

*Explanatory Material*

*1st Half Fiscal Year 2006  
ended on Sep.30, 2006*

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

## Table of Contents

### I. Outlook of the financial results for the 1st half fiscal year 2006

1. Financial results for the 1st half fiscal year 2006		
(1) Summary of the financial results for the 1st half fiscal year 2006	-----	1
(2) Major subsidiaries operating finance business	-----	3
(3) Fee revenue breakdown	-----	3
(4) Return on Equity	-----	4
2. Assets and liabilities		
(1) Balance of major accounts	-----	5
(2) Spread	-----	5
(3) Non-performing loans	-----	6
(4) Unrealized gains/losses on investment securities	-----	7
(5) Cross shareholdings	-----	7
3. Total risk adjusted assets and capital		
(1) BIS capital ratio	-----	8
4. Forecast		
(1) Forecast for full FY2006	-----	9

### II. Supplementary Information

1. Summary of the financial results		
(1) Major subsidiaries and affiliates	-----	10
(2) Breakdown of profit by business group	-----	11
2. Assets and liabilities		
(1) Loans	-----	12
(2) Assets classified under the Financial reconstruction law	-----	13
(3) Final disposal of non-performing loans	-----	15
3. Deferred tax assets		
(1) Major factors for deferred tax assets and deferred tax liabilities	-----	16
(2) Adequacy for calculating and posting net deferred tax assets	-----	16

### 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. (referred to hereinafter as "Sumitomo Trust") hereby cautions against sole reliance on such forward-looking statements in making investment decisions.

## I. Outlook of the financial results for the 1st half fiscal year 2006

### 1. Financial results for the 1st half fiscal year 2006

#### (1) Summary of the financial results for the 1st half fiscal year 2006

(Consolidated)

		Millions of Yen		
		1HFY2006	1HFY2005	Change
Gross profits	1	<b>188,146</b>	180,502	7,644
Gross profits before credit costs (1 + 4)	2	<b>188,309</b>	181,832	6,477
Net trust fees	3	<b>35,867</b>	32,083	3,784
Principal guaranteed trust a/c credit costs	4	<b>163</b>	1,330	-1,166
Other trust fees	5	<b>27,883</b>	23,504	4,379
Net interest income	6	<b>82,653</b>	70,284	12,368
Net fees and commissions	7	<b>46,628</b>	40,648	5,980
Net gains on trading	8	<b>3,612</b>	2,418	1,193
Others	9	<b>19,384</b>	35,068	-15,683
General and administrative expenses	10	<b>92,269</b>	84,151	8,118
Personnel expenses	11	<b>38,640</b>	38,719	-79
Non-personnel expenses excluding taxes	12	<b>50,280</b>	41,922	8,358
Taxes other than income taxes	13	<b>3,348</b>	3,509	-160
Net transfer to general reserves	14	<b>-3,989</b>	-	-3,989
Banking a/c credit costs	15	<b>8,108</b>	6,334	1,774
Net losses on direct write-offs	16	<b>455</b>	6,176	-5,720
Net transfer to specific loan losses reserves	17	<b>7,404</b>	-	7,404
Net transfer to reserves for loans to borrowers in specific foreign countries	18	<b>245</b>	-	245
Losses on sales of loans	19	<b>2</b>	158	-155
Net gains on stocks	20	<b>3,332</b>	6,897	-3,565
Net income from affiliates by equity method	21	<b>1,096</b>	1,350	-254
Others	22	<b>2,988</b>	-10,355	13,343
<b>Net operating income</b>	23	<b>99,175</b>	87,910	11,265
Extraordinary income	24	<b>-1,192</b>	3,894	-5,087
Reversal of reserves	25	<b>-</b>	4,038	-4,038
Net income before income taxes	26	<b>97,982</b>	91,805	6,177
Income taxes	27	<b>13,391</b>	1,568	11,822
Deferred income taxes	28	<b>18,403</b>	34,232	-15,828
Minority interest	29	<b>2,226</b>	2,286	-59
<b>Net income</b>	30	<b>63,960</b>	53,717	10,242
<b>Total credit costs (4 + 14 + 15 - 25)</b>	31	<b>4,281</b>	3,625	655

<b>Net business profit before credit costs</b>	32	<b>105,365</b>	101,177	4,187
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<Number of subsidiaries/affiliates>

	Sep. 2006	Mar. 2006	Change
Consolidated subsidiaries	<b>27</b>	24	3
Affiliates (subject to the equity method)	<b>10</b>	9	1

(Non-consolidated)

