

Explanatory Material

*1st Quarter of Fiscal Year 2006
ended on June 30, 2006*

The Sumitomo Trust and Banking Co., Ltd.

Table of Contents

1. Summary of the financial results for the 1st Quarter of FY2006	-----	1
2. Forecast for FY2006	-----	3
3. BIS capital adequacy ratio forecast	-----	3
4. Assets classified under the Financial reconstruction law	-----	4
5. Ending balance of loans	-----	4
6. Ending balance of domestic deposits and principal guaranteed trust	-----	4
7. Securities	-----	5
8. Trust account	-----	6

Legal Disclaimer

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. hereby cautions against sole reliance on such forward-looking statements in making investment decisions.

1. Summary of the financial results for the 1st quarter of FY2006

(Consolidated)

		Millions of Yen			
		1Q			Full FY2005
		FY2006	FY2005	Change	
Gross profits	1	82,340	82,745	-405	359,542
Net trust fees	2	10,937	9,140	1,796	68,900
Principal guaranteed trust a/c credit costs	3	-130	810	-941	811
Net interest income	4	38,392	33,120	5,271	150,972
Net fees and commissions	5	21,258	16,011	5,247	100,572
Net gains on trading	6	1,239	456	783	5,504
Others	7	10,512	24,016	-13,503	33,591
General & administrative expenses	8	40,455	39,971	484	170,206
Net transfer to general reserves	9	-	-	-	9,530
Banking a/c credit costs	10	53	4,668	-4,615	-522
Net gains on stocks	11	918	5,784	-4,865	6,977
Net income from affiliates by equity method	12	742	418	323	2,695
Others	13	-3,380	-5,213	1,833	-18,051
Net operating income	14	40,111	39,094	1,017	171,949
Extraordinary income	15	1,439	4,015	-2,576	-609
Reversal of reserves(*)	16	1,364	3,723	-2,358	-
Net income before income taxes	17	41,550	43,109	-1,559	171,340
Income taxes	18	5,005	1,542	3,462	5,074
Deferred income taxes	19	8,402	15,525	-7,123	61,978
Minority interest	20	1,199	982	217	4,218
Net income	21	26,943	25,059	1,884	100,069

(*) Due to the reversal of reserves, the amount is included in the extraordinary income.

Total credit costs (3 + 9 + 10 - 16)	22	-1,442	1,755	-3,198	9,819
--------------------------------------	----	---------------	-------	--------	-------

Net business profit before credit costs	23	41,927	44,645	-2,717	196,270
---	----	---------------	--------	--------	---------

<Number of subsidiaries/ affiliates>

	June 2006	Mar. 2006	Change
Consolidated subsidiaries	25	24	1
Affiliates (subject to the equity method)	10	9	1

(Non-consolidated)

		Millions of Yen			
		1Q			Full FY2005
		FY2006	FY2005	Change	
Gross profits	1	62,831	67,253	-4,422	285,464
excluding Net gains on bonds (1-6-12)	2	63,188	51,451	11,737	290,762
Net trust fees	3	10,937	9,140	1,796	68,900
Principal guaranteed trust a/c credit costs	4	-130	810	-941	811
Trust fees from principal guaranteed trust a/c	5	2,520	3,428	-908	19,587
Net capital gains on sale of securities	6	-0	-	-0	4
Other trust fees	7	8,285	6,522	1,762	50,125
Net interest income	8	35,287	32,652	2,635	142,955
Net fees and commissions	9	10,211	7,417	2,793	61,305
Net gains on trading	10	1,239	456	783	5,504
Others	11	5,154	17,586	-12,431	6,798
Net capital gains on bonds	12	-357	15,802	-16,160	-5,301
Net gains on financial derivatives	13	2,358	424	1,934	6,715
General and administrative expenses	14	29,091	28,378	712	121,647
Net business profit before credit costs (1+4-14)	15	33,609	39,685	-6,076	164,628
excluding Net capital gains on bonds (15-6-12)	16	33,966	23,883	10,083	169,926
Net transfer to general reserves	17	-	-	-	10,491
Net business profit	18	33,739	38,875	-5,135	153,325
Net non-recurring profit	19	385	-3,992	4,377	-5,031
Net gains on stocks	20	981	5,784	-4,803	6,977
Banking a/c net credit costs	21	-280	4,568	-4,848	-1,503
Others	22	-876	-5,207	4,331	-13,513
Net operating income	23	34,124	34,882	-757	148,293
Extraordinary income	24	1,441	3,461	-2,019	286
Reversal of reserves(*)	25	1,340	3,154	-1,813	-
Net income before income taxes	26	35,566	38,343	-2,777	148,580
Income taxes	27	3,765	20	3,745	82
Deferred income taxes	28	8,881	15,227	-6,346	60,000
Net income	29	22,919	23,095	-176	88,497
Total credit costs (4 + 17 + 21 - 25)	30	-1,751	2,224	-3,976	9,799

