

# Financial Highlights for 1H.FY3/05

November 25, 2004

 **Mitsui Trust Holdings, Inc.**

## The Point of Explanation

### Summary of Business Results for 1H.FY3/05

#### 1. Profit and Loss

##### (1) Mitsui Trust Holdings, Non-consolidated

[Non-consolidated]

( Unit: yen billion )

Reference

	No.	1H.FY3/05		1H.FY3/04	1H.FY3/05 Outlook*
			Change		
Ordinary income	1	45.4	32.8	12.6	46.0
Recurring profit	2	39.7	32.5	7.1	40.0
Interim net income	3	39.6	32.6	7.0	40.0

##### (2) Mitsui Trust Holdings, Consolidated

\*Announced on  
May 24, 2004

[Consolidated]

( Unit: yen billion )

	No.	1H.FY3/05		1H.FY3/04	1H.FY3/05 Outlook*
			Change		
Ordinary income	4	244.4	1.1	243.2	230.0
Recurring profit	5	76.4	28.4	48.0	60.0
Interim net income	6	35.3	12.8	22.4	30.0

\*Announced on  
May 24, 2004

Subsidiaries and affiliates

( Unit: No. of company )

Number of consolidated subsidiaries	7	25	-	25
No. of affiliates accounted for by the equity method	8	3	1	2

## (3) Combined Totals of The Chuo Mitsui T/B [CMTB] and Mitsui Asset T/B [MATB]

【CMTB+MATB】

(unit: yen billion)

	No.	1H.FY3/05		1H.FY3/04
			Change	
Gross operating profit	1	140.2	(1.1)	141.4
[Gross operating profit (After trust a/c credit costs)] (1-6)	2	[131.3]	[2.9]	[128.3]
Trust fees	3	49.6	12.6	36.9
Trust fees (Before trust a/c credit costs)	4	58.5	8.5	50.0
Fees on Loan Trusts and JODMTs*, before trust a/c credit costs	5	33.2	0.8	32.4
Trust a/c credit costs (minus)	6	8.9	(4.1)	13.0
Net interest income	7	50.5	4.7	45.7
Domestic	8	40.6	0.5	40.1
International	9	9.8	4.2	5.6
Net fees and commissions	10	27.4	7.5	19.8
Net trading profit	11	4.3	1.6	2.7
Net other operating profit	12	(0.6)	(23.7)	23.1
Net bond related profit	13	(11.2)	(39.4)	28.2
Operating expenses (minus)	14	57.7	(7.0)	64.7
Personnel related (minus)	15	23.7	(4.4)	28.1
Non-personnel related (minus)	16	31.1	(2.9)	34.0
Business taxes (minus)	17	2.9	0.3	2.5
Pre-provision profit (1-14)	18	82.5	5.8	76.6
[Excluding net bond related profit] (18-13)	19	[93.7]	[45.3]	[48.4]
Transfer to the general reserve (minus)	20	-	10.9	(10.9)
Net operating profit before trust a/c credit costs (18-20)	21	82.5	(5.0)	87.5
Net operating profit (18-20-6)	22	73.5	(0.9)	74.5
Net other profit	23	(1.7)	(1.2)	(0.5)
Net stock related profit	24	18.8	(19.4)	38.2
Banking a/c credit costs (minus)	25	14.1	(16.1)	30.2
Recurring profit	26	71.8	(2.1)	74.0
Extraordinary profit	27	(2.0)	(6.7)	4.6
Net transfer from reserve for possible loan losses [Note]	28	1.4	1.4	0.0
Refunds of external standards taxation on banks	29	-	(8.8)	8.8
Net interim income before income taxes	30	69.7	(8.9)	78.6
Current income taxes (minus)	31	0.7	0.0	0.6
Deferred income taxes (minus)	32	33.8	10.0	23.8
Net interim income	33	35.1	(19.0)	54.2
Credit costs ( ) (6+20+25-28)	34	21.7	(10.7)	32.4

[Note] Net of transfer from reserve for possible loan losses is posted as extraordinary profit.