		Millions of Yen			% change
		1HFY2006	1HFY2005	Change	
Gross profits	1	147,356	146,897	459	0.3
Gross business profits before credit costs (1+4)	2	147,519	148,227	-707	-0.5
Net trust fees	3	35,867	32,083	3,784	11.8
Principal guaranteed trust a/c credit costs	4	163	1,330	-1,166	-87.7
Net losses on direct write-offs	5	-206	1,424	-1,630	-114.5
Losses on sales of loans	6	369	-94	463	490.7
Trust fees from principal guaranteed trust a/c	7	8,146	9,908	-1,762	-17.8
Net capital gains on sale of securities	8	-0	1	-1	-100.0
Other trust fees	9	27,883	23,504	4,379	18.6
Net interest income	10	74,723	68,497	6,225	9.1
Domestic	11	67,618	58,178	9,439	16.2
International	12	7,105	10,319	-3,214	-31.1
Net fees and commissions	13	24,709	24,106	603	2.5
Domestic	14	24,847	24,747	100	0.4
Net gains on trading	15	3,612	2,418	1,193	49.4
Others	16	8,443	19,791	-11,347	-57.3
Net capital gains on bonds	17	5,002	18,866	-13,864	-73.5
Net gains on financial derivatives	18	-3,282	-2,760	-522	-18.9
General and administrative expenses	19	60,715	60,201	513	0.9
Personnel expenses	20	22,615	23,587	-971	-4.1
Non-personnel expenses excluding taxes	21	35,180	33,468	1,711	5.1
Taxes other than income taxes	22	2,919	3,145	-225	-7.2
<b>Net business profit before credit costs (1+4-19)</b>	23	<b>86,804</b>	<b>88,025</b>	<b>-1,221</b>	<b>-1.4</b>
excluding Net capital gains on bonds (23-8-17)	24	<b>81,801</b>	<b>69,157</b>	<b>12,644</b>	<b>18.3</b>
Net transfer to general reserves	25	-3,316	-	-3,316	-
Net business profit	26	89,957	86,695	3,262	3.8
Net non-recurring profit	27	-4,032	-9,783	5,751	58.8
Net gains on stocks	28	3,427	6,897	-3,470	-50.3
Gains on sale of stocks	29	6,209	7,991	-1,782	-22.3
Losses on sale of stocks	30	1,272	782	489	62.6
Losses on devaluation of stocks	31	1,509	311	1,198	385.1
Banking a/c net credit costs	32	6,520	5,999	521	8.7
Net losses on direct write-offs	33	-681	5,850	-6,531	-111.6
Net transfer to specific loan loss reserves	34	6,950	-	6,950	-
Net transfer to reserves for loans to borrowers in specific foreign countries	35	245	-	245	-
Losses on sales of loans	36	6	149	-142	-95.8
Others	37	-938	-10,681	9,743	91.2
Net gains on stock related derivatives	38	-45	-4,862	4,816	99.1
Amortization of net actuarial losses/prior service cost	39	-724	2,764	-3,489	-126.2
<b>Net operating income</b>	40	<b>85,925</b>	<b>76,912</b>	<b>9,013</b>	<b>11.7</b>
Extraordinary income	41	-1,051	4,513	-5,564	-123.3
Net gains on disposal of fixed assets	42	-205	-208	3	1.7
Losses on impairment of fixed assets	43	1,022	67	954	1,406.1
Reversal of reserves	44	-	3,864	-3,864	-100.0
Net gains on collection from write-offs	45	176	925	-749	-80.9
Net income before income taxes	46	84,874	81,425	3,448	4.2
Income taxes	47	11,306	45	11,261	24,676.5
Deferred income taxes	48	18,081	31,642	-13,561	-42.9
<b>Net income</b>	49	<b>55,486</b>	<b>49,737</b>	<b>5,748</b>	<b>11.6</b>
<b>Total credit costs (4 + 25 + 32 - 44)</b>	50	<b>3,367</b>	<b>3,465</b>	<b>-98</b>	<b>-2.8</b>

**(2) Major subsidiaries operating finance business**

	Billions of Yen					
	Sumishin Matsuhita Financial Services			First Credit		
	1HFY2006	1HFY2005	Change	1HFY2006	1HFY2005(*)	Change
Net operating income	2.5	5.4	-2.9	4.3	2.1	2.2
Net income	1.5	3.0	-1.4	4.9	3.0	1.9

(\*) First Credit is not included in the consolidated statement in 1HFY2005.

	Billions of Yen					
	Sumishin Matsuhita Financial Services			First Credit		
	Sep. 2006	Mar. 2006	Change	Sep. 2006	Mar. 2006	Change
Total assets	557.9	522.7	35.1	161.1	122.9	38.1
Net assets	68.3	67.5	0.7	32.2	27.2	4.9

**(3) Fee revenue breakdown**

(Consolidated)

	Billions of Yen		
	1HFY2006	1HFY2005	Change
Other trust fees	27.8	23.5	4.3
Pension management and other asset management services	15.7	14.4	1.3
Securities processing services	5.8	4.2	1.6
Net fees and commissions	46.6	40.6	5.9
Domestic business	43.5	38.4	5.0
Wholesale financial services	21.8	20.0	1.8
Stock transfer agency services	10.4	10.0	0.4
Retail financial services	13.4	11.0	2.3
Real estate	16.0	14.2	1.8
Fees paid for outsourcing	-7.2	-6.7	-0.5
International business	3.0	2.1	0.9
Total	74.5	64.1	10.3
Note: Managerial accounting basis.			
Fee revenue ratio	39.5%	35.2%	4.3%
Gross profits before credit costs	188.3	181.8	6.4

**(4) Return on equity****(Consolidated)**

	<b>1HFY2006</b>	<b>1HFY2005</b>	<b>Change</b>
Return (Net income) on equity	<b>11.25%</b>	11.32%	-0.07%
Return (Net income) on stockholder's equity	<b>14.10%</b>	13.04%	1.06%

**(Non-consolidated)**

	<b>1HFY2006</b>	<b>1HFY2005</b>	<b>Change</b>
Return (Net income) on equity	<b>9.99%</b>	10.59%	-0.60%
Return (Net income) on stockholder's equity	<b>12.60%</b>	12.26%	0.34%
Return (Net business profit before credit costs) on equity	<b>15.64%</b>	18.74%	-3.10%
Return (Net business profit before credit costs) on stockholder's equity	<b>19.72%</b>	21.71%	-1.99%

Note: Equity = Total Net Assets - Minority Interest

Stockholder's Equity = Equity - Valuation and Translation Adjustments

## 2. Assets and liabilities

(1) Balance of major accounts (Banking a/c and Principal guaranteed trust a/c combined)

1) Balance of major accounts

(Non consolidated)

		Millions of Yen		
		Sep. 2006	Mar. 2006	Change
Deposits, Trust principal	(Ending balance)	<b>12,801,993</b>	12,460,188	341,805
	(Average balance)	<b>12,431,979</b>	11,641,030	790,949
Liquidity deposits (*)	(Ending balance)	<b>1,805,313</b>	2,029,893	-224,580
	(Average balance)	<b>1,760,113</b>	1,678,165	81,947
Loans	(Ending balance)	<b>11,280,863</b>	10,904,350	376,512
	(Average balance)	<b>11,220,020</b>	10,436,789	783,230

(\*) Including Current deposits, Ordinary deposits and Deposits at notice.

