

*Explanatory Material*

*1st Quarter of Fiscal Year 2004  
ended on June 30, 2004*

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

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## 1. Summary of the financial results for the 1st quarter of FY2004

(Consolidated)

		Millions of Yen			
		1Q			Full FY2003
		FY2004	FY2003	Change	
Gross profits	1	<b>49,068</b>	68,200	-19,132	279,911
Net trust fees	2	<b>9,435</b>	9,274	160	76,401
Principal guaranteed trust a/c credit costs	3	<b>1,497</b>	854	643	4,678
Net interest income	4	<b>33,254</b>	24,113	9,141	119,709
Net fees and commissions	5	<b>13,419</b>	10,053	3,366	52,827
Net gains on trading	6	<b>359</b>	1,787	-1,428	3,760
Others	7	<b>-7,400</b>	22,972	-30,372	27,212
General & administrative expenses	8	<b>33,552</b>	32,328	1,224	132,716
Net transfer to general reserves	9	-	-	-	-
Banking a/c credit costs	10	<b>306</b>	2,669	-2,362	19,256
Net gains on stocks	11	<b>4,980</b>	-1,603	6,583	25,723
Net income from affiliates equity method	12	<b>304</b>	-915	1,219	99
Others	13	<b>-3,495</b>	-3,949	453	-18,070
<b>Net operating income</b>	14	<b>16,997</b>	<b>26,734</b>	<b>-9,736</b>	<b>135,690</b>
Extraordinary income	15	<b>2,105</b>	-191	2,297	2,965
Reversal of reserves	16	<b>2,379</b>	1,405	974	1,157
Net income before income taxes	17	<b>19,103</b>	26,542	-7,438	138,656
Income taxes	18	<b>245</b>	133	111	1,201
Deferred income taxes	19	<b>6,309</b>	10,856	-4,546	54,025
Minority interest	20	<b>751</b>	684	67	3,798
<b>Net income</b>	21	<b>11,796</b>	<b>14,867</b>	<b>-3,071</b>	<b>79,629</b>
Total credit costs (3 + 9 +10 - 16)	22	<b>-575</b>	2,118	-2,693	22,777
Net business profit before credit costs	23	<b>15,979</b>	35,767	-19,788	153,619

&lt;Number of subsidiaries/ affiliates&gt;

	June 2004	June 2003	Change	Mar. 2004
Consolidated subsidiaries	<b>18</b>	20	-2	18
Affiliates (subject to the equity method)	<b>5</b>	5	-	5

(Non-consolidated)

		Millions of Yen				Full FY2003
		1Q				
		FY2004	FY2003	Change		
Gross profits	1	<b>39,727</b>	61,587	-21,859	252,327	
excluding Net gains on bonds (1-6-12)	2	<b>45,125</b>	38,374	6,751	224,296	
Net trust fees	3	<b>9,435</b>	9,274	160	76,401	
Principal guaranteed trust a/c credit costs	4	<b>1,497</b>	854	643	4,678	
Trust fees from principal guaranteed trust a/c	5	<b>6,469</b>	6,261	207	33,742	
Net capital gains on sale of securities	6	-	-643	643	-472	
Other trust fees	7	<b>4,463</b>	3,866	596	47,338	
Net interest income	8	<b>32,564</b>	23,406	9,158	117,448	
Net fees and commissions	9	<b>4,775</b>	3,974	800	27,531	
Net gains on trading	10	<b>359</b>	1,787	-1,428	3,760	
Others	11	<b>-7,406</b>	23,144	-30,551	27,186	
Net capital gains on bonds	12	<b>-5,397</b>	23,856	-29,254	28,503	
Net gains on financial derivatives	13	<b>-2,429</b>	-516	-1,913	-5,044	
General and administrative expenses	14	<b>27,274</b>	26,847	427	111,974	
<b>Net business profit before credit costs (1+4-14)</b>	15	<b>13,950</b>	<b>35,594</b>	<b>-21,643</b>	<b>145,031</b>	
excluding Net capital gains on bonds (15-6-12)	16	<b>19,348</b>	12,381	6,967	117,000	
Net transfer to general reserves	17	-	-	-	-	
Net business profit	18	<b>12,452</b>	34,740	-22,287	140,352	
Net non-recurring profit	19	<b>2,041</b>	-9,427	11,468	-18,241	
Net gains on stocks	20	<b>4,980</b>	-1,603	6,583	25,640	
Banking a/c net credit costs	21	<b>298</b>	2,655	-2,357	19,141	
Others	22	<b>-2,640</b>	-5,167	2,527	-24,740	
<b>Net operating income</b>	23	<b>14,494</b>	<b>25,312</b>	<b>-10,818</b>	<b>122,110</b>	
Extraordinary income	24	<b>2,260</b>	20	2,239	3,887	
Reversal of reserves	25	<b>2,531</b>	1,589	941	1,986	
Net income before income taxes	26	<b>16,754</b>	25,333	-8,578	125,998	
Income taxes	27	<b>20</b>	24	-4	104	
Deferred income taxes	28	<b>5,853</b>	10,054	-4,201	51,965	
<b>Net income</b>	29	<b>10,881</b>	<b>15,254</b>	<b>-4,372</b>	<b>73,928</b>	
<b>Total credit costs (4 + 17 + 21 - 25)</b>		<b>-735</b>	1,920	-2,655	21,833	