Transfer from reserve 1.4bn yen = transfer from general reserve 4.7bn yen - transfer to reserve for specific loan losses 3.8bn yen  
+ transfer to reserve for restructuring countries 0.4 bn yen

## Reference

【CMTB】 【MATB】

(Unit: yen billion)

	No.	CMTB, non-consolidated			MATB, non-consolidated		
		1H.FY3/05	Change	1H.FY3/04	1H.FY3/05	Change	1H.FY3/04
Gross operating profit	1	124.1	(3.7)	127.8	16.1	2.5	13.5
[Gross operating profit (After trust a/c credit costs)] (1-6)	2	[115.1]	[0.4]	[114.7]	[16.1]	[2.5]	[13.5]
Trust fees	3	28.1	5.7	22.4	21.4	6.9	14.4
Trust fees (Before trust a/c credit costs)	4	37.1	1.5	35.5	21.4	6.9	14.4
Fees on Loan Trusts and JODMTs*, before trust a/c credit costs	5	33.2	0.8	32.4	-	(0.0)	0.0
Trust a/c credit costs (minus)	6	8.9	(4.1)	13.0	-	-	-
Net interest income	7	50.5	4.7	45.7	0.0	0.0	(0.0)
Domestic	8	40.6	0.4	40.1	0.0	0.0	(0.0)
International	9	9.8	4.2	5.6	-	-	-
Net fees and commissions	10	32.7	12.0	20.7	(5.3)	(4.4)	(0.8)
Net trading profit	11	4.3	1.6	2.7	-	-	-
Net other operating profit	12	(0.6)	(23.7)	23.1	-	-	-
Net bond related profit	13	(11.2)	(39.4)	28.2	-	-	-
Operating expenses (minus)	14	49.6	(5.1)	54.7	8.1	(1.8)	9.9
Personnel related (minus)	15	20.3	(3.8)	24.1	3.3	(0.6)	4.0
Non-personnel related (minus)	16	26.4	(1.7)	28.1	4.7	(1.2)	5.9
Business taxes (minus)	17	2.8	0.3	2.5	0.0	0.0	0.0
Pre-provision profit (1-14)	18	74.5	1.4	73.0	7.9	4.3	3.6
[Excluding net bond related profit] (18-13)	19	[85.7]	[40.9]	[44.8]	[7.9]	[4.3]	[3.6]
Transfer to the general reserve (minus)	20	-	10.9	(10.9)	-	-	-
Net operating profit before trust a/c credit costs (18-20)	21	74.5	(9.4)	83.9	7.9	4.3	3.6
Net operating profit (18-20-6)	22	65.5	(5.3)	70.9	7.9	4.3	3.6
Net other profit	23	(1.2)	(2.4)	1.2	(0.4)	1.2	(1.7)
Net stock related profit	24	18.8	(19.4)	38.2	-	-	-
Banking a/c credit costs (minus)	25	14.1	(16.1)	30.2	-	-	-
Recurring profit	26	64.2	(7.8)	72.1	7.5	5.6	1.8
Extraordinary profit	27	(2.8)	(7.5)	4.7	0.7	0.8	(0.0)
Net transfer from reserve for possible loan losses [Note]	28	1.4	1.4	-	0.0	(0.0)	0.0
Refunds of external standards taxation on banks	29	-	(8.1)	8.1	-	(0.7)	0.7
Net interim income before income taxes	30	61.4	(15.3)	76.8	8.3	6.4	1.8
Current income taxes (minus)	31	0.2	0.0	0.2	0.4	0.0	0.4
Deferred income taxes (minus)	32	31.0	7.2	23.8	2.8	2.8	0.0
Net interim income	33	30.1	(22.6)	52.8	5.0	3.6	1.4

[Note] Net of transfer from reserve for possible loan losses is posted as extraordinary profit.

