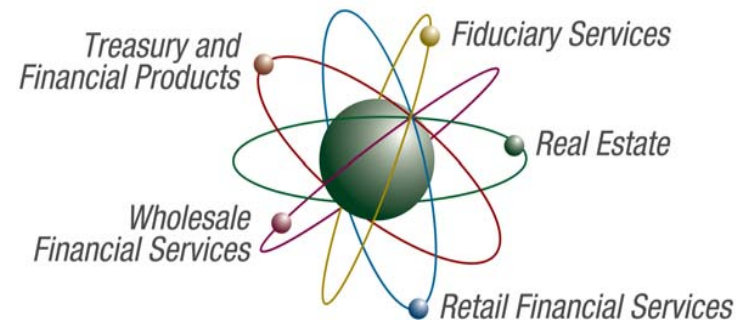




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*Sumitomo Trust & Banking  
Co., Ltd.*



**Information Meeting  
on  
Financial Results for 1HFY2003**

**December 5, 2003**

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# Financial results for 1HFY2003



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## 1HFY2003 financial outlook (Non-consolidated)

| (in billions of Yen)  | 1HFY2003    | 1HFY2002    | Change       |
|---|-------------|-------------|--------------|
| <b>Net business profit before credit costs</b>                            | <b>77.3</b> | <b>87.1</b> | <b>-9.7</b>  |
| <b>General &amp; administrative expenses</b>                              | 55.5        | 58.1        | -2.6         |
| Personnel expenses  | 23.0        | 23.4        | -0.4         |
| Non-personnel expenses  | 30.0        | 32.2        | -2.2         |
| <b>Credit costs</b>   | <b>9.9</b>  | <b>20.9</b> | <b>-11.0</b> |
| Net gains on stocks   | 8.9         | -16.9       | 25.9         |
| Other non-recurring profit  | -11.1       | -8.4        | -2.6         |
| Net gains on stock index futures  | -3.2        | 0.8         | -4.0         |
| <b>Net operating profit</b>   | <b>62.3</b> | <b>38.2</b> | <b>24.0</b>  |
| <b>Extraordinary items</b>  | <b>5.7</b>  | <b>-4.6</b> | <b>10.4</b>  |
| Extraordinary income  | 8.7         | 26.6        | -18.6        |
| Refund of Tokyo Metropolitan Government Tax on large banks                | 5.2         | -           | 5.2          |
| Extraordinary losses  | 2.9         | 31.3        | -29.0        |
| Net losses on securities contributed to employee retirement benefit trust | -           | 29.0        | -29.0        |
| <b>Net income</b>   | <b>40.3</b> | <b>20.1</b> | <b>20.2</b>  |



## Breakdown of profit by business group

| (in billions of Yen)                    | 1HFY2003              |                     | 1HFY2002              |                     | Change                |                     | Outsourcing fees paid to JTSB or JTAS(*) |             | Net business profit of subsidiaries |
|---|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|--|-------------|-------------------------------------|
|   | Gross business profit | Net business profit | Gross business profit | Net business profit | Gross business profit | Net business profit | 1HFY2003                                 | 1HFY2002    |                                     |
| <b>Wholesale financial services</b>     | <b>41.9</b>           | <b>31.6</b>         | <b>43.2</b>           | <b>32.1</b>         | <b>-1.3</b>           | <b>-0.5</b>         |  |             | <b>0.2</b>                          |
| <b>Retail financial services</b>        | <b>25.7</b>           | <b>0.1</b>          | <b>28.4</b>           | <b>1.6</b>          | <b>-2.7</b>           | <b>-1.5</b>         |  |             | <b>0.4</b>                          |
| <b>Treasury and financial products</b>  | <b>43.8</b>           | <b>39.1</b>         | <b>49.2</b>           | <b>44.6</b>         | <b>-5.4</b>           | <b>-5.5</b>         |  |             |                                     |
| <b>Fiduciary services</b>               | <b>20.6</b>           | <b>10.2</b>         | <b>24.0</b>           | <b>12.5</b>         | <b>-3.4</b>           | <b>-2.3</b>         | <b>-8.4</b>                              | <b>-4.3</b> | <b>2.2</b>                          |
| Pension asset management                | 15.5                  | 8.4                 | 15.1                  | 8.3                 | 0.4                   | 0.1                 | -2.4                                     | -3.0        | 0.0                                 |
| Securities processing services          | 2.5                   | 1.0                 | 2.6                   | 1.1                 | -0.1                  | -0.1                | -1.2                                     | -1.3        | 0.4                                 |
| Stock transfer agency services          | 2.6                   | 0.7                 | 6.3                   | 3.2                 | -3.7                  | -2.5                | -4.8                                     |             | 1.8                                 |
| <b>Real estate</b>                      | <b>7.4</b>            | <b>2.9</b>          | <b>7.0</b>            | <b>2.7</b>          | <b>0.4</b>            | <b>0.2</b>          |  |             | <b>0.1</b>                          |
| <b>Seasonal adjustment</b>              | <b>-6.5</b>           | <b>-6.5</b>         | <b>-6.5</b>           | <b>-6.5</b>         | <b>-</b>              | <b>-</b>            |  |             |                                     |
| <b>Total profit before credit costs</b> | <b>132.9</b>          | <b>77.3</b>         | <b>145.2</b>          | <b>87.1</b>         | <b>-12.3</b>          | <b>-9.7</b>         | <b>-8.4</b>                              | <b>-4.3</b> | <b>2.9</b>                          |

