

## **Summary of Status Report on the Plan for Restoring Sound Management**

### **1. Summary of Results for 1HFY2001**

Sumitomo Trust's Adjusted Net Business Profit, Net Operating Income, and Net Income for the first half of fiscal year 2001 (1HFY2001) resulted in 69.3 billion yen, 11.7 billion yen, and 6.1 billion yen, respectively.

Our forecast of financial results for FY2001 announced in May 2001 (Adjusted Net Business Profit: 65.0 billion yen; Net Operating Income: 23.0 billion yen; Net Income: 13.0 billion yen) is based on the original Plan for Restoring Sound Management, and comparison of the actual results with the forecast shows an increase of 4.3 billion (6.7%) in Adjusted Net Business Profit, but decreases of 11.2 billion (48.8%) in Net Operating Income and 6.8 billion (53.0%) in Net Income.

Total credit costs, i.e., the sum of credit costs in Banking A/C, Trust A/C, and the net transfer to general reserve, resulted in 33.6 billion yen, 6.3 billion yen below our forecast (Banking A/C credit costs: 10.8 billion; Trust A/C credit costs: 28.6 billion; Net transfer to general reserve: minus 5.8 billion yen).

Although the Banking A/C credit costs for loans classified in Potentially Bankrupt or worse amounted to 28.6 billion yen mainly due to write-off and reserves along with reclassification of certain borrowers, credit costs that arise from further deterioration of loans are steadily declining. Also, in the process of final disposal of loan classified in Potentially Bankrupt or worse, 3.1 billion yen net gains from bulk sales were recorded, besides 3.0 billion yen gains recorded in Extraordinary Income.

On the other hand, net transfer to general reserve resulted in the negative, due to reclassification of certain borrowers, who had previously been subject to a higher reserve ratio, to Potentially bankrupt or worse categories, the total reserve ratio for the entire Special Mention category was maintained at 6.2% as of the end of September 2001.

Net gains/losses on stocks resulted in a net loss of 24.7 billion yen, mainly due to 34.2 billion yen devaluation of stocks. Stocks with values at 50% or less of their costs, as well as those with values more than 50% but less than 70% of their costs having no possibility of price recovery, are subject to the devaluation (values being determined on the basis of 1-month average of their daily closing prices during September 2001).

Adjusted Net Business Profit increased by 6.8 billion yen (11.0%) in comparison with

1HFY2001. This is attributable to 3.6 billion yen increase in Adjusted Gross Business Profit, coupled with 3.2 billion yen reduction in general and administrative expenses through a further cost reduction.

The increase in Adjusted Gross Business Profit is mainly on account of the boosted net gains on bonds (particularly, those on foreign bonds), despite the decrease in fees from Loan Trust and Jointly-Operated Money Trust. Although trust fees from pension asset management and securities processing services, which are classified as fee incomes in trust and custody businesses, did not record a significant improvement due to the downward stock market, fee incomes from real estate broking, stock transfer agency, and sales of investment trusts, which are classified as fees and commissions in banking businesses, had a steady improvement.

(BIS Capital Adequacy Ratio, Net Unrealized Losses of Securities)

BIS Capital Adequacy Ratio and the Tier I Ratio equaled 11.32% and 6.67%, respectively, maintaining a sound level. Although BIS Capital Adequacy Ratio decreased by 0.09% from March 2001, this is mainly attributable to 43.3 billion yen deducted from Tier I, as "Net Unrealized Losses on Available-for-Sale Securities (Net of Tax)," along with the adoption of the mark-to-market accounting.

Total net unrealized losses on securities (parent company only) resulted in 74.0 billion yen, mainly on account of 125.6 billion yen net losses on stocks. Market values of stocks are determined on the basis of 1-month average of their daily closing prices during September 2001.

## 2. Summary of Status of the Plan

### (1) Summary of Management Restructuring

#### <Human Resource Management>

- The number of eligible grantees of the stock option plan was expanded to motivate middle line managers.
- Retirement payment/pension plan was revised to a performance-oriented structure.

#### <Alliance Strategy>

- Japan Trustee Services Bank, Ltd. (JTSB), a joint venture with Daiwa Bank specializing in securities processing business established in June 2000 has attained total entrusted assets of 75 trillion yen as of the end of September 2001.
- Chuo Mitsui Trust's participation into JTSB is currently under discussion. If realized,

with total entrusted assets over 100 trillion yen, JTSB will further display its leadership in the securities processing business, with advanced know-how and the scale of economy.

<New Business Development>

1) Retail banking:

- In total twelve mini-branches, "*i-station*"s which are specialized for individual customer services have opened as of Sep. 2001.
- Products lineup was reinforced with our new investment products such as Sumishin Domestic Equity Balance 30/60, and Sumishin CB Open.
- Improvement of the retail banking system has started to enhance CRM functions.

2) Trust and Custody business:

- A new department specializing in passive investments was set up for the asset management services.
- The ISO9001 certificate was granted to our stock transfer agency services.
- Real Estate Group undertook comprehensive custody and administration services for two major J-REITs.

(2) Progress of Restructuring

See Table "Restructuring Plan."

(3) Status of Problem Loans

Total amount of loans classified under the Financial Reconstruction Law (Bankrupt/Practically bankrupt, Doubtful, and Substandard) amounted to 604.0 billion yen for both Banking A/C and Trust A/C combined, increasing by 71.2 billion yen from March 2001. Doubtful loans decreased by 50.3 billion yen. The increase of 112.9 billion yen in the Substandard loans is due to adoption of a stricter classification standard in this category. Total loans categorized in the Special Mention, which include Substandard loans, stood at 1,283.0 billion yen, decreasing by 83.5 billion yen from March 2001.

The final disposal ("off-balancing") of non-performing loans (Bankrupt/Practically bankrupt and Doubtful) resulted in 99.7 billion yen, consisting of 92.6 billion yen having occurred before September 2000, and 7.1 billion yen having occurred during 2HFY2000. Among remaining non-performing loans occurred before September 2000 (726.8 billion yen), which are required to be disposed of by the end of FY2002, more than 50%, or 367.6 billion yen of them have already been disposed, indicating a steady pace of disposal.

