



The Sumitomo Trust & Banking Co., Ltd.
2003 INTERIM REPORT
Six Months Ended September 30, 2003

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 133rd half fiscal year ending September 30, 2003, and take the opportunity to thank our shareholders for their invaluable support.

During the first quarter of the period under review, geopolitical problems and concerns over deflation worsened the sentiment of uncertainty regarding the economy, causing the Nikkei average to reach its lowest post-bubble mark. However, in the following quarter, the government's financial policies bore fruit and money markets regained confidence. At the same time, industrial production picked-up and halted the worsening in employment figures. The economy began showing signs of improvement. Reflecting the gradual recovery in real economy, the Nikkei average rose beyond the 10,000 line for the first time in a year. Long-term interest rates advanced also, hovering temporarily within the upper 1% range.

Sumitomo Trust took advantage of these macro-economic conditions to lead other banks in the disposal of non-performing loans (NPL), continue selling its stock holdings and reduce downside risk on profits to a minimum, thereby succeeding in its strategy to raise net profits. As a result, net income on non-consolidated base for the six months ended 30th September 2003 reached ¥40.3 billion, i.e. double the ¥20.2 billion achieved in the first half of the fiscal year 2002. These positive earnings were made possible by more than halving credit cost from ¥20.9 billion to ¥9.9 billion, and the shift from a loss on stock holdings from ¥16.9 billion to a profit of ¥8.9 billion.

By the end of September 2003, Sumitomo Trust had not only reduced its disclosed NPL ratio to 3.4%, the lowest among major Japanese banks, but cut its balance of stock holdings on a book value base 42% to ¥487 billion from ¥840.3 billion the previous year, also achieving a strong financial position through changes in stock market conditions. In addition, the 27% share of deferred tax credit in Tier 1 capital helped the capital of Sumitomo Trust qualify as the soundest in the industry. Such healthy composition of finances accounts for the ability of Sumitomo Trust to differentiate itself clearly from other major Japanese banks.

As for annual dividends for the fiscal year ending on 31 March 2004, we plan to refer to the General

Meeting of Shareholders our proposal for the distribution of a ¥4 dividend, one full percentage point above that of fiscal 2002.

I would now like to touch upon two significant achievements of Sumitomo Trust in the first half-year.

First, transferring the assets of Mitsui Asset Trust and Banking Co., Ltd. to Japan Trustee Services Bank, Ltd. was completed, thereby bringing the latter's assets under trust to ¥110 trillion, and allowing economies of scale to exert their full effect on the custody business.

Secondly, in June this year, we set up a Social Responsibility Office to explore ways to promote further our role as a corporation aware of its social responsibilities. These encompass wide-ranging issues such as the economy, environment and community, and reflect our commitment toward society. At the same time, we are introducing Social Responsibility Investment (SRI) products through which not only we, but corporate and individual clients also can contribute toward a better society while stimulating economic activity. In concrete terms, we are already managing and marketing an SRI Fund for corporate pensions, and this December we are planning to launch a new SRI-oriented investment trust aimed at the retail market.

While maintaining a sound financial position, providing effective commercial banking services and further building up our customer base, we will also continue making full use of our strengths, namely sophisticated investment management and precise operation, to differentiate ourselves from mega-sized rivals as a quality "asset management bank".

In concluding this message, I would like to express once again 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 2003



Atsushi Takahashi
President & CEO

Consolidated Financial Highlights

	Billions of Yen			Millions of U.S. Dollars
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Results for the (Half) Year				
Total Income	270.6	301.1	565.4	2,433
Total Expenses	198.3	290.2	691.9	1,783
Income(Loss) before Income Taxes	72.2	10.8	(126.4)	650
Net Income(Loss)	40.9	5.2	(72.9)	368
Balance Sheet				
Total Assets (Banking Account)	15,081.0	17,475.9	15,779.7	135,560
Loans	8,992.9	8,983.7	9,143.1	80,836
Securities	3,746.2	5,184.0	3,458.2	33,675
Total Assets (Trust Account)	51,631.5	51,746.0	52,616.1	464,104
Loans	1,499.7	1,874.2	1,761.9	13,481
Securities	5,363.1	3,878.8	4,476.0	48,209
Stockholders' Equity	719.6	691.3	627.8	6,469
Total Employable Funds *	35,567.4	37,217.8	37,809.5	319,707
Deposits	9,806.8	10,508.1	10,248.0	88,152
Money Trusts	18,943.9	18,762.3	20,108.2	170,282
Pension Trusts	5,187.7	5,586.9	5,477.8	46,631
Property Formation Benefit Trusts	11.1	11.6	11.5	100
Loan Trusts	1,617.7	2,348.7	1,963.8	14,542
		Yen		U.S. Dollars
Per Share				
Net Income(Loss)	28.09	3.60	(50.80)	0.25
Cash Dividends (Preferred Share)			6.08	
Cash Dividends (Common Share)			3.00	
Stockholders' Equity	424.98	406.75	361.44	3.82
		%		
BIS Capital Adequacy Ratio	12.10	11.56	10.48	
Tier I Capital Ratio	6.66	6.54	6.09	

Note : Total Employable Funds are shown on a non-consolidated basis.

