billions of Yen)	Change
Credit risk	1,556.4
Loan	620.0
Commitment	268.5
Subsidiaries (STB Leasing etc.)	680.0
Market risk	-15.0
Total	1,541.3

## <March 2007: New standard v.s. Former standard>

### Total risk adjusted assets

(in billions of Yen)

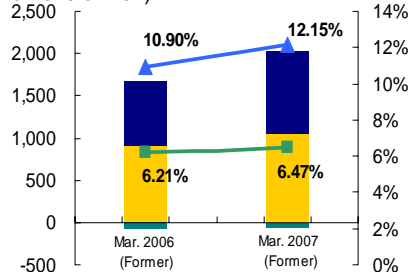


(in billions of Yen)	Change
Credit risk	-922.5
Market risk	0.0
Operational risk	665.3
Total	-257.1

## Total BIS capital and capital ratios

■ Tier I  
■ Deduction (double gearing)  
■ Tier II  
■ Tier I ratio  
▲ BIS capital ratio

(in billions of Yen)

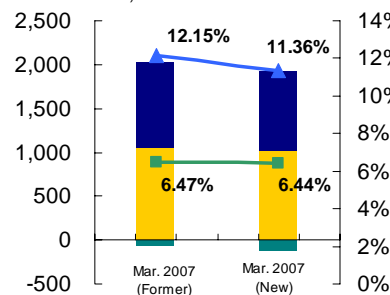


(in billions of Yen)	Change
Tier I (1)	137.8
Retained earnings	79.9
Non-cumulative preferred capital notes	50.0
Goodwill (Deduction)	8.2
Tier II (2)	216.0
General reserves	19.3
Perpetual subordinated debts	135.9
Termed risk adjusted assets	25.0
Deduction (3)	-16.8
Total capital (1)+(2)-(3)	370.7

## Total BIS capital and capital ratios

■ Tier  
■ Deduction (double gearing)  
■ Tier  
■ Tier ratio  
▲ BIS capital ratio

(in billions of Yen)



(in billions of Yen)	Change
Tier I (1)	-21.0
(EL-Eligible provisions) x50%	-21.0
Tier II (2)	-72.5
General reserves	-71.9
Deduction (3)	63.1
(EL-Eligible provisions) x50%	21.0
Securitized exposure	41.2
Total capital (1)+(2)-(3)	-156.8



# Forecast for FY2007



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## Forecast for FY2007

- ▶ Net business profit is expected to increase, compensating the growth in expense
- ▶ Credit costs to be normalized at 20 bps over total loan balance
- ▶ <Consolidated> Net income to grow by 16% to 120 billion yen; 18 yen per share of full year dividend payment represents dividend payout ratio of 25%

<b>&lt;Consolidated&gt;</b>	(in billions of Yen)	FY2007 (Forecast)	FY2006 (Actual)	Change
Net business profit before credit costs		220.0	215.4	4.5
Net operating profit		185.0	170.1	14.8
Net income		120.0	103.8	16.1
<b>&lt;Non-consolidated&gt;</b>				
Net business profit before credit costs		180.0	175.9	4.0
Gross business profit before credit costs		312.0	297.7	14.2
G&A expenses		132.0	121.8	10.1
Net operating income		155.0	134.5	20.4
Net income		100.0	81.8	18.1
Total credit costs		25.0	40.5	-15.5
Full year dividend per share (Yen)		18	17	1
Consolidated dividend payout ratio		25.1%	27.4%	-2.3%

# Division performance



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# Retail financial services

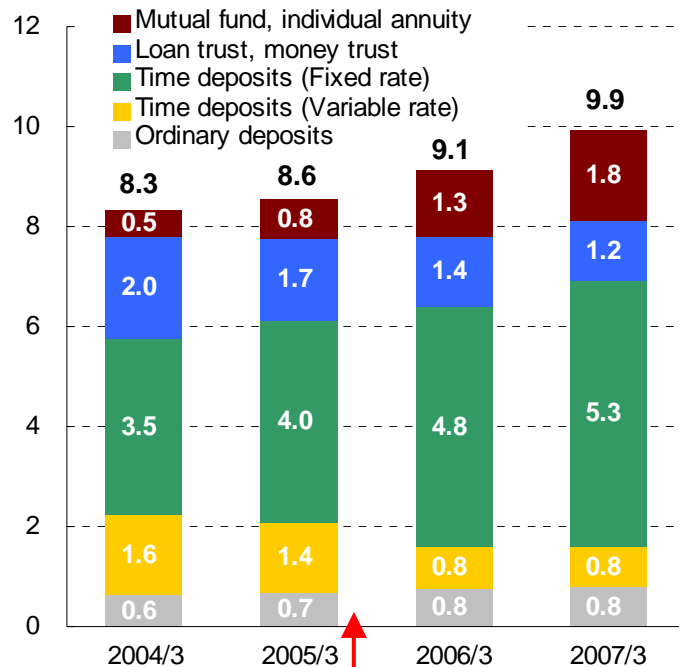
- ▶ Increased total depositary assets in both deposits and mutual funds

➡ Achieved 8.8% growth since March 2006

- ▶ Fee revenue increased steadily, driven by increase in annual management fees of mutual funds although sales volume remained flat