Shown below are “Non-performing Loans Ratio” (Risk-managed loans/Total loans outstanding) and “Credit Costs Ratio” (Total credit costs/Total loans outstanding). Although the Substandard loans increased from March 2001 due to the adoption of a stricter classification standard as mentioned above, the Credit Costs Ratio shows a steady downward trend, thanks to a decrease in credit costs that arise from further deterioration of loans.

	Mar. 2000	Mar. 2001	Sep. 2001
Non-Performing Loans Ratio	7.15%	4.99%	5.64%
Credit Costs Ratio	1.41%	1.38%	0.63%

We will further seek thorough soundness of our loan asset quality through final disposal and off-balancing of non-performing loans, as well as improvements in the above mentioned ratios.

(4) Credit Business Policy

In addition to the traditional corporate lending business by way of bilateral relationships with customers, we are developing credit investment business by way of market approach such as investing in securitized and marketable credits. We are also offering financial services related to the credit investments fully utilizing the know-how of our trust function.

The balance of domestic loans as of September 2001 increased by 23.5 billion yen from March 2001, which consists of a decrease in corporate loans by 25.8 billion yen, including 10 billion decrease in the middle corporate loans, and an increase in individual loans by 49.3 billion yen,

(5) Dividends Payment

Sumitomo Trust has prudently decided not to distribute interim dividends for common stock and preferred stock for FY2001 and intends to pay all dividends as lump-sum year-end dividends on account of the mark-to-market accounting adopted from the current fiscal year and the current poor outlook of the stock market.

The year-end annual dividends for common stock are currently forecasted at 7.00 yen per share remaining the same level as for FY2000.

### **3. Forecast for FY2001**

We forecast that the Adjusted Net Business Profit will remain unchanged from the Plan at 140 billion yen. However, with the impact of the write-down of stocks held incurred during 1HFY2001, we forecast the Net Operating Income of 35 billion yen and Net Income of 21 billion yen for FY2001, approximately 30% declines from the Plan.

With regard to the credit costs, we are maintaining the forecast of the Plan at 80 billion yen for FY2001. Although there are some unforeseeable factors such as deflationary macro economy and deteriorating financial conditions of corporations, the forecast reflects a downward trend of our credit costs over the past several years.

**(Appendices)****Financial Highlights (Non-Consolidated)**

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Remarks	Mar. 2002 Projection
<b>Average Balance Information:</b> (in billions of Yen)					
Total Asset	14,289.3	16,207.6	16,487.8		17,200.0
Loans and Bills Discounted	7,196.9	7,844.9	8,225.9	*1	8,590.0
Investment Securities	4,300.0	5,575.3	5,941.2		5,770.0
Trading Assets	417.1	439.1	471.7		500.0
Deferred Tax Assets (Ending Balance)	243.6	200.5	222.7	*2	180.5
Total Liabilities	13,595.5	15,444.3	15,718.0		16,430.0
Deposits	6,776.2	7,832.8	8,849.8	*3	7,870.0
Bonds	-	-	-		-
Trading Liabilities	8.5	10.5	28.6		10.0
Deferred Tax Liabilities (Ending Balance)	-	-	-		-
Deferred Tax Liabilities on Revaluation Reserve for Land (Ending Balance)	17.1	15.0	15.0		15.0
<b>Stockholders' Equity:</b>					
Total Stockholders' Equity	724.7	760.8	712.2		779.8
Common Stock and Preferred Stock	282.0	283.9	284.0		283.9
Capital Surplus	235.4	237.4	237.4		237.4
Legal Reserve	39.6	41.8	42.9		44.0
Revaluation Reserve for Land, Net of Tax	25.6	23.6	23.6		23.6
Net Unrealized Gains/Losses of Other Investment Securities	-	-	-45.2	*2	0.0
Retained Earnings	141.9	174.0	173.6		190.8
<b>Summary of Financial Results:</b>					
Gross Profits	221.0	238.5	118.3		240.3
Trust Fees	96.2	95.8	35.9		105.0
Trust Account Credit Costs (A)	54.7	31.5	10.8	*5	25.0
Interest Income	389.6	347.4	164.7		317.0
Interest Expenses	291.0	269.0	120.7		232.0
Fees and Commissions	25.9	21.5	10.0		29.0
Net Trading Income (Expenses)	4.3	7.1	2.2		6.0
Net of Other Operating Income	-3.9	35.6	26.1		15.3
Bond Related Income (Expenses)	-10.6	29.8	21.5		10.0
Adjusted Net Business Profit (B) + (A) + (C)	144.7	144.1	69.3	*4	140.0
Net Business Profit (before Net Transfer to General Reserve (B) + (C))	89.9	112.6	58.5		115.0
Net Business Profit (Gyomu Jun-eki) (B)	97.2	91.5	64.3		115.0
Net Transfer to General Reserve (C)	-7.2	21.1	-5.8	*5	0.0
General and Administrative Expenses	131.0	125.9	59.8		125.3
Payroll	57.9	52.4	24.7		50.5
Expenses other than Payroll	67.5	68.2	32.6		68.8
Credit Losses on Loans	102.5	94.1	28.6	*5	55.0
Net Income from equity transactions	75.1	43.6	-24.7	*6	0.0
Devaluation of Equities	87.7	30.2	34.2		0.0
Net Operating Income	76.7	72.9	11.7	*6	53.0
Extraordinary Income	1.6	24.3	3.0		0.0
Extraordinary Expense	1.6	13.0	2.2		3.0
Income Taxes (Current)	0.0	0.1	0.0		0.0
Income Taxes (Deferred)	43.6	41.5	6.5		20.0
Net Income	33.0	42.6	6.1	*6	30.0
<b>Cash Dividends:</b>					
Profit available for Dividend (in billions of Yen)	133.9	163.1	157.6		178.6
Dividend (in billions of Yen)	10.8	10.8	-		11.0
Dividend per Share (Yen)	7.00	7.00	-		7.00
Dividend Ratio (preferred stock - capital infusion)	0.76	0.76	-		0.76
Dividend Ratio (preferred stock - others)	-	-	-		-
Dividend Payout Ratio	32%	25%	-		36%

Managerial Index: Yield rates and margins are on three major accounts basis.

