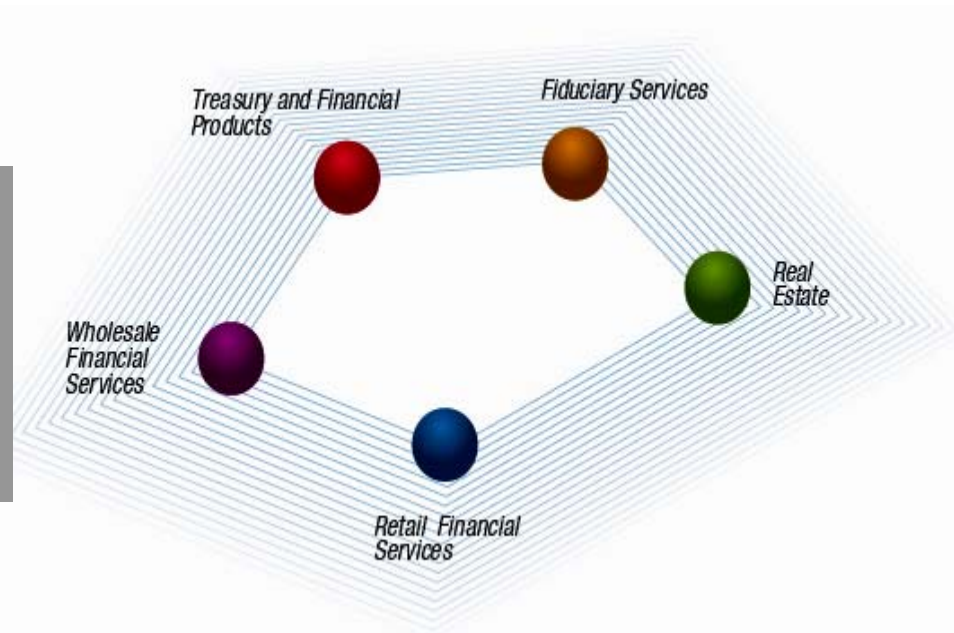




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*Sumitomo Trust & Banking  
Co., Ltd.*



**IR Extra Presentation Material**

**April 23, 2003**

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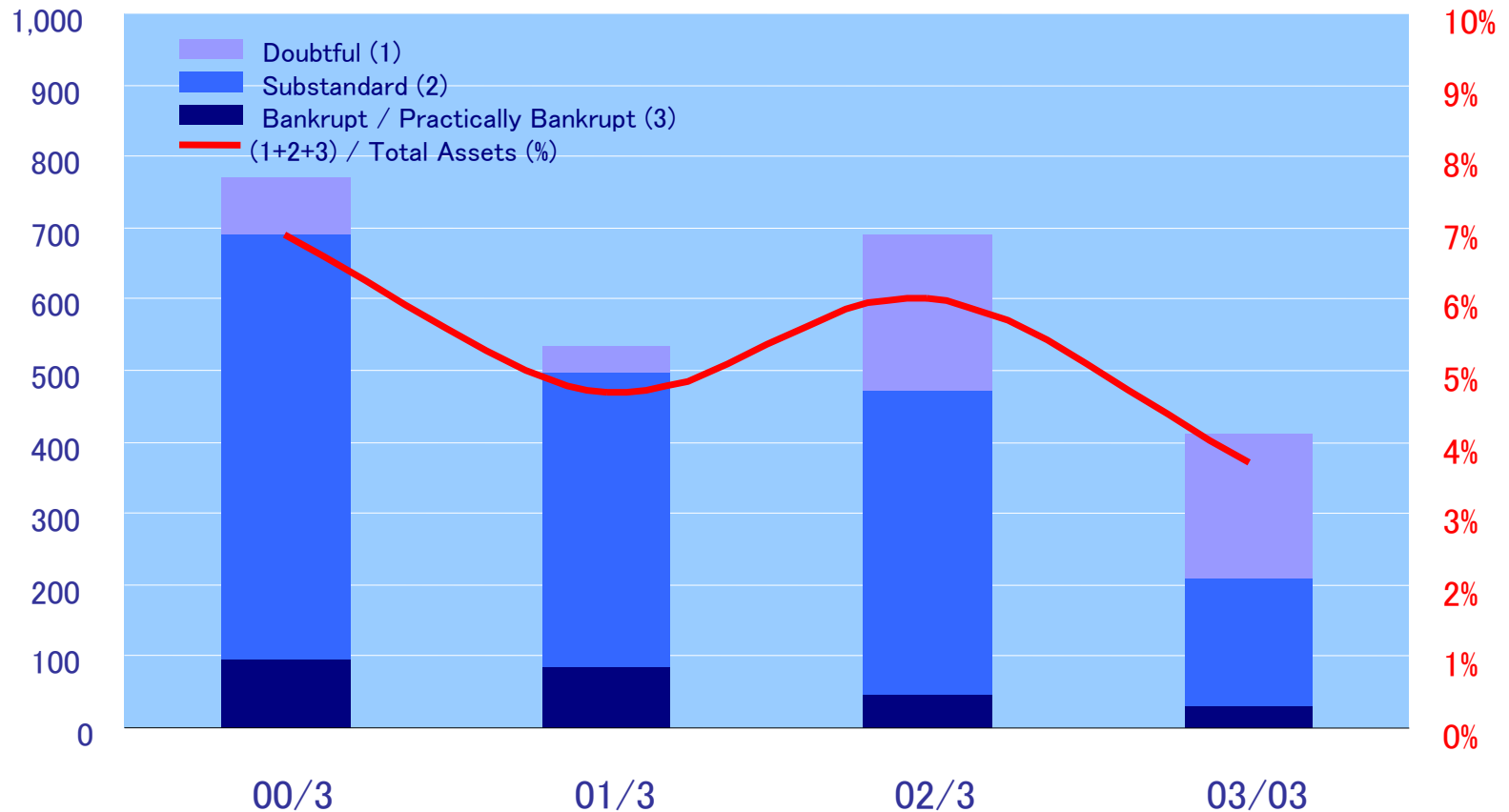
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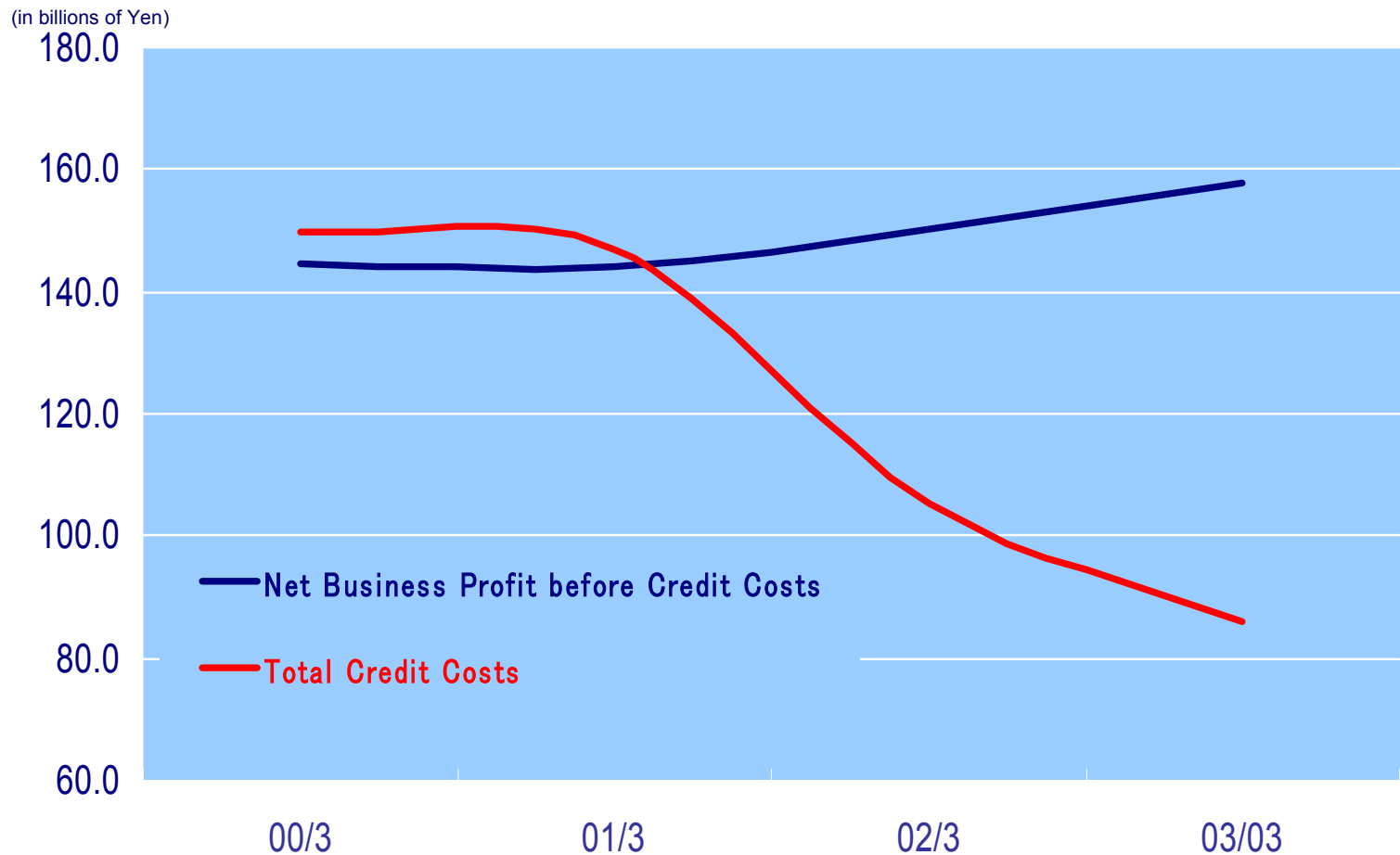
# Historical Data -1