2) Ending balance of domestic deposits classified by depositors

(Non consolidated)

		Millions of Yen		
		Sep. 2006	Mar. 2006	Change
Individuals		7,902,831	7,724,810	178,020
Deposits		6,859,647	6,536,849	322,797
Trust principal		1,043,183	1,187,961	-144,777
Corporates and other organizations		2,900,688	3,340,556	-439,867
Deposits		2,195,191	2,384,491	-189,299
Trust principal		705,496	956,065	-250,568

Note: Excluding NCDs and offshore accounts

(2) Spread

(Non-consolidated)

1) Domestic banking a/c

		Percentage points		
		1HFY2006	1HFY2005	Change
Average yield on interest-earning assets (A)		<b>1.18</b>	1.16	0.02
Loans and bills discounted (a)		<b>1.14</b>	1.14	0.00
Bonds (b)		<b>1.05</b>	1.04	0.01
Average yield on interest-bearing liabilities (B)		<b>0.30</b>	0.24	0.06
Deposits (c)		<b>0.26</b>	0.20	0.06
Gross margin (A) - (B)		<b>0.88</b>	0.92	-0.04
Loan-deposit margin (a) - (c)		<b>0.88</b>	0.94	-0.06

2) Domestic banking a/c and principal guaranteed trust a/c combined

		Percentage points		
		1HFY2006	1HFY2005	Change
Average yield on interest-earning assets (A)		<b>1.21</b>	1.20	0.01
Loans and bills discounted (a)		<b>1.18</b>	1.16	0.02
Bonds (b)		<b>1.06</b>	1.05	0.01
Average yield on interest-bearing liabilities (B)		<b>0.26</b>	0.18	0.08
Deposits (c)		<b>0.22</b>	0.17	0.05
Gross margin (A) - (B)		<b>0.95</b>	1.02	-0.07
Loan-deposit margin (a) - (c)		<b>0.96</b>	0.99	-0.03

**(3) Non-performing loans**

After partial direct write-offs

1) Assets classified under the Financial reconstruction law (Banking a/c and principal guaranteed trust a/c combined)  
(Non-consolidated)

	Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Assets classified under the Financial reconstruction law (a)	<b>100,196</b>	109,373	141,309	-9,176	-41,112
Loans in bankrupt and practically bankrupt	<b>5,971</b>	7,303	42,204	-1,332	-36,233
Doubtful loans	<b>23,420</b>	19,323	20,647	4,096	2,772
Substandard loans (b)	<b>70,805</b>	82,746	78,457	-11,940	-7,651
Ordinary assets	<b>12,007,577</b>	11,458,248	11,217,847	549,328	789,730
Loans to substandard debtors (excluding Substandard loans) (c)	<b>27,451</b>	34,295	2,693	-6,844	24,757
Loans to special mention debtors (excluding (b) and (c))	<b>312,793</b>	418,616	291,113	-105,822	21,679
Loans to ordinary debtors	<b>11,667,332</b>	11,005,336	10,924,039	661,995	743,293
Total loan balance (d)	<b>12,107,774</b>	11,567,622	11,359,156	540,152	748,617
Ratio to total loan balance (a) / (d)	<b>0.8%</b>	0.9%	1.2%	-0.1%	-0.4%
Loans to substandard debtors (b)+(c)	<b>98,256</b>	117,042	81,151	-18,785	17,105

Note: Partial direct write-offs: Sep. 2006: 26.8 billion yen, Mar. 2006: 37.7 billion Yen, Sep. 2005: 87.6 billion Yen

2) Risk managed loans (Banking a/c and principal guaranteed trust a/c combined)  
(Consolidated)

	Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Risk managed loans	<b>134,921</b>	139,690	141,795	-4,768	-6,874
Loans in bankruptcy proceedings	<b>1,281</b>	2,434	2,539	-1,152	-1,257
Other delinquent loans	<b>60,532</b>	46,880	60,783	13,651	-250
Loans more than 3 months past due	<b>2</b>	3	16	-0	-13
Restructured loans	<b>73,104</b>	90,371	78,457	-17,266	-5,352
Total loans under risk management	<b>11,097,686</b>	10,738,028	10,358,048	359,657	739,637
% to total loan balance	<b>1.2%</b>	1.3%	1.4%	-0.1%	-0.2%

Note: Partial direct write-offs: Sep. 2006: 33.4 billion yen, Mar. 2006: 44.6 billion Yen, Sep. 2005: 89.7 billion Yen

(Non-consolidated)

	Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Risk managed loans	<b>99,818</b>	108,886	140,812	-9,068	-40,994
Loans in bankruptcy proceedings	<b>493</b>	1,781	2,448	-1,288	-1,955
Other delinquent loans	<b>28,519</b>	24,358	59,906	4,160	-31,386
Loans more than 3 months past due	<b>-</b>	-	-	-	-
Restructured loans	<b>70,805</b>	82,746	78,457	-11,940	-7,651
Total loans under risk management	<b>11,280,863</b>	10,904,350	10,542,788	376,512	738,074
% to total loan balance	<b>0.9%</b>	1.0%	1.3%	-0.1%	-0.4%

Note: Partial direct write-offs: Sep. 2006: 26.8 billion yen, Mar. 2006: 37.7 billion Yen, Sep. 2005: 87.6 billion Yen



**(4) Unrealized gains/losses on investment securities**

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

(Consolidated)

	Millions of Yen							
	Sep. 2006			Mar. 2006			Change of cost	Change of net
	Cost	Book value	Net	Cost	Book value	Net		
Japanese stocks	466,364	870,988	404,624	463,943	911,397	447,454	2,421	-42,830
Japanese bonds	1,230,610	1,223,885	-6,724	1,411,328	1,392,721	-18,606	-180,717	11,881
Government bonds	866,506	861,917	-4,589	882,368	868,598	-13,770	-15,861	9,181
Local government bonds	73,816	73,089	-727	81,824	80,163	-1,660	-8,007	933
Corporate bonds	290,286	288,878	-1,408	447,134	443,960	-3,174	-156,848	1,766
Others	2,287,965	2,274,528	-13,436	2,076,139	2,059,100	-17,038	211,825	3,602
Foreign stocks	3,770	4,182	412	3,493	3,824	330	276	81
Foreign bonds	1,869,864	1,850,446	-19,417	1,729,594	1,701,732	-27,861	140,270	8,443
Others	414,330	419,899	5,568	343,051	353,543	10,492	71,279	-4,923
Total	3,984,939	4,369,402	384,462	3,951,410	4,363,219	411,809	33,529	-27,346