Average nominal interest rate earned (D)	2.87	2.35	2.17		2.00
on Loans (E)	1.97	1.95	1.73		1.66
on Securities	2.37	2.80	2.86		2.63
Average nominal cost rate paid (F)	2.61	2.19	2.02		1.88
on Deposits (including NCD) (G)	0.63	0.74	0.68		0.54
Overhead Ratio (H)	0.90	0.87	0.83		0.94
Payroll Ratio	0.40	0.36	0.34		0.38
Expenses other than payroll Ratio	0.46	0.47	0.45		0.49
Interest Spread (D)-(F)	0.25	0.16	0.15	*7	0.12
Interest Spread on Loans/Deposits (E)-(G)-(H)	0.42	0.33	0.21		0.17
<Gross Interest Spread on Loans/Deposits (E) - (G)>(Note 1)	<1.33>	<1.21>	<1.04>		<1.12>
Non-Interest Income Ratio	55.42	67.12	62.80		64.62
ROE [(Net Business Profit + Credit Cost in Trust Account)/Stockholders' Equity] (Note 2)	19.96	19.40	18.25	*7	18.17
ROA [(Net Business Profit + Credit Cost in Trust Account)/Total Assets in Banking Account]	1.01	0.88	0.84		0.81

(Note 1) As costs arising from operations other than commercial lending/borrowing, such as pension businesses, are included in the calculation of the interest spread of trust banks, "Gross Interest Spread" is also shown as a reference.

(Note 2) Figures in "Stockholders' Equity" for Mar. 2001 and Sep. 2001 (Actual) are on an average balance basis.

#### Balance of Principal-Guaranteed Trusts

(in billions of Yen)

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Remarks	Mar. 2002 Projection
Jointly-Operated Money Trusts (ending balance)					
Total Assets	1,242.6	998.5	948.4		1,000.0
Loans	280.4	249.3	238.5		250.0
Securities	34.8	27.0	16.0		30.0
Others	927.4	722.0	693.8		720.0
Total Liabilities	1,242.6	998.5	948.4		1,000.0
Principal	1,238.9	997.6	946.6		999.0
Others	3.6	0.8	1.7		1.0
Loan Trusts (ending balance)					
Total Assets	5,798.2	4,489.6	3,901.5		3,700.0
Loans	2,608.9	2,069.3	1,734.9	*1	1,500.0
Securities	670.0	312.6	252.0		300.0
Others	2,519.3	2,107.6	1,914.6		1,900.0
Total Liabilities	5,798.2	4,489.6	3,901.5		3,700.0
Principal	5,698.1	4,427.7	3,853.6	*3	3,650.0
Others	100.0	61.9	47.9		50.0

(\* Remarks)

\*1 Total loan amount in Banking A/C as well as Trust A/C with principal guarantee contracts (Loan Trust and Jointly-Operated Money Trust) has steadily increased. The amount of domestic loans outstanding has already exceeded our projected level for Mar. 2002.

\*2 Negative 45.2 billion yen is recorded due to our net unrealized losses in Available-for-Sale Securities.

In addition, deferred tax assets increased by 28.7 billion yen mainly due to the impact of tax-effect accounting.

\*3 NCD (non-negotiable certificate of deposits), for the purpose of short-term cash management, has significantly increased. Overall deposit amount (including Loan Trust) is maintained at the same level as the projection.

\*4 Adjusted net business profit exceeded the projected amount (as of May 2001) by 4.3 billion yen, achieving 69.3 billion yen.

\*5 Total Credit costs, consisting of credit costs for Banking A/C and Trust A/C, as well as the net transfer to general reserve, totaled 33.6 billion yen, 6.3 billion yen below our forecast of 40 billion yen (as of May 2001). A steady downward trend of credit costs that arise from new occurrences of problem loans is observed.

\*6 Net losses on securities resulted in 24.7 billion yen, mainly on account of the devaluation losses amounting to 34.2 billion yen. A strict standard for devaluation, in which stocks with values at 50% or less of their costs are compulsorily subject to devaluation, and those with values more than 50% but less than 70% of their costs are subject to devaluation, depending on their possibility of price recovery.

\*7 Interest spread exceeded the projected level for Mar. 2002 by 0.03%. ROE also has exceeded the projected level for Mar. 2002 by 0.08%.

**Financial Highlights (Consolidated)**

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Remarks	Mar. 2002 Projection
(in billions of Yen)					
Total Asset	15,522.7	17,861.0	17,212.7		
Loans and Bills Discounted	7,728.9	8,193.7	8,586.9		
Investment Securities	4,864.9	6,566.3	5,619.1		
Trading Assets	454.1	640.5	724.9		
Deferred Tax Assets	245.5	204.4	224.8		
Minority Interests	89.7	91.0	94.2		
Total Liabilities	14,697.4	17,008.2	16,398.9		
Deposits	7,674.0	8,692.8	9,303.5		
Bonds	-	-	-		
Trading Liabilities	131.3	199.0	278.3		
Deferred Tax Liabilities (Ending Balance)	1.0	0.1	0.2		
Deferred Tax Liabilities on Revaluation Reserve for Land (Ending Balance)	17.1	15.0	15.0		
Stockholders' Equity:	735.5	761.6	719.5		
Common Stock and Preferred Stock	282.0	283.9	284.0		
Capital Surplus	235.4	237.4	237.4		
Revaluation Reserve for Land, Net of Tax	25.6	23.6	23.6		
Net Unrealized Gains/Losses of Other Investment Securities	-	-	-45.1		
Retained Earnings	192.4	225.1	226.0		
Treasury Stock	0.1	2.1	4.2		
<b>Summary of Financial Results:</b>					
Operating Income	1,010.1	875.2	380.3		750.0
Trust Fees	96.2	95.8	35.9		
Interest Income	391.2	346.5	167.9		
Fees and Commissions Earned	43.8	49.7	26.9		
Trading Income	6.1	10.5	3.2		
Other Business Income	216.5	218.2	109.1		
Other Operating Income	256.0	154.2	37.2		
Operating Expenses	929.9	796.9	363.5		705.0
Interest Expenses	294.4	275.2	124.0		
Fees and Commissions Paid	9.6	17.8	10.5		
Trading Expenses	0.0	0.0	0.4		
Other Business Expenses	213.2	175.2	77.6		
General and Administrative Expenses	142.8	138.0	66.5		
Other Operating Expenses	269.7	190.4	84.3		
Write-Off	45.2	67.6	16.0		
Reserves	32.3	48.9	13.5		
Net Transfer to General Reserve	-5.4	19.7	-6.8		
Net Transfer to Specific Loan Loss Reserve	42.9	30.6	21.9		
Net Operating Income	80.2	78.2	16.8		45.0
Extraordinary Income	1.6	21.4	3.1		
Extraordinary Expense	1.7	9.8	2.3		
Income before Income Taxes	80.1	89.9	17.6		
Income Taxes (Current)	3.3	4.3	2.4		
Income Taxes (Deferred)	41.7	40.5	5.9		
Minority Interest in Net Income	2.9	3.9	2.8		
Net Income	32.2	41.0	6.3		22.0

