



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

FISCAL YEAR 2002 INTERIM FINANCIAL REPORT

April 1 – September 30, 2002

SUMITOMO MITSUI FINANCIAL GROUP
SUMITOMO MITSUI BANKING CORPORATION

Profile (as of December 2, 2002)

Company Name: Sumitomo Mitsui Financial Group, Inc.

Chairman of the Board: Akishige Okada
(Concurrent Chairman of the Board at Sumitomo Mitsui Banking Corporation)

President & CEO: Yoshifumi Nishikawa
(Concurrent President and CEO at Sumitomo Mitsui Banking Corporation)

Capital Stock: ¥1,000 billion

Business Description: Management of the affairs of subsidiaries within the Group and relevant ancillary functions

Shares Issued and Outstanding:

Ordinary Shares: 5,709,424.39
Type 1 Preference Shares: 67,000
Type 2 Preference Shares: 100,000
Type 3 Preference Shares: 800,000

Head Office: 1-2, Yurakucho 1-chome,
Chiyoda-ku, Tokyo 100-0006, Japan

Stock Exchange Listings:

Tokyo Stock Exchange (First Section)
Osaka Securities Exchange (First Section)
Nagoya Stock Exchange (First Section)

Credit Ratings

Credit ratings for applicable SMFG Companies as of December 31, 2002 are as follows:

● Sumitomo Mitsui Banking Corporation

	Long-term	Short-term
Moody's	A3	P-1
S&P	BBB	A-2
Fitch	A-	F2
R&I	A+	a-1+
JCR	AA-	J-1+

● Sumitomo Mitsui Card Company, Limited

	Long-term	Short-term
JCR	A+	J-1+

● SMBC Leasing Company, Limited

	Long-term	Short-term
JCR	A-	J-1

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This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.

Sumitomo Mitsui Financial Group, Inc.

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February 2003

Foreword



We are pleased to present to you the first business report from the Sumitomo Mitsui Financial Group (SMFG), Inc., which includes the interim financial performance of Sumitomo Mitsui Banking Corporation (SMBC) for the first half of fiscal 2002, the six months ended September 30, 2002.

SMFG was established as a holding company on December 2, 2002, under which SMBC became a wholly owned subsidiary. The following companies have now joined SMFG in a step that marks our start as a new financial services complex: Sumitomo Mitsui Card Company, Limited; SMBC Leasing Company, Limited; The Japan Research Institute, Limited; Daiwa Securities SMBC Co. Ltd.; and Daiwa SB Investments Ltd. In addition to commercial banking at SMBC, the Group now has companies engaged in credit card services, leasing, information systems engineering and management consulting, investment banking, and asset management.

SMFG is firmly committed to harnessing the strengths of all the companies within our new group structure to achieve synergies that surpass their collective potential. In so doing, we will provide products and services with greater added value than ever before, satisfying customers' needs and thereby enjoying high levels of trust and support.

We at SMFG pledge to meet the expectations of the Group's stakeholders by further strengthening its financial base and enhancing shareholders' net worth.

We look forward to the continued support and encouragement of all shareholders as we move on to face the challenges of a bold new stage of development.

February 2003

A handwritten signature in black ink, appearing to read 'A. Okada'.

Akishige Okada
Chairman of the Board

A handwritten signature in black ink, appearing to read 'Y. Nishikawa'.

Yoshifumi Nishikawa
President and Chief Executive Officer

President's Message



Yoshifumi Nishikawa
President and Chief Executive Officer
 Sumitomo Mitsui Financial Group, Inc.

Establishment of the Sumitomo Mitsui Financial Group

As a continuation of the thrust generated from April 2001, when the two former banks were merged to form Sumitomo Mitsui Banking Corporation (SMBC), early into the first half of fiscal 2002, the six months ended September 30, 2002, we achieved all our goals in terms of IT systems integration and business consolidation, marking what we term the “first stage” of post-merger management, such that we were then ready to move on to the “second stage” focusing on Group-wide structural reform, where enhanced earnings and a more robust financial foundation would be our primary aims. So in December 2002, as a strong statement of our swift and solid progress in reaping the merger benefits thereto, we attained a significant milestone by establishing the holding company, Sumitomo Mitsui Financial Group (SMFG), Inc., through the transfer of shares from SMBC, which then became a wholly owned subsidiary under its umbrella.

We deemed a holding company structure to be the best configuration for achieving optimal Group management: to formulate and execute strategies more exactly, implement more rigorous Group-wide corporate governance, and realize a highly flexible and expandable structure that would broaden our range of strategic options.