Transfer from reserve 1.4bn yen = transfer from general reserve 4.7bn yen - transfer to reserve for specific loan losses 3.8bn yen  
+ transfer to reserve for restructuring countries 0.4 bn yen

Credit costs (minus) (6+20+25-28)	34	21.7	(10.7)	32.4	(0.0)	0.0	(0.0)
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## 2. Capital Adequacy Ratio

## (1) Mitsui Trust Holdings, Consolidated

[Consolidated]

(Unit: yen billion, %)

	No.	End-9/2004			End-3/2004	End-9/2003
			6 months chg.	YoY		
Total capital	1	950.1	5.6	98.3	944.4	851.8
Tier1	2	593.6	34.5	149.5	559.1	444.1
Risk Adjusted Assets	3	9,468.0	160.7	341.4	9,307.3	9,126.6
Capital adequacy ratio	4	10.03	(0.11)	0.70	10.14	9.33
Tier1 ratio	5	6.27	0.26	1.40	6.00	4.86
Net deferred tax assets (*)	6	242.9	(33.7)	(80.1)	276.7	323.0
Net DTA / Tier1 (6/2)	7	40.9	(8.5)	(31.8)	49.4	72.7

(\*) Deferred tax assets - deferred tax liabilities

## (2) Chuo Mitsui T/B, Non-consolidated

[CMTB]

(Unit: yen billion, %)

	No.	End-9/2004			End-3/2004	End-9/2003
			6 months chg.	YoY		
Total capital	8	889.7	2.2	99.4	887.5	790.2
Tier1	9	534.6	30.9	132.0	503.7	402.5
Risk adjusted assets	10	9,435.5	145.6	351.7	9,289.9	9,083.8
Capital adequacy ratio	11	9.42	(0.12)	0.72	9.55	8.69
Tier1 ratio	12	5.66	0.24	1.23	5.42	4.43

## (3) Mitsui Asset T/B, Non-consolidated

[MATB]

(Unit: yen billion, %)

	No.	End-9/2004			End-3/2004	End-9/2003
			6 months chg.	YoY		
Total capital	13	38.0	5.0	0.7	33.0	37.2
Tier1	14	38.0	5.0	0.7	33.0	37.2
Risk adjusted assets	15	41.5	0.2	2.2	41.2	39.2
Capital adequacy ratio	16	91.58	11.58	(3.29)	80.00	94.88
Tier1 ratio	17	91.56	11.58	(3.29)	79.97	94.86

## Actions toward Management Objectives

### 【Enhancement of Profitability】

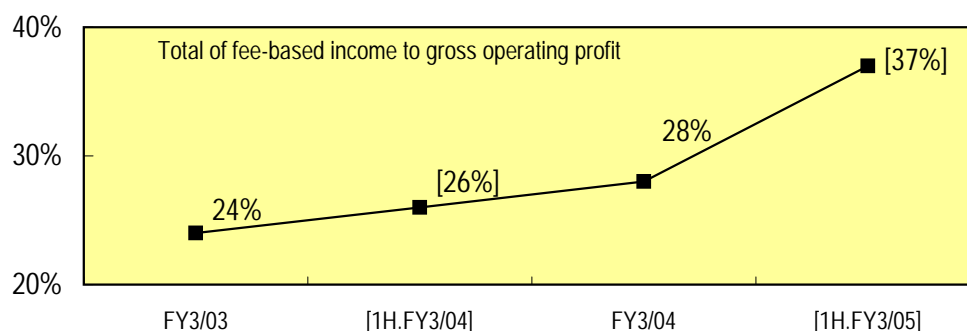
1. Enlargement of gross operating profit  
~ Recomposition of revenue structure ~

- (1) Enhancement of asset management business

【CMTB+MATB】 (Unit: yen billion)

	1H.FY3/04 Actual	1H.FY3/05 Actual	Change
Total of fee-based income (*1)	37.4	52.7	15.2

[Ratio of Total of fee-based income (\*1) to gross operating profit]



\*1 Trust fees excluding fees on Loan Trusts and JODMTs before trust a/c credit costs + Net fees and commissions

#### Investment trust and Variable annuity sales [CMTB]

(Unit: yen billion)