## Problem loans classified under Financial Reconstruction Law and ratio to total assets

(in billions of Yen)



## Historical Data - 2



\* Net Business Profit before Credit Costs = Net Business Profit + Trust Account Credit Cost + Net Transfer to General Reserve

\*\* Preliminary Number for 03/03



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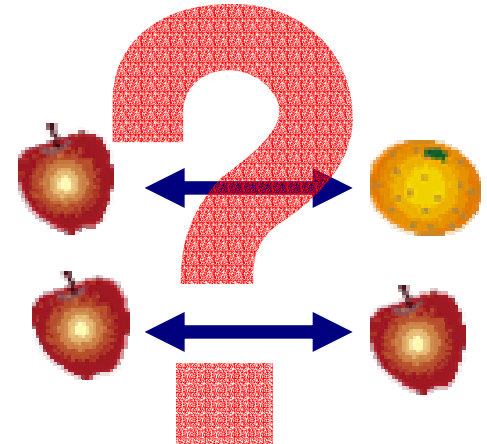
## ✚ Misconceptions

✓ Current portfolio = past portfolio – (collection + sale + write-off)  
+ newly-added portfolio

- Static industry analysis does not show accurate picture
- Portfolio composition has changed dramatically in the last decade

✓ Similar loan-loss ratios for all industries ?

✓ “Apples to Apples” compared?