## 2) Held-to-Maturity Debt Securities with Market Value

(Consolidated)

	Millions of Yen							
	Sep. 2006			Mar. 2006			Change of book value	Change of net
	Book value	Market value	Net	Book value	Market value	Net		
Japanese Government Bonds	511,856	510,836	-1,019	517,690	512,513	-5,176	-5,834	4,157
Japanese Local Government Bonds	100	99	-0	50	49	-0	50	0
Japanese Corporate Bonds	290,276	289,331	-944	319,650	317,881	-1,769	-29,374	824
Others	1,387	1,408	20	1,423	1,480	56	-35	-36
Foreign bonds	1,387	1,408	20	1,423	1,480	56	-35	-36
Total	803,619	801,676	-1,943	838,814	831,924	-6,889	-35,194	4,945

**(5) Cross shareholdings**

## (1) Cross shareholdings (Market price available)

(Consolidated)

	Billions of Yen	
	Sep. 2006	Mar. 2006
Cost basis (A)	466.3	463.9
Mark-to-market basis	870.9	911.3
Tier I (B)	964.6	909.3
Percentage (A) / (B)	48.3%	51.0%

## (2) Unwinding of cross shareholdings (Cost basis)

(Non-consolidated)

	Billions of Yen			
	FY2006		FY2005	
	Full FY2006	1HFY2006	Full FY2005	1HFY2005
Actual	-----	39.6	19.4	8.2

Note: Sales of Yachiyo Bank's No.1 Preferred Shares (25,000 shares, cost basis:28.7 billion yen) to Yachiyo Bank is included.

### 3. Total risk adjusted assets and capital

(1) BIS capital ratio

(Consolidated)

	Millions of Yen			
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006
Total capital	<b>1,780,659</b>	1,595,890	1,528,567	184,768
Tier I	<b>964,655</b>	909,376	924,379	55,278
Minority interest in consolidated subsidiaries	<b>160,669</b>	159,032	108,588	1,636
Non-cumulative preferred capital notes	<b>133,000</b>	133,000	83,000	-
Tier II	<b>887,849</b>	761,195	636,988	126,653
Upper Tier II	<b>516,565</b>	416,195	330,088	100,370
Net unrealized gains on available-for-sale securities, net of tax	<b>176,150</b>	187,684	115,038	-11,533
Revaluation surplus on land, after 55% discount	<b>1,202</b>	1,201	1,307	1
General reserves	<b>54,547</b>	58,209	44,642	-3,662
Perpetual subordinated debts	<b>284,665</b>	169,100	169,100	115,565
Lower Tier II	<b>371,283</b>	345,000	306,900	26,283
Termed subordinated debts, etc.	<b>371,283</b>	345,000	306,900	26,283
Deduction (double gearing)	<b>71,844</b>	74,680	32,799	-2,836
Total risk adjusted assets	<b>15,411,217</b>	14,640,708	13,694,266	770,509
On-balance-sheet items	<b>13,958,977</b>	13,352,420	12,416,807	606,557
Off-balance-sheet items	<b>1,229,047</b>	1,114,278	1,205,215	114,768
Market risk equivalent	<b>223,192</b>	174,009	72,244	49,183
BIS capital ratio	<b>11.55%</b>	10.90%	11.16%	0.65%
(Tier I ratio)	<b>6.25%</b>	6.21%	6.75%	0.04%

Note: Non-consolidated BIS capital ratio and Tier I ratio are 12.21% and 6.75%, respectively.

## 4. Forecast

(1) Forecast for full FY2006

	Billions of Yen				
	FY2006		1HFY2006 (Actual)	FY2005 (Actual) (B)	Change (A)-(B)
	<For reference> Previous forecast as of May 2006	Forecast for FY2006(A)			
<b>(Consolidated)</b>					
Net business profits before credit costs	200.0	<b>210.0</b>	105.3	196.2	13.7
Net operating income	175.0	<b>190.0</b>	99.1	171.9	18.0
Net income	105.0	<b>120.0</b>	63.9	100.0	19.9
<b>(Non-consolidated)</b>					
Net business profits before credit costs	165.0	<b>170.0</b>	86.8	164.6	5.3
Credit costs (a)	20.0	<b>15.0</b>	3.3	9.7	5.2
Other non-recurring items	5.0	<b>5.0</b>	2.4	-6.5	11.5
Net operating income	150.0	<b>160.0</b>	85.9	148.2	11.7
Extraordinary income	0.0	<b>0.0</b>	-1.0	0.2	-0.2
Reversal of reserves (b)	0.0	<b>0.0</b>	-	-	0.0
Net income	90.0	<b>100.0</b>	55.4	88.4	11.5
<hr/>					
Total credit costs (a)-(b)	20.0	<b>15.0</b>	3.3	9.7	5.2
<hr/>					
Dividend per common stock (Yen)	15.00	<b>17.00</b>	8.50	12.00	5.00
Consolidated dividend payout ratio (%)	23.89	<b>23.70</b>	-----	20.04	3.66