	1H.FY3/04 Actual	1H.FY3/05 Actual	Change
Investment trust sales amount *2	120.9	135.4	14.4
Variable annuity sales amount	68.6	152.8	84.1
Total	189.6	288.2	98.6

\*2 Excluding MMF

	1H.FY3/04 Actual	1H.FY3/05 Actual	Change
Investment trust related fees	3.1	4.0	0.8
Variable annuity related fees	3.3	8.3	5.0
Total	6.5	12.4	5.9

#### Real estate business related fees [CMTB]

(Unit: yen billion)

	1H.FY3/04 Actual	1H.FY3/05 Actual	Change
Real estate business related fees *3	6.0	11.2	5.2

\*3 Trust fees and net fees and commissions related to real estate business

## (2) Improvement of profitability in banking business

Loans to individuals [CMTB]

(Unit: yen billion)

	End-9/2003 Actual	End-3/2004 Actual	End-9/2004 Actual
Loans to individuals (*1)	2,615.9	2,712.2	2,791.7
Balance of mortgage loans	1,917.7	2,055.8	2,180.4

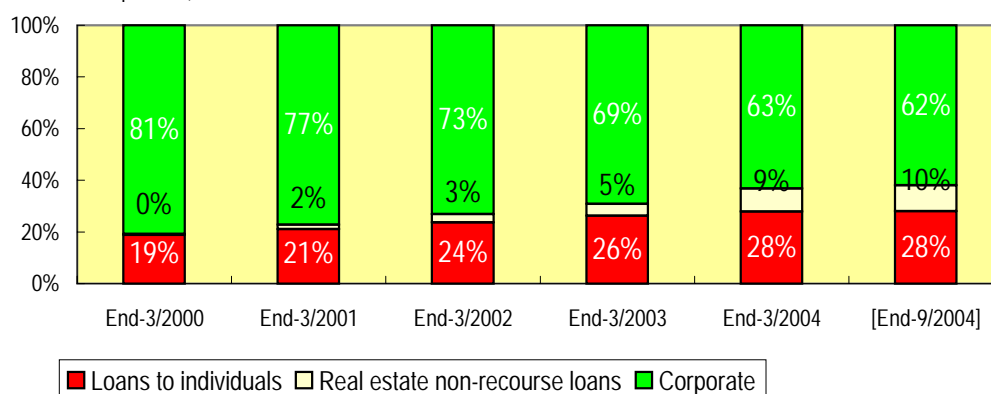
\*1 Managerial accounting basis, balance before mortgage loans securitization

Real estate asset finance [CMTB]

(Unit: yen billion)

	End-9/2003 Actual	End-3/2004 Actual	End-9/2004 Actual
Balance of real estate asset finance	474.9	823.2	927.0

(Recomposition of loan portfolio)



(Note) Balance of loans to individuals is after securitization basis

Average yield on time deposits(domestic), Loan Trusts and JODMTs [CMTB]

(Unit: %)

	1H.FY3/04 Actual	FY3/04 Actual	1H.FY3/05 Actual
Average yield on time deposits(domestic), Loan Trusts and JODMTs	0.26	0.25	0.21
Average yield on time deposits(domestic)	0.38	0.36	0.29

## (3) Diversification of profit source

Diversification of asset management measures by alternative investments

Investment to securitization products and funds while controlling risks.

(Unit: yen billion)

	1H.FY3/04 Actual	FY3/04 Actual	1H.FY3/05 Actual
End balance	Approx. 30.0	Approx. 350.0	Approx. 610.0
Average balance	Approx. 20.0	Approx. 80.0	Approx. 470.0
Returns	1.2	4.7	3.2

Participation in servicing business

CMTB Total Servicing, a subsidiary engaged in the non-performing loan business in October 2003 activated business from January 2004.

Participation in small business lending

Established a joint venture company engaged in small business lending with Nissin Co., Ltd., a major player in the business, in November 2004.