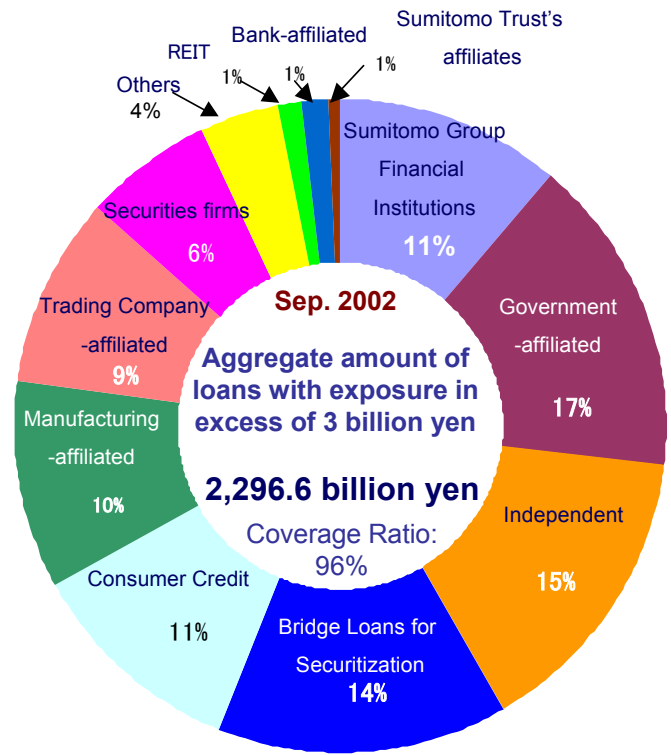
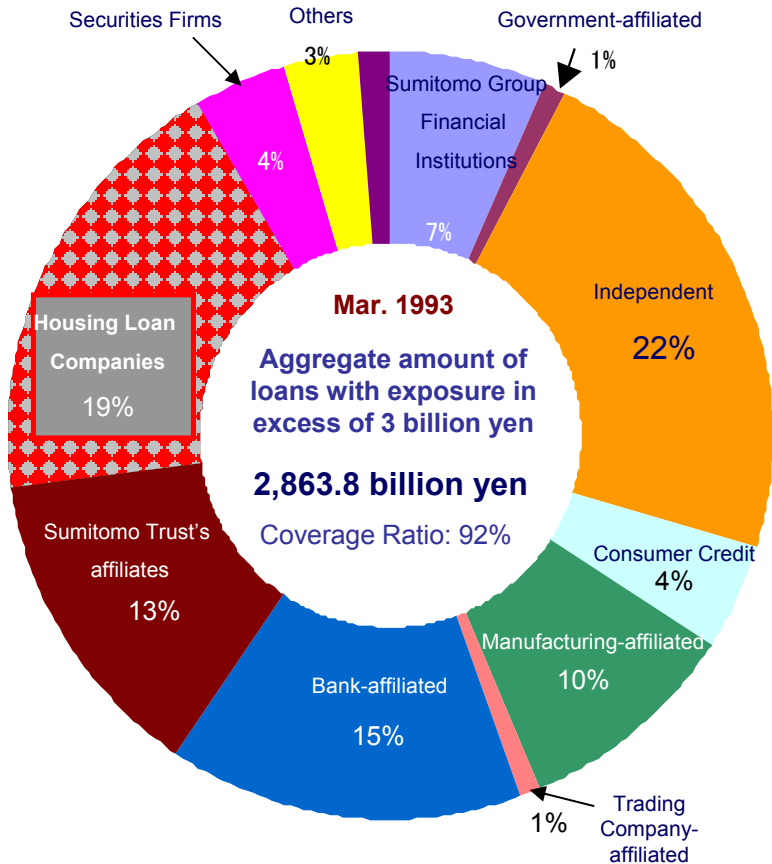
# Loan Portfolio : Finance and Insurance Segments

FY1993  2002

**Decreased**  
**570 billion yen**

**Reduction : Housing Loan Companies + Sumitomo Trust's Affiliates + Independent + Bank-affiliates = approx. 1,600 billion yen**

**Increases: Government-affiliated + Securitization + Consumer Credit + Trading Company-affiliated = approx. 1,000 billion yen**



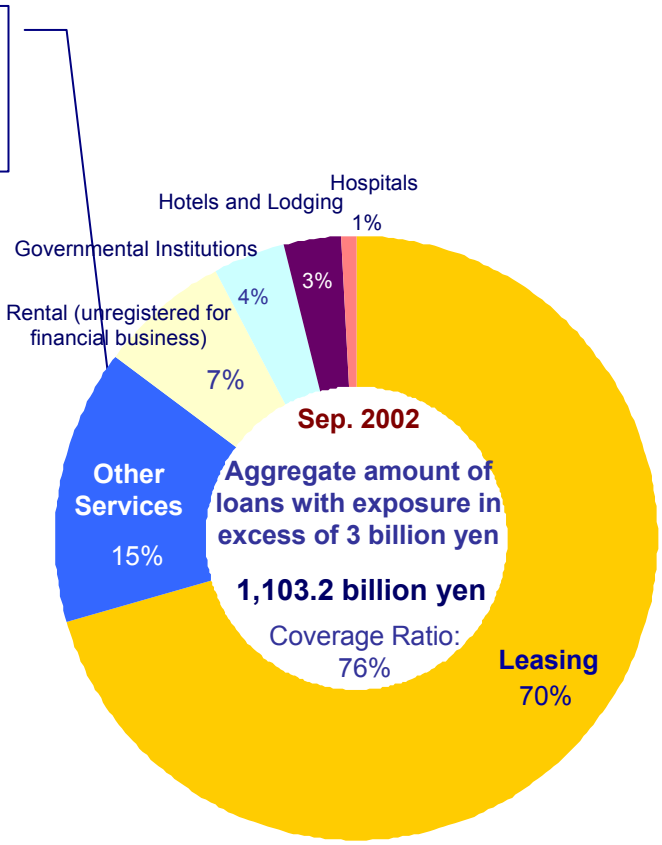
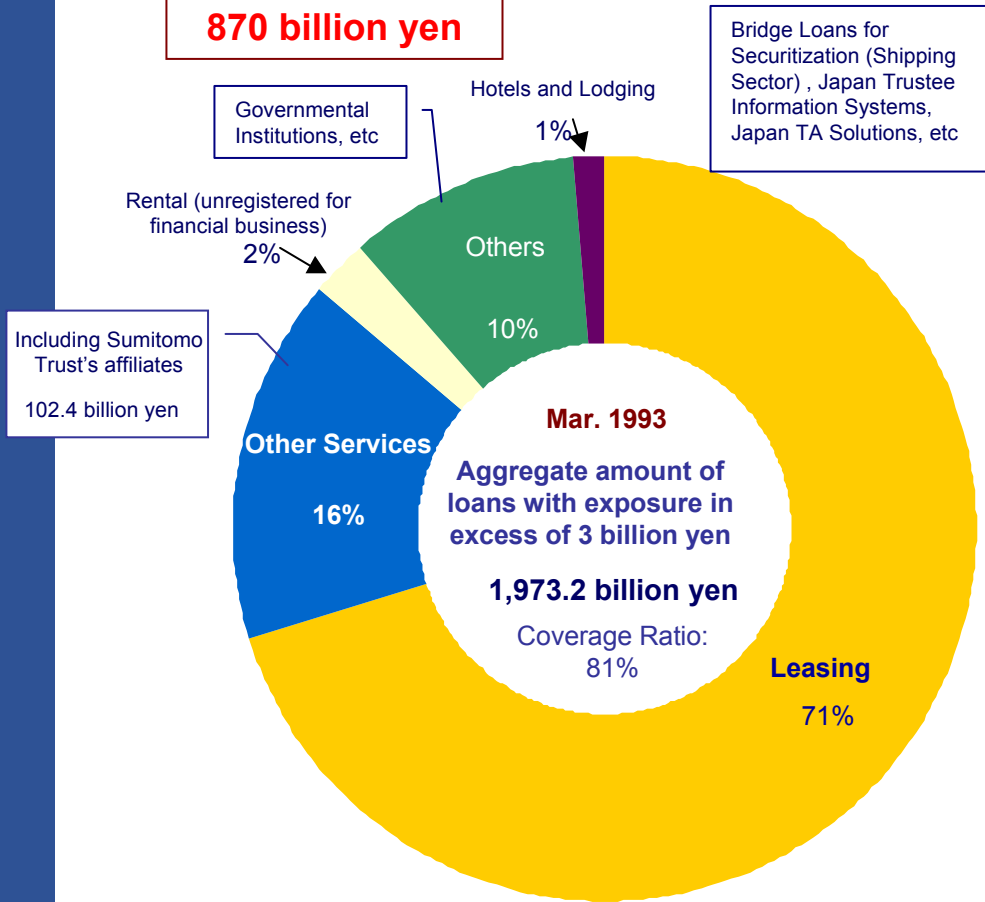
# Loan Portfolio : Services Segment