(*) Due to the reversal of reserves, the amount is included in the extraordinary income.

2. Forecast for FY2006

There is no change in the forecast of business performance and dividend for the full FY2006, which we announced on May 22, 2006

<For reference>

(Consolidated)

	Billions of Yen				
	Forecast for FY2006		1QFY2006 (Actual)	FY2005 (Actual) (B)	Change (A)-(B)
	Full FY2006 (A)	1HFY2006			
Net business profit before credit costs	200.0	93.0	41.9	196.2	3.7
Net operating income	175.0	82.0	40.1	171.9	3.0
Net income	105.0	50.0	26.9	100.0	4.9

(Non-consolidated)

	Billions of Yen				
	Forecast for FY2006		1QFY2006 (Actual)	FY2005 (Actual) (B)	Change (A)-(B)
	Full FY2006 (A)	1HFY2006			
Net business profits before credit costs	165.0	78.0	33.6	164.6	0.3
Credit costs(*) (a)	20.0	10.0	-0.4	9.7	10.2
Other non-recurring items	5.0	3.0	0.1	-6.5	11.5
Net operating income	150.0	71.0	34.1	148.2	1.7
Extraordinary income	0.0	0.0	1.4	0.2	-0.2
Reversal of reserves (b)	0.0	0.0	1.3	-	0.0
Net income	90.0	43.0	22.9	88.4	1.5
Total credit costs (a)-(b)	20.0	10.0	-1.7	9.7	10.2
Dividend per common stock (Yen)	15.00	7.50	-	12.00	3.00

(*) Includes both Banking a/c and Principal guaranteed trust a/c.

Note: Forecast is subject to change.

3. BIS capital adequacy ratio forecast (Consolidated)

	Sep. 2006 (Forecast)	June 2006	Mar. 2006
BIS capital ratio	10.5-11.0%	10.71%	10.90%
Tier I ratio	6.0-6.5%	6.22%	6.21%

Note:

- Forecast is subject to change.
- The value of stocks used for the forecast is calculated by using the average market price during the last 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 2006	Mar. 2006	Change
Assets classified under the Financial reconstruction law (a)	108,559	109,373	-814
Loans in bankrupt and practically bankrupt	6,465	7,303	-837
Doubtful loans	17,092	19,323	-2,231
Substandard loans (b)	85,001	82,746	2,255
Ordinary assets	11,709,179	11,458,248	250,930
Loans to substandard debtors (excluding substandard loans) (c)	28,301	34,295	-5,994
Loans to special mention debtors (excluding (b) and (c))	415,913	418,616	-2,702
Loans to ordinary debtors	11,264,964	11,005,336	259,627
Total loan balance (d)	11,817,738	11,567,622	250,116
Ratio to total loan balance (a) / (d)	0.9%	0.9%	0.0%
Loans to substandard debtors (b)+(c)	113,303	117,042	-3,738

Note: Result of self-assessment as of June 30, 2006 is reflected on the disclosed figures.