### <Fees and commissions (Banking a/c)>

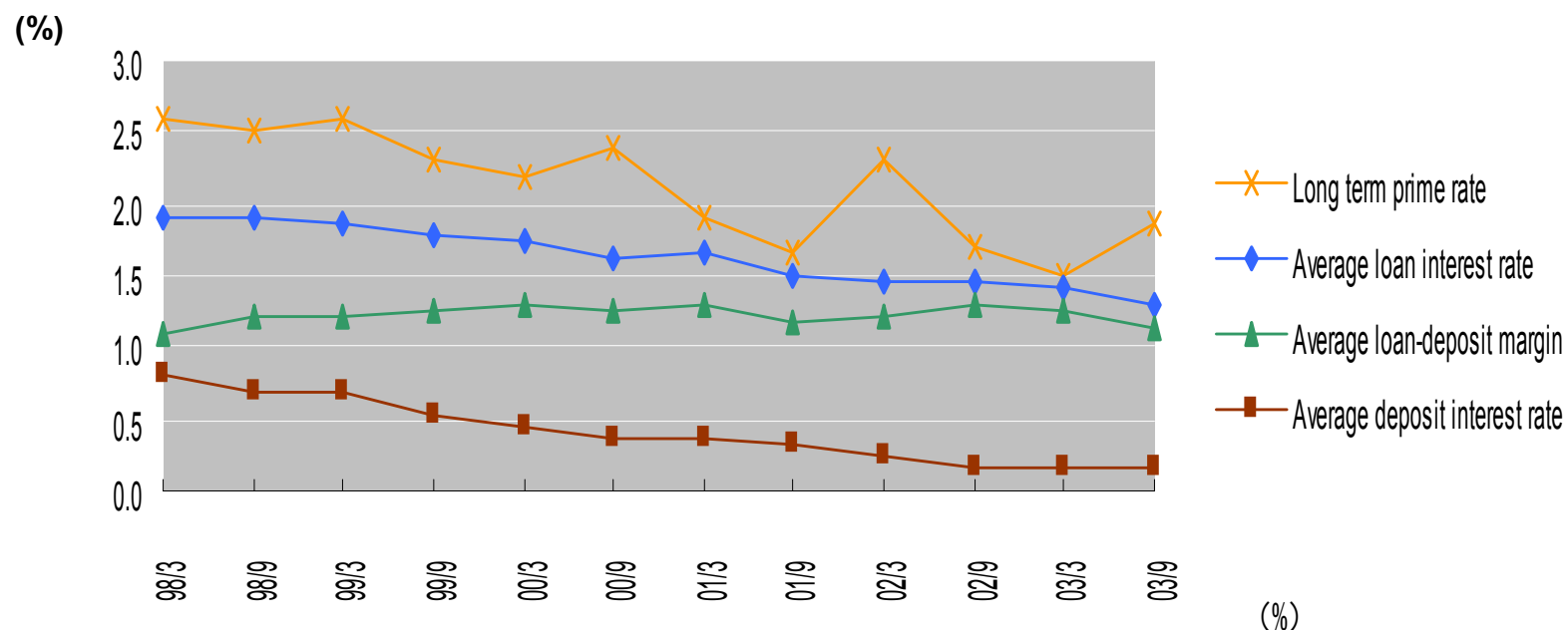
| (in billions of Yen)                     | 1HFY2003    | 1HFY2002    | change     | %change    |
|--|-------------|-------------|------------|------------|
| <b>Domestic net fees and commissions</b> | <b>13.9</b> | <b>12.0</b> | <b>1.8</b> | <b>15%</b> |
| (excluding fees paid to JTAS)            | 18.7        | 12.0        | 6.7        | 56%        |
| Wholesale financial services             | 7.8         | 3.9         | 3.9        | 100%       |
| Retail financial services                | 2.9         | 1.7         | 1.2        | 71%        |
| Stock transfer agency services           | 7.4         | 6.2         | 1.2        | 19%        |
| Real estate                              | 5.7         | 5.4         | 0.3        | 6%         |
| Fees paid to JTSB                        | -3.6        | -4.4        | 0.8        | 18%        |
| Fees paid to JTAS                        | -4.8        | 0.0         | -4.8       | -          |
| Others                                   | -1.5        | -0.8        | -0.7       | -13%       |

\*JTSB: Japan Trustee Services Bank, Ltd.

JTAS: Japan TA Solution Ltd., joint venture formed with Japan Securities Agents Ltd.