Note: Forecast is subject to change

## II. Supplementary Information

### 1. Summary of the financial results

#### (1) Major subsidiaries and affiliates

Company names	Capital	Primary business	STB Group's share in voting rights (STB's share in voting rights)		Billions of Yen Net income		
					1HFY2006	1HFY2005	Change
<b>(Subsidiaries)</b>							
The Sumishin Shinko Co., Ltd.	Yen 50 mil.	Property maintenance	100	(100)	0.1	-0.6	0.7
Sumishin Guaranty Co., Ltd.	Yen 100 mil.	Housing loan guaranty	100	(100)	2.4	0.8	1.5
First Credit Corporation	Yen 13,500 mil.	Finance services	100	(100)	4.9	-----	-----
STB Wealth Partners Co., Ltd.	Yen 155 mil.	Consulting	100	(100)	-0.0	-0.0	-0.0
Sumishin Business Service Co., Ltd.	Yen 80 mil.	Agency services/temporary staffing/ training services	100	(100)	-0.0	-0.0	0.0
STB Investment Corporation	Yen 35 mil.	Venture capital	100	(100)	0.0	0.0	-0.0
STB Real Estate Investment Management Co.,Ltd.	Yen 300 mil.	Asset management	100	(100)	0.4	-----	-----
Japan TA Solution, Ltd.	Yen 2,005 mil.	Development and management of systems/ operations of entrusted data processing	80	(80)	-0.0	-0.2	0.2
Sumishin Matsushita Financial Services Co., Ltd.	Yen 20,520 mil.	General leasing/credit cards	66	(66)	1.5	3.0	-1.4
Sumishin Life Card Co., Ltd.	Yen 200mil.	Credit cards	51	(51)	0.0	-0.0	0.0
Sumishin Card Co., Ltd.	Yen 50 mil.	Credit cards	95	(50)	0.0	0.1	-0.0
Sumishin Information Service Co., Ltd.	Yen 100 mil.	Information technology/ commissioned accounting operation	100	(35)	0.4	0.2	0.1
STB Asset Management Co., Ltd.	Yen 300 mil.	Asset management	100	(30)	0.3	0.2	0.1
STB Research Institute Co., Ltd.	Yen 300 mil.	Research and consulting/asset management	100	(29.8)	-0.1	-0.1	0.0
Sumishin Realty Co., Ltd.	Yen 300 mil.	Residential brokerage	100	(5)	0.5	0.5	0.0
The Sumitomo Trust Finance (H.K.) Ltd.	USD 45 mil.	Banking and security services	100	(100)	0.3	0.1	0.1
Sumitomo Trust and Banking (Luxembourg) S.A.	USD 30 mil.	Banking, security, and trust services	100	(100)	0.1	0.0	0.0
Sumitomo Trust and Banking Co. (U.S.A.)	USD 56 mil.	Banking and trust services	100	(100)	0.8	0.5	0.2
STB Preferred Capital (Cayman) Ltd.	Yen 85,000 mil.	Finance services	100	(100)	1.2	1.2	0.0
STB Preferred Capital 2 (Cayman) Ltd.	Yen 51,500 mil.	Finance services	100	(100)	0.7	-----	-----
STB Omega Investment Ltd.	USD 60 mil.	Finance services	75	(75)	0.0	-----	-----
<b>(Affiliates)</b>							
Sumishin SBI Net bank Research Co., Ltd.	Yen 4,000 mil.	Research and studies	50	(50)	-0.1	-----	-----
Japan Pension Operation Service, Ltd.	Yen 1,500 mil.	Pension plan administration services	50	(50)	0.0	-0.1	0.2
BUSINEXT CORPORATION	Yen 4,000 mil.	Finance services	40	(40)	0.3	1.6	-1.2
Human Resource Management & Consulting Co., Ltd.	Yen 519 mil.	Employees data administration	38.9	(38.9)	-0.0	0.0	-0.0
Top REIT Asset Management Co., Ltd.	Yen 300 mil.	Investment company (Asset management)	38	(38)	-0.0	-0.0	-0.0
Japan Trustee Services Bank, Ltd.	Yen 51,000 mil.	Trust and banking	33.3	(33.3)	1.1	0.3	0.8
Japan Trustee Information Systems, Ltd.	Yen 300 mil.	Information technology/ commissioned accounting operation	33.3	(5)	0.0	0.0	-0.0
STB Leasing Co., Ltd.	Yen 5,064 mil.	General leasing	30.0	(4.4)	1.7	1.6	0.1

Note: First Credit Corporation, STB Real Estate Investment Management Co., Ltd., STB Preferred Capital 2 (Cayman) Ltd., Sumishin SBI Net Bank Research Co., Ltd. and STB Omega Investment Ltd. are not included in the consolidated financial results of 1HFY2005.

**(2) Breakdown of profit by business group**

## 1) Gross business profits before credit costs

(Non consolidated)

	Billions of Yen		
	1HFY2006	1HFY2005	Change
Wholesale and Retail Client Services Group	<b>91.3</b>	86.0	5.2
Wholesale financial services	<b>52.2</b>	51.3	0.9
Stock transfer agency services	<b>9.7</b>	9.3	0.4
Retail financial services	<b>39.1</b>	34.8	4.3
Global Markets	<b>28.6</b>	37.9	-9.3
Fiduciary services	<b>25.6</b>	21.8	3.7
Pension asset management	<b>18.3</b>	16.4	1.9
Securities processing services	<b>7.3</b>	5.4	1.8
Real estate	<b>14.8</b>	12.3	2.4
Fees paid for outsourcing	<b>-13.5</b>	-12.9	-0.6
Stock transfer agency services	<b>-6.3</b>	-6.2	-0.1
Fiduciary services	<b>-7.2</b>	-6.7	-0.5
Others (*)	<b>0.7</b>	3.1	-2.2
Gross business profits before credit costs	<b>147.5</b>	148.2	-0.7

## 2) Net business profit before credit costs

(Non consolidated)

	Billions of Yen		
	1HFY2006	1HFY2005	Change
Wholesale and Retail Client Services Group	<b>45.7</b>	41.5	4.2
Wholesale financial services	<b>34.8</b>	34.4	0.4
Stock transfer agency services	<b>2.4</b>	2.0	0.3
Retail financial services	<b>10.9</b>	7.1	3.7
Global Markets	<b>24.1</b>	33.4	-9.3
Fiduciary services	<b>11.9</b>	8.4	3.5
Pension asset management	<b>8.0</b>	5.9	2.0
Securities processing services	<b>4.0</b>	2.4	1.5
Real estate	<b>11.1</b>	8.4	2.7
Others (*)	<b>-6.0</b>	-3.7	-2.4
Gross business profits before credit costs	<b>86.8</b>	88.0	-1.2