**Characteristic of the financial results for the 1st quarter**

Most of the net trust fees as well as net fees and commissions are posted at the end of the half and the full fiscal year. Therefore, gross profits for the first quarter are naturally smaller than other quarter periods.

&lt;For reference&gt; Financial results for FY2003

	Billions of Yen		
	1QFY2003	1HFY2003	FY2003
Gross profit before credit costs	<b>62.4</b>	132.9	257.0
Trust fees from principal guaranteed trust a/c, Net gains on trading, and others (5+8+10+11)	<b>54.5</b>	102.9	182.1
Other trust fees and Net fees and commissions (7+9)	<b>7.8</b>	29.9	74.8
General and administrative expenses	<b>26.8</b>	55.5	111.9
Net business profit before credit costs	<b>35.5</b>	77.3	145.0
Net non-recurring profit and Principal guaranteed trust a/c credit costs (19+4)	<b>-10.2</b>	-15.0	-22.9
Net operating income	<b>25.3</b>	62.3	122.1
Net income	<b>15.2</b>	40.3	73.9

(Numbers in parentheses represent line items in the table above)

## 2. Forecast for FY2004

There is no change in the forecast of business performance and dividend for the half and the full FY2004, which we announced on May 24, 2004.

(Consolidated)

	Billions of Yen				
	Forecast for FY2004		1QFY2004	Full FY2003	Change
	Full FY2004 (A)	1HFY2004	(Actual)	(Actual) (B)	(A)-(B)
Net operating income	<b>120.0</b>	50.0	16.9	135.6	-15.6
Net income	<b>70.0</b>	29.0	11.7	79.6	-9.6

(Non-consolidated)

	Billions of Yen					
	Forecast for FY 2004		1QFY2004	Full FY2003	Change	
	Full FY2004 (A)	1HFY2004	(Actual)	(Actual) (B)	(A)-(B)	
Net business profits before credit costs	<b>145.0</b>	65.0	13.9	145.0	-	
Net business profits	<b>140.0</b>	62.0	12.4	140.3	-0.3	
Total credit costs	<b>30.0</b>	15.0	-0.7	21.8	8.2	
Banking a/c net credit costs	<b>25.0</b>	12.0	-2.2	17.1	7.9	
Trust a/c net credit costs	<b>5.0</b>	3.0	1.4	4.6	0.4	
Other non-recurring items	<b>-5.0</b>	-5.0	2.3	0.8	-5.8	
Net operating income	<b>110.0</b>	45.0	14.4	122.1	-12.1	
Net income	<b>66.0</b>	27.0	10.8	73.9	-7.9	
Dividend	Dividend per common stock (Yen)	<b>6.00</b>	-	-	6.00	-
per stock	Dividend per preferred stock (Yen)	<b>6.08</b>	-	-	6.08	-

Note: Forecast is subject to change.