5. Ending balance of loans (Non-consolidated)

	Millions of Yen		
	June 2006	Mar. 2006	Change
Banking account	10,570,129	10,352,598	217,531
Trust account (Principal guaranteed)	520,098	551,752	-31,654
Total	11,090,228	10,904,350	185,877

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

	Millions of Yen		
	June 2006	Mar. 2006	Change
Banking account	8,744,688	8,921,340	-176,652
Individuals	6,604,362	6,536,849	67,513
Corporations and other organizations	2,140,325	2,384,491	-244,165
Trust account (Principal guaranteed)	1,972,818	2,144,026	-171,208
Individuals	1,137,817	1,187,961	-50,144
Corporations and other organizations	835,001	956,065	-121,064
Total	10,717,506	11,065,367	-347,860

Note: Excluding NCDs and offshore accounts.

7. Securities (Consolidated)

(1) Available-for-sale securities with market value

	Millions of Yen							
	June 2006			Mar. 2006			Change of cost	Change of unrealized gains/losses
	Cost	Book value	Unrealized gains/losses	Cost	Book value	Unrealized gains/losses		
Japanese stocks	470,852	846,355	375,502	463,943	911,397	447,454	6,909	-71,951
Japanese bonds	1,644,290	1,620,465	-23,825	1,411,328	1,392,721	-18,606	232,962	-5,219
Government bonds	1,110,456	1,092,948	-17,507	882,368	868,598	-13,770	228,087	-3,737
Municipal bonds	86,738	84,425	-2,312	81,824	80,163	-1,660	4,913	-651
Corporate bonds	447,096	443,091	-4,005	447,134	443,960	-3,174	-38	-830
Foreign securities and others	2,376,992	2,343,942	-33,049	2,076,139	2,059,100	-17,038	300,853	-16,010
Total	4,492,136	4,810,763	318,627	3,951,410	4,363,219	411,809	540,725	-93,181

Note 1. 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 the 1st quarter as for "Japanese bonds" and "Foreign securities and others".

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

	Millions of Yen							
	June 2006			Mar. 2006			Change of book value	Change of net
	Book value (Cost)	Market value	Net	Book value (Cost)	Market value	Net		
Japanese government bonds	514,840	508,427	-6,413	517,690	512,513	-5,176	-2,849	-1,236
Municipal bonds	50	49	-0	50	49	-0	-	-0
Corporate bonds	306,462	304,277	-2,185	319,650	317,881	-1,769	-13,188	-416
Foreign government bonds and others	1,414	1,457	43	1,423	1,480	56	-8	-13
Total	822,768	814,211	-8,556	838,814	831,924	-6,889	-16,046	-1,666

Note: 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 2006			Mar. 2006			Change of cost	Change of net
	Cost	Market value	Net	Cost	Market value	Net		
Investments in affiliates	1,672	11,618	9,945	1,672	14,929	13,256	-	-3,310

8. Trust accounts (Non-consolidated)

	Millions of Yen		
	June 2006	Mar. 2006	Change
<Assets>			
Loans and bills discounted	725,210	755,381	-30,170
Investment securities	8,938,687	7,725,066	1,213,620
Money held in trust	45,549,225	41,287,117	4,262,107
Securities held in custody accounts	231,659	239,005	-7,346
Money claims	5,257,552	4,650,703	606,849
Premises and equipment	3,535,608	3,426,969	108,638
Other claims	1,674,486	1,615,217	59,269
Call loans	1,600	3,000	-1,400
Loans to banking account	1,592,662	1,733,446	-140,784
Cash and due from banks	235,889	233,959	1,930
Total assets	67,742,581	61,669,866	6,072,715
<Liabilities>			
Money trust	20,634,652	18,070,043	2,564,609
Pension trust	6,489,735	5,811,884	677,850
Property formation benefit trusts	9,478	9,214	263
Loan trusts	847,272	885,962	-38,689
Securities investment trusts	13,275,152	11,982,306	1,292,845
Money entrusted, other than money trusts	3,065,233	2,376,059	689,174
Securities trusts	12,075,453	12,063,798	11,654
Money claims trusts	4,966,228	4,373,386	592,842
Equipment trusts	1,411	1,686	-275
Land and fixtures trusts	151,769	154,251	-2,482
Composite trusts	6,226,195	5,941,271	284,923
Other trusts	0	0	-
Total liabilities	67,742,581	61,669,866	6,072,715