## 2. Low-cost operating structure

~ Thoroughly efficient operations ~

Operating expenses

[CMTB+MATB]

(Unit: yen billion)

	1H.FY3/04 Actual	FY3/04 Actual	1H.FY3/05 Actual
Operating expenses	64.7	57.7	(7.0)
Personnel expenses	28.1	23.7	(4.4)
Non-personnel expenses	34.0	31.1	(2.9)
Taxes	2.5	2.9	0.3
Overhead ratio	45.7%	41.1%	(4.6)%

(Measures to achieve low-cost operating structure)

- Outsourcing of asset administration operations to Japan Trustee Services Bank\*
  - \* MATB...Asset transferred by September 2003, CMTB...Asset transferred by February 2004.
- Outsourcing of bill clearing operations (April 2004)
- Implementation of measures introduced by Business Reengineering Project

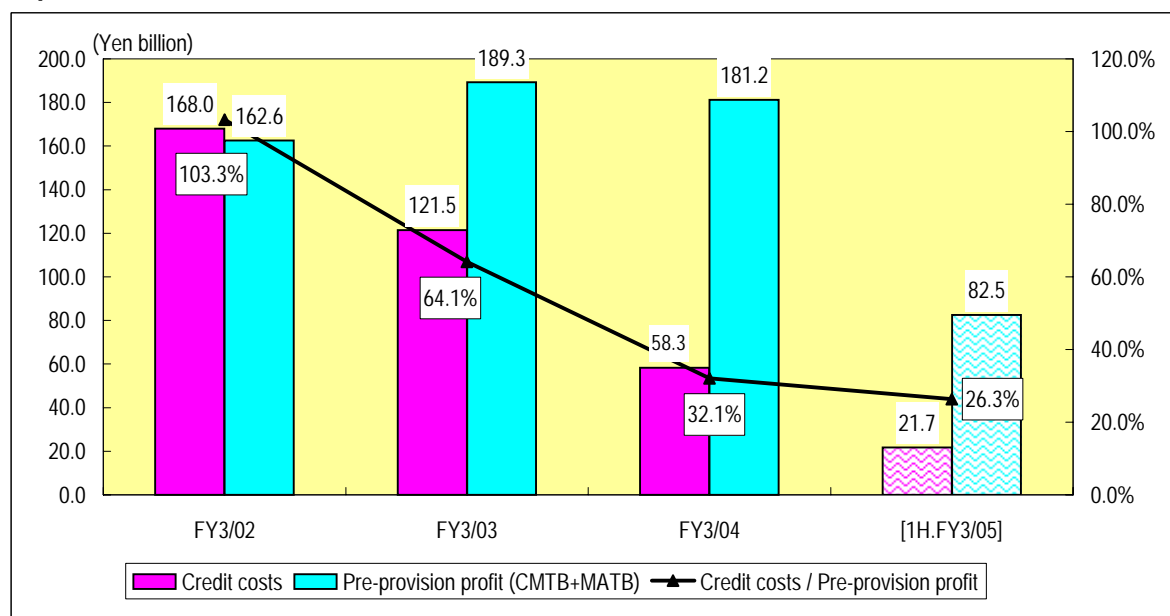


## 【Strengthen financial base】

### 3. Disposal of non-performing assets

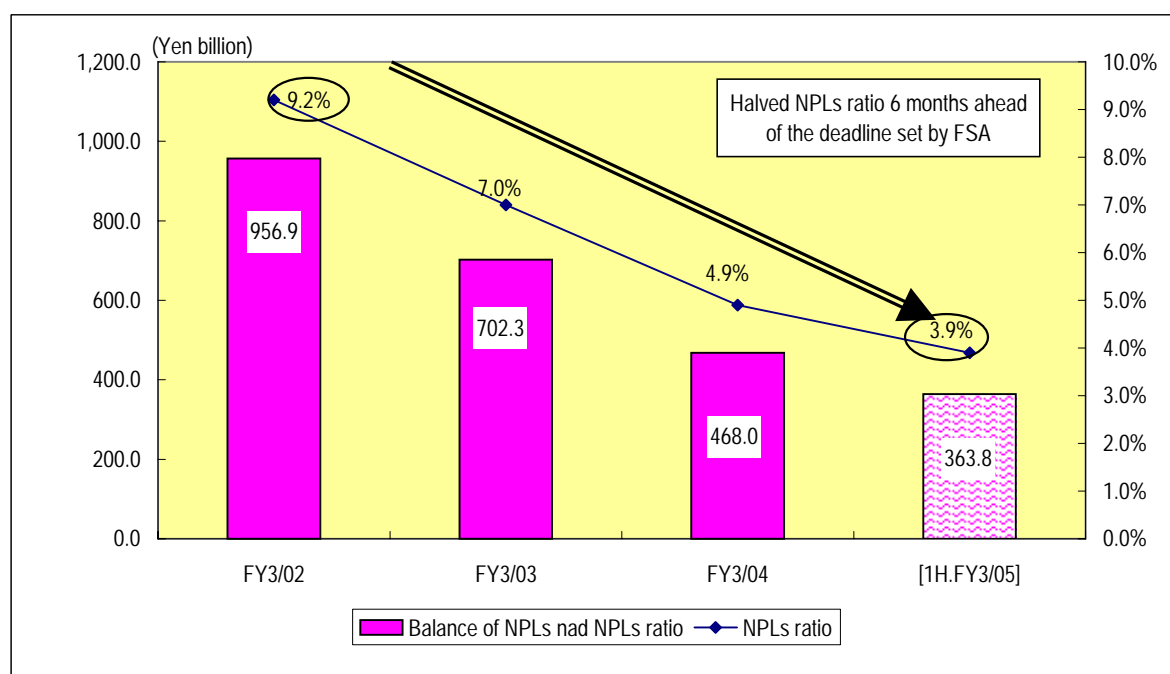
#### (1) Credit costs

【CMTB】



#### (2) Balance of non-performing assets based on the Financial Revitalization Law and NPLs ratio

【CMTB】



## 4. Reduction of the stock portfolio

Listed and Over-the-Counter ("OTC") stocks held

【Mitsui Trust Holdings, Consolidated】

(Unit: yen billion)

	End-3/2003	End-3/2004	End-9/2004		