FY1993  2002

**Decreased**  
**870 billion yen**

**Reduction: Leasing + Other Services + Others = approx. 970 billion yen**

**Increases: Governmental Institutions + Rental = approx. 100 billion yen**

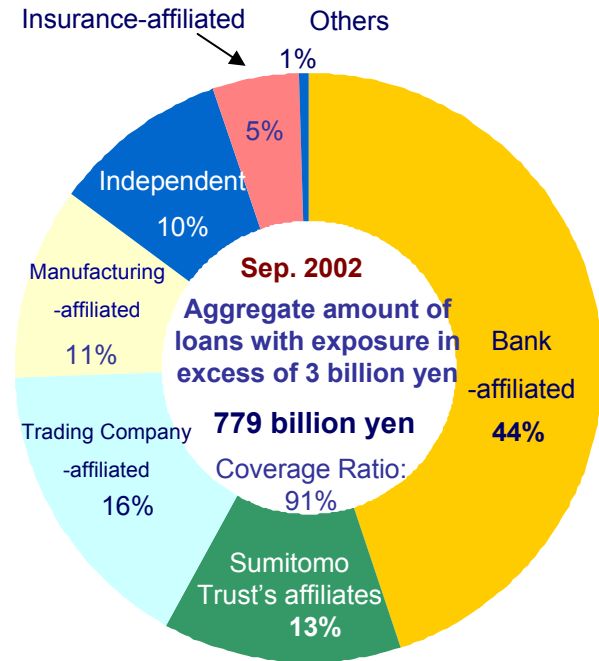
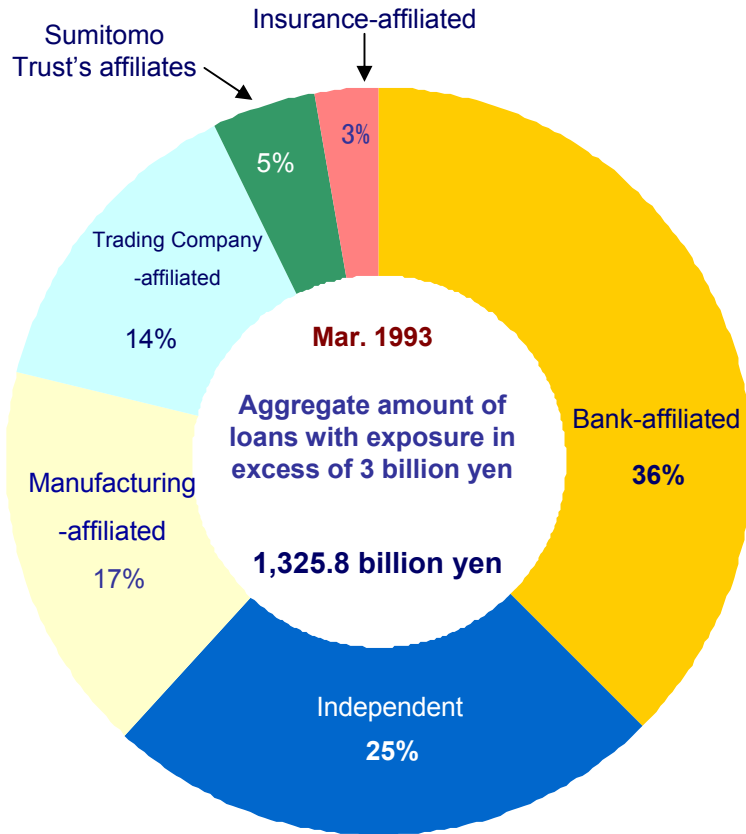


# Loan portfolio : Leasing in "Services" extracted

FY1993  2002

**Decreased  
550 billion yen**

Reduction : Independent + Bank-affiliated + Manufacturing-affiliated  
+ Trading Company-affiliated = approx. 590 billion yen  
Increases: Sumitomo Trust's affiliated = approx. 40 billion yen