Consolidated Balance Sheets

	Millions of Yen			Millions of U.S. Dollars
	Sep. 30,2003 (unaudited)	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Assets				
Cash and Due from Banks	425,844	732,082	673,327	3,828
Call Loans and Bills Bought	61,914	362,909	47,596	557
Commercial Paper and Other Debt Purchased	97,783	61,724	98,668	879
Trading Assets	246,328	517,808	679,926	2,214
Money Held in Trust	0	95,068		0
Investment Securities	3,746,289	5,184,029	3,458,250	33,675
Loans and Bills Discounted	8,992,977	8,983,751	9,143,155	80,836
Foreign Exchanges	9,596	12,314	13,534	86
Other Assets	963,464	1,006,328	1,089,701	8,660
Premises and Equipment	110,832	119,206	116,026	996
Deferred Tax Assets	212,063	225,292	279,420	1,906
Customers' Liabilities for Acceptances and Guarantees	327,807	340,552	319,217	2,947
Reserve for Possible Loan Losses	(113,853)	(165,141)	(139,060)	(1,023)
Total Assets	15,081,048	17,475,927	15,779,764	135,560
Liabilities				
Deposits (including CDs)	9,839,110	10,525,105	10,257,451	88,441
Call Money and Bills Sold	190,500	266,372	268,700	1,712
Payables under Repurchase Agreements	818,273	1,028,870	928,932	7,355
Collateral for Lending Securities	502,636	1,450,828	386,870	4,518
Trading Liabilities	46,729	309,316	330,403	420
Borrowed Money	151,329	74,369	141,657	1,360
Foreign Exchanges	12,862	9,486	9,718	116
Corporate Bonds	403,500	446,675	306,100	3,627
Convertible Bonds	75	2,400	75	1
Borrowed Money from Trust Accounts	1,358,198	1,522,463	1,477,346	12,209
Other Liabilities	610,191	706,468	624,572	5,485
Reserve for Employee Bonuses	3,654	3,660	3,975	33
Reserve for Employee Retirement Benefits	2,302	3,294	2,279	21
Deferred Tax Liabilities	190	60	178	2
Deferred Tax Liabilities on Revaluation Reserve for Land	2,956	3,684	3,702	27
Negative Goodwill	1,383	1,936	1,659	12
Acceptances and Guarantees	327,807	340,552	319,217	2,947
Total Liabilities	14,271,700	16,695,548	15,062,840	128,285
Minority Interest	89,655	89,075	89,093	806
Stockholders' Equity				
Preferred Stock	50,000	50,000	50,000	449
Common Stock	237,015	235,853	237,015	2,130
Capital Surplus	240,435	239,272	240,435	2,161
Retained Earnings	151,114	192,252	114,190	1,358
Revaluation Reserve for Land, Net of Tax	4,506	5,820	5,604	41
Net Unrealized Gains(Losses) on Available-for-Sale Securities, Net of Tax	44,782	(23,735)	(11,309)	403
Foreign Currency Translation Adjustments, Net of Tax	(3,768)	(3,875)	(3,741)	(34)
Treasury Stock	(4,393)	(4,284)	(4,363)	(39)
Total Stockholders' Equity	719,692	691,303	627,830	6,469
Total Liabilities, Minority Interest and Stockholders' Equity	15,081,048	17,475,927	15,779,764	135,560

Minority Interest	Authorized	Common Shares : 3,000,000,000	Preferred Shares : 250,000,000
Note : Number of Shares	Issued	at Sep.30th, 2003	at Sep.30th, 2002
		at Sep.30th, 2002	at Mar.31st, 2003
		at Mar.31st, 2003	
		1,464,097,764	1,459,447,764
		1,464,097,764	1,464,097,764
			125,000,000
			125,000,000
			125,000,000