## 3. BIS capital adequacy ratio forecast (Consolidated)

	Sep. 2004 (Forecast)	Mar. 2004(Actual)
BIS capital ratio	Middle of 13%	12.45%
Tier I ratio	Middle of 7%	7.07%

Note: 1. Forecast is subject to change.

2. The value of stocks used for the forecast is calculated by using the average market price during the last one month of the 1st quarter.

**4. Assets classified under the Financial reconstruction law (After partial direct write-offs)**

Banking a/c and principal guaranteed trust a/c combined (Non-consolidated)

	Millions of Yen		
	June 2004	Mar. 2004	Change
Assets classified under the Financial reconstruction law (a)	<b>278,902</b>	288,908	-10,006
Loans in bankrupt and practically bankrupt	<b>19,276</b>	18,731	545
Doubtful loans	<b>108,094</b>	113,101	-5,006
Substandard loans (b)	<b>151,530</b>	157,075	-5,545
Ordinary assets	<b>9,502,934</b>	10,121,852	-618,917
Loans to substandard debtors (excluding Substandard loans) (c)	<b>10,036</b>	4,803	5,232
Loans to special mention debtors (excluding (b) and (c))	<b>476,830</b>	497,176	-20,346
Loans to ordinary debtors	<b>9,016,068</b>	9,619,872	-603,804
Total loan balance (d)	<b>9,781,837</b>	10,410,761	-628,924
Ratio to total loan balance (a) / (d)	<b>2.9%</b>	2.8%	0.1%
Loans to substandard debtors (b)+(c)	<b>161,566</b>	161,879	-312

Note: Result of self-assessment as of June 30, 2004 is reflected on the disclosed figures.

**5. Ending balance of domestic loans (Non-consolidated)**

	Millions of Yen		
	June 2004	Mar. 2004	Change
Banking account	<b>8,357,586</b>	8,887,978	-530,391
Trust account (Principal guaranteed)	<b>921,289</b>	1,029,541	-108,251
Total	<b>9,278,876</b>	9,917,519	-638,642

**6. Ending balance of domestic deposits and principal guaranteed trust (Non-consolidated)**

	Millions of Yen		
	June 2004	Mar. 2004	Change
Banking account	<b>8,237,720</b>	8,277,783	-40,063
Individuals	<b>5,996,386</b>	5,856,054	140,331
Corporates and other organizations	<b>2,241,334</b>	2,421,728	-180,394
Trust account (Principal guaranteed)	<b>2,269,298</b>	2,400,866	-131,568
Individuals	<b>1,745,694</b>	1,862,507	-116,812
Corporates and other organizations	<b>523,603</b>	538,359	-14,755
Total	<b>10,507,018</b>	10,678,650	-171,631

Note: Excluding NCDs and offshore accounts.

**7. Securities (Consolidated)****(1) Available-for-sale securities with market value**

	Millions of Yen							
	June 2004			Mar. 2004			Change of Cost	Change of Net
	Cost	Book value (Market value)	Net	Cost	Book value (Market value)	Net		
Japanese stocks	436,047	596,250	160,203	450,824	609,902	159,077	-14,777	1,125
Japanese bonds	1,386,241	1,373,166	-13,074	1,165,292	1,156,378	-8,914	220,948	-4,160
Government bonds	1,133,044	1,120,974	-12,070	933,310	924,240	-9,069	199,734	-3,000
Municipal bonds	62,415	61,482	-933	60,228	59,955	-273	2,186	-659
Corporate bonds	190,781	190,710	-70	171,753	172,183	429	19,027	-500
Foreign securities and others	1,985,371	1,958,392	-26,978	1,501,371	1,511,710	10,339	483,999	-37,317
<b>Total</b>	<b>3,807,659</b>	<b>3,927,809</b>	<b>120,149</b>	<b>3,117,489</b>	<b>3,277,991</b>	<b>160,502</b>	<b>690,170</b>	<b>-40,352</b>

Note: 1. Most part of securities categorized in "Foreign securities and others" are US Treasuries and German Bunds. The figures in the tables are translated in Japanese Yen. Although the value is shown in Japanese Yen, those bonds are funded by repo transactions. Thus there is not foreign exchange rate risk.