←Securitization, syndicated loans, etc  
←Mutual fund sales

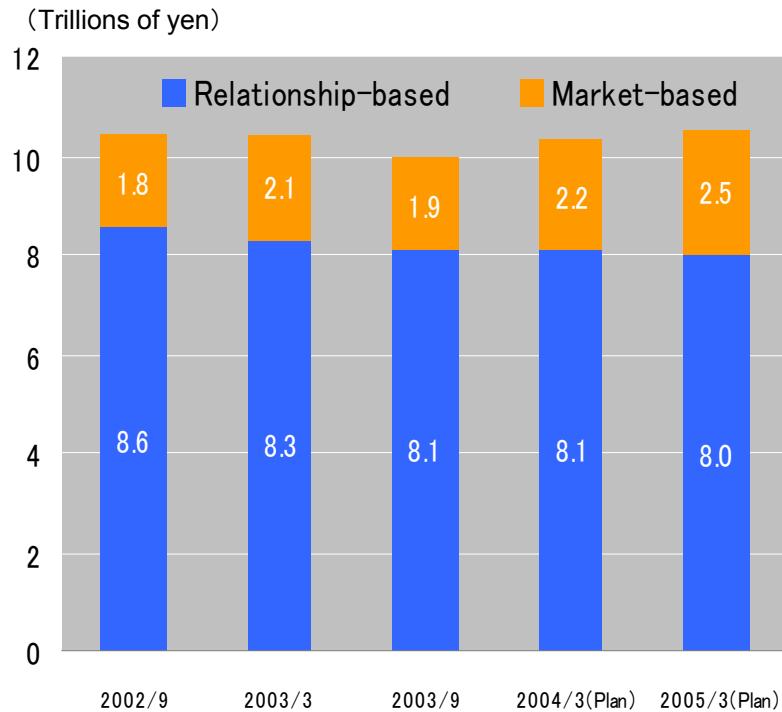
## Loan-deposit margin (Domestic banking a/c and principal guaranteed trust a/c)



|                               | 1HFY2003 |        | 1HFY2002 |
|-------------------------------|----------|--------|----------|
|                               |          | Change |          |
| Gross margin                  | 0.88     | -0.17  | 1.05     |
| Average interest yield earned | 1.15     | -0.16  | 1.31     |
| Average interest yield paid   | 0.27     | 0.01   | 0.26     |
| Loan-deposit margin           | 1.12     | -0.17  | 1.29     |
| Average loan interest rate    | 1.29     | -0.17  | 1.46     |
| Average deposit interest rate | 0.17     | 0.00   | 0.17     |
| Bond yield (ave.)             | 0.87     | -0.22  | 1.09     |

# Market-based loans and securitization

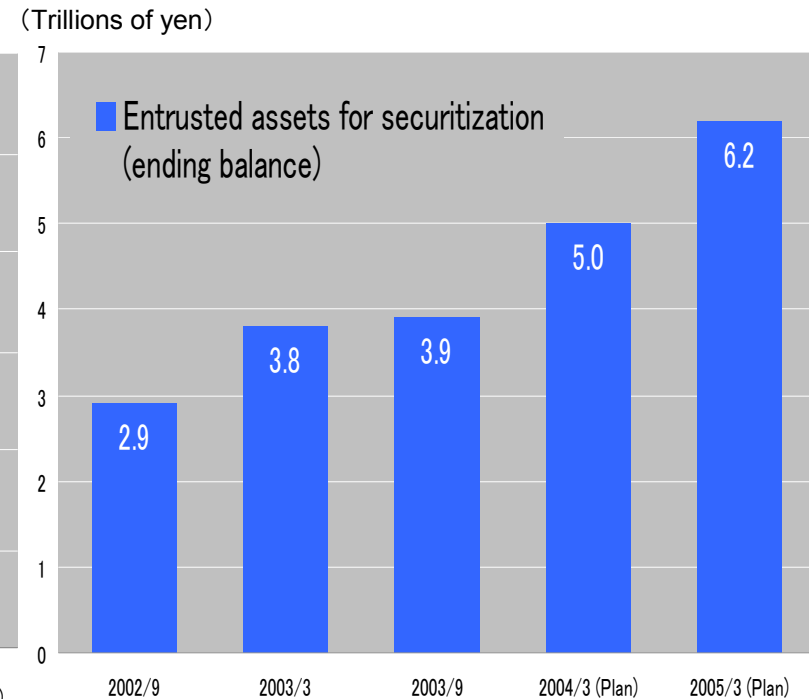
## ▶ On balance (included in risk assets)



Market based type: Syndicated loan, purchased loan from other banks, corporate bond, etc

- ▶ Increase market-based type proportion
- ▶ Diversify loan portfolio
- ▶ Improve RAROA

