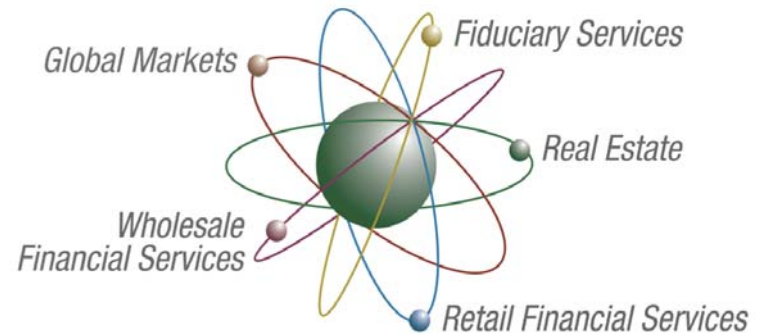




SUMITOMO  
TRUST

住友信託銀行

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



**Daiwa Investment Conference Tokyo 2008**  
**February 20, 2008**

- ▶ Overview and Management policy
- ▶ “Trustee-ness” & “STB-ness”
- ▶ 3QFY2007 financial results
- ▶ International credit and Loan portfolio strategy
- ▶ Midterm financial target

# Overview and Management policy

# Multiform business lines of Sumitomo Trust (“STB”)

- ▶ Multiform business lines range from banking to trust and real estate businesses
- ▶ Providing customers with high value-added services leveraging a combination of banking, trust and real estate businesses

As of March 2007

	<b>Banking business</b>	<b>Trust business</b>			<b>Real estate business</b>
	<b>Treasury &amp; Investment</b> <b>39.4 billion yen*</b>	<b>Stock transfer agency</b> <b>9.1 billion yen*</b>	<b>Pension &amp; Asset management</b> <b>21.3 billion yen*</b>	<b>Securities processing</b> <b>11.7 billion yen*</b>	<b>27.0 billion yen*</b>
<b>Wholesale clients</b>	<ul style="list-style-type: none"> <li>- Commercial banking</li> <li>- Investment banking (Market-based loans)</li> </ul> <p>Corporate accounts 5 thousand</p> <p><b>87.1 billion yen*</b></p>	<ul style="list-style-type: none"> <li>- Transfer agency services</li> </ul> <p>Number of companies (JTAS) 1.5 thousand</p>	<ul style="list-style-type: none"> <li>- Asset management for corporations and institutions</li> <li>- Pension plan administration</li> </ul> <p>Assets under management (Sumitomo Trust) 25.2 trillion yen</p>	<ul style="list-style-type: none"> <li>- Custody</li> <li>- Global custody</li> </ul> <p>Assets under custody (JTSCB) 168 trillion yen</p> <p>Assets under custody (STBUSA) 19.7 trillion yen</p>	<ul style="list-style-type: none"> <li>- Commercial properties brokerage</li> <li>- Securitization</li> <li>- J-REIT</li> <li>- Investment advisory</li> </ul>
	<b>Retail clients</b>	<ul style="list-style-type: none"> <li>- Deposits</li> <li>- Mutual funds, Individual annuity</li> <li>- Mortgage loans</li> <li>- Private banking</li> </ul> <p>Number of retail clients 2 million</p> <p><b>29.6 billion yen*</b></p>	<p>Shareholders under administration (JTAS) 9 million</p>	<ul style="list-style-type: none"> <li>- Mutual funds (Asset management)</li> </ul> <p>Assets under management (STAM) 1.4 trillion yen</p>	<ul style="list-style-type: none"> <li>- Mutual funds (Custody)</li> </ul> <p>Assets under custody (Sumitomo Trust) 18.3 trillion yen</p>

# Profitability of Trust and Real Estate Businesses

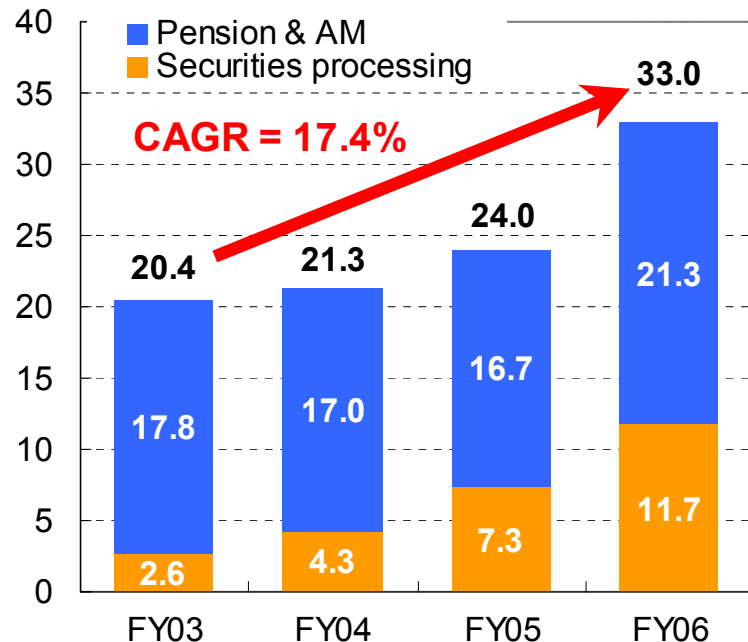
- ▶ CAGR for past three-year period: Fiduciary business 17.4%, Real estate 31.4%
- ▶ Trust and Real estate business contribution to total consolidated net business profit increased: from 25.3% in FY2003 to 32.1% in FY2006