Consolidated Statements of Operations

	Millions of Yen			Millions of U.S. Dollars
	Six Months Ended Sep. 30,2003 (unaudited)	Six Months Ended Sep. 30,2002	Year Ended Mar. 31,2003	Six Months Ended Sep. 30,2003
Income				
Trust Fees	31,627	26,618	71,382	284
Interest Income :	107,363	142,798	270,666	965
Interest on Loans and Discounts	61,555	67,803	132,691	553
Interest and Dividends on Securities	42,904	66,187	122,966	386
Other Interest Income	2,903	8,807	15,007	26
Fees and Commissions	33,203	27,429	59,445	298
Trading Revenue	3,008	5,092	8,094	27
Other Operating Income	60,227	79,732	123,267	541
Other Income	35,226	19,450	32,560	317
Total Income	270,657	301,122	565,416	2,433
Expenses				
Interest Expenses :	58,668	66,299	119,054	527
Interest on Deposits (including CDs)	16,423	23,340	42,793	148
Interest on Borrowings and Rediscounts	1,710	1,304	3,031	15
Other Interest Expenses	40,533	41,653	73,229	364
Fees and Commissions	8,239	9,032	23,353	74
Trading Expenses			478	
Other Operating Expenses	24,031	69,214	118,963	216
General and Administrative Expenses	66,545	68,094	135,147	598
Other Expenses	40,902	77,618	294,912	368
Total Expenses	198,386	290,259	691,909	1,783
Income (Loss) before Income Taxes	72,270	10,862	(126,493)	650
Provision for Income Taxes :				
Current	532	581	1,028	5
Deferred	28,932	3,759	(57,483)	260
Minority Interests in Net Income	1,843	1,305	2,927	17
Net Income (Loss)	40,961	5,216	(72,967)	368
		Yen		U.S. Dollars
Net Income (Loss) per Share	28.09	3.60	(50.80)	0.25

Consolidated Statements of Cash Flows

	Millions of Yen			Millions of U.S. Dollars
	Six Months Ended	Six Months Ended	Year Ended	Six Months Ended
	Sept. 30, 2003 (unaudited)	Sept. 30, 2002	Mar. 31, 2003	Sept. 30, 2003
Cash Flows from Operating Activities :				
Income (Loss) before Income Taxes and Minority Interest	72,270	10,862	(126,493)	650
Depreciation	2,860	3,323	6,785	26
Amortization of Negative Goodwill	(276)	(275)	(552)	(2)
Equity in Losses (Earnings) of Affiliates	1,053	258	(786)	9
Increase (Decrease) in Reserve for Possible Loan Losses	(25,206)	(56,420)	(82,501)	(227)
Increase (Decrease) in Reserve for Possible Losses on Loans Sold		(250)	(250)	
Increase (Decrease) in Reserve for Employee Bonuses	(321)	(1,091)	(776)	(3)
Increase (Decrease) in Reserve for Employee Retirement Benefits	23	779	(235)	0
Interest Income	(107,363)	(142,798)	(270,666)	(965)
Interest Expenses	58,668	66,299	119,054	527
Losses (Gains) on Securities	(21,663)	(20,896)	81,319	(195)
Losses (Gains) on Money Held in Trust	(2)	588	1,402	(0)
Losses (Gains) on Foreign Exchange	65,385	93,519	51,557	588
Losses (Gains) on Sale of Premises and Equipment	1,170	491	1,712	11
Net Decrease (Increase) in Trading Assets	433,597	(1,980)	(164,099)	3,898
Net Increase (Decrease) in Trading Liabilities	(283,674)	106,271	127,358	(2,550)
Net Decrease (Increase) in Loans and Bills Discounted	150,332	(60,648)	(219,972)	1,351
Net Increase (Decrease) in Deposits	(111,261)	286,785	527,003	(1,000)
Net Increase (Decrease) in Negotiable Certificates of Deposit	(307,079)	464,266	(43,605)	(2,760)
Net Increase (Decrease) in Borrowed Money other than Subordinated Borrowings	(328)	(22,279)	(7,991)	(3)
Net Decrease (Increase) in Due from Banks other than from Bank of Japan	(37,020)	(272,906)	(20,923)	(333)
Net Decrease (Increase) in Call Loans and Others	(13,433)	(275,245)	3,122	(121)
Net Decrease (Increase) in Collateral for Borrowing Securities		1,004	1,004	
Net Increase (Decrease) in Call Money and Others	(188,859)	(260,676)	(358,286)	(1,698)
Net Increase (Decrease) in Collateral for Lending Securities	115,765	574,070	(489,887)	1,041
Net Decrease (Increase) in Foreign Exchange Assets	3,921	(30,000)	(35,549)	35
Net Increase (Decrease) in Foreign Exchange Liabilities	3,143	4,676	4,908	28
Net Increase (Decrease) in Borrowed Money from Trust Account	(119,147)	(551,983)	(597,100)	(1,071)
Interest Income Received on Cash Basis	127,269	162,978	278,581	1,144
Interest Expenses Paid on Cash Basis	(65,594)	(72,874)	(121,339)	(590)
Other - Net	(92,440)	(152,946)	(62,958)	(831)
Sub-Total	(338,209)	(147,099)	(1,400,166)	(3,040)
Income Tax Paid	(521)	(736)	(1,171)	(5)
Net Cash Provided by (Used in) Operating Activities	(338,731)	(147,836)	(1,401,338)	(3,045)