## ▶ Off balance (excluded from risk assets)

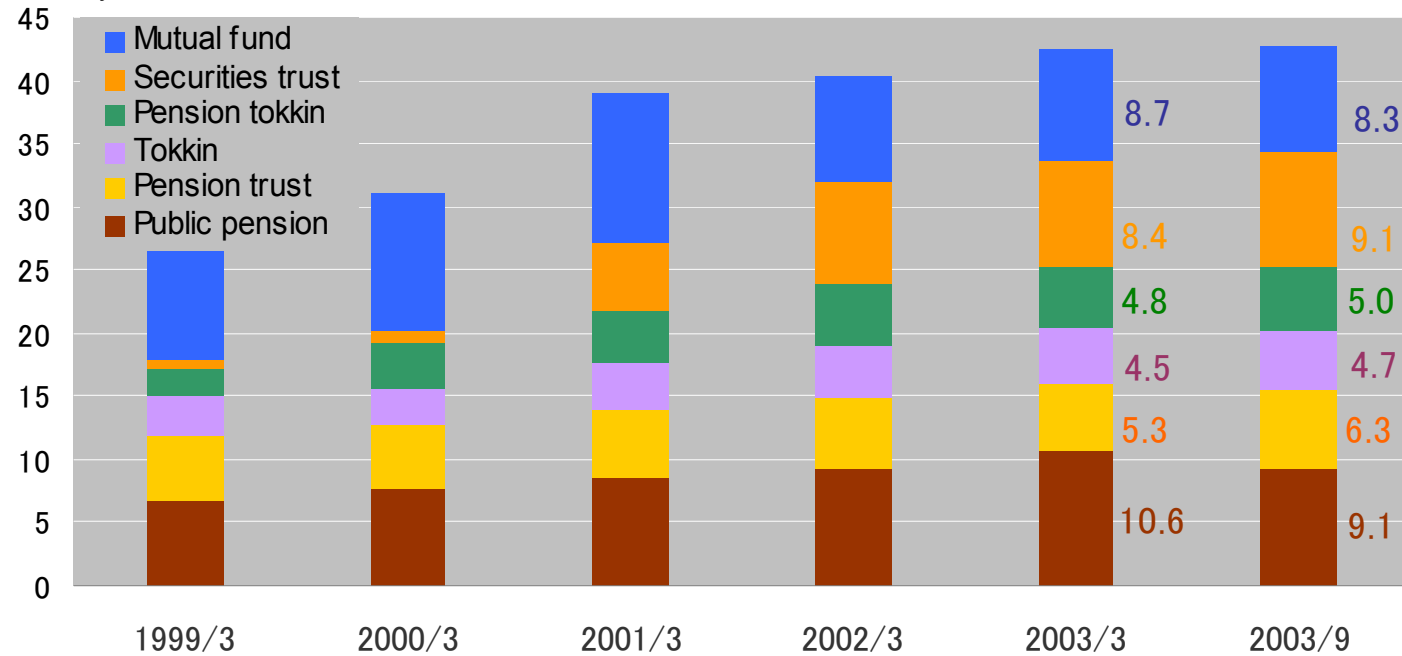


- ▶ Total service from origination, trustee and primary broking
- ▶ Wide-ranged investors
  - Both corporations and financial institutes

# Growth of trust business

## ► Volume of entrusted assets (ending balance)

(Trillions of yen)



\*Amount of assets

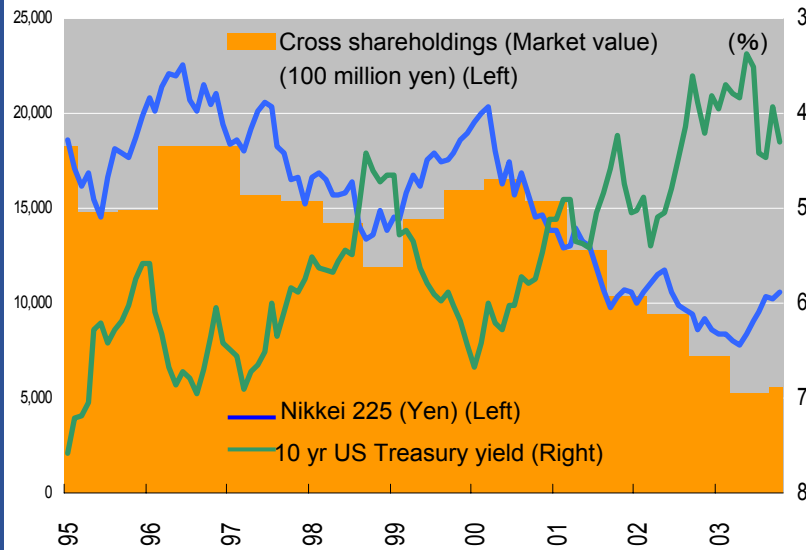
Cost basis : mutual fund, tokkin and public pension

Mark-to-market basis : securities trust, pension tokkin and pension trust



# Treasury and financial products group

## Reduction of cross shareholdings, improved asset quality



(ALM strategy)

Balanced business portfolio

Adjustment of interest rate risk exposure



Treasury and Financial products group

## Different accounting rules applied to each interest-related financial products

|  |   |
|--|---|
| Cash<br>(Loans, Deposits)                | Accrual basis                                     |
| Bonds                                    | Mark to market reflected on B/S                   |
| Derivatives<br>(Futures, Swaps, Options) | Mark to market reflected on income statements (*) |

\*excluding hedge accounting derivatives

(Total management of various requirements)

- Management of total interest-rate-risk position
- Impact to B/S
- Volatility of earnings

Increasing difficulty in operation

Sophisticated risk management

Astute operation (Organization, human resource)