## <Consolidated net business profit>

### 1. Fiduciary business

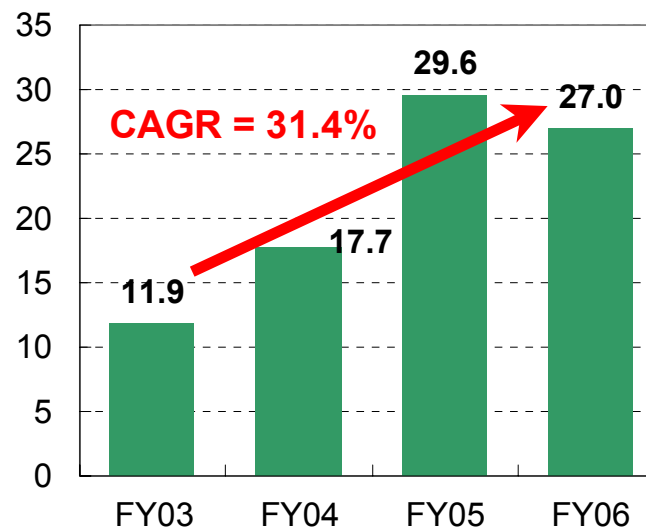
(Pension & Asset management, Securities processing)

(in billions of Yen)



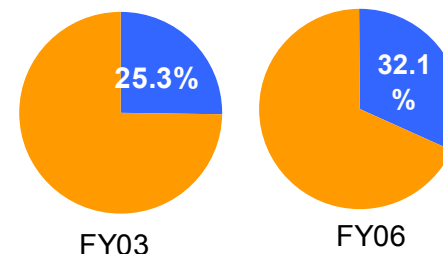
### 2. Real estate business

in billions of Yen



### <Ratio to total consolidated net business profit>

■ Trust and real estate  
■ Other business



Trust business includes Fiduciary (Pension and asset management) and Stock transfer agency

# Management policy

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**Management principle: To accomplish sustainable growth leveraging our strengths in combining banking, trust and real estate businesses**

For each and every individual customer,  
“a house bank for asset management &  
administration”

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

**Basic aspects: To achieve sustainable growth by focusing on management strategy and business development that prioritize “Trustee-ness” and “STB-ness”**

## “Trustee-ness”

- ▶ Spirit as a trustee
- ▶ Put the customer first
- ▶ Offer most appropriate solutions with meticulous attention

## “STB-ness”

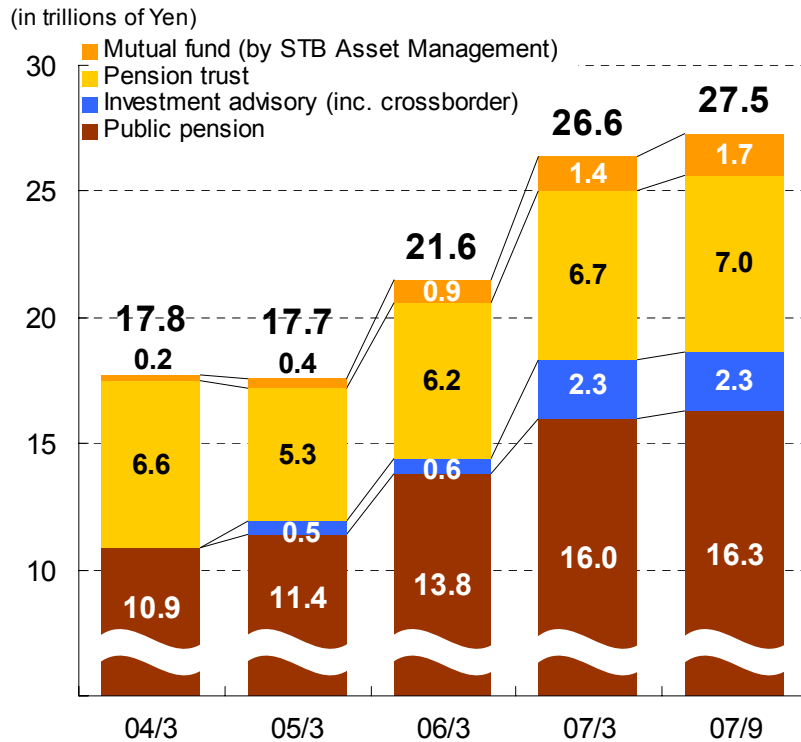
- ▶ Diversity
- ▶ Creativity
- ▶ Speed

“Trustee-ness” & “STB-ness”

# Fiduciary business (Pension, Investment management)

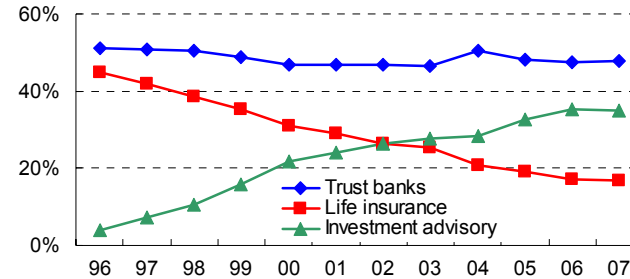
- ▶ Sumitomo Trust group ranks as one of the largest asset managers in Japan, with 27.5 trillion yen in assets under management
- ▶ Volume change in pension trusts due to share change among trustees has been positive for over 60 consecutive months since August 2002