2. Values are calculated by using the average market prices during the last month of the 1st quarter as for "Japanese stocks", and by using the market prices at the end of 1st quarter as for "Japanese bonds" and "Foreign securities and others".

**(2) Held-to-maturity debt securities with market value**

	Millions of Yen							
	June 2004			Mar. 2004			Change of Book value	Change of Net
	Book value (Cost)	Market value	Net	Book value (Cost)	Market value	Net		
Japanese government bonds	190,135	190,076	-59	279	278	-1	189,855	-58
Foreign securities and others	7,877	8,199	322	10,110	10,481	370	-2,233	-48
<b>Total</b>	<b>198,013</b>	<b>198,275</b>	<b>262</b>	<b>10,390</b>	<b>10,760</b>	<b>369</b>	<b>187,622</b>	<b>-106</b>

Note: Most part of securities categorized in "Foreign securities and others" are US Treasuries and German Bunds. The figures in the tables are translated in Japanese Yen. Although the value is shown in Japanese Yen, those bonds are funded by repo transactions. Thus there is not foreign exchange rate risk.

**Investments in affiliates**

	Millions of Yen							
	June 2004			Mar. 2004			Change of Cost	Change of Net
	Cost	Market value	Net	Cost	Market value	Net		
Investments in affiliates	1,096	15,824	14,728	1,096	13,710	12,613	-	2,114

**8. Trust account (Non-consolidated)**

	Millions of Yen		
	June 2004	Mar. 2004	Change
<b>&lt;Assets&gt;</b>			
Loans and bills discounted	<b>1,053,395</b>	1,132,607	-79,212
Investment securities	<b>5,725,451</b>	5,796,846	-71,395
Money held in trust	<b>38,923,121</b>	37,804,184	1,118,937
Securities held in custody accounts	<b>877</b>	875	2
Money claims	<b>3,091,648</b>	3,375,654	-284,005
Premises and equipment	<b>2,093,849</b>	2,095,424	-1,575
Other claims	<b>54,441</b>	73,831	-19,390
Loans to banking account	<b>1,449,591</b>	1,425,148	24,442
Cash and due from banks	<b>196,204</b>	184,590	11,613
<b>Total assets</b>	<b>52,588,581</b>	51,889,165	699,416
<b>&lt;Liabilities&gt;</b>			
Money trust	<b>19,111,407</b>	18,475,916	635,491
Pension trust	<b>5,983,011</b>	6,017,425	-34,414
Property formation benefit trusts	<b>10,891</b>	11,256	-364
Loan trusts	<b>1,237,618</b>	1,362,069	-124,451
Securities investment trusts	<b>7,547,990</b>	7,210,767	337,222
Money entrusted, other than money trusts	<b>2,618,119</b>	2,689,844	-71,725
Securities trusts	<b>9,365,659</b>	9,119,565	246,093
Money claims trusts	<b>2,789,198</b>	3,060,074	-270,876
Equipment trusts	<b>3,664</b>	4,123	-459
Land and fixtures trusts	<b>158,855</b>	176,288	-17,432
Other trusts	<b>3,762,165</b>	3,761,832	332
<b>Total liabilities</b>	<b>52,588,581</b>	51,889,165	699,416



## **Legal Disclaimer**

### **(1) Regarding forward-looking Statements contained in this material**

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 but not limited to changes in managerial circumstances. By virtue of the aforementioned reasons, The Sumitomo Trust & Banking Co., Ltd. (referred to hereinafter as "Sumitomo Trust") hereby cautions against sole reliance on such forward-looking statements in making investment decisions.