# Loan portfolio : Wholesale, Retail and Restaurant

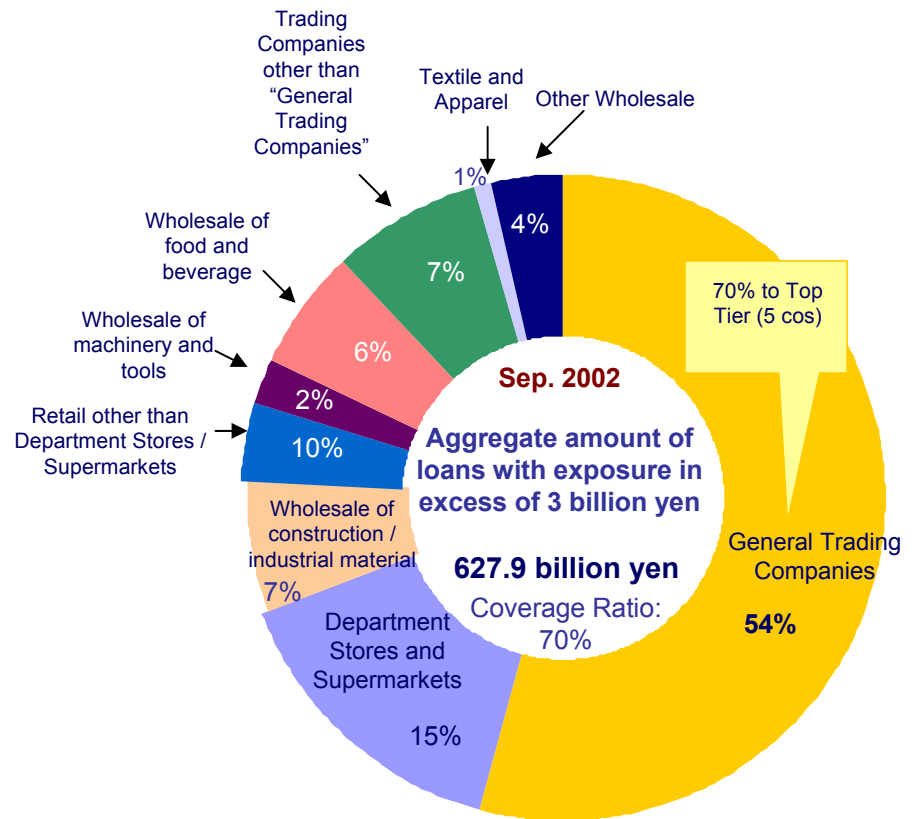
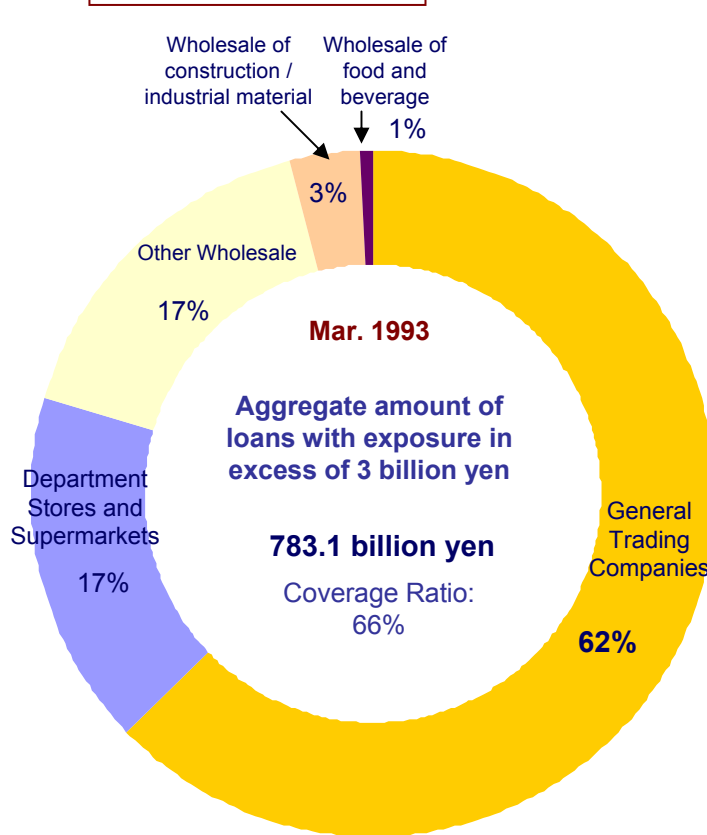
(Includes general trading companies)

FY1993  2002

**Decreased**  
**150 billion yen**

**Reduction: General Trading Companies + Department Stores and Supermarkets**  
**= approx. 180 billion yen**

**Increases: various = approx. 30 billion yen**



# Jumping-off Point for Discussion

(Billions of Yen)

<Sumitomo Trust>	Mar-85	Mar-86	Mar-87	Mar-88	Mar-89	Mar-90	Mar-91	Mar-92	Mar-93	Sep-02
<b>Domestic Total</b>	<b>6,455.7</b>	<b>7,240.2</b>	<b>8,397.2</b>	<b>8,796.5</b>	<b>9,299.5</b>	<b>10,060.3</b>	<b>11,468.8</b>	<b>11,901.5</b>	<b>12,607.9</b>	<b>10,465.3</b>
Manufacturing	1,377.7	1,351.5	1,306.3	1,146.8	1,022.4	922.9	1,289.6	1,368.5	1,452.9	1,498.3
Construction	193.6	205.4	216.3	208.2	227.5	203.8	220.0	262.5	314.8	248.3
Energy and Utilities	417.9	422.0	420.5	420.3	417.2	412.4	414.8	411.7	410.0	244.9
Transportation and Communication	547.3	569.6	581.2	556.1	537.0	607.6	675.8	664.3	709.6	1,005.2
Wholesale, Retail and Restaurant	655.5	640.0	756.0	631.8	663.3	735.9	1,050.7	1,198.1	1,171.0	895.3
Finance and Insurance	853.8	1,081.1	1,491.1	2,115.1	2,569.4	2,811.2	2,859.9	2,905.9	3,120.1	2,388.3
Real Estate	770.0	1,021.0	1,415.1	1,393.9	1,409.7	1,497.1	1,530.4	1,546.5	1,611.0	1,259.8
Services	723.1	972.3	1,195.8	1,357.4	1,479.1	1,795.0	2,171.3	2,252.2	2,419.6	1,446.2
Overseas	900.2	917.9	1,068.1	1,195.2	1,474.0	2,330.4	1,857.5	1,786.4	<b>1,579.6</b>	414.9
<b>Total</b>	<b>7,355.9</b>	<b>8,158.1</b>	<b>9,465.3</b>	<b>9,991.7</b>	<b>10,773.5</b>	<b>12,390.7</b>	<b>13,326.3</b>	<b>13,688.0</b>	<b>14,187.5</b>	<b>10,880.1</b>