## <Assets under STB group management>



\* Mark-to-market basis

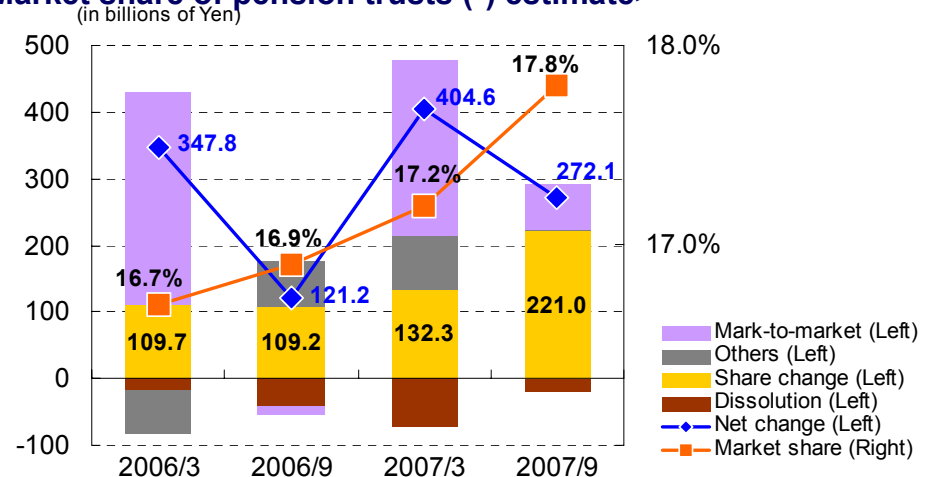
## <Market share by categories in corporate pension market>



From the data of Trust Companies Association of Japan, The Life Insurance Association of Japan and Japan Securities Investment Advisers Association

## <Factors of volume change in pension trusts>

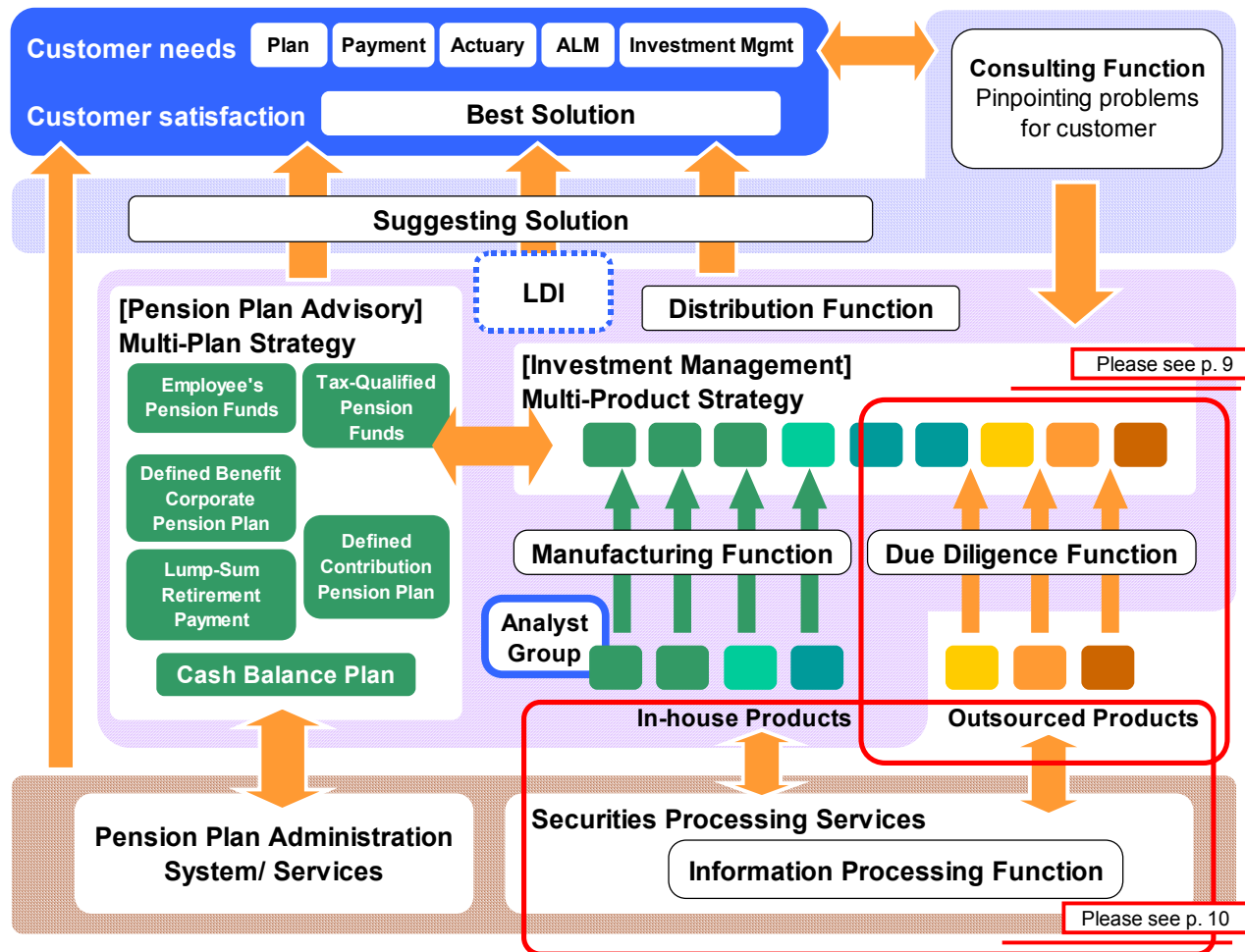
### <Market share of pension trusts (\*) estimate>