## <Volume of total depositary assets from individuals>

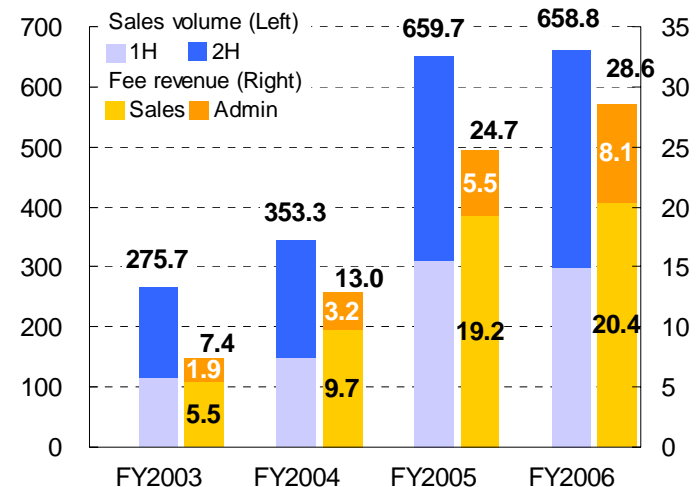
(in trillions of Yen)



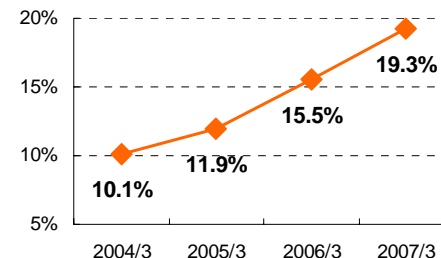
Complete introduction of Pay-off program in April 2005

## <Sales volume and fee revenue of mutual fund/ individual annuity>

(in billions of Yen)



## <Deposit/Mutual fund Cross-sell ratio>



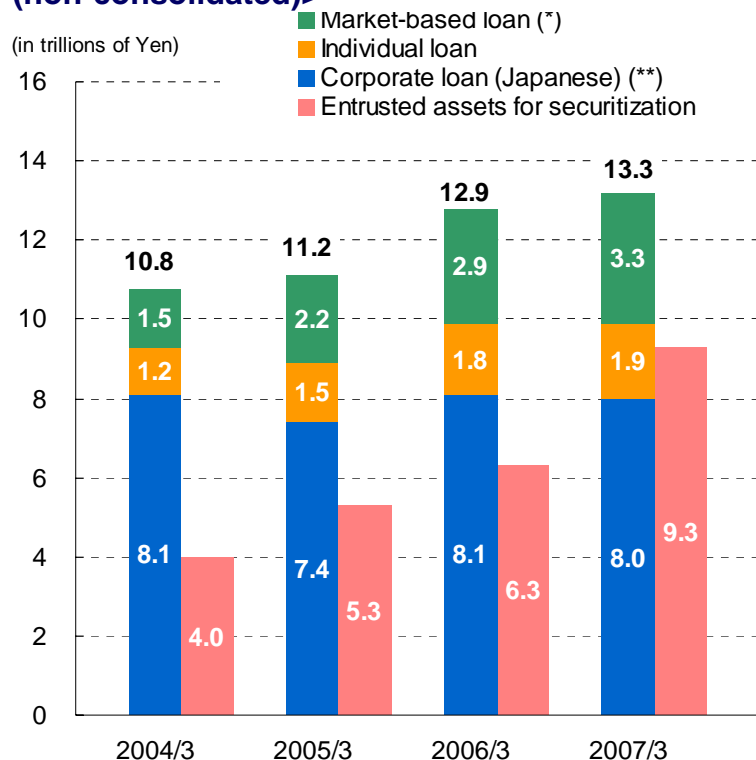
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# Wholesale financial services & Loan portfolio (Non-consolidated)

- ▶ Increasing loan balance driven mainly by the growth in market-based loans while overall momentum normalized
- ▶ Intends to improve portfolio profitability by pursuing asset efficiency

## <Balance of loan portfolio (non-consolidated)>

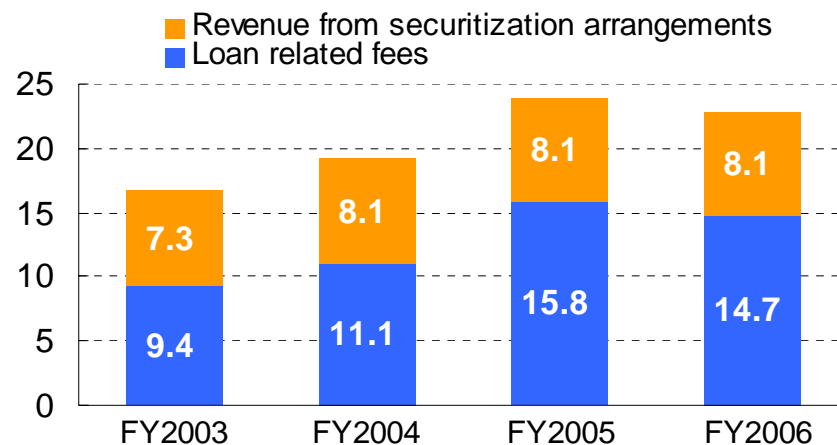


(\*): Market-based loan includes bonds with credit risk, such as ABS, CLO and corporate bonds

(\*\*): Corporate loan (Japanese) includes conventional loan, syndicate loan and loan purchased from other banks

## <Fee revenue of securitization and loan related business>

(in billions of Yen)



## <Transaction volume of individual loan>

(in billions of Yen)