As part of the ongoing Group-wide reorganization, in February 2003 we reached another landmark as Sumitomo Mitsui Card Company, Limited, SMBC Leasing Company, Limited, and The Japan Research Institute, Limited each

became wholly owned subsidiaries alongside SMBC. At the same time, Daiwa Securities SMBC Co. Ltd. and Daiwa SB Investments Ltd. became the directly invested companies of the holding company.

Looking ahead, in March this year SMBC is scheduled to merge with THE WAKASHIO BANK, LTD., formerly SMBC's wholly owned subsidiary, under the SMFG umbrella, so the Group is set to emerge as a new financial services complex with great promise to be shown in the years ahead.

Key Issues Being Addressed

In the first half of fiscal 2002, we continued to be afflicted by adverse macroeconomic conditions both in the US and Japan, but we remained steadfast in our objective of resolving the lingering issue of problem loans and boosting our financial soundness through the sale of shareholdings. Furthermore, we never lost our focus on greater speed in enhancing profit by raising efficiency through a rigorous reform of business practices and Group-wide management policy, having set the improvement in asset quality and further enhancement of earnings as two top priorities.

Improvement in Asset Quality

Our actions are focused on dealing resolutely with nonperforming assets and reducing the risks from

excessive stock price volatility. In fiscal 2001, we were proactive in revitalizing financial soundness by accelerating the resolution of problem loans. Thus, we were able to contain total credit cost in the first half of fiscal 2002 to ¥266.3 billion, almost as forecast at the fiscal-start. However, due to the occurrence of new problem loans, the amount outstanding as of September 30, 2002 declined by a modest ¥196.9 billion, compared with March 31, 2002 (Financial Reconstruction Law basis).

We will continue to focus on minimizing the occurrence of new problem loans, while accelerating the execution of work-outs on existing ones through off-balancing. To that end, we established in December 2002 a department specifically assigned to execute these tasks, the Asset Restructuring Unit. This unit has a team designated to implement credit reviews across the spectrum of various sized corporate borrowers, provide investment banking services for devising optimal corporate restructuring proposals (rehabilitation, corporate splits, M&As), and execute work-outs together with a body of accounting and legal experts.

By optimally utilizing the merger profit to be gained through the scheduled merger between SMBC and WAKASHIO BANK, we will be able to offset the unrealized losses on held securities. We will proceed with a vigorous program of reducing our shareholdings, so we can significantly reduce our risks from equity exposures: this will allow us to more than meet the equity investment restriction on banks due to become effective in September 2004.

Further Enhancement of Earnings

As part of our total commitment to building an earnings structure that can consistently generate long-term growth, we have set the following goals.

1. Continuously Reform Business Practices

We are continuously reforming our business practices in major fields and our actions are being manifested in our strong performance. A case in point is the reexamination of domestic lending operations in our corporate banking business. Based on the philosophy that risk-taking is the main role of a lending institution, and a bank and a customer should together share a common recognition of credit risk, we at SMBC are adopting a multilateral approach by offering financial solutions meeting the clients' fund-raising, corporate restructuring and

streamlining needs in a more consultative way to enhance corporate customers' net worth, thereby allowing us to gain rewards more commensurate with the corresponding risks. Through such initiatives, we are revamping our business model from the rather outdated, risk-averse "buy and hold" stance to the innovative, more dynamic and flexible "originate and distribute" approach, and in turn enhancing our bottom line, while developing a novel relationship with our customers. Furthermore, reflecting our enhanced risk-taking capabilities, for our small and medium-sized corporate clients we are offering the *Business Select Loan* based on a definitive credit scoring formula and actively promoting nonrecourse loans.

2. Consistently Achieve Greater Operational Efficiency

While SMBC has benefited from the momentum of aggressive cost cutting in the recent past, with SMBC now commanding one of the most efficient cost structures within the Japanese banking industry, we still aim much higher. For example, in July 2002 we accomplished the integration of our domestic accounting systems, and are scheduled to complete branch consolidation in the current fiscal year. To ensure consumer banking in particular becomes a more significant profit center, we will pursue ever-higher targets in reducing operational costs, leading to much greater cost savings ahead.

In Closing

Despite the challenging circumstances, all of us under SMFG stand united in our full commitment to and dedication in offering unprecedented solutions through our swift actions. Through such initiatives, I firmly believe we stand to gain the solid trust of our customers and the strong confidence of the markets, thereby contributing positively to our financial soundness and raising the net worth for our esteemed shareholders. We do respectfully continue to seek your valued support and encouragement as SMFG takes a firm leap toward a new era of greater prosperity.

Yoshifumi Nishikawa
President and Chief Executive Officer
 Sumitomo Mitsui Financial Group, Inc.