Consolidated Statements of Cash Flows

	Millions of Yen			Millions of U.S. Dollars
	Six Months Ended Sep. 30,2003 (unaudited)	Six Months Ended Sep. 30,2002	Year Ended Mar. 31,2003	Six Months Ended Sep. 30,2003
Cash Flows from Investing Activities :				
Purchases of Securities	(3,422,963)	(6,232,412)	(8,816,946)	(30,768)
Proceeds from Sale of Securities	2,754,765	5,365,478	8,674,149	24,762
Proceeds from Redemption of Securities	620,642	709,236	1,428,656	5,579
Increase in Money Held in Trust	(0)	(36,000)	(36,000)	(0)
Decrease in Money Held in Trust			94,241	
Purchases of Premises and Equipment	(1,320)	(2,626)	(5,593)	(12)
Proceeds from Sale of Premises and Equipment	2,587	782	2,096	23
Purchases of Stock of Consolidated Subsidiaries			(387)	
Net Cash Provided by (Used in) Investing Activities	(46,288)	(195,539)	1,340,216	(416)
Cash Flows from Financing Activities :				
Proceeds from Subordinated Borrowings	10,000	25,500	78,500	90
Payments of Subordinated Borrowings		(60,000)	(60,000)	
Proceeds from Subordinated Bonds and Convertible Bonds	97,009	21,348	21,348	872
Redemption of Subordinated Bonds and Convertible Bonds		(8,000)	(148,726)	
Proceeds from Issuance of Stock to Minority Shareholders		800	800	
Cash Dividends Paid	(5,131)	(7,982)	(7,983)	(46)
Cash Dividends Paid to Minority Shareholders	(1,305)	(1,324)	(2,645)	(12)
Purchases of Treasury Stock	(30)	(48)	(130)	(0)
Proceeds from Sale of Treasury Stock	1			0
Net Cash Provided by (Used in) Financing Activities	100,542	(29,706)	(118,838)	904
Effect on Exchange Rate Changes on Cash and Cash Equivalents	(27)	(2,934)	(2,828)	(0)
Net Change in Cash and Cash Equivalents	(284,504)	(376,016)	(182,788)	(2,557)
Cash and Cash Equivalents at Beginning of Year	481,726	664,515	664,515	4,330
Cash and Cash Equivalents at End of (Half) Year	197,221	288,498	481,726	1,773

Notes to Consolidated Financial Statements for the first half fiscal 2003

Basis of Presentation

The accompanying consolidated financial statements of The Sumitomo Trust and Banking Company, Limited ("the Bank" hereafter) are compiled as required by the Banking Law and in conformity with accounting principles and practices generally accepted in Japan. Certain modifications have been made in the financial statements to facilitate understanding by reasons outside Japan.

As permitted by the Securities and Exchange Law of Japan, amounts less than one million yen have been rounded off. The U.S. dollar amounts presented on the financial statements are translated from Japanese Yen, solely for convenience, at 111.25 per one U.S. Dollar, the exchange rate prevailing on the Tokyo Foreign Exchange Market on September 30th, 2003.

Certain amounts in prior years have been reclassified to conform to the current presentation.

Balance Sheets

1. Trading Assets and Liabilities

Transactions for "Trading Purposes" (purposes for seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or securities prices in markets and other market-related indices or from differences between markets) are included in Trading Assets and Trading Liabilities on a trade date basis.

Trading Account Securities and Monetary Claims are stated at market value of the balance sheets date and financial derivatives for trading purposes, such as swaps, futures or options, are valued on the assumption that they are settled at balance sheets date.

2. Investment Securities

Held-to-Maturity Debt Securities are valued on an amortized or accumulated cost basis using the moving average method. Investment in non-consolidated subsidiaries not accounted for by the equity method and investment in affiliates not accounted for by the equity method are stated at cost base using the moving average method.

Available-for-Sale Securities, for which market prices are available, are stated at fair value calculated by using the average market value during last one month of the interim period as for Japanese stocks, and by using the market value at the end of the interim period as for bonds and others, while those for which fair value is not available are stated at cost or amortized or accumulated cost basis using the moving average method.

Unrealized gains and losses on available-for-sale securities (net of tax) are included in Stockholders' Equity.