## BIS Capital Adequacy Ratio

(Non-Consolidated basis)

(in billions of Yen)

	Mar. 2000	Mar. 2001	Sep. 2001	Remarks	Mar. 2002
	Actual	Actual	Actual		Projection
Capital	281.9	281.8	279.8		281.8
Common Stocks	231.9	231.8	229.8		231.8
Preferred Stock (non-cumulative) (Note 1)	50.0	50.0	50.0		50.0
Preferred Securities (Note 2)	83.0	83.0	83.0		83.0
Capital Surplus	235.4	237.4	237.4		237.4
Legal Reserve	39.6	41.8	42.9		44.0
Net Unrealized gain/loss of other investment securities	-	-	-45.2		0.0
Voluntary Reserves	104.8	127.8	159.8		159.8
Others	31.8	40.7	13.7		25.6
Tier	776.5	812.6	771.5		831.6
(Tax Effect Amount of which)	(243.6)	(200.5)	(222.7)		(180.5)
Preferred Stock (cumulative)	-	-	-		-
Preferred Securities	-	-	-		-
Perpetual Subordinated Bonds (Note 3)	135.0	164.5	164.5		164.5
Perpetual Subordinated Loans	-	-	-		-
Unrealized gains of securities(55% discounted)	-	-	-		-
Revaluation surplus on land(55% discounted) (Note 4)	19.2	17.4	17.4		17.4
General Reserve	55.0	76.1	70.3		76.1
Others (Note 5)	9.9	6.1	6.0		6.1
Upper Tier II	219.2	264.2	258.2		264.2
Subordinated debt (Note 6)	306.4	280.4	290.3		280.0
Subordinated loan	24.0	12.0	-		-
Others	-	-	-		-
Lower Tier II	330.4	292.4	290.3		280.0
Tier II	549.6	556.6	548.5		544.2
Tier III	-	-	-		-
Deductible Items	1.4	1.0	0.9		1.0
Total Capital	1,324.7	1,368.2	1,319.1		1,374.8
Total risk-adjusted assets	11,629.0	11,701.5	11,472.0		11,700.0
On-balance-sheet items	9,441.5	9,974.1	10,018.6		10,000.0
Off-balance-sheet items	2,129.0	1,661.8	1,398.0		1,600.0
Market Risk Equivalent (Note 7)	58.3	65.5	55.3		100.0
BIS Capital Adequacy Ratio(consolidated)	11.39	11.69	11.49		11.75
Tier I Ratio	6.67	6.94	6.72		7.10

(Note 1) Amount included in capital from 100 billion public funds in the form of preferred stock

(Note 2) As a self-serving capital enforcement method, preferred securities totaling 83 billion yen was issued in Mar. 1999, by a subsidiary in Cayman Islands.

(Note 3) Perpetual subordinated unsecured bonds issued in March 1998 as public funds are included. The bonds are to be redeemed on the call date in March 2003.

(Note 4) 45% of revaluation gain on land is included in Tier II.

(Note 5) Mandatory exchangeable subordinated notes issued in June 1997.

(Note 6) Includes 100 billion yen medium-term subordinated bonds issued in March 1999.

(Note 7) Amount of market risk equivalent /0.08 (8%)

## BIS Capital Adequacy Ratio

(Consolidated basis)

(in billions of Yen)

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Remarks	Mar. 2002 Projection
Capital	281.9	281.8	279.8		281.8
Common Stocks	231.9	231.8	229.8		231.8
Preferred Stock (non-cumulative) (Note 1)	50.0	50.0	50.0		50.0
Preferred Securities (Note 2)	83.0	83.0	83.0		83.0
Legal Reserves	235.4	237.4	237.4		237.4
Net Unrealized gain/loss of other investment securities	-	-	-43.3		0.0
Foreign Currency Translation Adjustment	-	-6.3	-2.2		-6.3
Retained Earnings	193.8	227.7	235.4		244.7
Others	-	-	-		-
Tier I (Tax Effect Amount)	794.2 (245.5)	823.6 (204.4)	790.1 (224.8)		840.6 (185.4)
Preferred Stock (cumulative)	-	-	-		-
Preferred Securities	-	-	-		-
Perpetual Subordinated Bonds (Note 3)	135.0	164.5	164.5	*1	164.5
Perpetual Subordinated Loans	-	-	-		-
Unrealized gains of securities(55% discounted)	-	-	-		-
Revaluation surplus on land(55% discounted) (Note 4)	19.2	17.4	17.4		17.4
General Reserve	58.8	79.5	72.5		79.5
Others (Note 5)	9.9	6.1	6.0		6.1
Upper Tier II	223.0	267.6	260.4		267.5
Subordinated Debt (Note 6)	306.4	280.4	290.3	*1	280.0
Subordinated Loan	24.0	12.0	-		-
Others	-	-	-		-
Lower Tier II	330.4	292.4	290.3		280.0
Tier II	553.4	560.0	550.7		547.5
Tier III	-	-	-		-
Deductible Items	1.4	2.4	1.6		2.4
<b>Total Capital</b>	<b>1,346.2</b>	<b>1,381.2</b>	<b>1,339.2</b>		<b>1,385.7</b>
Total risk-adjusted assets	11,982.2	12,098.2	11,829.2		12,000.0
On-balance-sheet items	9,699.8	10,279.1	10,293.9		10,200.0
Off-balance-sheet items	2,209.3	1,749.0	1,474.9		1,700.0
Others (Note 7)	73.1	70.0	60.3		100.0
BIS Capital Adequacy Ratio(consolidated)	11.23	11.41	11.32	*2	11.54
Tier I Ratio	6.62	6.80	6.67		7.00

\*(Notes 1 to 7): See Notes in non-consolidated basis for explanation.