(Consolidated)

	Billions of Yen		
	1HFY2006	1HFY2005	Change
Wholesale and Retail Client Services Group	<b>59.4</b>	52.0	7.3
Wholesale financial services	<b>47.2</b>	43.7	3.5
Stock transfer agency services	<b>4.7</b>	4.0	0.7
Retail financial services	<b>12.1</b>	8.3	3.8
Global Markets	<b>24.1</b>	33.4	-9.3
Fiduciary services	<b>14.8</b>	9.9	4.9
Pension asset management	<b>8.6</b>	6.2	2.3
Securities processing services	<b>6.2</b>	3.6	2.5
Real estate	<b>12.6</b>	9.1	3.5
Others (*)	<b>-5.6</b>	-3.3	-2.3
Gross business profits before credit costs	<b>105.3</b>	101.1	4.1

(\*) Managerial accounting basis. Net of dividend income, cost of capital sourcing and head office expense is included.

## 2. Assets and liabilities

### (1) Loans

1) Loans and consumer loans to small and mid-sized corporations  
(Banking a/c and principal guaranteed trust a/c combined) (Non-consolidated)

	Percentage points, Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Percentage to total loan balance	49.0	47.6	45.2	1.4	3.8
Loan balance	5,188,202	4,965,456	4,613,512	222,746	574,690

### 2) Consumer loans

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

	Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Residential mortgage loans	1,424,355	1,337,460	1,124,434	86,895	299,921
Other consumer loans	489,984	507,547	515,636	-17,563	-25,651
Total	1,914,340	1,845,008	1,640,071	69,332	274,269

### 3) Real estate non recourse loans

(Banking a/c) (Non-consolidated)

	Billions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Loan balance	871.3	737.0	707.4	134.3	163.9

### 4) Loans by industry

(Non-consolidated)

	Millions of Yen						
	Sep. 2006				Mar. 2006		
	Banking a/c	Trust a/c (*)	Banking + trust a/c	Change from Mar. 2006	Banking a/c	Trust a/c (*)	Banking + trust a/c
Domestic Branches (excluding offshore)	9,995,914	592,004	10,587,918	158,890	9,673,647	755,381	10,429,028
Manufacturing	1,334,769	28,328	1,363,097	81,269	1,255,352	26,475	1,281,828
Agriculture, forestry, fishing, mining	26,158	-	26,158	6,665	19,356	136	19,492
Construction	150,179	1,750	151,929	-874	133,046	19,757	152,804
Energy and utilities	190,747	3,484	194,231	-1,900	141,613	54,518	196,131
Communication	133,244	1,319	134,564	-29,030	161,980	1,614	163,595
Transportation	701,432	11,290	712,722	12,849	572,567	127,305	699,873
Wholesale and retail	897,699	25,031	922,730	26,815	874,244	21,671	895,915
Finance and insurance	1,922,322	48,961	1,971,284	-108,955	1,998,943	81,295	2,080,239
Real estate	1,392,448	24,612	1,417,061	115,252	1,251,299	50,509	1,301,809
Various services	1,298,480	145,703	1,444,184	-64,987	1,488,782	20,388	1,509,171
Others	1,948,431	301,523	2,249,954	121,787	1,776,460	351,706	2,128,166
Overseas branches and offshore	874,845	-	874,845	195,894	678,951	-	678,951
Total	10,870,759	592,004	11,462,764	354,784	10,352,598	755,381	11,107,979

(\*) Trust a/c is principal guaranteed trust a/c

## (2) Assets classified under the Financial reconstruction law

(After partial direct write-offs)

## 1) Banking a/c (Non-consolidated)

	Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Assets classified under the Financial reconstruction law (a)	<b>80,176</b>	77,474	126,501	2,701	-46,325
Loans in bankrupt and practically bankrupt	<b>3,661</b>	4,145	38,841	-484	-35,179
Doubtful loans	<b>22,789</b>	18,456	19,419	4,333	3,370
Substandard loans (b)	<b>53,725</b>	54,873	68,241	-1,148	-14,515
Ordinary assets	<b>11,617,493</b>	10,938,394	10,593,765	679,099	1,023,727
Loans to substandard debtors (excluding Substandard loans) (c)	<b>26,224</b>	32,515	2,453	-6,291	23,770
Loans to special mention debtors (excluding (b) and (c))	<b>310,896</b>	411,684	279,389	-100,787	31,507
Loans to ordinary debtors	<b>11,280,372</b>	10,494,194	10,311,922	786,178	968,449
Total loan balance (d)	<b>11,697,670</b>	11,015,869	10,720,267	681,800	977,402
Ratio to total loan balance (a) / (d)	<b>0.7%</b>	0.7%	1.2%	0.0%	-0.5%
Loans to substandard debtors (b)+(c)	<b>79,949</b>	87,388	70,694	-7,439	9,254

Note: Partial direct write-offs: Sep. 2006: 26.8 billion yen, Mar. 2006: 37.7 billion Yen, Sep. 2005: 87.6 billion Yen

## 2) Principal guaranteed trust a/c (Non-consolidated)

	Millions of Yen				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Assets classified under the Financial reconstruction law (e)	<b>20,020</b>	31,898	14,807	-11,878	5,212
Loans in bankrupt and practically bankrupt	<b>2,309</b>	3,157	3,363	-848	-1,053
Doubtful loans	<b>630</b>	867	1,228	-236	-598
Substandard loans (f)	<b>17,080</b>	27,873	10,216	-10,792	6,864
Ordinary assets	<b>390,083</b>	519,854	624,081	-129,770	-233,997
Loans to substandard debtors (excluding Substandard loans) (g)	<b>1,226</b>	1,779	239	-553	986
Loans to special mention debtors (excluding (f) and (g))	<b>1,897</b>	6,931	11,724	-5,034	-9,827
Loans to ordinary debtors	<b>386,959</b>	511,142	612,116	-124,182	-225,156
Total loan balance (h)	<b>410,104</b>	551,752	638,888	-141,648	-228,784
Ratio to total loan balance (e) / (h)	<b>4.9%</b>	5.8%	2.3%	-0.9%	2.6%
Loans to substandard debtors (f)+(g)	<b>18,307</b>	29,653	10,456	-11,346	7,851