Group-Wide Structural Reform

1. Structural Reform of SMBC Group

Since its launch in April 2001 from the merger of The Sakura Bank, Limited and The Sumitomo Bank, Limited, Sumitomo Mitsui Banking Corporation (SMBC) has moved steadily forward with strengthening its foundations as a new banking institution. SMBC has accomplished this task largely through IT systems integration and other vital business consolidations, the swift realization of merger benefits, and by accelerating the pace of ongoing business reforms. This has allowed SMBC to successfully conclude what we refer to as the “first stage” of post-merger management.

As the Bank enters the “second stage,” it will continue to enact the business reforms required to greatly enhance the profitability of its commercial banking operations. At the same time, SMBC will draw out and maximize the potential of its group companies in order to realize the structural reforms that will raise the quality of the SMBC Group’s products, services and financial base. In this way, we hope to take a decisive leap forward in the development of a new financial services complex for the 21st century.

(1) Optimal Group Structure

The first vital step in realizing structural reform of the SMBC Group is the optimization of the Group’s corporate structure. Recognizing the holding company system as the solution best suited to achieving this goal, we promptly moved to establish the Sumitomo Mitsui Financial Group (SMFG), Inc.; thus unifying the banking strengths of SMBC with the diverse businesses of other companies. This holding company structure allows for better planning and execution of SMFG strategies, as well

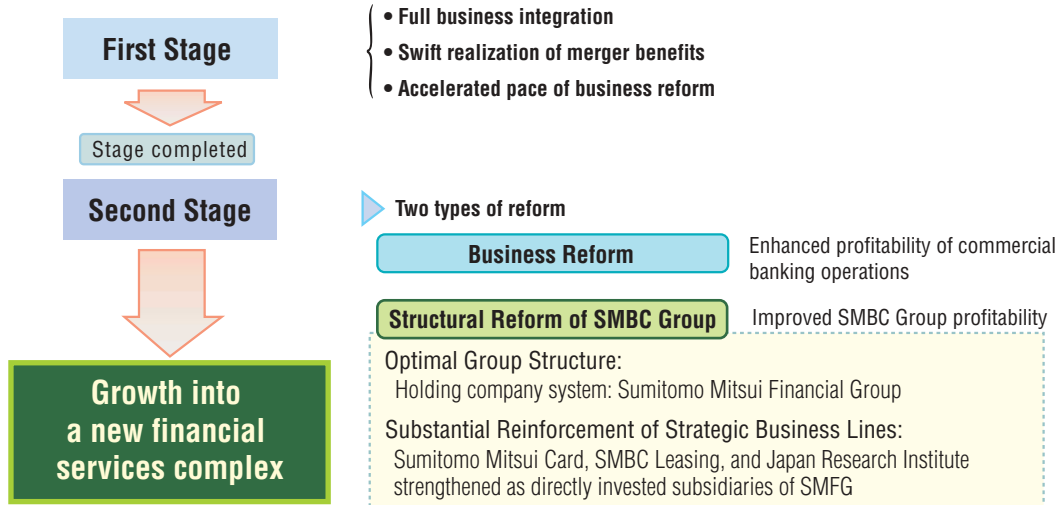
as improved governance of Group companies. We believe that establishment of such a solid platform for further development will broaden our available options in terms of future business strategies. Simultaneously, the holding company structure will deliver substantial benefits in the areas of optimum management resource allocation, organizational flexibility and expandability, and risk control.

(2) Substantial Reinforcement of Strategic Business Lines

To improve overall profitability and our financial base, we continue to work to boost the effectiveness of Group companies. In regard to wholly owned subsidiaries Sumitomo Mitsui Card Company, Limited; SMBC Leasing Company, Limited; and The Japan Research Institute, Limited, SMFG will clarify the responsibilities and improve the autonomy of each within Group strategies. While optimizing the merits of their presence within the Sumitomo Mitsui Financial Group, SMBC and the other Group companies will pursue operational synergies, take full advantage of management resources on a Group basis and actively expand their businesses, leading to improved profitability all around. Moreover, we will continue to deepen SMFG’s ties with Daiwa Securities SMBC Co. Ltd. and Daiwa SB Investments Ltd. to bolster the capabilities of the Group as a whole.

Through these and other measures, SMFG will make every effort to provide comprehensive financial services that satisfy customers’ increasingly diverse and sophisticated needs.