FY2003	FY2004	FY2005	FY2006
213.6	274.8	461.5	377.1

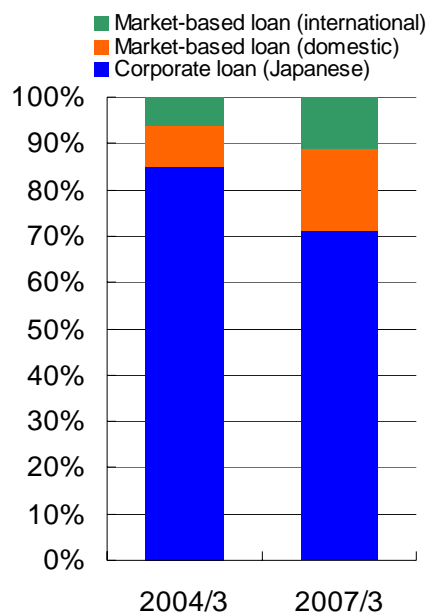


# Loan portfolio diversification and enhancing profitability (1)

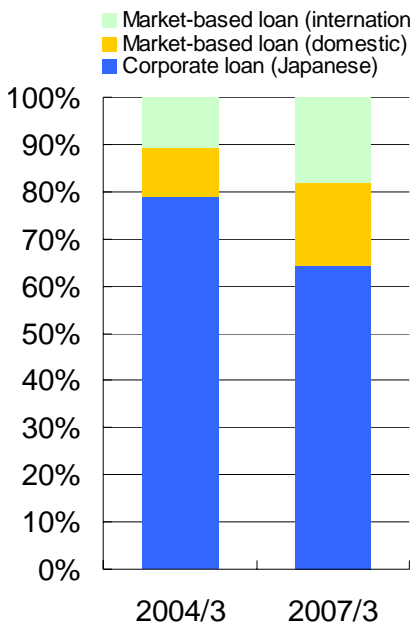
- ▶ Expand domestic and international market-based loan portfolio (30% of the total balance) to further pursuing the profitability
- ▶ The percentage of profits from market-based loan increased from 20% to 35% within the last 3 fiscal years

## <Composition of wholesale portfolio (non-consolidated)>

Loan balance



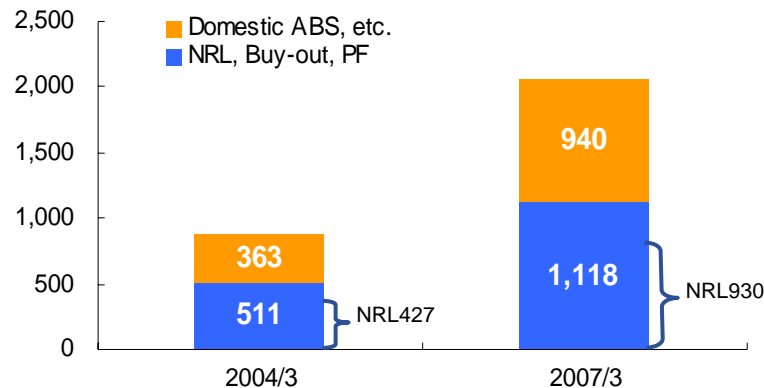
Profit



(\*): Market-based loan: Sum of specialized lending, such as Non-recourse loan and investments with certain credit risk, both domestic and international  
 (\*\*): Corporate loan (Japanese): Sum of conventional loan, syndicate loan and loan purchased from other banks

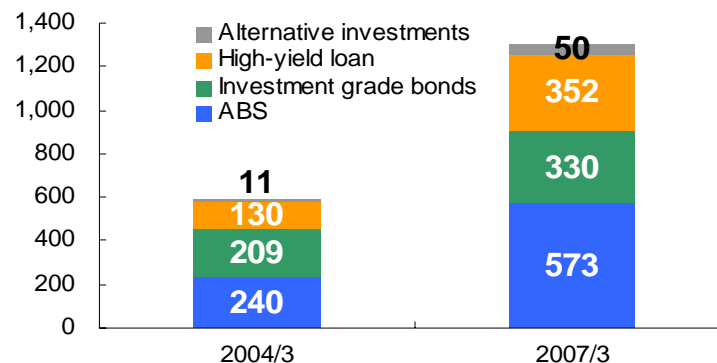
## <Market-based loan balance (domestic) (non-consolidated)>

(in billions of Yen)



## <Market-based loan balance (international) (non-consolidated)>

(in billions of Yen)