# Advantageous functions of “Trustee-ness” in pension business

- ▶ Provide one-stop solutions to cover all aspects of pension management from plan advisory to investment management
- ▶ Provide advanced solutions for customer’s ALM needs to qualify as a strategic partner



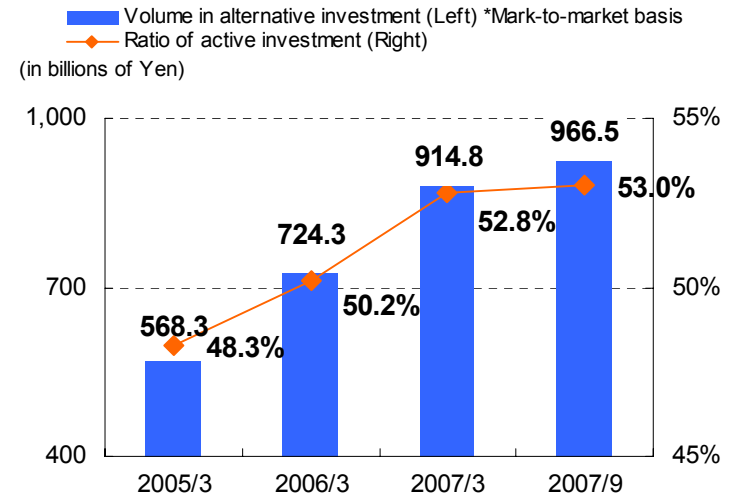
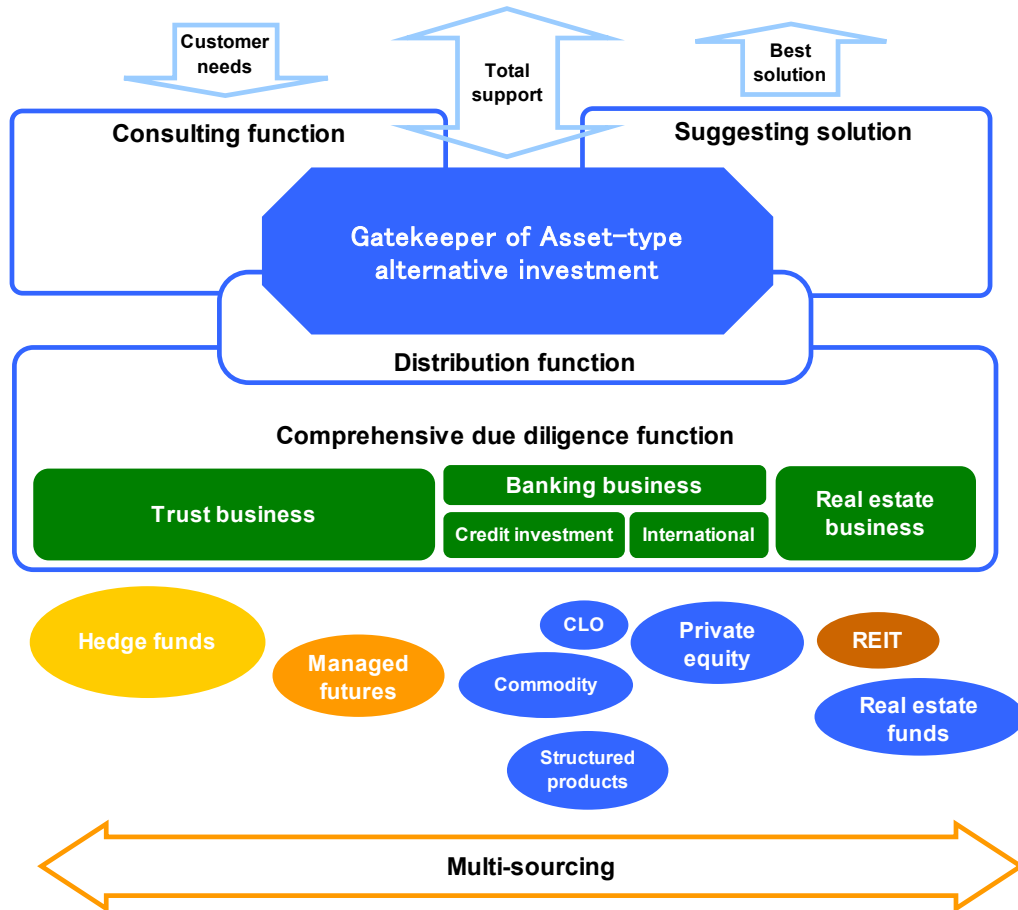
# Due diligence function as “STB-ness” in pension business

- ▶ Comprehensive due diligence function by amalgamating diversified expertise within the bank
- ▶ Top class volume of entrusted assets in alternative products