## 3) Asset classified under the Financial reconstruction law as of September 30, 2006 (Non-consolidated)

(Banking a/c)

(in millions of Yen)

	Balance		Collateral/Reserves	Reserve ratio
		Coverage ratio		
Loans in bankrupt/ practically bankrupt (A)	(a)		Specific loan loss reserves (b)	100%
	3,661	100%	440	(100%)
	(4,145)	(100%)	Guarantee and collateral (c)	(b) / ( (a)-(c) )
Doubtful loans (B)	(d)		Uncovered	74%
	22,789	84%	Specific loan loss reserves (e)	(76%)
	(18,456)	(88%)	Guarantee and collateral (f)	(e) / ( (d)-(f) )
Substandard loans (C)	(g)		Uncovered	29%
	53,725	65%	General reserves (h)	(33%)
	(54,873)	(67%)	Guarantee and collateral (i)	(h) / ( (g)-(i) )
Ordinary assets	11,617,493		General reserves	41,853
	(10,938,394)		Reserves for loans to borrowers in specific foreign countries	550
Total	11,697,670		Total of (A), (B) and (C)	80,176
	(11,015,869)			(77,474)
				Ratio to total loan balance
				0.7%

(Principal guaranteed trust a/c)

(in millions of Yen)

	Balance		Collateral/Reserves	Reserves for principal
		Coverage Ratio		
Loans in bankrupt/ practically bankrupt (D)	2,309	100%	Guarantee and collateral	Reserves for loan trust
	(3,157)	(100%)		
Doubtful loans (E)	630	100%	Guarantee and collateral	Reserves for JOMT (Jointly-operated money trust)
	(867)	(93%)		
Substandard loans (F)	17,080	100%	Guarantee and collateral	
	(27,873)	(85%)		
Ordinary assets	390,083			
	(519,854)			
Total	410,104		Total of (D), (E) and (F)	20,020
	(551,752)			(31,898)
				Ratio to total loan balance
				4.9%

(Banking a/c and principal guaranteed trust a/c combined)

Grand total	12,107,774		Total of (A),(B),(C),(D),(E) and (F)	100,196	Ratio to grand total loan balance
	(11,567,622)			(109,373)	0.8%

Note: Numbers in parenthesis are as of Mar. 2006

## 4) Reserve ratio for loans to special mention/ordinary debtors (general reserves) (Banking a/c) (Non-consolidated)

	Percentage points				
	Sep. 2006	Mar. 2006	Sep. 2005	Change from Mar. 2006	Change from Sep. 2005
Special mention	9.3	8.2	8.1	1.1	1.2
Substandard debtors	12.2	15.4	10.8	-3.2	1.4
Against uncovered portion	37.7	44.6	30.8	-6.9	6.9
Other than substandard debtors	8.6	6.6	7.4	2.0	1.2
Ordinary debtors	0.1	0.1	0.1	0.0	0.0

Note: Reserve ratio = general reserves/loan amount



**(3) Final disposal of non-performing loans**

(Banking a/c and principal guaranteed trust a/c combined)

1) Loans outstanding indoubtful or worse categories (Non-consolidated)

Total

	Billions of Yen									
	Before Sep. 2002	Mar. 2003	Sep. 2003	Mar. 2004	Sep. 2004	Mar. 2005	Sep. 2005	Mar. 2006	Sep. 2006	Change from Mar. 2006
<b>Loans in bankrupt/practically bankrupt</b>	<b>125.9</b>	<b>29.0</b>	<b>25.7</b>	<b>18.7</b>	<b>79.2</b>	<b>15.5</b>	<b>42.2</b>	<b>7.3</b>	<b>6.0</b>	<b>-1.3</b>
<b>Doubtful loans</b>	<b>836.8</b>	<b>176.7</b>	<b>133.6</b>	<b>113.1</b>	<b>47.9</b>	<b>88.1</b>	<b>20.6</b>	<b>19.3</b>	<b>23.4</b>	<b>4.1</b>
<b>Total</b>	<b>962.7</b>	<b>205.7</b>	<b>159.4</b>	<b>131.8</b>	<b>127.1</b>	<b>103.6</b>	<b>62.9</b>	<b>26.6</b>	<b>29.4</b>	<b>2.8</b>
Loans outstanding in doubtful or worse categories as of Sep. 2002 and disposal thereafter										
Loans in bankrupt/practically bankrupt	125.9	27.3	23.7	14.4	71.6	7.9	4.8	4.6	3.6	-1.0
Doubtful loans	836.8	132.3	108.8	85.2	18.6	13.4	7.8	6.3	5.7	-0.5
Total	962.7	159.6	132.5	99.6	90.2	21.3	12.6	10.9	9.3	-1.5
New entry to doubtful or worse categories during 2HFY2002 and disposal thereafter										
Loans in bankrupt/practically bankrupt		1.8	1.2	1.1	0.5	0.2	0.1	0.2	0.1	-0.0
Doubtful loans		44.3	9.0	2.1	1.0	0.5	0.5	0.2	0.2	-0.0
Total		46.1	10.2	3.1	1.4	0.7	0.6	0.4	0.3	-0.1
New entry to doubtful or worse categories during 1HFY2003 and disposal thereafter										
Loans in bankrupt/practically bankrupt			0.9	0.5	1.7	0.2	0.5	0.3	0.3	-0.0
Doubtful loans			15.8	12.9	7.1	6.8	4.6	0.3	0.4	0.1
Total			16.7	13.4	8.8	6.9	5.1	0.6	0.7	0.1
New entry to doubtful or worse categories during 2HFY2003 and disposal thereafter										
Loans in bankrupt/practically bankrupt				2.7	3.9	1.5	1.0	0.6	0.1	-0.6
Doubtful loans				13.0	8.4	0.4	0.3	0.1	0.1	-0.0
Total				15.7	12.3	1.9	1.3	0.8	0.2	-0.6
New entry to doubtful or worse categories during 1HFY2004 and disposal thereafter										
Loans in bankrupt/practically bankrupt					1.5	0.9	0.3	0.2	0.1	-0.1
Doubtful loans					12.8	2.1	1.8	1.5	1.1	-0.5
Total					14.3	3.0	2.1	1.8	1.2	-0.6
New entry to doubtful or worse categories during 2HFY2004 and disposal thereafter										
Loans in bankrupt/practically bankrupt					4.7	34.1	0.5	0.3	0.3	-0.2
Doubtful loans					65.0	0.6	0.5	0.4	0.4	-0.1
Total					69.7	34.8	1.0	0.7	0.7	-0.3
New entry to doubtful or worse categories during 1HFY2005 and disposal thereafter										
Loans in bankrupt/practically bankrupt						1.4	0.3	0.4	0.4	0.1
Doubtful loans						5.1	3.3	2.7	2.7	-0.6
Total						6.4	3.6	3.1	3.1	-0.6
New entry to doubtful or worse categories during 2HFY2005 and disposal thereafter										
Loans in bankrupt/practically bankrupt							0.6	0.4	0.4	-0.3
Doubtful loans							7.0	3.3	3.3	-3.7
Total							7.7	3.7	3.7	-4.0
New entry to doubtful or worse categories during 1HFY2006 and disposal thereafter										
Loans in bankrupt/practically bankrupt									0.7	
Doubtful loans									9.6	
Total									10.3	