Generate stable profit



# 1HFY2003 credit costs breakdown

## ► Credit costs

| (in billions of Yen)            | FY2002      | 1HFY2002    | 2HFY2002    | 1HFY2003   | Notes   |
|---------------------------------|-------------|-------------|-------------|------------|---|
| Write-off / reserve             | 80.7        | 19.9        | 60.8        | 19.2       |   |
| Trust a/c                       | 20.3        | 16.5        | 3.7         | 2.2        | <ul style="list-style-type: none"> <li>► Mainly write-offs for 2HFY2002</li> <li>► Write-offs for 1HFY2003: approx. 3.0 billion yen<br/>=&gt; Reflected on trust a/c credit costs for 2HFY2003</li> </ul> |
| Banking a/c                     | 60.4        | 3.4         | 57.0        | 17.0       | <ul style="list-style-type: none"> <li>► Increase secured portion of DCF method applied borrowers<br/>=&gt; Write back of reserves: approx. 3.0 billion yen</li> </ul>                                    |
| Net transfer to general reserve | 5.1         | 1.0         | 4.0         | -9.3       | <ul style="list-style-type: none"> <li>► Decrease of special mention category in banking a/c (approx. -80.0 billion yen)<br/>=&gt; Write back of reserves: approx. 6.0 billion yen</li> </ul>             |
| <b>Total credit costs</b>       | <b>85.9</b> | <b>20.9</b> | <b>64.9</b> | <b>9.9</b> |   |

- Write-offs, sales: approx. 6.0 billion yen
- Increase of specific loan loss reserves for final disposal of NPLs in 2HFY2003: approx. 8.0 billion yen
- Increase of specific loan loss reserve due to borrowers' migration to worse categories: approx. 10.0 billion yen
- Write back of specific loan loss reserve due to borrowers' migration to better categories: approx. 7.0 billion yen

## Securities Portfolio

### ► Historical cost and net unrealized gains (losses) of securities

(for securities market price available) (Non-consolidated / after devaluation )

| Banking a/c              | Billions of Yen |           |        |                               |           |        |
|--------------------------|-----------------|-----------|--------|-------------------------------|-----------|--------|
|                          | Cost            |           |        | Net unrealized gains (losses) |           |        |
|                          | Sep. 2003       | Mar. 2003 | Change | Sep. 2003                     | Mar. 2003 | Change |
| Stocks                   | 487.0           | 588.7     | -101.7 | 70.5                          | -63.6     | 134.2  |
| Bonds (JGB)              | 1,203.6         | 1,094.8   | 108.7  | -12.9                         | 8.4       | -21.4  |
| Foreign bonds and others | 1,790.2         | 1,571.3   | 218.8  | 15.9                          | 35.6      | -19.6  |
| Total                    | 3,480.9         | 3,254.9   | 225.9  | 73.5                          | -19.5     | 93.1   |

| Trust a/c                | Billions of Yen |           |        |                               |           |        |
|--------------------------|-----------------|-----------|--------|-------------------------------|-----------|--------|
|                          | Cost            |           |        | Net unrealized gains (losses) |           |        |
|                          | Sep. 2003       | Mar. 2003 | Change | Sep. 2003                     | Mar. 2003 | Change |
| Stocks                   | -               | -         | -      | -                             | -         | -      |
| Bonds (JGB)              | 100.2           | 117.8     | -17.6  | 2.4                           | 3.9       | -1.4   |
| Foreign bonds and others | 13.7            | 13.7      | -      | 0.5                           | 0.7       | -0.2   |
| Total                    | 113.9           | 131.5     | -17.6  | 3.0                           | 4.7       | -1.7   |