<Concentration of resources in alternative investment>

<Ratio of active management (corporate pension)>

<Volume of entrusted assets in alternative investments>

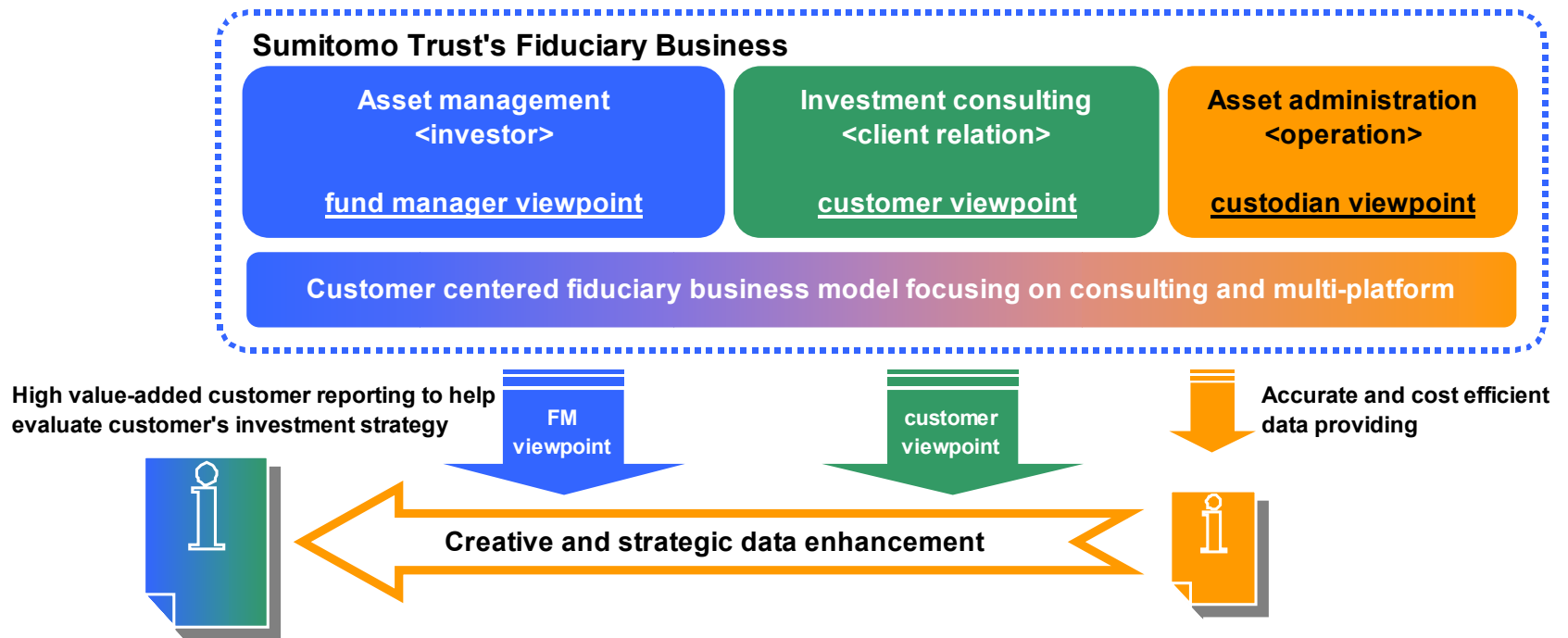


Case 1: Consulting and comprehensive due diligence functions of Sumitomo Trust were highly evaluated by one of the largest plans that gave us its mandate as the gatekeeper of its alternative investment.

# Information processing as key to “STB-ness” in pension business

- ▶ Clear vision of trust business and customer-centered business model enabled Sumitomo Trust to amalgamate related business functions
- ▶ Providing high-value added reporting, enhanced with viewpoint as investors, in response to needs of advanced customers

<Strength as independent trust bank – information processing function>



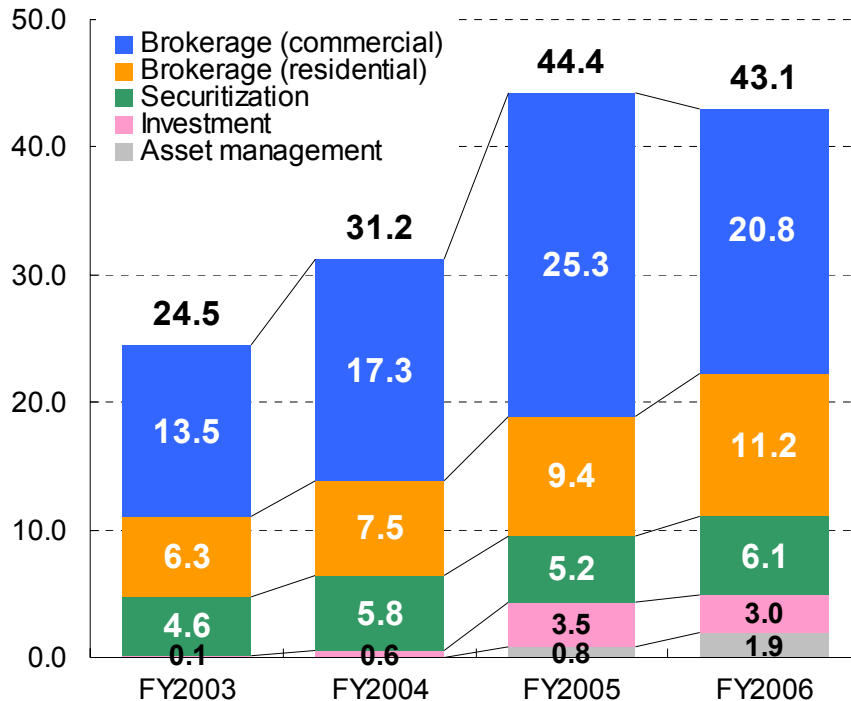
Case 2: The proficiency of Sumitomo Trust's comprehensive risk management, focusing on its information processing function, was highly evaluated by one of the large scale advanced plans that gave us a new mandate.

