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# A Message from the President & CEO

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I would like to report hereby on our major business activities and financial results for the first half of fiscal year 2002 (April 1 to September 30, 2002;) and take this opportunity to thank our shareholders for their invaluable support.

During the early part of the period under review, Japan's economy showed signs of a gradual recovery. Nevertheless, from the summer on, as uncertainty over economic prospects increased, the Nikkei average fell below the ¥9,000 mark and the yields on 10-year Government Bonds continued to drop.

Sumitomo Trust, in the face of such economic uncertainties, continued its efforts to further boost profitability while securing the soundness of its assets. More specifically, we have adopted the following four strategies, and have been implementing actions on them during the period under review.

1. Leveraging our management autonomy, we have been focusing on the trust business, as well as asset management, custodial services and the real estate business.

In July 2002, we created the Private Banking Department within our Retail Financial Services Group. By integrating the know-how we have nurtured as a trust bank in the fields of asset management, custodial and inheritance services, we are committed to offering our affluent customers the highest level of services.

2. We are proactive in meeting and surpassing the profit target we set in our "Revised Plan for Restoring Sound Management" announced in August 2001 (hereinafter the "Plan").

Net income reached ¥20.1 billion in the period under review, which is ¥6.1 billion higher than in

the first half of fiscal year 2001.

3. We have been accelerating the disposal of problem loans and unwinding of cross-shareholding.

During the period under review, Sumitomo Trust's credit costs totaled ¥20.9 billion, substantially lower than projected.

Furthermore, Sumitomo Trust reduced its cross-shareholding by ¥148.8 billion during the period under review. As a result, the market value of stocks totaled ¥722.1 billion, smaller than its ¥774.5 billion Tier 1 amount. Japanese banks are required to reduce cross-shareholding to their Tier 1 level by September 2004.

Sumitomo Trust has become the first major bank to achieve this regulatory requirement ahead of the deadline.

4. We plan to repay the ¥100 billion in public funds we received in the form of preferred stock no later than March 2005, as stated in the Plan. The repayment denotes our successful emergence from our restructuring phase and entrance into an era of new development.

In concluding this message, I would like to express on behalf of The Sumitomo Trust and Banking Company, Limited, our deep appreciation to our shareholders for their favorable consideration, as well as our hope for their continued warm support.

December 2002



Atsushi Takahashi  
President & CEO