
A Message from the President & CEO

I would like to report hereby on the results of our Bank's major business activities and interim results in this 131st half fiscal year ended 30th September 2001, and take the opportunity to thank our shareholders for their invaluable support.

During the period under review, the Japanese economy suffered a further setback owing to the US economic slowdown, the drop in IT-related demand as well as the adverse effects of the terrorist attacks on the United States.

As a result, the Nikkei average fell below the ¥10,000 mark for the first time in 17 years. The Bank of Japan responded by reducing the official discount rate to 0.1% and implementing a massive monetary relaxation.

In the meantime, the banks newly set up by non-financial companies began operating, Japanese REITs (Real Estate Investment Trusts) were listed on securities markets, and financial services entered a new phase of yet faster development.

Against this background, while striving to boost its profitability, Sumitomo Trust maintained a relatively healthy level of assets, and attained net income of ¥6.1 billion for the six months ended 30th September 2001.

Moreover, owing to the adoption of mark-to-market accounting standards, as well as the poor outlook of the continuously weak stock market during the term under review, we decided to postpone the payment of interim dividends. As for the annual dividends for the fiscal year ended 31st March 2002, we plan to refer to the General Meeting of Shareholders our proposal to combine both interim and fiscal term-end dividends into a yearly lump-sum distribution.

Looking ahead, we will resolutely deal with such urgent financial tasks as the divestiture of non-performing loans and the reduction of stocks held, and strive to meet the expectations of our shareholders by maintaining a stable level of profits.

As a trust bank, Sumitomo Trust combines solid banking with trust and fiduciary business in which it enjoys "leading company" status. Our management policies aim at promoting our corporate value by nurturing undisputed strength as an asset management financial institution which can provide "sophisticated investment management and precise operation.

To materialize our corporate vision, we inaugurated a management reform which we call "the Third Establishment" following our establishment as a trust company in 1925 and our post-war development as a trust bank.

Such reform includes the regrouping of business lines with clear autonomy and responsibility, improvement of performance evaluation methods, and introduction of performance-oriented human resource management. We believe that the adoption of these transparent and fair management practices will contribute to developing the competence of our human resource.

We are eager for our customers to appreciate the "added value" unique to Sumitomo Trust that we offer in each business division through our service and product "models".

For individual customers, we focus all our strengths on becoming their reliable "main bank" in terms of long-term asset management by tailoring our consulting and products to their individual needs. As for corporate customers, we endeavor to locate their management issues and generate added corporate value for them by providing financial solutions and proposing packages of services and products making full use of our advantages in financing, trust and asset management functions. Regarding institutional investors, we aim to become their "strategic partner" by offering them access to our global investment capabilities as well as our top-notch administration and data platforms.

By way of alliances and cooperation with financial institutions of the Sumitomo Group, we are contributing to strengthening the financial services capability of the entire group. On the other hand, endorsed by shareholders, customers and the market, we are expanding our lines of business beyond the group by establishing new strategic tie-ups with non-group partners.

Under the banner of our "Third Establishment", we are striving to change ourselves through the management strategies I have just mentioned into a renewed Sumitomo Trust with yet greater corporate value.

In concluding this message, I would like to express on behalf of all the directors and employees of Sumitomo Trust, our deep appreciation to our shareholders for their favorable consideration, as well as our hope for their continued support.

December, 2001



Atsushi Takahashi
President & CEO