<Explanation for the difference between March 2001 Actual and March 2001 Projection>

\*1 Advanced issuance of subordinated bonds was made for the purpose of further maintaining a sufficient level of BIS capital adequacy ratio.

\*2 Although this percentage decreased by 0.09% from March 2001, this is mainly attributable to 43.3 billion yen deducted from Tier I, as "Net Unrealized Losses on Available-for-Sale Securities (Net of Tax)", along with the adoption of mark-to-market accounting.

## Breakdown of Adjusted Net Business Profits

(Non-Consolidated basis)

(in billions of Yen)

	Mar. 2000 Actual	Mar. 2001 Actual	Remarks
Trust and Custody Business	33.4	30.9	
Pension Asset Management	22.0	16.9	
Securities Processing Services	4.0	2.5	
Stock Transfer Agency	4.3	6.4	
Real Estate Services	3.3	5.1	
Domestic Commercial Banking (Note 1, 3)	73.5	86.4	
Overseas Commercial Banking	3.0	5.4	
Treasury Operations	34.8	21.5	
Total (Adjusted Net Business Profit)	144.7	144.1	

(Consolidated basis) (Note 2)

(in billions of Yen)

	Mar. 2000 Actual	Mar. 2001 Actual	Remarks
Trust and Custody Business	36.2	36.3	
Pension Asset Management	22.0	16.3	
Securities Processing Services	6.1	7.6	
Stock Transfer Agency	4.3	6.4	
Real Estate Services	3.8	5.9	
Domestic Commercial Banking (Note 1, 3)	75.6	88.9	
Overseas Commercial Banking	3.0	5.4	
Treasury Operations	34.8	21.5	
Total (Adjusted Net Business Profit)	149.6	152.0	

(Note 1) "Domestic Commercial Banking" includes deposit-taking from and loans to individual customers, loans to corporate customers, investment banking business, and foreign exchange services, etc.

(Note 2) Figures on a consolidated basis are used for internal managerial accounting, and differ from those used for the purpose of financial accounting.

(Note 3) Retail investment management is included in "Domestic Commercial Banking," along with the introduction of the "Business Group" management system in April 2000.

## Breakdown of Adjusted Net Business Profits (New Breakdown by Business Group)

(Non-Consolidated basis) (Note 1)

(in billions of Yen)

	Mar. 2001 Actual	Sep. 2001 Actual	Mar. 2002 Projection	Remarks
Consumer and Corporate Finance Group	71.1	25.6	54.3	
Global Credit Investment Group	5.8	2.9	7.1	
Treasury and Financial Products Group	36.4	32.1	39.7	
Fiduciary Services Group	25.7	12.9	30.7	
Pension Asset Management	16.9	8.2	19.0	
Securities Processing Services	2.5	1.2	3.3	
Stock Transfer Agency	6.4	3.5	8.4	
Real Estate Group	5.1	2.4	8.2	
Seasonal Adjustment (Note 2)	-	-6.5	-	
Total (Adjusted Net Business Profit)	144.1	69.4	140.0	

(Consolidated basis) (Note 3)

(in billions of Yen)

	Mar. 2001 Actual	Sep. 2001 Actual	Mar. 2002 Projection	Remarks
Consumer and Corporate Finance Group	73.6	27.1	57.8	
Global Credit Investment Group	5.8	2.6	7.1	
Treasury and Financial Products Group	36.4	32.1	39.7	
Fiduciary Services Group	30.3	15.5	35.7	
Pension Asset Management	16.3	8.0	18.8	
Securities Processing Services	7.6	3.9	8.5	
Stock Transfer Agency	6.4	3.5	8.4	
Real Estate Group	5.9	2.7	8.7	
Seasonal Adjustment	-	-6.5	-	
Total (Adjusted Net Business Profit)	152.0	73.4	149.0	

(Note 1) "Business Group" management system was introduced in April 2000, and the above new breakdown shows the profit by each business group. "Consumer and Corporate Finance Group" includes retail investment management, which was formerly categorized in "Trust and Custody Business," and foreign-currency-based loans to Japanese corporate customers at overseas branches, which were formerly categorized in "Overseas Commercial Banking." "Treasury and Financial Products Group" includes the former "Treasury Operations" and income from foreign exchange and derivatives transactions with individual customers, which was formerly categorized in "Domestic Commercial Banking."

(Note 2) Figures on the internal managerial accounting basis are shown on the above tables.

On the internal managerial accounting basis, the variance between trust fees for the first half and those for the second half must be adjusted, since some types of trust fees are paid only during the second half. However, as adding thus adjusted figure to those for other business groups results in the "Total" amount exceeding the actual "Adjusted Net Business Profit" as shown in our Income Statement, the excess amount is recorded in "Seasonal Adjustment" in a lump-sum.

(Note 3) Figures on the internal managerial accounting basis are used in "Consolidated basis" Table, and differ from those used for the financial accounting purpose.

## Restructuring Plan

(in billions of Yen, except otherwise mentioned)

	Mar. 2000 Actual	Mar. 2001 Projection	Sep. 2001 Actual	Mar. 2002 Projection
Number of Employees	5,568	5,202	5,160	5,300
Personnel Expenses	57.9	52.4	24.7	50.5
(average monthly salary) (in thousands of Yen)	(432)	(423)	(417)	(420)
Non-Personnel Expenses	67.5	68.2	32.6	68.8
(excluding IT expenses)	(55.7)	(54.8)	(26.5)	(53.5)
Number of Domestic Branches	54	54	53	53
Number of Overseas Branches	5	4	4	3
Number of Overseas Subsidiaries	5	4	4	3

## Change in Loan Amount

(in billions of Yen)