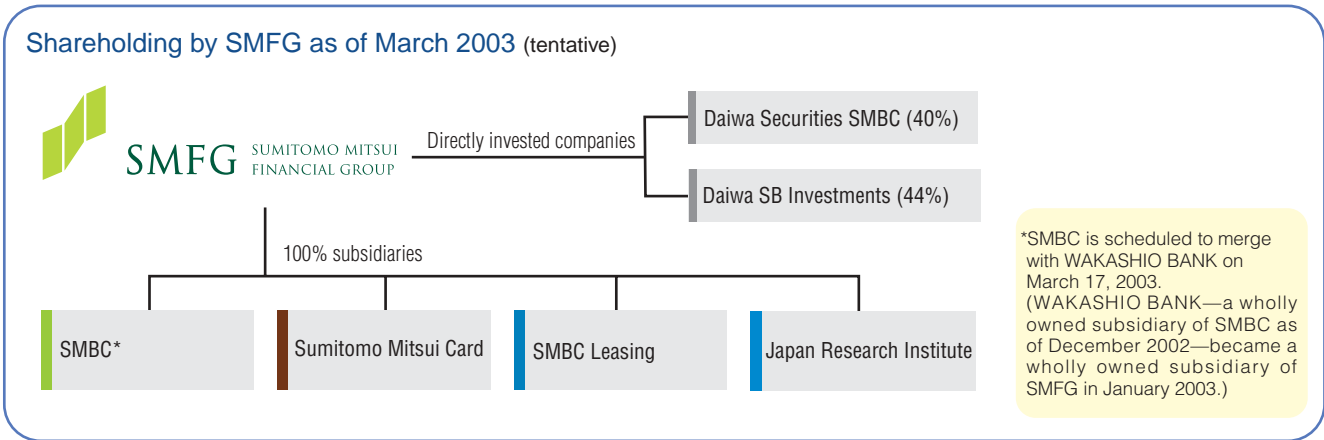
Post-Merger Management



2. The Formation of SMFG

Sumitomo Mitsui Financial Group (SMFG), Inc. was established through the transfer of shares as a holding company on December 2, 2002, under which Sumitomo Mitsui Banking Corporation (SMBC) became a wholly owned subsidiary. Additionally, in February 2003,

Sumitomo Mitsui Card, SMBC Leasing, and Japan Research Institute became wholly owned subsidiaries of SMFG. Equity stakes in two other subsidiaries formerly held by SMBC, namely Daiwa Securities SMBC and Daiwa SB Investments, were also transferred to SMFG.



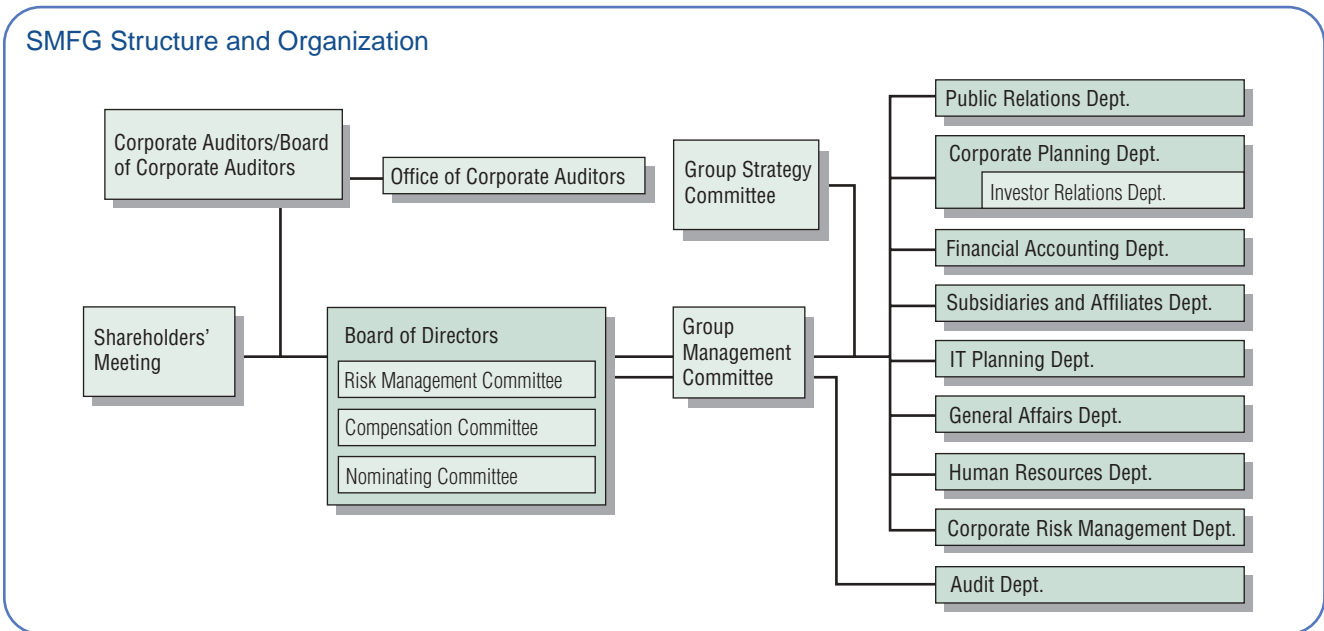
3. SMFG Structure and Organization

With the Sumitomo Mitsui Financial Group, Inc. as the pivotal core, we are committed to realizing logical, integrated Group management by aggressively addressing corporate governance, decision-making processes, management resource allocation, managerial accounting systems, human resources (HR), and compensation functions.