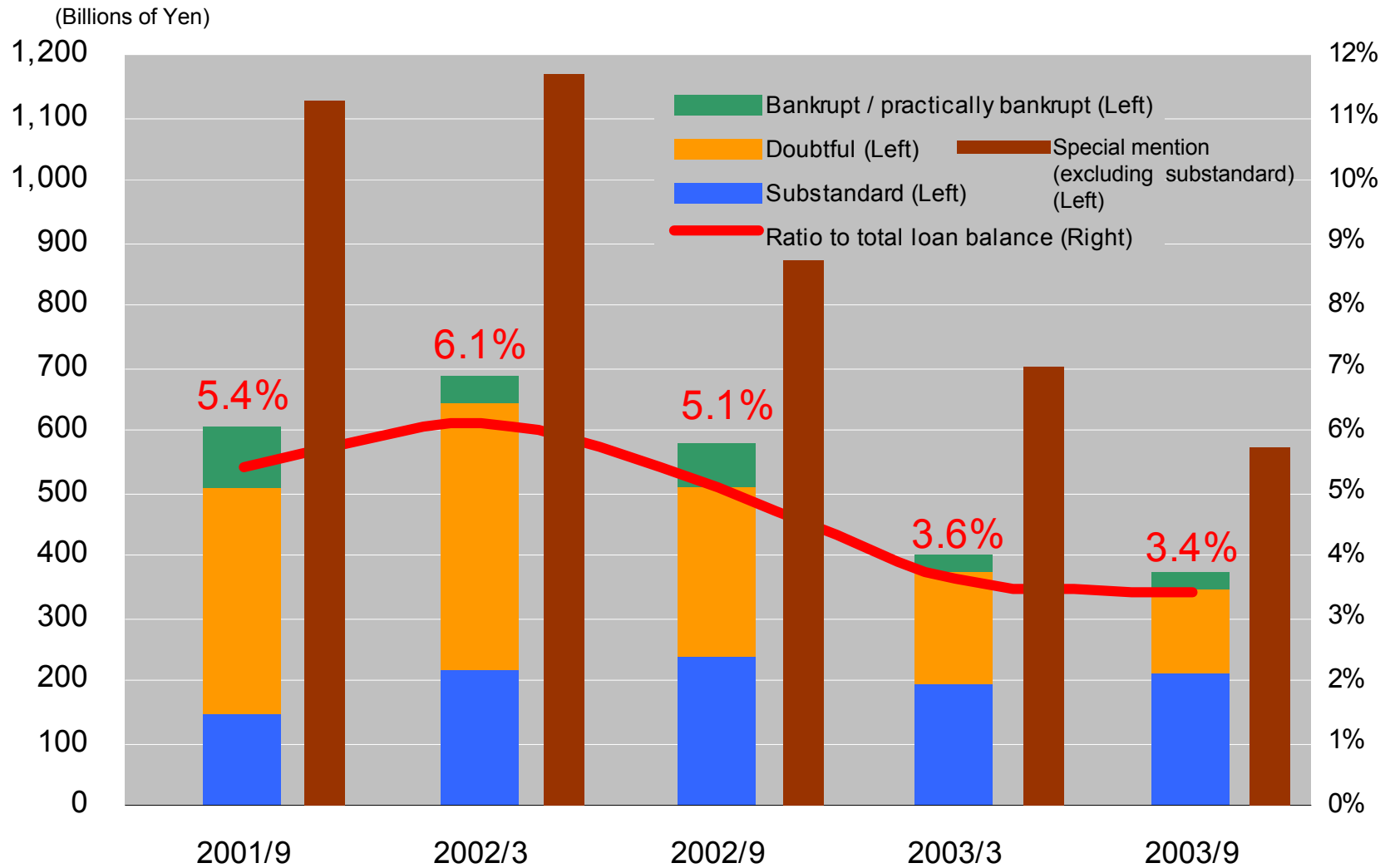
# Minimizing downside risks



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# Problem loans



Note: Amounts in the chart are for both banking and principal guaranteed trust a/c

# Migration analysis

## ► Banking and principal guaranteed trust a/c

1HFY2003

| (in billions of Yen)   | Sep. 2003 | Mar. 2003 | Change | Downgrade (+) | Downgrade (-) | Upgrade (+) | Upgrade (-) | Write-off, sales, or collection |
|--|-----------|-----------|--------|---------------|---------------|-------------|-------------|---------------------------------|
| Bankrupt / practically bankrupt  | 25.7      | 29.0      | -3.3   | 2.6           | -             | -           | -0.1        | -5.8                            |
| Doubtful   | 133.6     | 176.7     | -43.0  | 15.8          | -1.7          | 0.1         | -20.2       | -37.0                           |
| Loans to substandard debtors   | 227.9     | 209.5     | 18.4   | 25.9          | -13.0         | 19.3        | -2.5        | -11.2                           |
| Loans to special mention debtors<br>(excluding loans to substandard debtors) | 587.9     | 703.3     | -115.4 | 44.9          | -23.2         | 3.0         | -43.0       | -97.1                           |

## Reserve for “special mention” category

### General reserve

<Banking a/c>

|   | Sep. 2003 | Mar. 2003 | Change |
|---|-----------|-----------|--------|
| <b>Substandard loans</b>                                |           |           |        |
| Substandard debtors                                     | 18.2%     | 25.0%     | -6.8%  |
| (Uncovered portion)                                     | 52.5%     | 50.7%     | 1.8%   |
| <b>Ordinary loans</b>                                   |           |           |        |
| Special mention debtors (excluding Substandard debtors) | 6.1%      | 5.6%      | 0.5%   |
| Special mention (= Watch list)                          | 9.2%      | 9.5%      | -0.3%  |
| Ordinary  | 0.1%      | 0.1%      | -      |

Classification under the  
Financial reconstruction law

Classification under  
self-assessment

|                                | Amount<br>(Billions of Yen) | Coverage ratio* | Reserve ratio** |
|--------------------------------|-----------------------------|-----------------|-----------------|
| Bankrupt/ Practically bankrupt | 19.7                        | 100%            | 100%            |
| Change from Mar. 2003          | -2.2                        | -               | -               |
| Doubtful                       | 117.8                       | 93%             | 79%             |
| Change from Mar. 2003          | -41.8                       | 7%              | 13%             |

# Self assessment (potentially bankrupt or worse)

As of Sep. 30, 2003

\* Number in the second row in each category denotes difference from Mar. 2003.