		Mar. 2000	Mar. 2001	Sep. 2001	Mar. 2002
		Actual	Actual	Actual	Projection
<b>Domestic Loans</b>	including Impact Loans	10,111.0	10,013.2	10,050.9	10,013.2
	excluding Impact Loans	9,965.5	9,900.7	9,921.5	9,900.7
Loans to small to mid-sized corporations	including Impact Loans	3,390.2	3,348.0	3,311.1	3,354.0
	excluding Impact Loans	3,359.4	3,317.4	3,256.4	3,323.4
Loans with Guarantees by Credit Guarantee Corporations		0.0	0.0	0.0	0.0
Loans to individual customers		845.1	1,152.3	1,201.6	1,219.3
(residential mortgage loans)		(452.9)	(714.3)	(744.6)	(726.4)
Others		5,875.7	5,512.9	5,538.2	5,439.9
<b>Overseas Loans</b>		555.9	598.2	583.7	611.8
Total		10,666.8	10,611.4	10,634.6	10,625.0

(Actual Basis - excluding impacts of the factors mentioned in the table at the bottom) (in billions of Yen)

		Mar. 2000	Mar. 2001	Sep. 2001	Mar. 2002
		Actual	Actual	Actual	Projection
<b>Domestic Loans</b>	including Impact Loans	10,111.0	10,246.5	10,286.9	10,246.5
	excluding Impact Loans	9,965.5	10,134.0	10,157.5	10,134.0
Loans to small to mid-sized corporations	including Impact Loans	3,390.2	3,503.5	3,517.6	3,509.5
	excluding Impact Loans	3,359.4	3,472.9	3,462.9	3,478.9

(Factors that affected the figures on "Actual Basis" Table)

(in billions of Yen)

	FY2000 Actual		1HFY2001 Actual		FY2001 Projection
Net Losses from Direct Write-Offs	60.5	(24.1)	12.2	(9.8)	0.0 (0.0)
Losses on Sale of Loans to CCPC	7.0	(3.5)	0.6	(0.6)	0.0 (0.0)
Securitization	-6.3	(-17.5)	-58.6	(2.4)	0.0 (0.0)
Partial Direct Write-Offs	171.8	(145.2)	47.3	(38.2)	0.0 (0.0)
Losses on Sale of Loans to RCC	0.0	(0.0)	0.0	(0.0)	0.0 (0.0)
Losses on Sale of Loans in Bulk	0.3	(0.2)	1.2	(0.1)	0.0 (0.0)
Total	233.3	(155.5)	2.7	(51.0)	0.0 (0.0)

\*Figures in parentheses denote the amount of loans to small to mid-sized corporations.

## Classified Assets under Financial Reconstruction Law ("FRL")

### Banking Account

(in billions of Yen)

	Mar. 2001 Actual (Non- Consolidated)	Mar. 2001 Actual (Consolidated)	Sep. 2001 Actual (Non- Consolidated)	Sep. 2001 Actual (Consolidated)
Bankrupt/ Practically Bankrupt (A)	70.3	82.6	81.4	55.3
Doubtful (B) (Kiken-Saiken)	366.0	299.0	319.7	326.6
Substandard (C) (Yo-Kanri-Saiken)	32.8	32.8	112.0	112.0
Ordinary Assets (Seijo-Saiken)	8,360.4	8,191.1	8,675.2	8,476.9
(A) + (B) + (C)	469.1	414.5	513.1	493.8

### Balances of Provisions for Possible Loan Losses

(in billions of Yen)

	Mar. 2001 Actual (Non- Consolidated)	Mar. 2001 Actual (Consolidated)	Sep. 2001 Actual (Non- Consolidated)	Sep. 2001 Actual (Consolidated)
General Reserve	76.1	79.5	70.3	72.5
Specific Reserve	128.2	105.5	112.3	119.3
Reserve for loans to restructuring countries	2.8	2.8	1.2	1.2
<Total of reserve for possible loan losses>	207.3	188.0	183.9	193.1
Reserve for possible losses for loans to CCPC	3.3	3.3	1.8	1.8
Reserve for supporting specific borrowers	-	-	-	-
< Total >	210.7	191.4	185.7	194.9

\*Total amount of classified loans (A + B + C) on a non-consolidated basis increased by 44.0 billion yen to 513.1 billion yen, compared with March 2001. Substandard loans increased by 79.2 billion yen, due to the adoption of a stricter standard for this category, whereas Doubtful loans decreased by 35.2 billion yen, on account of accelerating final disposal (off-balancing).

\*Coverage ratios for Bankrupt/Practically Bankrupt loans and Doubtful loans (ratios of the portions covered by collateral/guarantee, or reserves) are 100% and 92%, respectively. The coverage ratio for Substandard loans equals 57%, with 32% reserve ratio for the uncovered portion.

## Trust Account

(in billions of Yen)

	Mar. 2001 Actual (Non- Consolidated)	Mar. 2001 Actual (Consolidated)	Sep. 2001 Actual (Non- Consolidated)	Sep. 2001 Actual (Consolidated)
Bankrupt/ Practically Bankrupt (A)	15.1	*1	12.5	*1
Doubtful (B) (Kiken-Saiken)	46.0	*1	42.1	*1
Substandard (C) (Yo-Kanri-Saiken)	2.6	*1	36.4	*1
Ordinary Assets (Seijo-Saiken)	2,255.0	*1	1,882.5	*1
(A) + (B) + (C)	63.8	*1	91.0	*1

## Balances of Special Reserve

(in billions of Yen)

	Mar. 2001 Actual (Non- Consolidated)	Mar. 2001 Actual (Consolidated)	Sep. 2001 Actual (Non- Consolidated)	Sep. 2001 Actual (Consolidated)
Loan Trust	23.9	*1	21.6	*1
Jointly-operated Money Trust	0.7	*1	0.7	*1
< Total >	24.7		22.3	

\*1 None of Sumitomo Trust's subsidiaries hold Trust accounts.

\*Total amount of classified loans (A + B + C) on a non-consolidated basis increased by 27.2 billion yen to 91.0 billion yen, compared with March 2001. Substandard loans increased by 33.8 billion yen, due to the adoption of a stricter standard for this category, whereas Doubtful loans decreased by 6.6 billion yen, on account of accelerating final disposal (off-balancing).