<Trust Bank A>	Mar-85	Mar-86	Mar-87	Mar-88	Mar-89	Mar-90	Mar-91	Mar-92	Mar-93	Sep-02
<b>Domestic Total</b>	<b>6,656.4</b>	<b>7,509.4</b>	<b>8,400.0</b>	<b>8,806.6</b>	<b>9,298.5</b>	<b>10,221.0</b>	<b>11,417.2</b>	<b>11,555.1</b>	<b>12,157.5</b>	<b>9,363.8</b>
Manufacturing	1,376.7	1,356.8	1,219.9	1,072.6	923.8	835.7	1,240.9	1,247.9	1,356.6	1,271.9
Construction	171.8	204.0	228.6	230.4	225.1	200.3	227.1	287.5	334.7	306.0
Energy and Utilities	420.1	422.9	421.5	418.8	412.7	402.6	403.7	403.4	401.4	279.6
Transportation and Communication	477.8	501.6	521.2	572.9	580.4	641.4	706.2	739.4	776.8	928.8
Wholesale, Retail and Restaurant	622.1	622.1	627.8	603.5	656.4	664.1	880.8	856.0	816.7	816.2
Finance and Insurance	888.2	1,125.5	1,593.9	1,860.0	2,184.0	2,671.8	2,879.2	2,777.6	2,874.9	2,255.4
Real Estate	797.2	1,087.3	1,405.4	1,454.8	1,501.5	1,609.2	1,606.3	1,656.4	1,949.8	1,272.0
Services	818.8	1,056.4	1,184.1	1,421.3	1,637.0	1,934.1	2,076.8	2,161.2	2,107.4	921.1
Overseas	745.8	880.5	1,271.6	1,749.5	2,249.3	3,138.5	2,717.8	3,114.5	<b>2,688.0</b>	607.7
<b>Total</b>	<b>7,402.2</b>	<b>8,389.9</b>	<b>9,671.6</b>	<b>10,556.1</b>	<b>11,547.8</b>	<b>13,359.5</b>	<b>14,135.1</b>	<b>14,669.6</b>	<b>14,845.5</b>	<b>9,971.4</b>

Data Source: "Yuka-Shoken-Houkokusyo" (Statutory disclosure required by Japan's Security Exchange Law; Japanese version only) and "Kessan Tanshin" (Financial Results for each Fiscal Year)

# Loan-Loss Ratios by Industry (1) – Remarkable differences observed

## (in billions of Yen) Cumulative loan-losses for five industries

<Sumitomo Trust>	Increased during 1985-93	(*)Cumulative Credit Costs	Credit Costs Ratio
<b>Construction</b>	<b>121.2</b>	<b>126.4</b>	<b>104.3%</b>
<b>Real Estate</b>	<b>841.1</b>	<b>679.0</b>	<b>80.7%</b>
Finance and Insurance	2,266.2	1,128.3	49.8%
Services	1,696.5	341.1	20.1%
Wholesale, Retail and Restaurants	515.6	68.5	13.3%
Total of 5 Industries above (Domestic)	<b>5,440.6</b>	<b>2,343.3</b>	<b>43.1%</b>
Overseas	679.5	116.7	17.2%
Total Cumulative Credit Costs (Domestic and Overseas)(*)		<b>2,724.9</b>	

## <Trust Bank A>

<b>Construction</b>	<b>162.9</b>
<b>Real Estate</b>	<b>1,152.5</b>
Finance and Insurance	1,986.6
Services	1,288.5
Wholesale, Retail and Restaurants	194.6
Total of 5 Industries above (Domestic)	<b>4,785.1</b>
Overseas	1,942.2
Total Cumulative Credit Costs (Domestic and Overseas)(*)	<b>2,776.6</b>

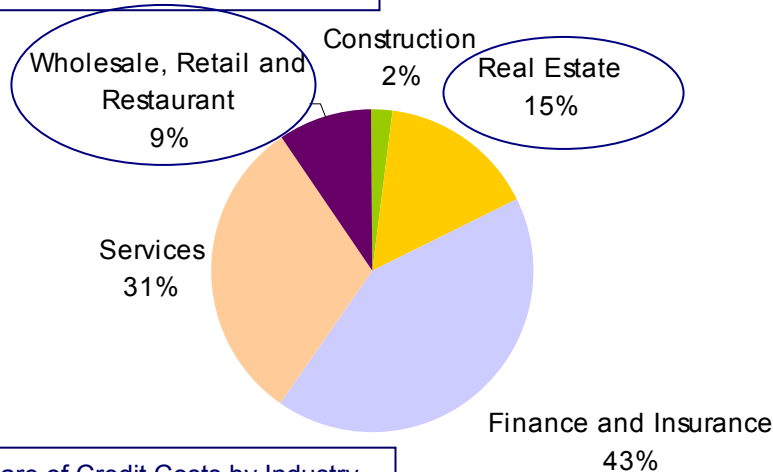
(\*) Net Transfer of General Reserve is included in Total Cumulative Credit Costs, but is not included in Cumulative Credit Costs for each industry. / Cumulative Credit Costs for 93/3~02/9.

Data Source: “*Yuka-Shoken-Houkokusyo*” (Statutory disclosure required by

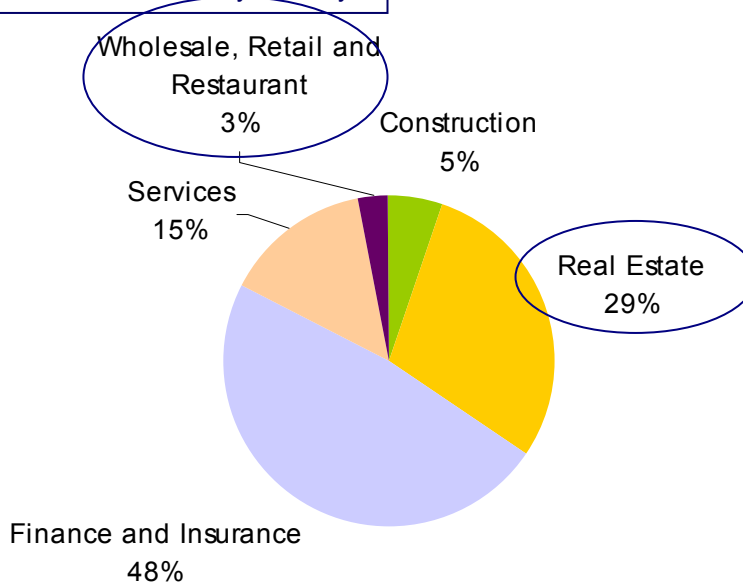
Japan’s Security Exchange Law; Japanese version only), “*Kessan Tanshin*” (Financial Results for each Fiscal Year) and research papers of securities firms