	(a)	(b)	(c)	(c)-(b)	(c)-(a)
Acquisition cost	762.6	535.4	477.3	(58.0)	(285.2)
Book value	774.8	635.4	567.5	(67.9)	(207.2)
Tier1	444.1	559.1	593.6	34.5	149.5
Ratio ( / )	171%	95%	80%	(15%)	(91%)

## Outlook for FY3/05

### (1) Mitsui Trust Holdings, Non-consolidated

【Non-consolidated】

(Unit: yen billion)

	No.	FY3/05			FY3/04
		1H.FY3/05	Outlook	Chg. from FY3/04	Actual
Ordinary income	1	45.4	50.0	33.6	16.3
Recurring profit	2	39.7	38.0	32.5	5.4
Net income	3	39.6	38.0	32.6	5.3
Dividends per share: common stocks	4	-	2 yen 50 sen	0 yen 00 sen	2 yen 50 sen
Dividends per share: Class I preferred stocks	5	-	40 yen 00 sen	0 yen 00 sen	40 yen 00 sen
Dividends per share: Class II preferred stocks	6	-	14 yen 40 sen	0 yen 00 sen	14 yen 40 sen
Dividends per share: Class III preferred stocks	7	-	20 yen 00 sen	0 yen 00 sen	20 yen 00 sen

### (2) Mitsui Trust Holdings, Consolidated

【Consolidated】

(Unit: yen billion)

	No.	FY3/05			FY3/04
		1H.FY3/05	Outlook	Chg. from FY3/04	Actual
Ordinary income	8	244.4	520.0	3.8	516.1
Recurring profit	9	76.4	165.0	59.6	105.3
Net income	10	35.3	85.0	34.2	50.7

### (3) Combined totals of The Chuo Mitsui T/B and Mitsui Asset T/B

【CMTB+MATB】

(Unit: yen billion)