| (in billions of Yen) | Banking a/c |                               |                                      |           | Trust a/c |                               |                                      |           |
|----------------------|-------------|-------------------------------|--------------------------------------|-----------|-----------|-------------------------------|--------------------------------------|-----------|
|                      | amount      | Covered by Deposits, JGB, etc | Covered by real estate or guaranteed | Unsecured | Amount    | Covered by Deposits, JGB, etc | Covered by real estate or guaranteed | Unsecured |
| Legally bankrupt     | 11.6        | 0.6                           | 11.0                                 | 0.0       | 4.8       | 0.0                           | 4.8                                  | 0.0       |
|                      | -3.0        | -0.5                          | -2.4                                 | 0.0       | -0.9      | 0.0                           | -1.0                                 | 0.0       |
| Virtually bankrupt   | 8.0         | 0.4                           | 7.5                                  | 0.0       | 1.1       | 0.0                           | 1.1                                  | 0.0       |
|                      | 0.8         | 0.1                           | 0.7                                  | 0.0       | -0.1      | -0.0                          | -0.0                                 | 0.0       |
| Potentially bankrupt | 117.8       | 32.8                          | 74.1                                 | 10.8      | 15.7      | 0.2                           | 11.3                                 | 4.1       |
| (Doubtful)           | -41.8       | -18.9                         | -10.6                                | -12.2     | -1.1      | -1.1                          | -0.0                                 | 0.1       |
| Total                | 137.6       | 33.9                          | 92.8                                 | 10.8      | 21.7      | 0.2                           | 17.3                                 | 4.1       |
|                      | -44.1       | -19.3                         | -12.4                                | -12.2     | -2.2      | -1.1                          | -1.1                                 | 0.1       |

## Real estate collateral

Banking a/c Legally and virtually bankrupt; approx. 14.3 billion yen; Potentially bankrupt: approx. 79.1 billion yen  
 Trust a/c Legally and virtually bankrupt; approx. 4.6 billion yen; Potentially bankrupt: approx. 6.8 billion yen  
 Total 104.8 billion yen

10% is the estimated loss ratio under the stress scenario on sales of real estate collaterals.

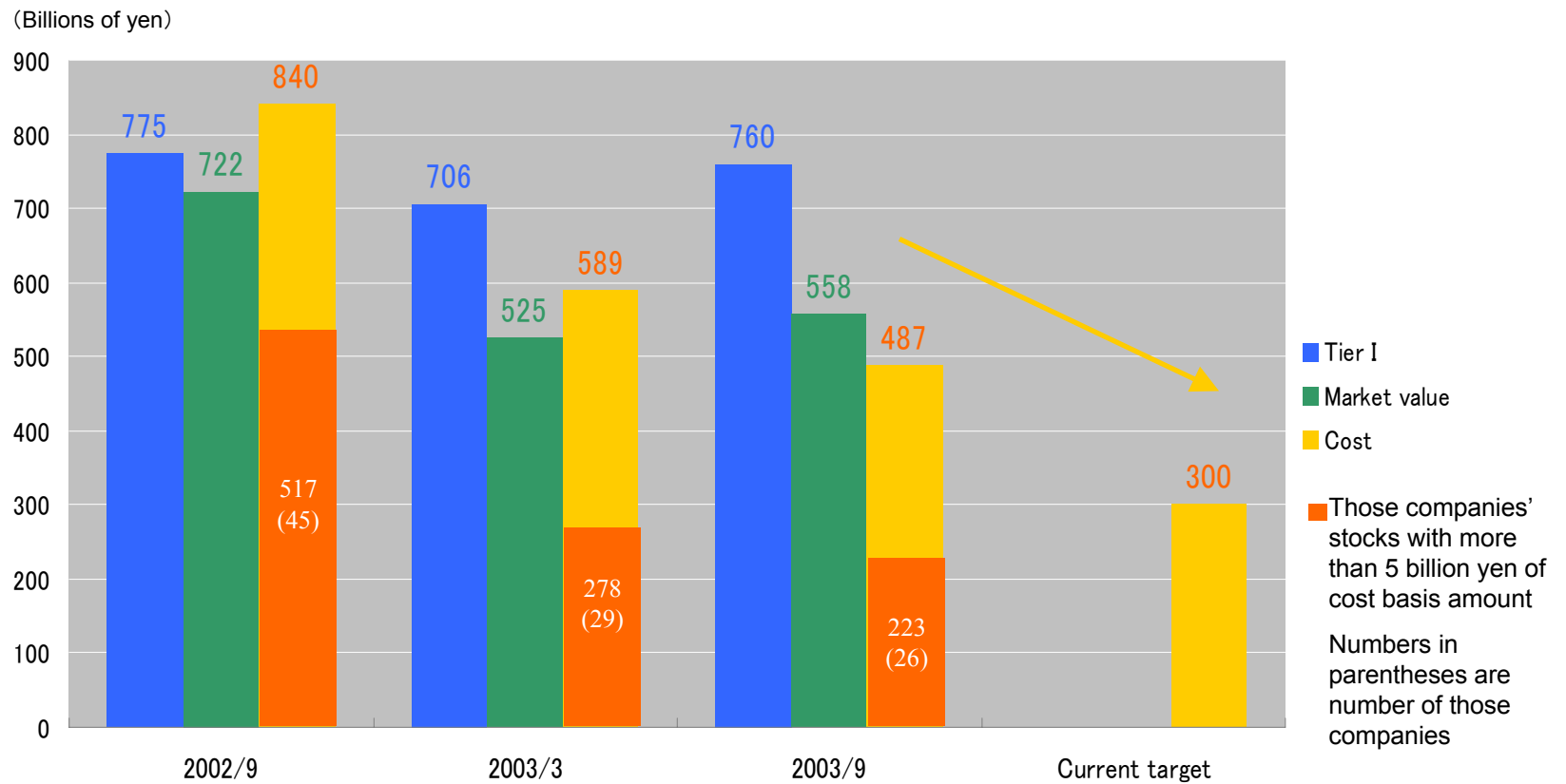
$$104.8 \text{ billion Yen} * 10\% + 15.0 \text{ billion Yen} = 25.5 \text{ billion Yen}$$