# Diversification and expansion of Real estate business

- ▶ Continue to diversify profit-making sources from commercial and residential real estate brokerage to securitization and investment management
- ▶ Entrusted assets and assets under management both increased significantly to become sources of steady income

## <Gross profit for real estate business>

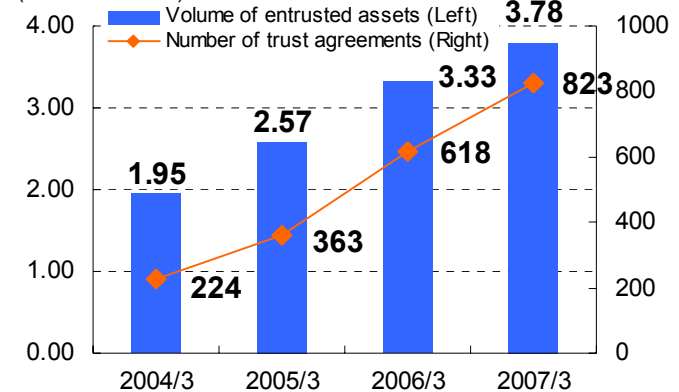
(in billions of Yen)



## <Volume of real estate securitization>

(in trillions of Yen)

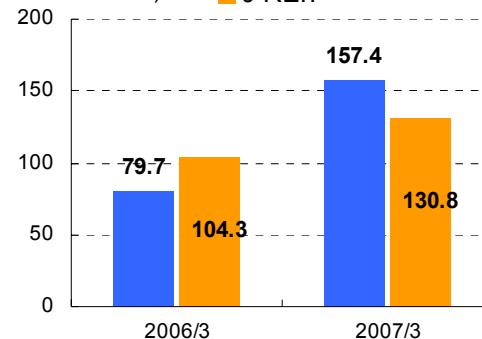
(transactions)



## <Asset under management>

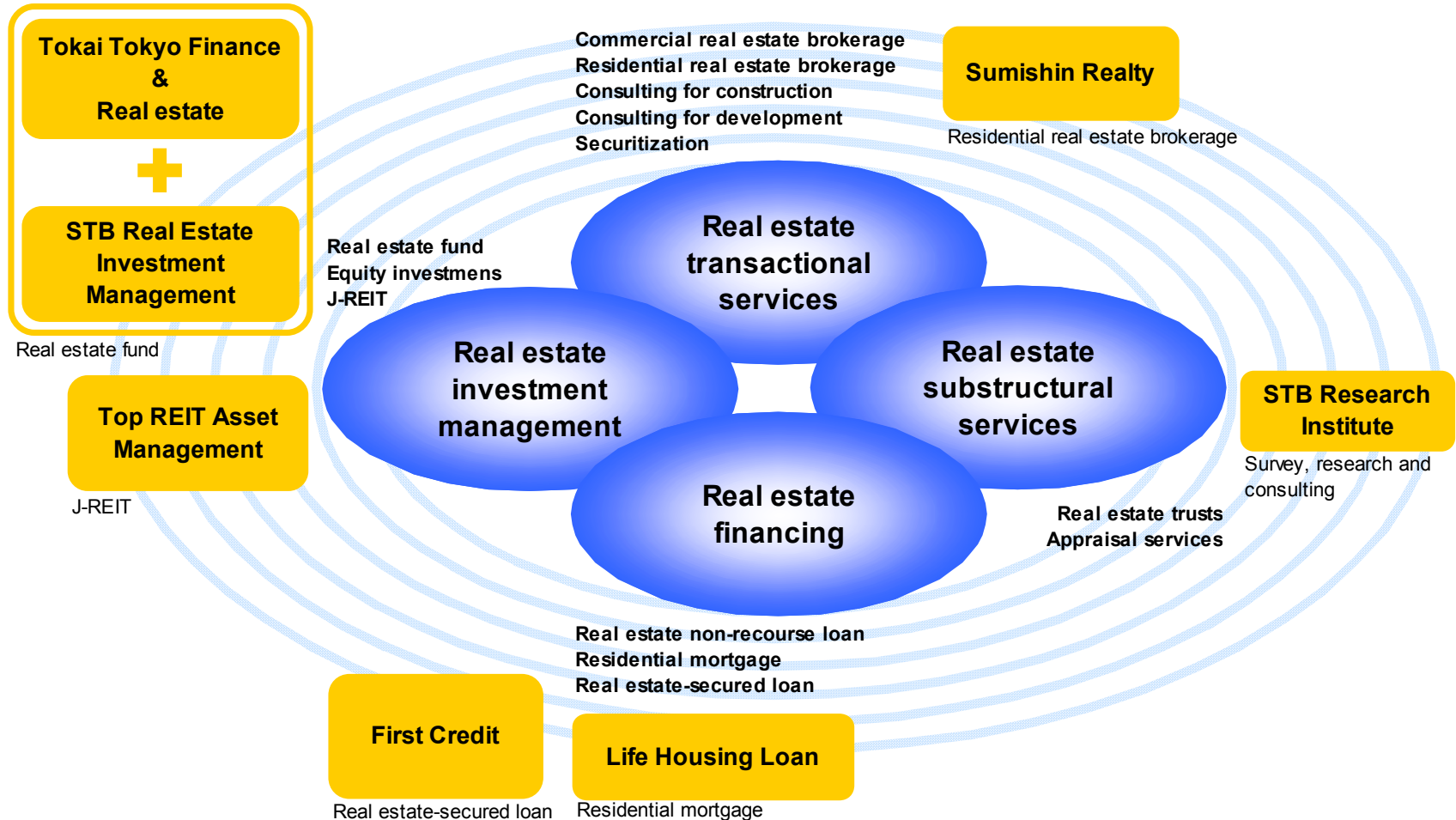
(in billions of Yen)