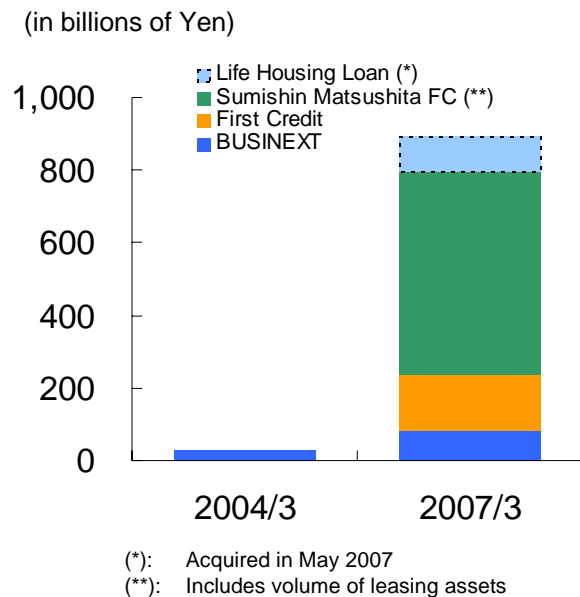
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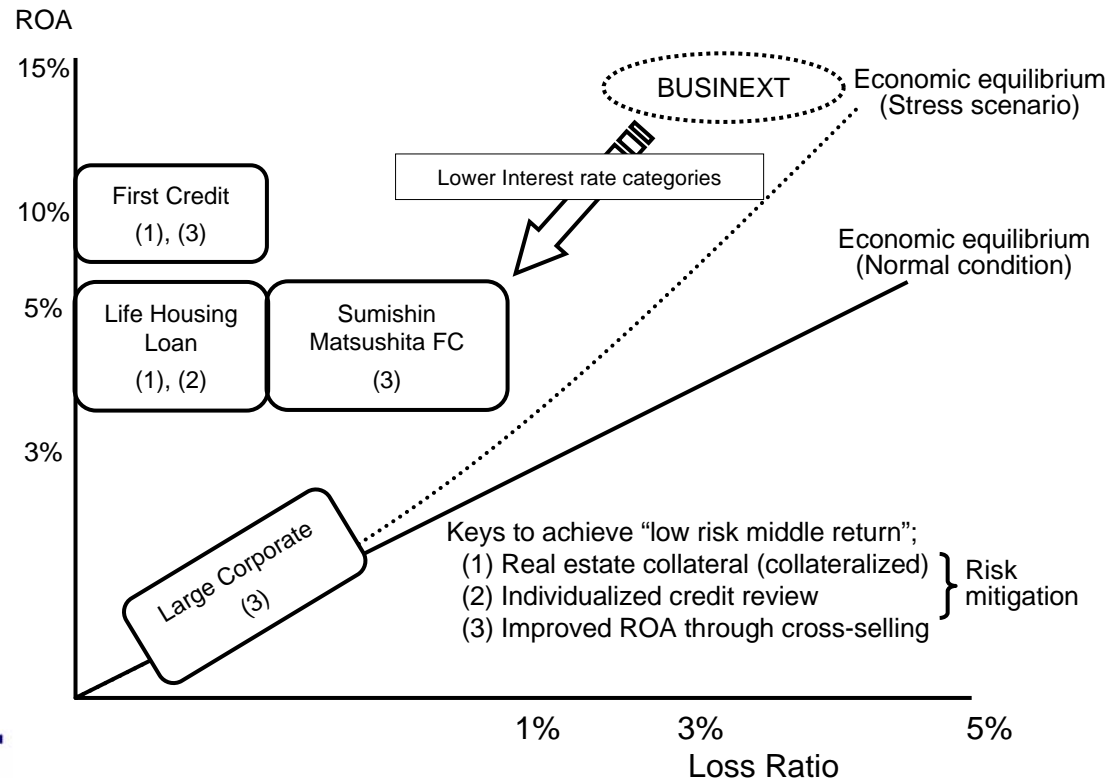
## Loan portfolio diversification and enhancing profitability (2)

- ▶ Development of SME market by utilizing group subsidiaries and affiliates
- ▶ Pursuing “low risk middle return” leveraging our unique business model
- ▶ e.g. Acquisition of Life Housing Loan – Expanding franchise through STB’s real estate network

### <Loan (\*) to small- and medium-sized market by STB Group>



### <Conceptual allocation of domestic loan businesses>

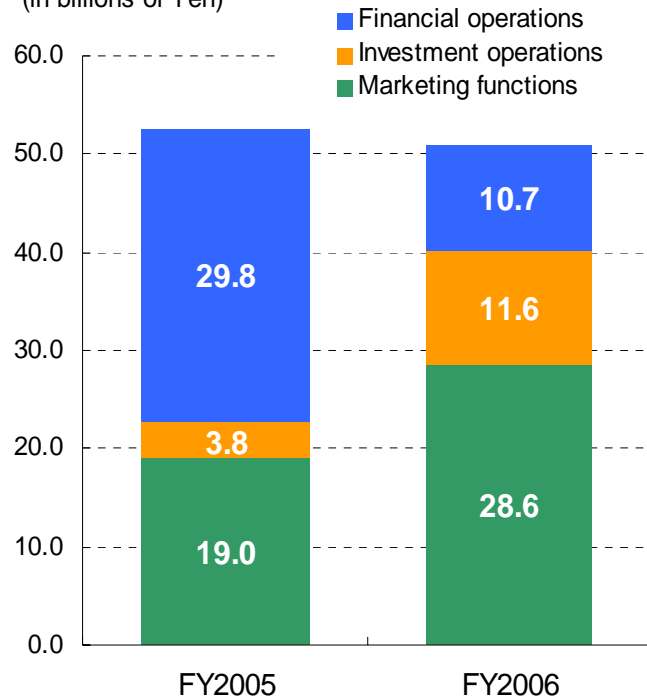


# Treasury and financial products

- ▶ Tightening (inversing) spread between the long- and short-term interest rates caused decreasing Gross business profit from Financial operations; Investment operations was able to increase its profit by diversifying investment strategies
- ▶ As a result of steady increase in Marketing functions, the total Gross business profit was unchanged from the previous fiscal year

## <Breakdown of gross business profit>

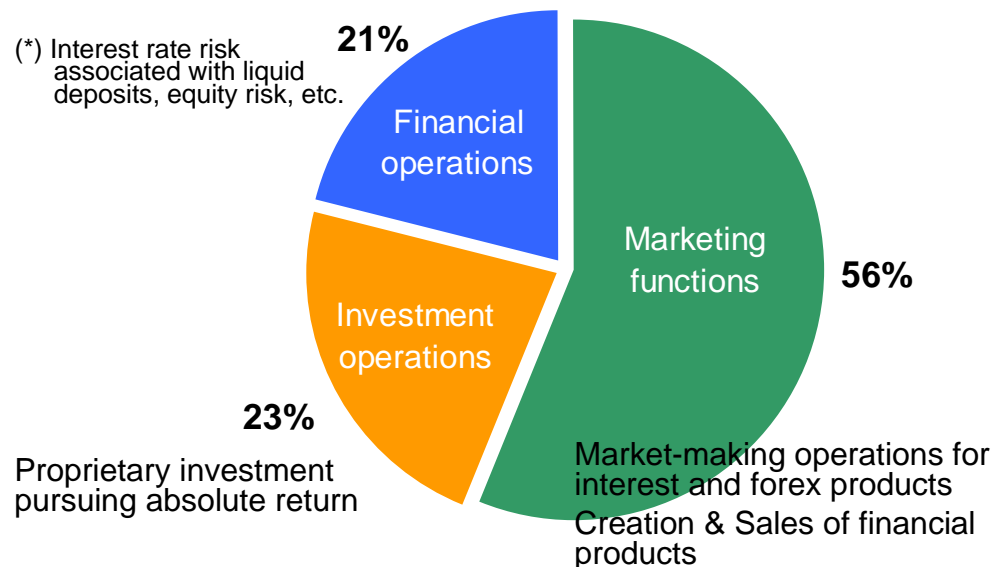
(in billions of Yen)