In terms of corporate governance, SMFG's Board of Directors has established committees responsible for risk management, compensation, and personnel advancement

as vital parts of a comprehensive system for supervising overall operations throughout the Group.

With a full range of measures for handling the Group's strategic planning and management, resource allocation, finance management, IR, IT systems strategy, HR management for Group executives, risk management, and business auditing, SMFG is working to realize more effective and efficient Group management.



SMFG Group Companies

Under the guidance of Sumitomo Mitsui Financial Group (SMFG), Inc., all Group companies stand united in their staunch commitment to providing customers with value-added financial services. Below is a brief description of the lines of business in which SMFG companies are involved.



SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of The Sakura Bank, Limited and The Sumitomo Bank, Limited.

SMBC boasts a number of competitive advantages, including a prominent customer base, speed in taking action, and the presence of strategic group companies.

Now that post-merger management integration has been successfully completed, the bank aims to realize further benefits of the merger.

■ Consolidated	Billions of yen			
	Sept. 30, 2002	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2000
For the Interim Term (Year):				
Total income.....	¥ 1,765.5	¥ 3,809.1	¥ 4,501.2	¥ 5,170.7
Income (loss) before income taxes and minority interests ...	110.3	(604.3)	405.5	342.6
Net income (loss)	55.1	(463.9)	132.4	124.5
At Interim Term- (Year-) End:				
Total stockholders' equity.....	¥ 2,690.0	¥ 2,912.6	¥ 4,013.0	¥ 4,012.9
Total assets.....	104,397.0	108,005.0	119,242.7	102,263.1

Note: Figures for the years ended March 31, 2001 and 2000 are combined figures for Sakura Bank and Sumitomo Bank.



Company Name:	Sumitomo Mitsui Banking Corporation
Business Profile:	Banking
Establishment:	March 1, 1912*
Head Office:	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
President & CEO:	Yoshifumi Nishikawa
Number of Employees: (as of September 30, 2002)	24,650
Network: (as of September 30, 2002)	
Domestic:	1,241 locations**
Branches	576 (including 28 specialized deposit account branches)
Subbranches	99
Agencies	4
Offices handling nonbanking business	7
Automated service centers	555
Overseas:	38 locations
Branches	20
Subbranches	3
Representative offices	15

* Indicates the date that Sumitomo Bank, the surviving entity in the merger that created SMBC, was established

**Excluding the number of ATMs installed at corporate client facilities and convenience stores



SUMITOMO MITSUI CARD COMPANY, LIMITED

Sumitomo Mitsui Card Company, Limited, the new corporate name of The Sumitomo Credit Service Company, Limited from April 2001, offers credit card settlement and financing services utilizing the widespread brand recognition and acceptance of the former Sumitomo VISA Card. With a focus now on settlement over the Internet and the introduction of IC chip-embedded smart cards, Sumitomo Mitsui Card aims to be one of the world's leading credit companies with the highest customer satisfaction.

■ Consolidated	Billions of yen			
	Sept. 30, 2002	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2000
For the Interim Term (Year):				
Revenues from credit card operations	¥1,471.5	¥2,813.1	¥2,469.5	¥2,264.3
Operating revenue	59.6	116.5	101.6	96.2
Operating profit	4.8	9.6	14.9	13.6
At Interim Term- (Year-) End:				
Number of cardholders (in thousands)	11,974	11,708	8,464	7,904
Number of merchant outlets (in thousands).....	2,621	2,531	2,383	2,243



Company Name:	Sumitomo Mitsui Card Company, Limited
Business Profile:	Credit card services
Establishment:	December 26, 1967
Head Office:	
Tokyo Head Office	5-2-10, Shimbashi, Minato-ku, Tokyo
Osaka Head Office	4-5-15, Imahashi, Chuo-ku, Osaka
President & CEO:	Shigeyoshi Kato
Number of Employees: (as of September 30, 2002)	1,755



SMBC LEASING COMPANY, LIMITED

SMBC Leasing Company, Limited specializes in corporate leasing for customers' large-scale capital investment needs. SMBC Leasing has earned an excellent reputation through providing custom-made solutions to customers by effectively utilizing the Internet. The company combines a broad spectrum of products such as leasing of eco-friendly equipment, Internet leasing and sales-type leasing. Also SMBC Leasing actively promotes its rental business, which mainly handles information machines and equipment such as personal computers, but is also involved in meeting overseas capital investment needs.