# #Loan-Loss Ratios by Industry (2) – Remarkable differences observed

Share of Loan Amount by Industry



Share of Credit Costs by Industry



**<How much additional credit costs could Sumitomo Trust have incurred?>**

**Suppose loan-loss ratios by industry are disregarded...**

**a. Bubble-era – FY1985-93:  
Increase in loans to high risk segments**

Sumitomo Trust – 5,440.6 billion Yen

A Trust – 4,752.6 billion Yen

**b. Cumulative Credit Costs Ratio**

Sumitomo Trust – 50%

A Trust – 58%

**Suppose also Sumitomo Trust's loan-loss ratio is as high as A Trust's...**

**c.  $5,440.6 \times (58\% - 50\%)$**

**= 435.2 billion Yen???**



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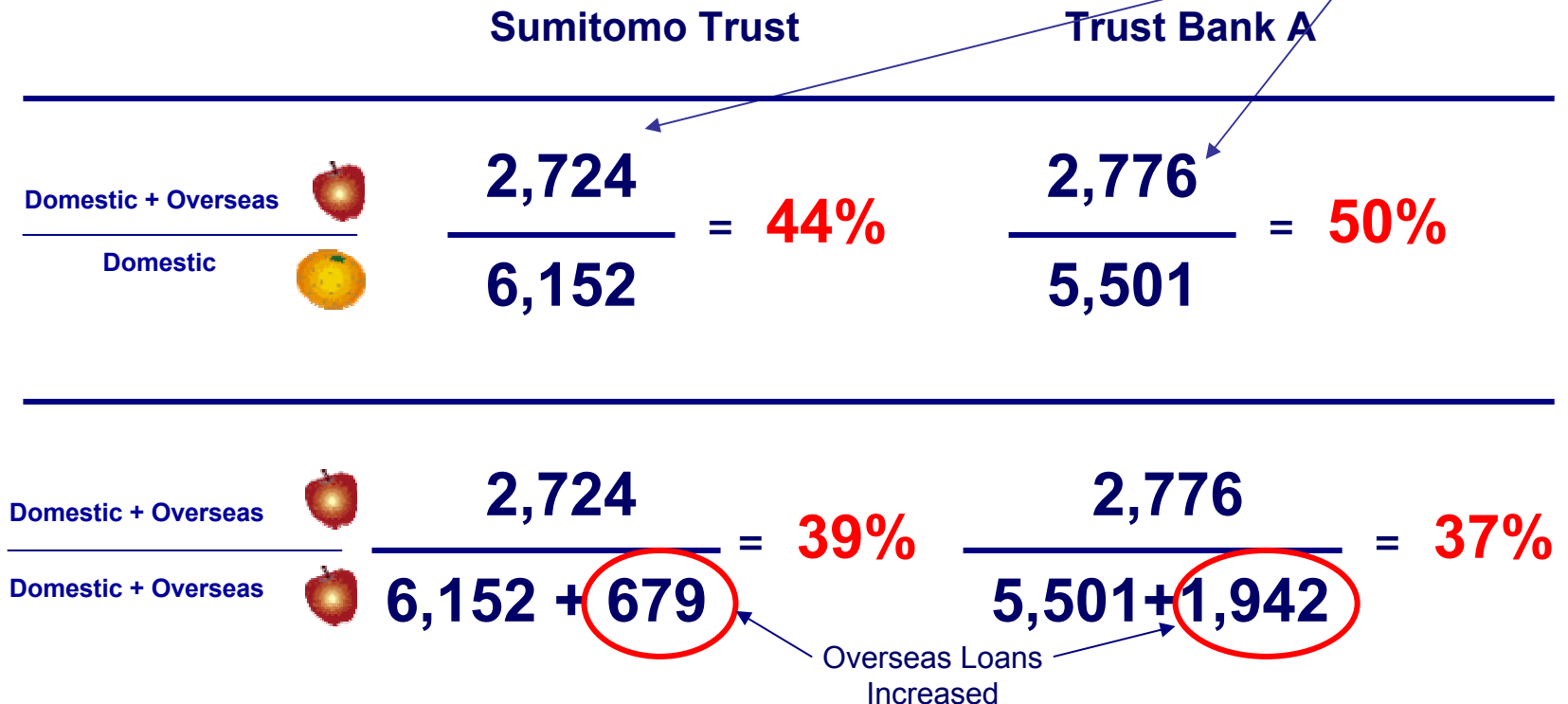
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# Let's Compare Apples to Apples!

## Post-Bubble Total Credit Costs Bubble-era Loan Increase

**Notice**

Disclosed cumulative credit costs include not only those for domestic loans but also those for overseas loans.