## <Component of business areas FY2006>

Financial operations managing potential market risks(\*) involved in the overall balance sheet

(\*) Interest rate risk associated with liquid deposits, equity risk, etc.



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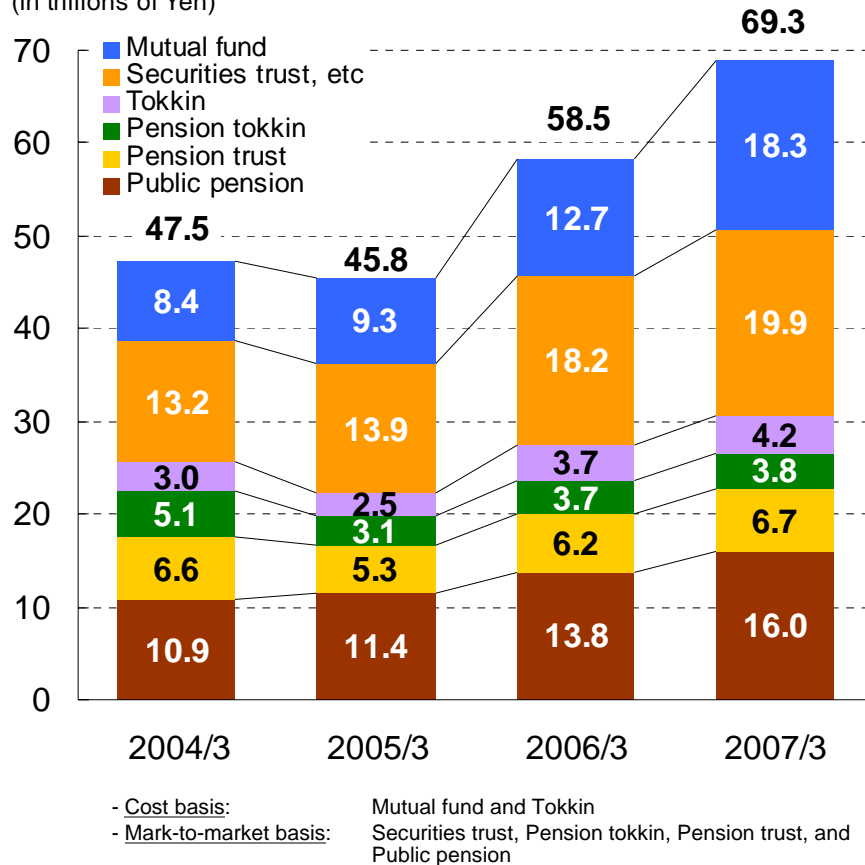
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# Fiduciary business (Total entrusted assets, Securities Processing)

- ▶ Mutual fund propelled the increase of total entrusted assets by 18% from FY2005
- ▶ Achieving 58% increase in stock investment trust backed by “saving to investment” trend in the macro economy and increased 19% market share

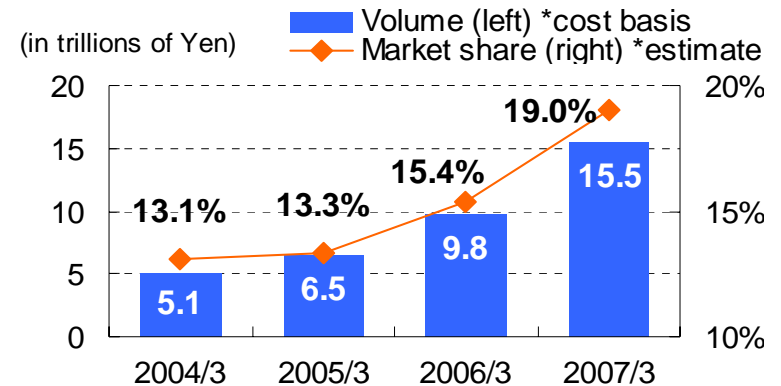
## <Volume of entrusted assets>

(in trillions of Yen)



## <Volume of entrusted stock investment trusts>

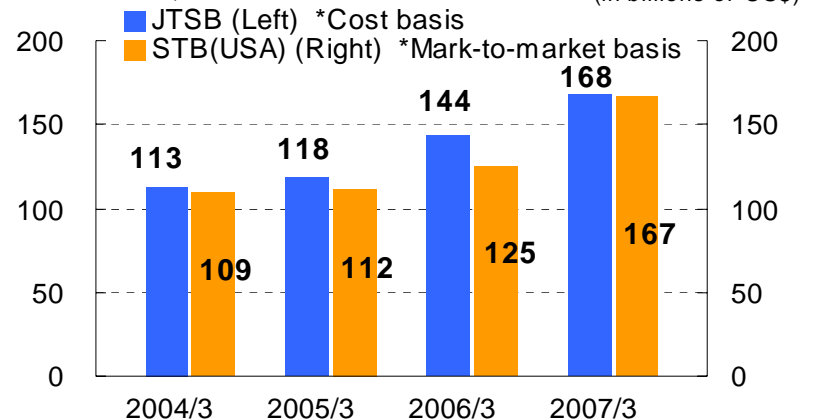
(in trillions of Yen)