In recent years, the blisteringly fast pace of technological progress and the need for companies to improve efficiency have made leasing, from the perspective of corporate management strategy and financial strategy, an indispensable means of financial investment in plant and equipment. SMBC Leasing, as a pioneer and industry leader, seeks to ensure consistently higher levels of quality in the services it provides.



Company Name: SMBC Leasing Company, Limited
Business Profile: Leasing
Establishment: September 2, 1968
Head Office: 3-9-4, Nishishimbashi, Minato-ku, Tokyo
President & CEO: Youhei Shiraga
Number of Employees: 1,072
 (as of September 30, 2002)

	Billions of yen			
	Sept. 30, 2002	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2000
For the Interim Term (Year):				
Revenues from leasing operations	¥217.1	¥443.6	¥409.5	¥429.4
Operating revenue	243.0	479.1	469.7	501.7
Operating profit	9.8	17.2	16.1	17.6



The Japan Research Institute, Limited

The Japan Research Institute, Limited is a "knowledge engineering" company, a company that offers comprehensive, highly value-added information services, effectively combining its three functions as information systems integrator, consultant, and think-tank.

As a systems integrator, the institute offers services in IT planning, implementation and outsourcing for a broad range of industries and activities. The institute particularly enjoys a high reputation in the development of financial systems services. It is also active in research of both domestic and foreign economic issues and formation of policy recommendations, as well as consulting in a wide range of fields such as corporate strategies and public administrative reform. In addition, the institute provides analyses and surveys for incubation activities in the creation of new markets and industries. Through these operations, Japan Research Institute offers a clear vision to customers of coming changes in the economic and social environment as well as developments in the IT area.



Company Name: The Japan Research Institute, Limited
Business Profile: Systems engineering, data processing, and management consulting and economic research
Establishment: February 20, 1969
Head Office: 16, Ichibancho, Chiyoda-ku, Tokyo
President & CEO: Shunichi Okuyama
Number of Employees: 2,542
 (as of September 30, 2002)

	Billions of yen			
	Sept. 30, 2002	Mar. 31, 2002	Mar. 31, 2001	Mar. 31, 2000
For the Interim Term (Year):				
Operating revenue	¥28.8	¥67.4	¥63.7	¥60.7
Operating profit	1.8	7.5	8.0	7.3

Board of Directors and Corporate Auditors

(as of December 2, 2002)

Akishige Okada

Chairman of the Board and Representative Director

Chairman of the Board, Sumitomo Mitsui Banking Corporation (SMBC)

Yoshifumi Nishikawa

President, CEO and Representative Director

President and CEO, SMBC

Masayuki Oku

Senior Managing Director and Representative Director

Hideharu Kadowaki

Senior Managing Director and Representative Director

Michiyoshi Kuriyama

Director

Deputy President, SMBC

Takemasa Tsukamoto

Director

Senior Managing Director, SMBC

Yoshiaki Yamauchi

Director*

Yoichiro Yamakawa

Director*

Hiroshi Kii

Corporate Auditor

Corporate Auditor, SMBC

Toyosaburo Hirano

Corporate Auditor

Corporate Auditor, SMBC

Shoh Nasu

Corporate Auditor**

Katsuya Onishi

Corporate Auditor**

Corporate Auditor, SMBC**

Josei Itoh

Corporate Auditor**

* Outside director

** Outside auditor



SMBC

SUMITOMO
MITSUI
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FISCAL YEAR 2002 INTERIM FINANCIAL REPORT

April 1 – September 30, 2002

Topics

Commencement of Trust Services

Sumitomo Mitsui Banking Corporation (SMBC) began offering trust services in October 2002 through its newly established Trust Services Department. Trust businesses for asset securitization have a close connection with the commercial banking business. Having such capabilities within the Bank itself enabled us to meet wide-ranging customers' financial needs even more effectively by providing value-added services.

In addition to monetary claims trusts, we will offer customers other types of trust services, such as money trusts and securities trusts.

SMBC has also concluded agency agreements with The Chuo Mitsui Trust and Banking Company, Limited, Mitsui Asset Trust and Banking Company, Limited, and The Sumitomo Trust & Banking Co., Ltd., making it possible for the Bank to give customers access to the highly specialized fiduciary products and services offered by these institutions, including pension trusts and stock transfer agency services.

Strengthening Alliances with Securities Companies

Recent deregulation in the financial services sector in Japan has made it possible, since October 2002, for securities companies to utilize space within bank branches.