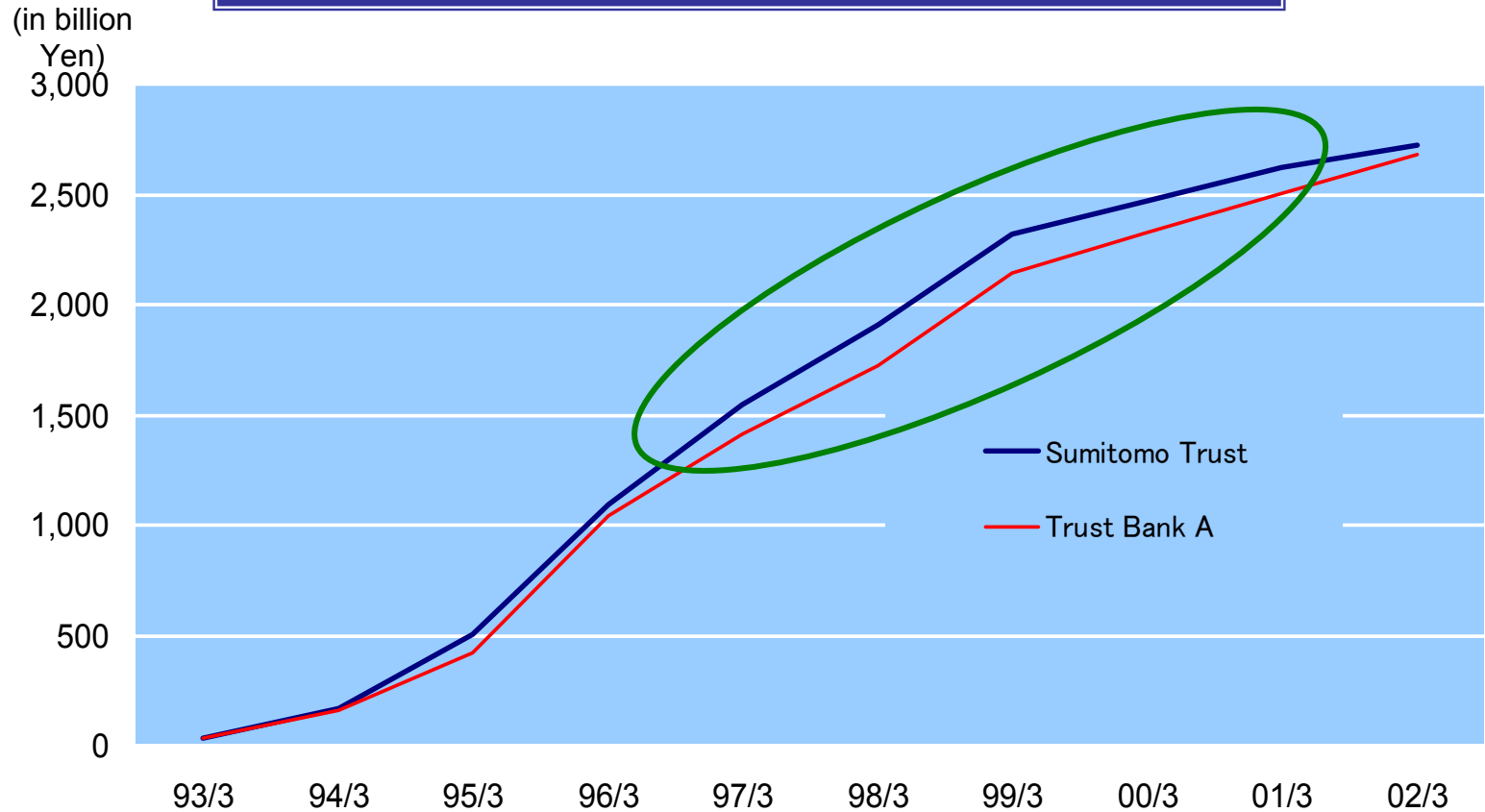


※ In billions of Yen

※ Bubble-era: 1985/3~93/3 Post-Bubble: 1993/3~02/9

# Proactive Disposal of Non-performing Loans

Cumulative Credit Costs FY1993 - 2002



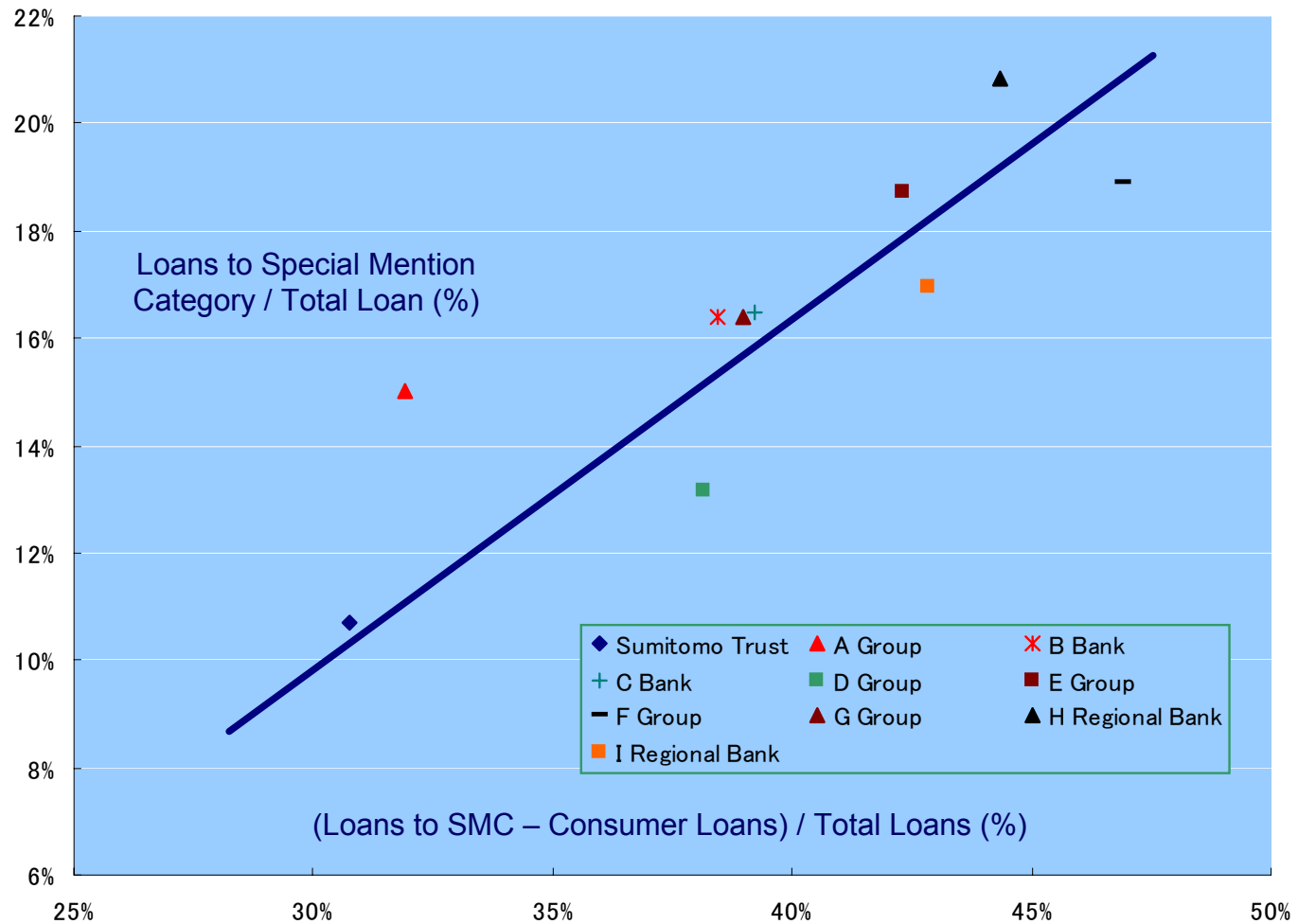
Data Source: "Yuka-Shoken-Houkokusyo" (Statutory disclosure required by Japan's Security Exchange Law; Japanese version only), "Kessan Tanshin" (Financial Results for each Fiscal Year) and research papers of securities firms



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# Small and Medium Corporate Loan and Reserves Situation



\*SMC – “Small and medium corporations”

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