## <Volume of entrusted assets with Japan Trustee Services Bank>

## <Volume of global custody (Sumitomo Trust USA)>

(in trillions of Yen)



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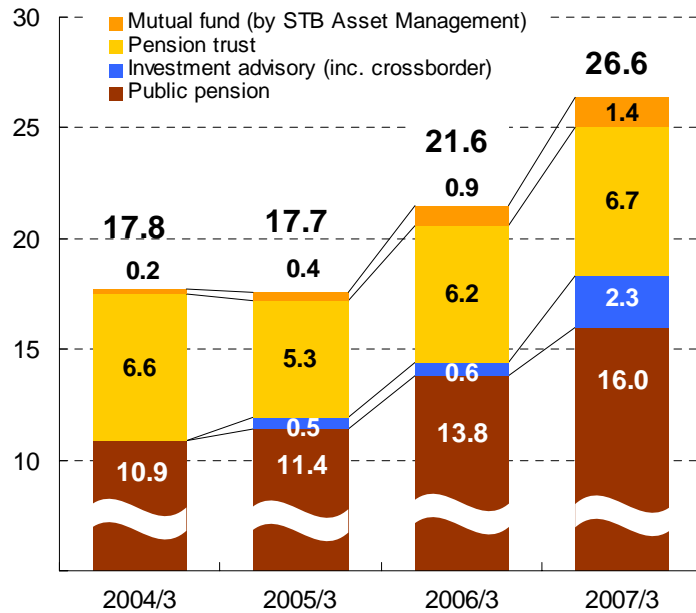
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# Fiduciary business (Pension, Investment management)

- ▶ Sumitomo Trust group has significantly increased its asset under management by 23% to 26.6 trillion yen as of March 2007
- ▶ Constantly increasing market share for the pension trust; Industry leading active ratio of 53%

## <Assets under STB group management>

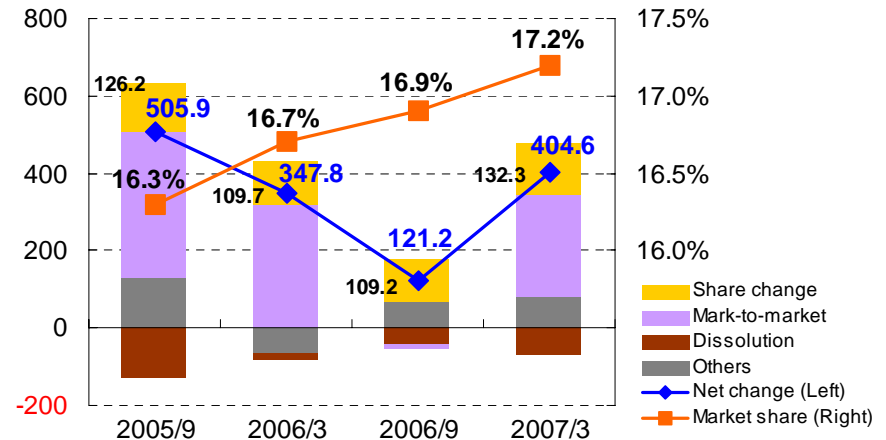
(in trillions of Yen)



- Mark-to-market basis

## <Factors of volume change of pension trust> <Market share of pension trust (\*) estimate>

(in billions of Yen)



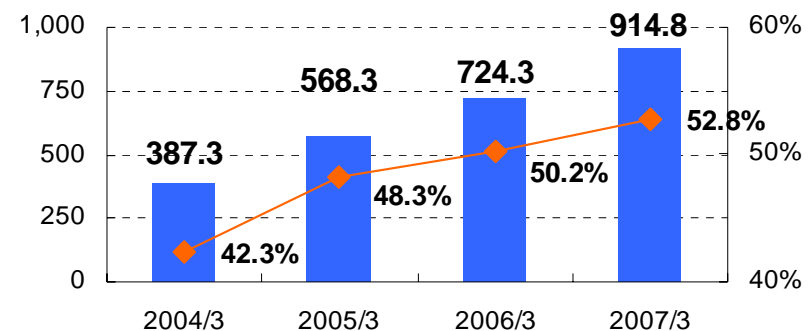
## <Ratio of active management (corporate pension)>

## <Volume of entrusted assets in alternative investments>

■ Volume in alternative investment (Left) \*Mark-to-market basis

◆ Ratio of active investment (Right)

(in billions of Yen)