3. Issuance Costs of Bonds and Discounts of Bonds

Issuance costs of bonds are charged to expenses when incurred. Discount of bonds are deferred and amortized using the straight-line method over the lives of the bonds.

4. Reserve for Possible Loan Losses

Reserve for possible loan losses of the Bank is provided as detailed below, pursuant to the internal rules for self-assessment of asset quality and internal rules for possible credit losses.

For claims to debtors who are legally bankrupt (due to bankruptcy, subject to the Japanese Civil Rehabilitation Law, suspension of transactions with banks by the rules of clearinghouses, etc.) or virtually bankrupt, the specific reserve is provided based on the amount of claims, after direct deduction described below, net of the amount expected to be collected through the disposal of collateral or execution of guarantees.

For claims to debtors who are likely to become bankrupt, the specific reserve is provided based on the amount considered to be necessary by on an overall solvency assessment, on net amounts expected to be collected through the disposal of collateral or execution of guarantees.

Among for claims to debtors with more than certain amount of the Bank's claim, who are likely to become bankrupt or to whom the Bank has Restructured Loans (see definition(4),page12), which their future cash

flows from capital collection and interest receipt could be reasonably estimated, a reserve is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate before relaxing to support and the present book value of the claims.

For claims that are classified to the categories other than above, general reserve is provided based on the historical loan loss ratio.

The reserve for loans to borrowers in specific foreign countries is provided based on expected losses due to the political and economic situation of those countries.

All claims are assessed by the responsible branches and credit supervision divisions based on the internal rules for self-assessment of asset quality. The Risk Management Department, which is independent from branches and credit supervision divisions, subsequently conducts their audits of their assessments, and the reserve is adjusted to reflect the audit results.

And for claims to debtors who are legally bankrupt or virtually bankrupt with collateral or guarantees, the expected uncollectible amount, net of amounts expected to be collected through the disposal of collateral or execution of guarantees, are deducted directly out of the original amount of claims. The deducted amount is 121,573 millions of yen.

For the consolidated subsidiaries, the reserve for possible loan losses is provided based on the historical loan-loss-ratio for ordinary claims, and based on the amount expected to be uncollectible for each specific claim respectively.

5. Reserve for Employee Retirement Benefits

Reserve for employee retirement benefits is provided based on the projected benefit obligation and the fair value of the plan assets at the balance sheets date.

Prior service cost is recognized in expenses using the straight-line method over the average of the estimated service lives (10 years). Net actuarial loss is recognized in expenses using the straight-line method over the average expected remaining service lives (10 years).

Unrecognized net transition obligation arising from the initial adoption of a new accounting standard, amounting to 17,503 millions of yen, is amortized straight-line basis primarily over five years. For this interim period, one-tenth of such amount is stated as expense.

6. Hedge Accounting

The Bank manages interest rate risk arising from various assets and liabilities, such as loans, bills discounted, deposits, etc., by using financial derivative transactions and applies deferred hedge accounting. For previous periods, the Bank adopted "Macro Hedge Accounting" as a whole hedge accounting method, in accordance with the temporary treatment regulated by "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No.24, hereafter "Report No. 24"). From this period, the Bank adopts the main rule of Report No. 24. As for cash-flow-hedge, the effectiveness of the hedge is assessed by confirming the correlation between the fluctuational factor of interest rate for hedged items and for hedge transactions. The main rule of Report No.24 requires that some transactions, which used to be applied "Macro Hedge Accounting", be discontinued the hedge accounting.

Deferred hedge income (losses) based on "Macro Hedge Accounting", which is included in "Other Assets" and "Other Liabilities" on the balance sheets, is amortized according to remaining period for each hedge transaction. Deferred hedge losses and income based on "Macro Hedge Accounting" are 281,514 millions of yen and 270,754 millions of yen respectively.

The Bank manages foreign exchange risk arising from various assets and liabilities denominated in foreign currencies by using financial derivative transactions and applies deferred hedge accounting. For previous periods, on currency swaps and foreign exchange swaps entered in for the purpose of funding foreign currencies, the Bank adopted the temporary treatment regulated by "Treatment for Accounting and Auditing

of Application of Accounting Standard for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Auditing Committee Report No. 25, hereafter "Report No. 25"). From this period, the Bank adopts the main rule of Report No. 25 and applies hedge accounting. The Bank specifies the currency swaps and foreign exchange swaps made to mitigate the foreign exchange risks arising from monetary claims and debts denominated in foreign currencies as hedge transactions. The effectiveness of the hedge is assessed by confirming that the position of those hedge transactions exceed the monetary claims and debts denominated foreign currency as hedged items.