SMBC, by enhancing alliances with securities companies, aims to take advantage of these changes to develop its branches into one-stop financial service centers offering a vast range of products and services. This innovation in branch design will allow SMBC to improve the customer convenience of its services and forge stronger relationships with customers by catering more fully to their asset management needs.

Organizational Revision of SMBC

SMBC implemented an organizational revision in December 2002, as outlined below.

1. Establishment of Asset Restructuring Unit

We established the Asset Restructuring Unit to enable a more effective focus on the restructuring and reengineering of the businesses of SMBC's corporate customers. We integrated existing departments handling related work into the newly established unit, and set up the Planning Department within the unit staffed by specialists in the tools essential for corporate revitalization—such as securitization, debt-equity swaps, and debtor in possession (DIP) financing—as well as professionals with accounting and legal expertise drawn from throughout the Bank. With this organizational reform, we are fulfilling our commitment to the reengineering and restructuring of our corporate customers' businesses. At the same time, we are accelerating the implementation of decisive measures for improving the soundness of our loan portfolio in advance of the introduction of the new BIS guidelines.

2. International Business Promotion Department and China Business Promotion Department

In the Middle Market Banking Unit, the International Business Promotion Department has been expanded and given a sharper focus within the Bank's internal structure.

Simultaneously, as part of SMBC's policy of putting greater emphasis on the cultivation of China-related business, a new China Business Promotion Department has been set up to collect information on business conditions in the country and provide services to promote the development of customers' business in the Chinese market.

3. Financial Consulting Department, Consumer Loan Department, and Consumer Finance Department

In the Consumer Banking Unit, the Products and Marketing Department has been replaced by the following three new departments:

- Financial Consulting Department: responsible for advisory services for investment products such as mutual funds, foreign currency deposits, and insurance products
- Consumer Loan Department: responsible for businesses such as mortgage loans
- Consumer Finance Department: responsible for businesses such as personal revolving loans, liquid deposits, and settlement services

In addition to the aforementioned revisions, the founding of Sumitomo Mitsui Financial Group (SMFG), Inc. has prompted a reorganization of auditing functions. With the completion of the merger process that created SMBC, reorganization of IT systems and overall back-office operations has also been implemented.

Merger with WAKASHIO BANK

SMBC and THE WAKASHIO BANK, LTD. have reached a basic agreement to merge on March 17, 2003.

1. Purposes of Merger

Improvement of banking services to small businesses and individuals

Since its establishment, WAKASHIO BANK has concentrated its management resources on local-area-oriented financial services for small businesses and individuals. Through this merger, we aim to combine the unique business model that WAKASHIO BANK has created for itself with SMBC's brand power, capability in the development of sophisticated financial services, nationwide branch network, and management infrastructure such as efficient back-office operations and IT systems. This will enable us to provide banking services tailored to small businesses and individuals—particularly in the Tokyo Metropolitan region—that will feature higher added value and greater customer convenience, and thereby live up to customers' expectations of SMFG as a new financial services complex.

Strengthening financial base through reduction of net unrealized losses on securities

We aim to utilize the surplus resulting from the merger to effectively eliminate unrealized losses on securities. Following this, we will actively sell off stock holdings. These steps will enable us not only to meet equity-holdings restrictions well ahead of the mandatory implementation date for such measures, but also to achieve a sharp reduction in stock-price volatility risk, which has been a significant risk factor in banking operations.

2. The Organizational Structure of the New Bank

A new unit, named the Community Banking Unit, will be established to oversee WAKASHIO BANK's branches and related management, as well as the promotion of its business. The Community Banking Unit will be accorded a high degree of management autonomy within the overall bank, and in dealings with corporate customers of WAKASHIO BANK, full consideration will be given to each client's prior business history with the bank. The unit will also be responsible for furthering the strategic development of local-area-oriented financial services for small businesses and individuals in the community.

Main Points of Merger

Date	March 17, 2003
Trade Name of New Entity	Sumitomo Mitsui Banking Corporation —In Japanese, “Kabushiki-Gaisha Mitsui Sumitomo Ginko” —Surviving entity: THE WAKASHIO BANK, LTD.
Top Management	Chairman of the Board Akishige Okada (current Chairman of the Board at SMBC) President and CEO Yoshifumi Nishikawa (current President and CEO at SMBC)
Head Office	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo (current head-office address of SMBC)

Financial Highlights

Sumitomo Mitsui Banking Corporation and Subsidiaries

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

(Consolidated)