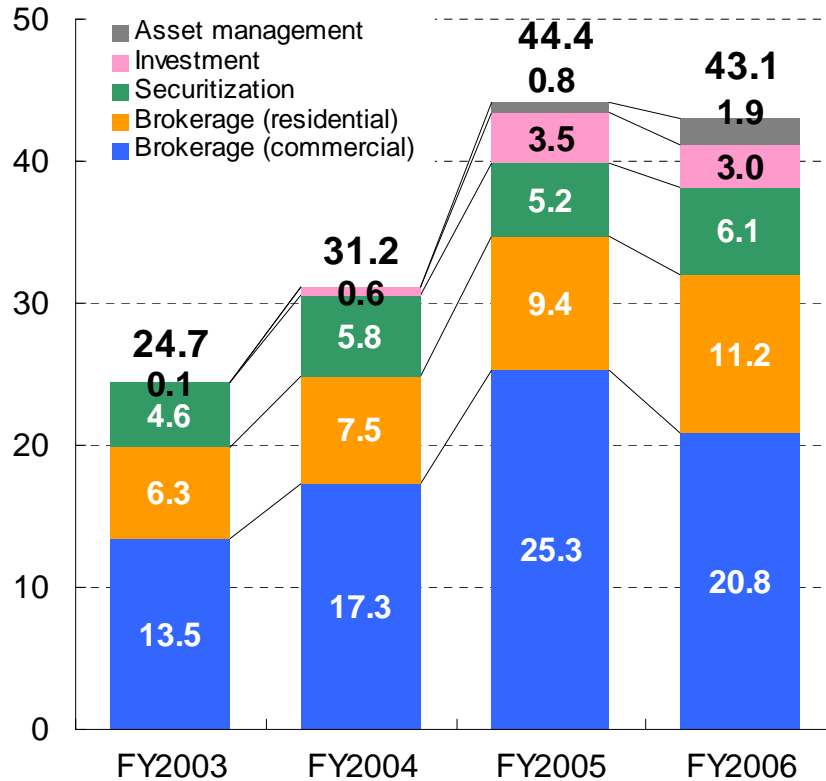
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# Real estate business

- ▶ Sustained growth momentum since FY2003, although profit decreased in FY2006 as there were less larger brokerage deals
- ▶ Diversification of revenue sources i.e. Securitization, real estate trust, and investment management businesses

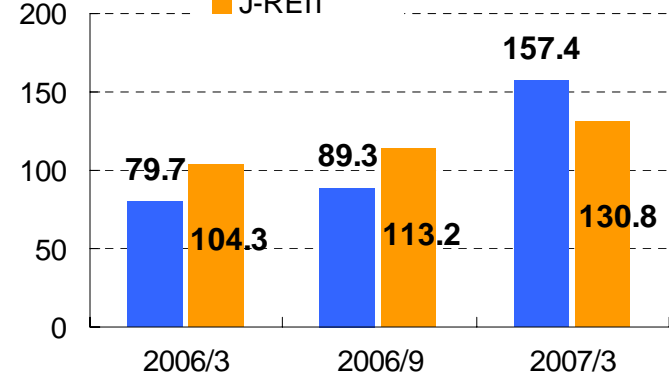
## <Gross profit for real estate business>

(in billions of Yen)



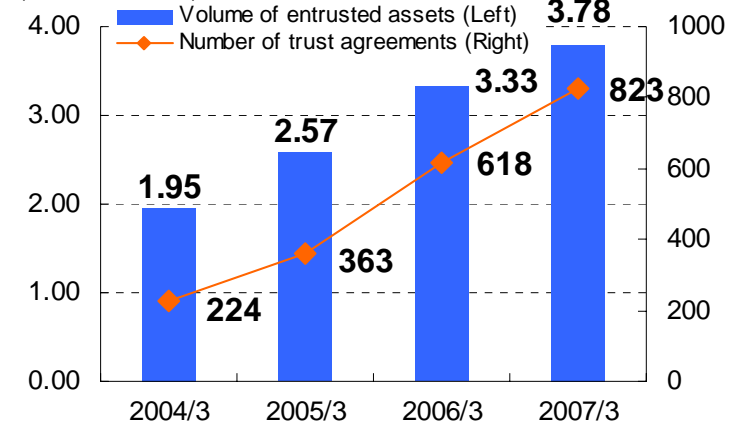
## <Asset under management>

(in billions of Yen) ■ Private fund ■ J-REIT



## <Volume of real estate securitization>

(in trillions of Yen) (transactions)



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# Midterm financial plan



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# Management policy

**Management principle: To accomplish sustainable growth leveraging its feature as a combination of banking, trust and real estate business**

## Management prospect

**The “Top quality trust bank group” engaged in customer orientation**

### Top quality

- (1) **Financials:** Higher quality of profit, asset and capital
- (2) **Customer franchise:** Higher Customer satisfaction (CS), Deeper customer relations
- (3) **Product & service:** Enhanced development capacity and consulting capability in a first-class manner
- (4) **Human resource:** A group of industry leading professionals
- (5) Sophisticated compliance, customer protection and risk management framework

### Key measures for FY2007

- ▶ Enhancement of CS improvements
- ▶ Expansion of revenue source and enhancement of information development capability
- ▶ Strengthening of management / business infrastructure
- ▶ Promotion of professionalism as well as team-work skills

With each and everyone of individual customers,  
“a house bank for asset management &  
administration”

“A strategic partner”,  
providing corporate and institutional investors with multi-  
layer values



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# Midterm management targets

## Financial and capital management : Balancing “capital efficiency” and “prudent capital adequacy”

### Sustainable ROE on Stockholder’s Equity at 12%

- ▶ To constantly achieve 12% ROE on “Stockholders’ Equity”, which collectively excludes the effect of short-term disrupts (volatility) i.e. revaluation reserves  
=> Almost equals to the bank’s historical 10% ROE target on “Total Equity”  
\* Actual: 11.9% (FY2005), 11.3% (FY2006)
- ▶ Target revenue ratios (mid-term): Fee ratio (consolidated) 50%, OHR (non-consolidated) 40-plus % range

### Target Tier I ratio at 7 to 8 % (FY2009)

- ▶ Target ratio considering post BASEL II implementation risk management (Historically targeted at constant minimum 6% Tier I ratio)  
=> The immediate effect of BASEL II implementation to the bank’s capital management is marginal
- ▶ Focus on the “quality” of Tier I capital

**Bolster profit sharing with shareholders based on the increasing dividends  
(Dividend payout ratio of 30% in FY2008)**