\*Coverage ratios for Bankrupt/Practically Bankrupt loans and Doubtful loans (ratios of the portions covered by collateral/guarantee, or reserves) are 100% and 86%, respectively. The coverage ratio for Substandard loans equals 37%. Reserve for Possible Impairment of Principal (for Loan Trust and Jointly-Operated Money Trust) is maintained at as high a level as will mostly cover the uncovered portion of 28.7 billion yen.

## Coverage Ratios of Loans Classified under FRL

### Banking Account

	Mar. 2001	Sep. 2001
Bankrupt/Practically Bankrupt	100%	100%
Doubtful	95%	92%
Substandard	71%	57%
Total Classified Loans under FRL	94%	86%

### Trust Account

	Mar. 2001	Sep. 2001
Bankrupt/Practically Bankrupt	100%	100%
Doubtful	90%	86%
Substandard	52%	37%
Total Classified Loans under FRL	91%	68%

### Banking + Trust Accounts

	Mar. 2001	Sep. 2001
Bankrupt/Practically Bankrupt	100%	100%
Doubtful	95%	91%
Substandard	69%	52%
Total Classified Loans under FRL	94%	83%

\*Coverage ratios denotes percentages of portions covered by collateral/guarantee, or reserves.

\*Reserves include Specific Reserve and General Reserve for loans classified under FRL.

## Information on Risk-Managed Loans

(in billions of Yen, %)

		Mar. 2001 Actual (Non-Consolidated)	Mar. 2001 Actual (Consolidated)	Sep. 2001 Actual (Non-Consolidated)	Sep. 2001 Actual (Consolidated)
Loans in Bankruptcy Proceedings	Banking A/C	33.6	38.0	22.5	25.6
	Trust A/C	6.9	6.9	5.9	5.9
Other Delinquent Loans	Banking A/C	399.4	334.3	373.9	345.6
	Trust A/C	54.2	54.2	48.6	48.6
Loans More than 3 months Past Due	Banking A/C	3.3	3.4	5.5	5.6
	Trust A/C	1.3	1.3	0.8	0.8
Restructured Loans	Banking A/C	29.4	29.4	106.3	106.3
	Trust A/C	1.2	1.2	35.5	35.5
- Interest Rate Reduction	Banking A/C	22.4	22.4	11.6	11.6
	Trust A/C	0.8	0.8	2.8	2.8
- Interest Payment Rescheduled	Banking A/C	-	-	-	-
	Trust A/C	-	-	-	-
- Loans to Financially Supported Borrowers	Banking A/C	-	-	88.8	88.8
	Trust A/C	-	-	30.9	30.9
- Principal Payment Rescheduled	Banking A/C	6.9	6.9	5.9	5.9
	Trust A/C	0.4	0.4	1.7	1.7
- Others	Banking A/C	-	-	-	-
	Trust A/C	-	-	-	-
Total	Banking A/C	465.9	405.2	508.3	483.3
	Trust A/C	63.7	63.7	90.9	90.9
Partial Direct Write-Off		394.5	440.0	330.7	342.7
Percentage of Risk-Managed Loans (Banking A/C)		5.62	4.95	5.87	5.62
Percentage of Risk-Managed Loans (Trust A/C)		2.75	2.75	4.61	4.61

## Breakdown of Credit Costs

(Non-Consolidated basis)

(in billion of Yen)

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Remarks	Mar. 2002 Projection
Expenses Relating to Problem Loans (A)	157.3	125.7	39.4		85.0
Banking A/C	102.5	94.1	28.6		60.0
Net Transfer to Specific Loan Loss Reserves	39.8	30.1	17.3		
Claims Written-Off, etc. (C)	49.1	65.2	12.8		
Claims Written-Off	42.1	41.5	16.0		
Losses on Sale of Loans to CCPC	1.4	0.9	0.0		
Losses on Sale of Loans to RCC	-	-	-		
Other Losses on Sale of Loans	5.1	0.9	-3.1		
Losses on Debt Forgiveness	0.4	21.8	-		
Net Transfer to Reserve for Losses on Investment Securities	0.6	0.5	-0.0		
Net Transfer to Reserves for Financial Assistance to Specific Borrowers	18.2	-0.3	-		
Net Transfer to Reserves for Loans to Restructuring Countries	-5.1	-1.4	-1.5		
Trust A/C	54.7	31.5	10.8		25.0
Claims Written-Off	48.3	27.6	10.3		
Losses on Sale of Loans to CCPC	2.9	3.5	1.1		
Losses on Sale of Loans to RCC	-	-	-		
Other Losses on Sale of Loans	3.4	0.2	-0.6		
Net Transfer to General Reserve (B)	-7.2	21.1	-5.8	*1	-5.0
Total Credit Costs (A) + (B)	150.0	146.8	33.6		80.0

<Reference>

Direct Write-Offs by appropriation of reserves (D)	140.9	133.5	33.2		
(C) + (D)	190.0	198.8	46.0		

<Explanation for the difference between Mar. 2001 Actual and Mar. 2001 Projection>

\*1 Due to the downgrading of certain "Special Mention" borrowers to "Potentially Bankrupt" or worse categories, Net Transfer to General Reserve resulted in negative 5.8 billion yen. However, the coverage ratio for the loans to the entire "Special Mention" borrowers is maintained at 6.2%.

(Consolidated basis)

(in billions of Yen)

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Remarks	Mar. 2002 Projection
Expenses Relating to Problem Loans (A)	163.1	131.7	44.6		85.0
Banking A/C	108.3	100.2	33.7		60.0
Net Transfer to Specific Loan Loss Reserves	42.9	30.6	21.9		
Claims Written-Off, etc. (C)	51.7	70.8	13.3		
Claims Written-Off	44.8	45.8	16.0		
Losses on Sale of Loans to CCPC	1.4	0.9	0.0		
Losses on Sale of Loans to RCC	-	-	-		
Other Losses on Sale of Loans	5.1	2.2	-2.6		
Losses on Debt Forgiveness	0.4	21.8	-		
Net Transfer to Reserve for Losses on Investment Securities	0.6	0.5	-0.0		
Net Transfer to Reserves for Financial Assistance to Specific Borrowers	18.2	-0.3	-		
Net Transfer to Reserves for Loans to Restructuring Countries	-5.1	-1.4	-1.5		
Trust A/C	54.7	31.5	10.8		25.0
Claims Written-Off	48.3	27.6	10.3		
Losses on Sale of Loans to CCPC	2.9	3.5	1.1		
Losses on Sale of Loans to RCC	-	-	-		
Other Losses on Sale of Loans	3.4	0.2	-0.6		
Net Transfer to General Reserve (B)	-5.4	19.7	-6.8		-5.0
Total Credit Costs (A) + (B)	157.7	151.5	37.7		80.0