■ Private fund  
■ J-REIT



# Business model of comprehensive real estate business

- ▶ Provide comprehensive real estate-related solutions in collaboration with our subsidiaries and affiliates which have their own distinctive strengths
- ▶ Information network including subsidiaries and affiliates



# 3QFY2007 financial results

## 3QFY2007 financial results (April 2007 – December 2007)

- ▶ <Consolidated> Net income decreased by 44.6 billion yen from 3QFY2006 to 53.8 billion yen mainly due to increase of non-consolidated credit costs
- ▶ Total credit costs increased mainly due to increased reserves in relation to certain industry debtors and international credit related losses of approximately 28.0 billion yen

<b>&lt;Consolidated&gt;</b>	(in billions of Yen)	3QFY2007	3QFY2006	Change	% change
Net business profit before credit costs		148.5	151.1	-2.6	-2%
Net operating income		87.4	148.0	-60.6	-41%
Net income		53.8	98.5	-44.6	-45%

<b>&lt;Non-consolidated&gt;</b>	(in billions of Yen)	3QFY2007	3QFY2006	Change	% change
Net business profit before credit costs		115.8	122.1	-6.3	-5%
Net interest income <sup>(*)2</sup>		116.6	114.5	2.1	2%
Net fees & commissions <sup>(*)3</sup>		78.6	73.5	5.0	7%
Other profits		16.1	23.4	-7.2	-31%
General and administrative expenses		95.6	89.4	6.2	-7%
Total credit costs		32.7	4.7	28.0	595%
(Including Losses related to international credit investment)		(51.0)	(4.7)	(46.3)	(983%)
Net operating income		62.5	121.6	-59.0	-49%
Extraordinary income		9.5	1.8	7.7	417%
Net income		45.5	81.3	-35.8	-44%

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

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

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

## Forecast for FY2007 (announced in January 2008)

- ▶ Consolidated net income for FY2007 forecasted 90.0 billion yen
- ▶ Increase in profits in treasury and financial products business expected to cover negative factors such as decrease in sales volume of mutual fund

<Consolidated>	(in billions of Yen)	FY2006	FY2007	
		(Actual)	3Q(Actual)	Forecast for FY2007
Net business profit before credit costs		215.4	148.5	215.0
Net operating profit		170.1	87.4	150.0
Net income		103.8	53.8	90.0
<Non-consolidated>				
Net business profit before credit costs		175.9	115.8	175.0
Total credit costs		40.5	32.7	30.0
(Including Losses related to international credit investment)		(40.5)	(51.0)	(60.0)
Net operating income		134.5	62.5	120.0
Extraordinary income		-2.0	9.5	10.0
Net income		81.8	45.5	80.0
Full year dividend per share (Yen)		17		17
Consolidated dividend payout ratio		27.4%		31.6%



# International credit and Loan portfolio strategy

# International credit business (3QFY2007)

- ▶ Outstanding balance of Asset-Backed securities with market price, mainly consisting of highly rated securities, was approximately 720 billion yen with -4.4% unrealized loss ratio (as of Dec. 2007)
- ▶ Reduction of SIV Capital notes has been steadily proceeded

## <Status of investments by asset (as of Dec. 2007)>

Market price	Securities and loans *: Equity portion	Cost				Unrealized gains/ losses		Ratio of unrealized gains/ losses
		In total	North America	Europe	Change	In total	Change	
Available	Asset-Backed Securities	719.8	330.7	385.4	70.8	-31.9	-9.2	-4.4%
	RMBS (Residential properties)	268.8	27.0	239.2	37.0	-11.2	-5.7	-4.2%
	CMBS (Commercial properties)	44.9	1.0	43.9	12.4	-1.1	-0.3	-2.6%
	CLO (Corporate loans)	233.9	164.5	69.4	10.6	-10.4	-6.3	-4.5%
	Cards (Credit card receivables)	101.4	88.8	11.4	23.6	-3.7	-1.4	-3.7%
	Others	70.6	49.2	21.3	-12.9	-5.2	4.5	-7.4%
	SIV Capital notes *	19.8	19.8	-	-24.7	-1.5	7.1	-7.9%
	Corporate bonds	381.5	37.3	167.4	54.7	-7.1	-1.5	-1.9%
Not available	Corporate loans	325.2	194.3	70.7	-60.5			
	Other securities	102.8	71.2	19.0	1.2			
	Asset-Backed Securities	68.8	61.1	7.6	-0.1			
	CLO equities *	30.3	26.3	3.9	2.0			

To control the risk of SIV Capital notes, high grade mainly European ABS and financial debt (rated AA or better) of approximately 136 billion yen has been bought from SIV

Decrease of SIV Capital notes -24.7 billion yen  
sales -11.8 billion yen  
(realized loss -4.6 billion yen)  
write off -12.9 billion yen

Reduction of exposure for corporate loans, mainly warehousing loan

Other than the above, STB Omega Investment Ltd., Sumitomo Trust's 75% owned subsidiary, holds 11.2 billion yen (cost basis) of CLO equities, of which unrealized loss is approximately 5.0 billion yen.