# Mid term target through FY2009 (announced in May 2007)

<Consolidated > (in billions of Yen)	FY2006 (Actual)	FY2007	FY2008		FY2009	
Net business profit before credit costs	215.4	220.0	228.0 <=>	240.0	248.0 <=>	267.0
Net operating profit	170.1	185.0	201.0 <=>	213.0	221.0 <=>	240.0
Net income	103.8	120.0	121.0 <=>	127.0	133.0 <=>	145.0
<b>&lt;Consolidated/non-consolidated difference&gt;</b>						
Net business profit before credit costs	39.5	40.0	41.0 <=>	46.0	44.0 <=>	49.0
Net income	22.0	20.0	15.0 <=>	18.0	17.0 <=>	20.0
<b>&lt;Non-consolidated &gt; (in billions of Yen)</b>						
Gross business profit before credit costs	297.7	312.0	322.0 <=>	329.0	340.0 <=>	354.0
Retail financial services	84.2	96.0	101.0 <=>	106.0	111.0 <=>	121.0
Wholesale financial services	105.3	103.0	106.0 <=>	110.0	108.0 <=>	112.0
(Fees paid for outsourcing)	(13.0)	(13.2)	(11.1) <=>	(11.2)	(5.9) <=>	(6.0)
Treasury and financial products	48.7	45.0	43.0 <=>	39.0	43.0 <=>	39.0
Fiduciary services	55.9	57.0	58.0 <=>	59.0	60.0 <=>	61.0
(Fees paid for outsourcing)	(14.3)	(15.0)	(12.5) <=>	(12.5)	(11.8) <=>	(11.8)
Real estate	30.0	35.0	35.0 <=>	36.0	36.0 <=>	38.0
Expenses	121.8	132.0	135.0		136.0	
Net business profit before credit costs	175.9	180.0	187.0 <=>	194.0	204.0 <=>	218.0
Credit costs	40.5	25.0	25.0		25.0	
Net operating profit	134.5	155.0	172.0 <=>	179.0	189.0 <=>	203.0
Net income	81.8	100.0	106.0 <=>	109.0	116.0 <=>	125.0

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

	07/3 (Actual)	08/3	09/3	10/3
1-month Yen LIBOR	0.67%	0.96%	1.26%	1.51%
10-year JGB	1.66%	1.80%	1.96%	2.08%
Nikkei 225(Yen)	17,287	17,500	17,500	17,500

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

	08/3	09/3	10/3
1-month Yen LIBOR	1.23%	1.68%	1.96%
10-year JGB	2.51%	3.10%	3.49%
Nikkei 225(Yen)	20,000	21,500	23,000



# STB Leasing and Sumishin Matsushita Financial Services

## ► Financial highlights of FY2006

### <STB Leasing>

(in billions of yen)	FY2006		FY2005
		Change	
Total sales volume	207.8	11.9	195.9
Net business profit	6.7	0.1	6.5
G&A expenses	5.7	0.5	5.1
Net operating income	6.6	-0.3	6.9
Net income before tax	29.4	21.8	7.5
Net income	17.3	12.8	4.4

(\*) FY2006 includes 22.8 billion yen extraordinary gains on the sale of equity portfolio

(in billions of yen)	FY2006 (*)		FY2005
		Change	
Total assets	520.4	-4.2	524.6
Leasing assets	341.1	-2.5	343.6
Installment receivables	91.0	6.9	84.0
Loans	45.8	17.5	28.3
Shareholder's equity	46.3	6.2	40.1

(\*) FY2006 figures are unaudited

### <Sumishin Matsushita Financial Services>

(in billions of yen)	FY2006		FY2005
		Change	
Total sales volume	391.6	98.3	293.3
Net business profit	5.0	-3.0	8.0
G&A expenses	17.9	-0.6	18.6
Net operating income	5.3	-3.1	8.4
Net income before tax	5.5	-2.7	8.2
Net income	3.1	-1.7	4.8

(in billions of yen)	FY2006		FY2005
		Change	
Total assets	601.5	78.7	522.7
Leasing assets	357.3	64.0	293.3
Trade account receivables	139.4	6.4	133.0
Loans	71.5	6.0	65.5
Shareholder's equity	69.8	2.2	67.5



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# First Credit and Life Housing Loan

## ► Financial highlights of FY2006

### <First Credit>

(in billions of yen)	FY2006		FY2005
		Change	
Net business profit	8.4	1.7	6.6
Profit from loan business	14.7	4.6	10.1
G&A expense	6.3	2.5	3.8
Net operating income	8.5	1.8	6.6
Net income before tax	8.5	2.8	5.6
Net income	9.3	0.7	8.6
Credit cost (*)	2.1	1.0	1.1

(\*) Net transfer to reserves.

(in billions of yen)	FY2006		FY2005
		Change	
Total assets	169.7	46.7	122.9
Loans	152.6	37.3	115.3
Reserves	-8.3	0.2	-8.6
Shareholder's equity	36.6	9.3	27.2

### <Life Housing Loan>

(in billions of yen)	FY2006		FY2005
		Change	
Net business profit	2.5	0.5	1.9
Gross business profit	3.4	0.6	2.8
G&A expense	0.9	0.0	0.8
Net operating income	2.5	0.5	2.0
Net income before tax	2.5	0.5	2.0
Net income	1.4	0.3	1.1
Credit cost*	0.1	0.1	0.0

\* Net transfer to reserves.

(in billions of yen)	FY2006		FY2005
		Change	
Total assets	103.0	19.5	83.5
Loans	95.5	19.5	75.9
Reserves	-0.4	-0.0	-0.3
Shareholder's equity	5.3	1.4	3.9



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.