The Bank also applies fair value hedge to mitigate foreign currency exchange rate exposure in available-for-sale securities denominated in foreign currencies (other than bonds) as "Portfolio Hedges" when the hedge foreign currency securities are specified in advance to the inception of the transactions and spot forward liabilities exist on a foreign currency basis that exceed acquisition costs of the foreign currency securities designated as hedged items.

The Bank applies Report No.24 and 25 to internal hedge transactions, such as interest rate swaps and currency swaps, etc., between consolidated companies or between Banking and Trading account. The Bank assesses the effectiveness of internal hedge transactions as strictly as that of external ones without arbitrary choices. Therefore, income and losses from these transactions are recognized or deferred without netting off.

As for specific assets and liabilities, the Bank also adopts the individual deferred hedge accounting or the accrual-basis calculation on interest rate swaps.

7. Other Assets

Other Assets on the balance sheets includes the amount of 6,316 million yen of provisional payment of the withholding tax. The Bank received reassessment notice from tax office claiming the Bank's responsibility for collecting withholding tax on some of its repurchase agreement transactions. However, the bank filed a petition with Tax Tribunal objecting to such tax imposition, and the claim is on the trial.

Statements of Operations

1. Trading profits and losses

Profits and losses on trading transactions are shown as Trading Revenue or Trading Expenses on a trade date basis.

2. Other Income

Other income includes 1) 19,923 millions yen of gains on sale of stocks and other securities, 2) 5,285 millions yen of tax refund and additional tax refund according to reconciliation with Tokyo metropolitan government regarding external standards taxation on banks in Tokyo, and 3) 2,749 millions yen of transfer from reserve for possible loan losses.

3. Other Expenses

Other expenses includes 1) 8,552 millions yen of claims write-offs of loans, 2) 8,401 millions yen of losses on sale of stocks and other securities, and 3) 1,829 millions yen of the amortizing cost of the net transition obligation, which arose from the initial adoption of a new accounting standard for employee retirement benefits (see note 5 for B/S).

Statements of Cash Flows

1. Definition of Cash and Cash Equivalents

For the purpose of reporting cash flows, Cash and Cash Equivalents is defined as Cash and Due from Bank of Japan ("BOJ") for the Bank and as Cash and Due from Banks for the consolidated subsidiaries.

2. Reconciliation of Cash and Cash Equivalents

	[Millions of Yen]
Cash and Due from Banks	425,844
Due from Banks (excluding due from BOJ) of the Bank	(228,622)
Cash and Cash Equivalents	197,221

Statements of Trust Account

(Unaudited)

	Millions of Yen			Millions of U.S. Dollars
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Assets				
Loans and Bills Discounted	1,499,722	1,874,215	1,761,904	13,481
Investment Securities	5,363,196	3,878,888	4,476,065	48,209
Money Held in Trust	37,971,904	39,733,028	39,465,647	341,320
Securities Held in Custody Accounts	880	1,843	1,188	8
Securities Lent		4,800		
Money Claims	3,162,319	2,706,162	3,223,012	28,425
Premises and Equipment	2,047,854	1,759,439	1,968,312	18,408
Other Claims	66,426	108,428	72,290	597
Loans to Banking Account	1,358,198	1,522,463	1,477,346	12,209
Cash and Due from Banks	161,058	156,806	170,363	1,448
Total Assets	51,631,561	51,746,076	52,616,131	464,104
Liabilities				
Money Trusts	18,943,918	18,762,344	20,108,266	170,282
Pension Trusts	5,187,752	5,586,923	5,477,868	46,631
Property Formation Benefit Trusts	11,137	11,684	11,515	100
Loan Trusts	1,617,789	2,348,740	1,963,838	14,542
Securities Investment Trusts	6,784,070	7,505,967	6,804,661	60,980
Money Entrusted, other than Money Trusts	3,231,977	2,996,449	3,215,853	29,051
Securities Trusts	9,107,795	8,757,819	8,430,286	81,868
Money Claim Trusts	2,836,827	2,324,121	2,868,189	25,500
Equipment Trusts	4,590	6,487	5,925	41
Land and Fixtures Trusts	186,987	196,263	190,265	1,681
Other Trusts	3,718,716	3,249,274	3,539,459	33,427
Total Liabilities	51,631,561	51,746,076	52,616,131	464,104