## 【Investment in assets mainly related to U.S. subprime mortgage loan】

(in billions of yen)	Dec. 2007		Change		Sep. 2007	
	Cost	Unrealized gains/ losses	Cost	Unrealized gains/ losses	Cost	Unrealized gains/ losses
RMBS (Residential properties)	17.9	-1.8	5.5	-1.2	12.4	-0.6

## 【Investments guaranteed by "Monoline" insurance companies】

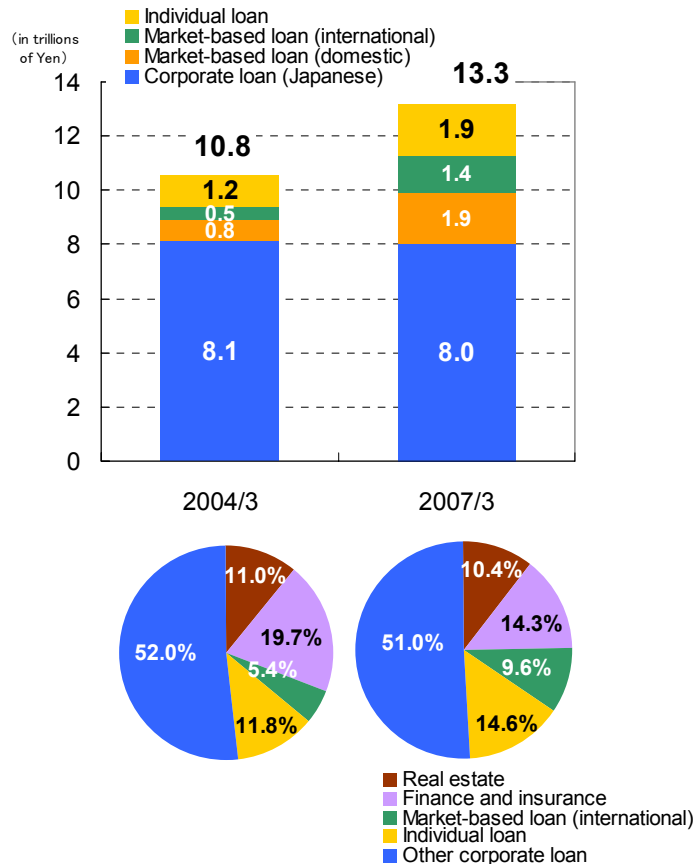
(in billions of yen)	Dec. 2007		Change		Sep. 2007	
	Cost	Unrealized gains/ losses	Cost	Unrealized gains/ losses	Cost	Unrealized gains/ losses
Asset-Backed Securities	18.6	-0.8	10.5	-0.7	8.1	-0.0
Corporate bonds						

Other than the above, we do not have any investments guaranteed by "Monoline" insurance company or derivative transactions such as CDS with them.

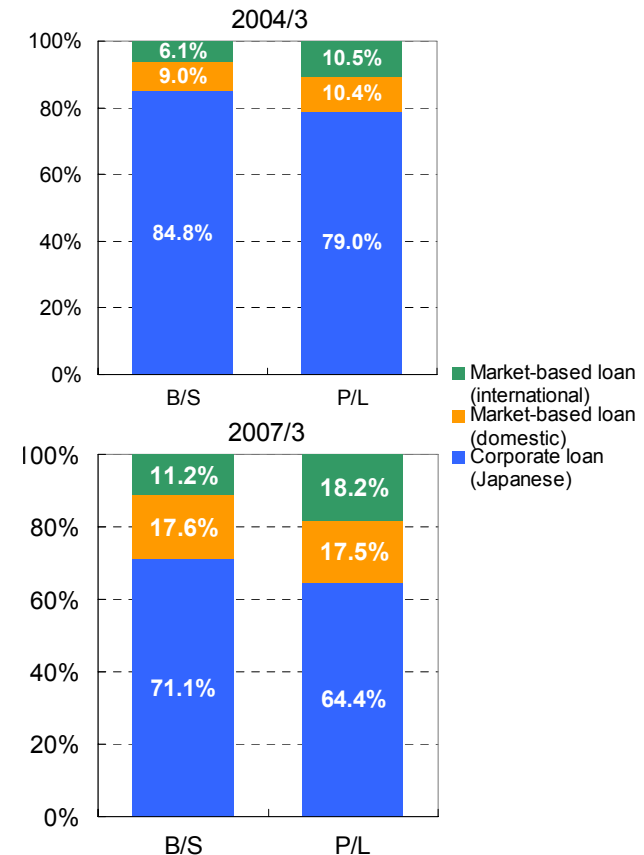
# Loan portfolio strategy

- ▶ Expanded market-based loan portfolio both domestic and international intended to diversify the portfolio and to improve ROA
- ▶ Expansion of market-based loan business expected to increase fee income, and further amalgamation with trust and real estate businesses

<Balance of loan portfolio (non-consolidated)>



<Composition of wholesale portfolio (non-consolidated)>



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

# Midterm financial target

# 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 equal 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 on the bank’s capital management is marginal
- ▶ Focus on the “quality” of Tier I capital

**Bolster profit sharing with shareholders based on increasing dividends  
(Dividend payout ratio of 30% in FY2007)**

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.