Uncovered amount for Potentially Bankrupt or worse categories totals 15.0 billion yen



## ✚ Unwinding of cross shareholdings

- ▶ Sold off 101.7 billion (\*) Yen of stocks in 1HFY2003  
(Original plan: 100 billion Yen)



**Capital**

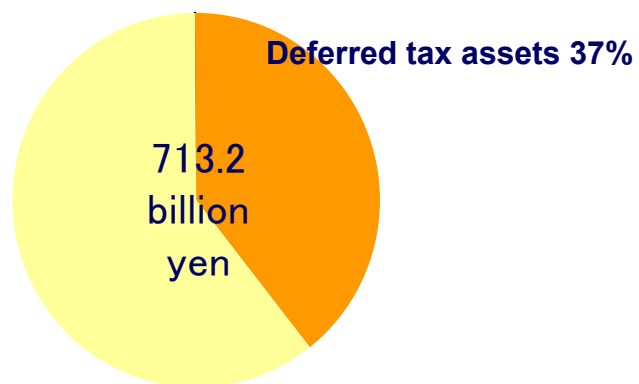


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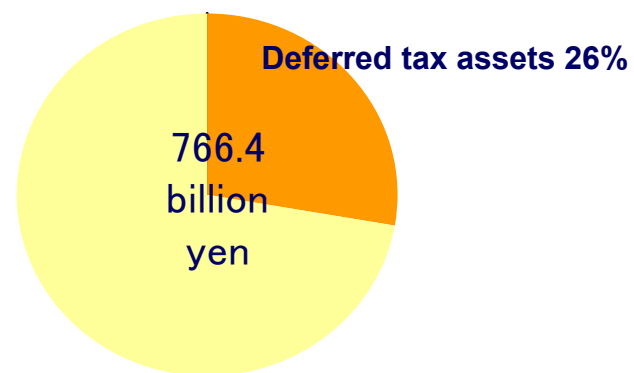
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## Capital

**Tier I as of Mar. 2003  
(Non-consolidated)**



**Tier I as of Sep. 2003  
(Non-consolidated)**



|   | Billions of Yen |        |        |        |        |          | Total |
|---|-----------------|--------|--------|--------|--------|----------|-------|
|   | 2HFY2003        | FY2004 | FY2005 | FY2006 | FY2007 | 1HFY2008 |       |
| Net business profit before credit costs | 67.6            | 145.0  | 150.0  | 165.0  | 175.0  | 87.5     | 790.1 |
| Net income before income taxes          | 31.8            | 90.0   | 110.0  | 125.0  | 135.0  | 67.5     | 559.3 |

|  |                   |
|--|-------------------|
| a. Taxable income before deduction of existing deferred tax assets factors | 626.4 billion yen |
| b. Effective tax rate for calculation of deferred tax assets               | 40.46%            |
| c. Net deferred tax assets (Non-consolidated)                              | 200.7             |
| $(c \div b) / a \times 5yr$  | 3.95 yr           |



# Forecast for FY2003



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## Forecast for FY2003 (Non-consolidated)

| (in billions of Yen)                           | FY2003<br>Forecast (A) | 1HFY2003<br>Actual | FY2002<br>Actual (B) | Change<br>(A) - (B) |
|--|------------------------|--------------------|----------------------|---------------------|
| <b>Net business profit before credit costs</b> | <b>145.0</b>           | <b>77.3</b>        | <b>158.8</b>         | <b>-13.8</b>        |
| Credit costs                                   | 40.0                   | 9.9                | 85.9                 | -45.9               |
| Banking a/c                                    | 35.0                   | 7.7                | 65.6                 | -30.6               |
| Trust a/c                                      | 5.0                    | 2.2                | 20.3                 | -15.3               |
| Net non-recurring items                        | -5.0                   | -2.2               | -141.3               | 136.3               |
| <b>Net operating profit</b>                    | <b>100.0</b>           | <b>62.3</b>        | <b>-68.3</b>         | <b>168.3</b>        |
| <b>Net income</b>                              | <b>60.0</b>            | <b>40.3</b>        | <b>-56.5</b>         | <b>116.5</b>        |

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 changes in managerial circumstances.