Supplementary Information

Risk Managed Loans

(1) Banking Account

	Millions of Yen			Millions of U.S. Dollars
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Loans in Bankruptcy Proceedings	11,840	9,845	14,912	106
% to Total Loans	0.13%	0.11%	0.16%	
Other Delinquent Loans	124,020	290,555	166,152	1,115
% to Total Loans	1.38%	3.23%	1.82%	
Loans More than 3 Months Past Due	10,917	6,089	1,637	98
% to Total Loans	0.12%	0.07%	0.02%	
Restructured Loans	168,336	162,188	155,410	1,513
% to Total Loans	1.87%	1.81%	1.70%	
Total Loans Outstanding	8,992,977	8,983,751	9,143,155	80,836
Direct Reduction	121,573	262,553	157,499	1,093

(2) Guaranteed Trust Account

	Millions of Yen			Millions of U.S. Dollars
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Loans in Bankruptcy Proceedings	4,875	5,806	5,847	44
% to Total Loans	0.37%	0.33%	0.38%	
Other Delinquent Loans	16,842	35,364	18,078	151
% to Total Loans	1.28%	2.01%	1.17%	
Loans More than 3 Months Past Due	8,521	2,691	1,519	77
% to Total Loans	0.65%	0.15%	0.10%	
Restructured Loans	25,821	67,205	38,373	232
% to Total Loans	1.97%	3.82%	2.49%	
Total Loans Outstanding	1,310,989	1,758,559	1,543,950	11,784

Definitions :

- (1) Loans in Bankruptcy Proceedings are non-accrual loans outstanding (not including direct reduction portion of loans) to borrowers who are legally bankrupt as defined in Article 96 1-3 or 4 of Enforcement Ordinance for the Corporate Tax Law.
- (2) Other Delinquent Loans are non-accrual loans other than 1) Loans in Bankruptcy Proceedings and 2) loans of which interest payments are rescheduled in order to assist the restructuring of borrowers.
- (3) Loans More than 3 Months Past Due are loans for which principal or interest payments are more than three months past due from the date succeeding the due date and exclude those loans classified as Loans in Bankruptcy Proceedings and Other Delinquent Loans.
- (4) Restructured Loans are loans of which terms are relaxed to support borrowers who are in financial difficulties and exclude Loans in Bankruptcy Proceedings, Other Delinquent Loans and Loans More than 3 Months Past Due.

Note : "Guaranteed Trust", the principals of which are guaranteed, are constituted by Loan Trusts and Jointly-Operated Money Trusts("JOMT") included in Money Trusts.

Reserves

(1) Banking Account

	Millions of Yen			Millions of U.S. Dollars
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Reserve for Possible Loan Losses :				
General Reserve	78,397	83,961	88,243	705
Specific Reserve	34,917	80,098	49,915	314
Reserve for Loans to Borrowers in Specific Foreign Countries	538	1,081	900	5
Total	113,853	165,141	139,060	1,023

(2) Guaranteed Trust Account

Reserve for Possible Impairment of Principal (Loan Trusts)	10,075	15,191	12,003	91
Reserve for Possible Impairment of Principal (JOMT)	674	937	844	6
Total	10,749	16,128	12,847	97

Credit Costs

(1) Banking Account

	Millions of Yen			Millions of U.S. Dollars
	Six Months Ended Sep. 30,2003	Six Months Ended Sep. 30,2002	Year Ended Mar. 31,2003	Six Months Ended Sep. 30,2003
Provision for General Reserve	(9,526)	461	5,058	(86)
Expenses Relating to Problem Loans	17,354	4,940	62,531	156
Claims Write-Offs	8,552	5,575	40,669	77
Provision for Specific Reserve	6,968	(1,892)	4,798	63
Losses on Sale of Loans in Bulk	(14)	1,181	16,731	(0)
Provision for Reserve for Borrowers in Specific Foreign Countries	(191)	(60)	(220)	(2)
Others	2,039	137	554	18
Total	7,828	5,402	67,590	70

(2) Guaranteed Trust Account

Claims Write-Offs	2,051	14,896	17,516	18
Losses on Sale of Loans to CCPC		1,386	1,667	
Losses on Sale of Loans in Bulk	188	231	1,125	2
Total	2,239	16,514	20,308	20
Total Credit Costs	10,067	21,917	87,898	90

Notes :

(1) Credit Costs in Banking Account are included in " Other Expenses" on the statements of operations.

(2) Credit Costs in Guaranteed Trust Account are reflected in "Trust Fees" after deduction of such costs.