	No.	FY3/05			FY3/04
		1H.FY3/05	Outlook	Chg. from FY3/04	Actual
Pre-provision profit	11	82.5	200.0	18.7	181.2
Net operating profit	12	73.5	190.0	30.5	159.4
Recurring profit	13	71.8	160.0	33.1	126.8
Net income	14	35.1	90.0	6.6	83.3
Credit costs ( minus )	15	21.7	40.0	(18.3)	58.3

## IV. Deferred Tax Assets [DTA]

[CMTB]

### 1. Deferred Tax Assets on the Books

(Unit: yen billion)

End-9/2004			End-3/2004	End-9/2003
	6 months chg.	YoY		
237.9	(31.0)	(73.8)	268.9	311.7

### 2. Basis for Inclusion of Deferred Tax Assets

(1) Taxable Income of the Past 5 Years

(Unit: yen billion)

	FY 3/00	FY 3/01	FY 3/02	FY 3/03	FY 3/04	1H.FY3/05(E)
Taxable income after excluding non-recurring factors (A)=(B)+(C)	<sup>*1</sup> 89.8	41.7	89.1	35.3	51.1	63.0
(a) Factor due to disposal of NPLs		84.7	40.0	109.6	244.2	
(b) Factor due to sales of securities		-	203.3	61.4	63.1	
(c) Factor due to merger		14.5	69.3	7.3	-	
Major non-recurring factors (B)=(a)+(b)+(c)		<sup>*2</sup> 99.2	<sup>*2</sup> 312.6	<sup>*2</sup> 178.3	<sup>*2</sup> 307.3	
Taxable income before excluding non-recurring factors (C)	<sup>*1</sup> 89.8	(57.5)	(223.5)	(143.0)	(256.2)	<sup>*3</sup> 63.0

<sup>\*1</sup> Combined totals of former Chuo Trust and Mitsui Trust<sup>\*2</sup> Aggregated amount of major non-recurring factors from FY 3/01 to FY 3/04 is 897.4 bn yen<sup>\*3</sup> Due to disappearance of non-recurring factors, taxable income to turn black

(2) Estimated Amount of Taxable Income before Adjustment of the Next 5 Years

(Unit: yen billion)

Projected amount of pre-provision profit used for the estimation (Sum of 5 Yrs)	647.0
Projected amount of net income before taxes used for the estimation (Sum of 5 Yrs)	456.0
Estimated amount of taxable income before adjustments (Sum of 5 Yrs)	578.1

[Note] Estimated amount of taxable income before adjustments shown above is calculated conservatively, based on revenue projections of five years that address uncertainty of both pre-provision profit and net income in each of these future fiscal years.

## (3) Major Factors of Deferred Tax Assets and Liabilities

(Unit: yen billion)

	End-9/2004			End-3/2004	End-9/2003
		6 months chg.	YoY		
Deferred tax assets (a)	252.3	(32.2)	(75.2)	284.6	327.6
Allowance for loan losses	55.6	(4.7)	(65.5)	60.4	121.2
Securities write-offs	30.5	(1.3)	(5.2)	31.8	35.7
Unrealized losses on available-for-sale securities	5.1	(0.3)	(40.6)	5.5	45.8
Reserve for retirement benefits	14.7	(0.3)	(4.4)	15.1	19.2
Tax loss carryforwards	250.7	(19.5)	22.9	270.3	227.8
Others	18.7	(0.0)	(1.6)	18.7	20.4
Valuation allowances (Non-booked)	(123.2)	(5.8)	19.4	(117.4)	(142.7)
Deferred tax liabilities (b)	14.4	(1.2)	(1.4)	15.7	15.9
Gain on establishment of retirement benefit trust	11.6	(1.3)	(3.2)	12.9	14.8
Unrealized gains on available-for-sale securities	-	-	-	-	-
Others	2.8	0.1	1.7	2.7	1.0
Net deferred tax assets (a-b)	237.9	(31.0)	(73.8)	268.9	311.7