## Sources for Disposal of Problem Loans

(Non-consolidated)

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Mar. 2002 Forecast
Adjusted Net Business Profit	144.7	144.1	69.3	140.0
(Net gains/losses on bonds)	(-10.6)	(29.8)	(21.5)	
Net Gains on Stocks	75.1	43.6	-	0.0
Others	-	-	-	-
Total	219.9	187.8	69.3	140.0

(Consolidated)

	Mar. 2000 Actual	Mar. 2001 Actual	Sep. 2001 Actual	Mar. 2002 Forecast
Adjusted Net Business Profit	144.7	144.1	69.3	140.0
(Net gains/losses on bonds)	(-10.9)	(29.8)	(21.5)	
Net Gains on Stocks	75.7	45.1	-	0.0
Others	-	-	-	-
Total	220.4	189.2	69.3	140.0

## Bankruptcies during 1HFY2001

(in billions of Yen)

Internal Rating	Internal Ratings 1 year before Bankruptcies		Internal Ratings 6 month before Bankruptcies	
	Number of Bankruptcies	Amount	Number of Bankruptcies	Amount
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	1	12.1	-	-
6	3	3.4	2	0.2
7	-	-	1	12.1
8	2	1.0	2	1.0
9	4	3.9	5	7.0
10	11	87.1	11	87.1
Total	21	107.4	21	107.4

**Summary of Unrealized Gains/Losses  
(Non-consolidated)**

**Securities**

(in billions of Yen)

		Book Value	Net Unrealized Gains/Losses		
			Unrealized Gains	Unrealized Losses	
Held-to-Maturity	Bonds	-			
	Stocks	-			
	Others	-			
	Total	-			
Subsidiaries/Affiliates	Bonds	-			
	Stocks	61.5			
	Others	-			
	Total	61.5			
Others	Bonds	1,555.4	8.6	16.5	7.8
	Stocks	1,029.9	-125.6	79.4	205.0
	Others	2,785.5	42.9	50.5	7.5
	Total	5,370.9	-74.0	146.4	220.4

**Others**

(in billions of Yen)

	Book Value	Market Value	Net Unrealized Gains/Losses		
			Unrealized Gains	Unrealized Losses	
Real Estate For Sale	80.6	74.4	-6.2	-	6.2
Other Real Estate	-	-	-	-	-
Deferred Loss Assets for Hedge-purpose Derivatives	70.9	-70.9	-70.9	354.9	425.8

**(Net Unrealized Gains/Losses on Derivatives)**

(in billions of Yen)

Interest Related Transactions	13.3
(Interest Swaps)	(12.4)
Stock Related Transactions	-0.0
Bond Related Transactions	-0.0
Currency Related Transactions	3.2
Credit Derivative Transactions	0.0
Total	16.4

**Summary of Unrealized Gains/Losses  
(Consolidated)**

**Securities**

(in billions of Yen)

		Book Value	Net Unrealized Gains/Losses	Unrealized Gains/Losses	
				Unrealized Gains	Unrealized Losses
Held-to-Maturity	Bonds	-			
	Stocks	-			
	Others	30.8	0.3	0.6	0.2
	Total	30.8	0.3	0.6	0.2
Subsidiaries/Affiliates	Bonds	-			
	Stocks	24.9			
	Others	-			
	Total	24.9			
Others	Bonds	1,555.8	8.6	16.5	7.8
	Stocks	1,036.3	-122.1	83.1	205.2
	Others	2,796.3	42.6	50.5	7.8
	Total	5,388.5	-70.7	150.1	220.9

**Others**

(in billions of Yen)

	Book Value	Market Value	Net Unrealized Gains/Losses	Unrealized Gains/Losses	
				Unrealized Gains	Unrealized Losses
Real Estate For Sale	80.6	74.4	-6.2	-	6.2
Other Real Estate	1.6	2.9	1.3	2.0	0.7
Deferred Loss Assets for Hedge-purpose Derivatives	71.9	-71.9	-71.9	354.9	426.8

**(Net Unrealized Gains/Losses on Derivatives)**

(in billions of Yen)

Interest Related Transactions	12.7
(Interest Swaps)	(11.7)
Stock Related Transactions	-0.0
Bond Related Transactions	-0.0
Currency Related Transactions	3.1
Credit Derivative Transactions	0.0
Total	15.8

## Summary of Derivative Transactions

(in billions of Yen)

	Contract Value		Credit Risk Equivalent	
	Mar. 2001	Sep. 2001	Mar. 2001	Sep. 2001
Futures	48,308.7	66,033.8	-	-
Interest Swaps	21,504.0	20,561.0	470.4	545.6
Cross Currency Swaps	200.3	509.0	12.1	31.5
Forward Foreign Exchange	4,273.4	4,888.8	217.8	95.2
Interest Options Purchased	594.3	341.9	6.5	6.0
Currency Options Purchased	59.5	74.1	3.3	1.7
Other Derivatives	978.5	950.9	-	6.2
Effect on Netting Agreement	-	-	-458.2	-452.1
<b>Total</b>	<b>75,919.1</b>	<b>93,359.8</b>	<b>252.0</b>	<b>234.3</b>

## Credit Risk (Consolidated)

(in billions of Yen)

	Customers with Credit Rating BBB/Baa or above	Customers with Credit Rating BB/Ba or below	Others*	Total
Credit Risk Equivalent	187.2	21.7	25.4	234.3
Credit Cost	0.2	0.4	0.4	1.1
Amount of Credit Risk	2	0.9	1.1	4.0

\*Including transaction with individual customers (foreign currency time deposits), and impact-loans to non-rated customers.

	Mar. 2000	Mar. 2001	Sep. 2001
Non-Performing Loans Ratio	7.15%	4.99%	5.64%
Credit Costs Ratio	1.41%	1.38%	0.63%