Securities

	Millions of Yen			Millions of U.S. Dollars
	Six Months Ended Sep. 30,2003	Six Months Ended Sep. 30,2002	Year Ended Mar. 31,2003	Six Months Ended Sep. 30,2003
Securities Gains and Losses				
(1) Bonds				
Gains on Sale of Bonds	36,857	75,857	117,829	331
Losses on Sale of Bonds	24,025	64,503	116,582	216
Losses on Redemption of Bonds		1,482	2,073	
Losses on Devaluation of Bonds	1	2,862	2	0
Net Gains (Losses)	12,831	7,010	(828)	115
(2) Stocks				
Gains on Sale of Stocks	19,923	10,473	14,238	179
Losses on Sale of Stocks	8,400	15,328	41,024	76
Losses on Devaluation of Stocks	2,550	12,084	100,996	23
Net Gains (Losses)	8,972	(16,939)	(127,782)	81

Note : Figures in the table above are on a non-consolidated basis. The differences against consolidated numbers are immaterial.

Unrealized Gains and Losses on Securities

	Millions of Yen			Millions of U.S. Dollars
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003	Sep. 30,2003
Held-to-Maturity Debt Securities	595	794	678	5
Available-for-Sale Securities	73,810	(39,132)	(19,637)	663
Total	74,406	(38,338)	(18,958)	669
Japanese Stocks	70,633	(118,162)	(63,625)	635
Japanese Bonds	(12,942)	8,028	8,462	(116)
Others	16,714	71,796	36,204	150

BIS Capital Adequacy Ratio

	Billions of Yen		
	Sep. 30,2003	Sep. 30,2002	Mar. 31,2003
Total Qualifying Capital	1,380.3	1,369.0	1,213.9
Tier I Capital	760.0	774.5	706.1
including: Net Unrealized Losses on Available-for-Sale Securities, Net of Tax		(23.7)	(11.2)
including: Non-cumulative Preferred Securities	83.0	83.0	83.0
Tier II Capital	624.1	597.4	511.3
Upper Tier II	244.1	290.1	197.0
Net Unrealized Gains on Available-for-Sale Securities, after 55% Discount	33.6		
Revaluation Reserve for Land, after 55% Discount	3.3	4.2	4.1
General Reserve for Possible Loan Losses	78.3	83.9	88.2
Subordinated Debts and Others	128.6	201.9	104.5
Lower Tier II	380.0	307.2	314.3
Deducted Items	3.7	2.9	3.5
Total Risk-Adjusted Assets	11,405.3	11,840.3	11,580.8
On-Balance-Sheet	10,259.3	10,471.6	10,474.8
Off-Balance-Sheet	1,086.4	1,324.3	1,042.6
Market Risk Equivalent	59.5	44.3	63.3
Tier I Capital Ratio (%)	6.66	6.54	6.09
Total Capital Ratio (%)	12.10	11.56	10.48

Note : Figures in this table are calculated on a consolidated basis in accordance with BIS guidelines.

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Subsidiaries and Affiliated Companies as of November 25, 2003

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The Sumishin Shinko Company Limited
Sumishin Business Service Company, Limited
STB Personnel Service Co., Ltd.
STB Investment Corporation
Sumishin Loan Guaranty Company Limited
Sumishin Guaranty Company Limited
Japan TA Solution, Ltd.
Sumishin Information Service Company Limited
Sumishin Card Company, Limited
Sumishin Realty Company, Limited
STB Asset Management Co., Ltd
STB Research Institute Co., Ltd.
STB Leasing Co., Ltd.
BUSINEXT CORPORATION
Human Resource Management Service & Consulting Co., Ltd.
Japan Trustee Services Bank, Ltd.
Japan Trustee Information Systems, Ltd.

O V E R S E A S

The Sumitomo Trust Finance (H.K.) Ltd.
Sumitomo Trust and Banking (Luxembourg) S.A.
STB Finance Cayman Ltd.
STB Cayman Capital Ltd.
STB Preferred Capital (Cayman) Ltd.
Sumitomo Trust and Banking Co. (U.S.A.)

Board of Directors, Executive Officers and Auditors as of November 25, 2003

Chairman of the Board

Hitoshi Murakami

President & Chief Executive Officer

Atsushi Takahashi

Deputy President Executive Officer

Yutaka Morita

Senior Executive Officers

Eiichi Tanabe
Takaaki Hatabe
Toshiharu Sakurai

Managing Executive Officers

Sakae Yashiro
Kazuo Miyakawa
Jiro Araki
Hideo Fujii
Takashi Nakamura
Masao Shibuya
Ikuho Inoue
Shuichi Shimizu

Executive Officers

Yukio Aoyama
Takashi Shingai
Kanae Kubota
Masahiko Nakai
Zengo Tanoue
Masakiyo Inoue
Akio Otsuka
Takayuki Yamada
Hiroaki Okuno
Teruhiko Sugita
Kiyoshi Mukohara

Standing Statutory Auditor

Shigeru Tomoda

Statutory Auditors

Tsukasa Ooshima
Masaru Suzuki
Tsuneo Hiroe
Hitoshi Maeda

Directors

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