2) Progress of final disposal

(Non-consolidated)

(in Billions of Yen)

Period	Primary amount	Amount as of 1HFY2006	Quasi final disposal or in the process of final disposal	Amount of final disposal during 1HFY2006	Ratio of final disposal progression (%)	Adjusted ratio of final disposal progression (*) (%)
2HFY2002	46.1	0.3	0.1	0.1	99.3	99.6
1HFY2003	16.7	0.7	0.4	-0.1	96.0	98.4
2HFY2003	15.7	0.2	0.0	0.6	99.0	99.2
1HFY2004	14.3	1.2	0.0	0.6	91.7	91.9
2HFY2004	69.7	0.7	0.3	0.3	99.0	99.4
1HFY2005	6.4	3.1	1.7	0.6	52.7	79.4
2HFY2005	7.7	3.7	0.2	4.0	52.0	54.1
1HFY2006	10.3	10.3	0.2	-	-	1.7
Total		29.4	6.1	7.6		

(\*) Ratio of final disposal progression considering quasi final disposal

### 3. Deferred tax assets

#### (1) Major factors for deferred tax assets and deferred tax liabilities (Consolidated)

	Billions of Yen	
	Sep. 2006	Mar. 2006
Deferred tax assets (on the balance sheet) (1)	20.0	20.3
Reserves for possible loan losses (including taxable losses on write-offs)	27.9	9.1
Devaluation of securities	33.2	34.8
Reserves for employee retirement benefit	24.1	16.1
Loss carry forwards	13.8	49.3
Unrealized profit	2.2	3.0
Others	26.0	26.6
Valuation allowance	-20.2	-24.2
Offset with deferred tax liabilities	-87.1	-94.6
Deferred tax liabilities (on the balance sheet) (2)	78.7	77.0
Net unrealized gains on available-for-sale securities	156.5	167.4
Others	9.4	4.1
Offset with deferred tax assets	-87.1	-94.6
Net deferred tax assets (1)-(2)	-58.7	-56.7

Percentage to Tier 1	-	-
Tier 1	964.6	909.3

Note: Due to the offset result is negative (deferred tax liabilities), number is stated " - ".

#### (Non-consolidated)

	Billions of Yen	
	Sep. 2006	Mar. 2006
Deferred tax assets (on the balance sheet) (1)	-	-
Reserves for possible loan losses (including taxable losses on write-offs)	20.7	2.1
Devaluation of securities	33.2	34.8
Reserves for employee retirement benefit	11.6	11.8
Loss carry forwards	-	33.3
Others	21.9	18.7
Valuation allowance	-6.4	-6.4
Offset with deferred tax liabilities	-81.0	-94.4
Deferred tax liabilities (on the balance sheet) (2)	78.4	76.7
Net unrealized gains on available-for-sale securities	156.2	167.3
Others	3.2	3.9
Offset with deferred tax assets	-81.0	-94.4
Net deferred tax assets (1)-(2)	-78.4	-76.7

Percentage to Tier 1	-	-
Tier 1	1,019.8	978.1

Note: Due to the offset result is negative (deferred tax liabilities), number is stated " - ".

#### (2) Adequacy for calculating and posting net deferred tax assets (Non-consolidated)

Amount of loss carried forward has been used up in 1HFY2006.

Thus, the item 2 of the practical guideline, " Treatment for audit of recoverability of deferred tax assets"(\*) is applicable.

And net deferred tax assets are posted based on the tax planning with limits of not more than the total future taxable income.

(\*) Classification of companies in the practical guideline, the Japanese Institute of Certified Public Accountants ("JICPA") Industry Auditing Committee Report No. 66 Treatment for audit of recoverability of deferred tax assets (November 9, 2001)

Item 2: Companies which show stable business performance but do not report taxable income enough for covering temporary differences that will result in deductible amounts in the future years.

	Billions of Yen				
	FY2005	FY2004	FY2003	FY2002	FY2001
Taxable income before deduction of loss carry forwards	93.6	103.2	33.8	-221.2	52.4
Net business profit before credit costs	164.6	148.2	145.0	158.8	150.2