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
For the Interim Term (Year)			
Total income	¥ 1,765,477	¥ 1,807,669	¥ 3,809,130
Total expenses	1,655,128	1,709,004	4,413,469
Net income (loss)	55,145	34,196	(463,887)
At Interim Term- (Year-) End			
Total stockholders' equity	¥ 2,690,010	¥ 3,352,163	¥ 2,912,619
Total assets	104,396,997	107,502,027	108,005,001
Risk-monitored loans	6,235,319	3,782,947	6,484,367
Reserve for possible loan losses	2,049,472	1,163,469	2,159,649
Net unrealized gains (losses) on other securities	(835,048)	(640,983)	(495,507)
Number of employees	43,748	46,165	43,793
Capital ratio (BIS guidelines)	10.37%	10.79%	10.45%
ROE	7.33%	3.00%	—
Per Share (Yen)			
Stockholders' equity	¥243.56	¥359.97	¥282.85
Net income (loss)	9.67	6.02	(84.12)
Net income — diluted	7.01	6.01	—

Notes: 1. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month of the respective reporting period. For details, please refer to page 26.

2. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.

3. Consolidated capital ratio as of September 30, 2002 is calculated on the basis of Tier I capital after deduction of ¥124,000 million, the maximum interim dividends payable to the parent company, SMFG, established on December 2, 2002. Otherwise, the relevant ratio before the deduction is 10.58%.

(Nonconsolidated)

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
For the Interim Term (Year)			
Total income	¥ 1,242,691	¥ 1,337,459	¥ 2,818,189
Total expenses	1,181,733	1,226,403	3,354,826
Net income (loss)	44,862	79,794	(322,852)
(Appendix)			
Gross banking profit (A)	897,852	849,274	1,853,515
Banking profit	556,087	478,401	678,811
Banking profit (excluding transfer to general reserve for possible loan losses)	576,651	515,804	1,183,369
Expenses (excluding nonrecurring losses) (B)	321,201	333,470	670,145
Expense ratio (B) / (A)	35.8%	39.2%	36.2%
At Interim Term- (Year-) End			
Preferred stock	650,500	650,500	650,500
Number of shares issued (Thousands)	967,000	967,000	967,000
Common stock	676,246	676,246	676,246
Number of shares issued (Thousands)	5,709,392	5,709,392	5,709,424
Total stockholders' equity	¥ 2,998,947	¥ 3,514,642	¥ 3,196,492
Total assets	98,900,873	101,342,107	102,082,581
Deposits	62,167,751	67,763,782	67,629,353
Loans and bills discounted	58,902,641	61,071,591	59,928,368
Securities	22,377,416	19,988,203	20,442,996
Risk-monitored loans	5,630,903	3,269,821	5,816,452
Problem assets based on the Financial Reconstruction Law ...	5,703,086	3,326,878	5,900,043
Reserve for possible loan losses	1,872,641	1,008,891	1,971,849
Net unrealized gains (losses) on other securities	(818,599)	(689,542)	(481,654)
Number of employees	21,940	23,601	22,464
Capital ratio (BIS guidelines)	11.52%	11.53%	11.50%
ROE	4.98%	6.80%	—
Per Share (Yen)			
Stockholders' equity	¥297.44	¥387.72	¥332.02
Dividends:			
Common stock	(Max.) 19.17	—	4.00
Preferred stock (First series Type 1)	(Max.) 10.50	—	10.50
Preferred stock (Second series Type 1)	(Max.) 28.50	—	28.50
Preferred stock (Type 5)	(Max.) 13.70	—	13.70
Net income (loss)	7.86	14.03	(59.20)

Notes: 1. Please refer to page 58 for the definition of risk-monitored loan categories and the definition of problem assets based on Financial Reconstruction Law categories.

2. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month of the respective reporting period. For details, please refer to page 30.

3. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.

4. Interim dividends for fiscal 2002 will be paid to stockholders and registered pledgees on the register on December 31, 2002. The maximum payable amounts represent in the table above, and the actual amounts and other details will be decided at a meeting of Board of Directors to be held after January 2003.

5. Nonconsolidated capital ratio as of September 30, 2002 is calculated on the basis of Tier I capital after deduction of ¥124,000 million, the maximum interim dividends payable to the parent company, SMFG, established on December 2, 2002. Otherwise, the relevant ratio before the deduction is 11.73%.

Progress Report on the Plan for Strengthening the Financial Base of the Bank

The preferred stock in Sumitomo Mitsui Banking Corporation (SMBC) held by the Japanese government was exchanged for preferred stock in Sumitomo Mitsui Financial Group (SMFG), Inc. at the rate of one SMFG share for 1,000 SMBC shares upon the establishment of SMFG via a stock transfer as the holding company for SMBC. No substantive amendments were made to the terms and conditions of issuance of the shares.

SMBC has been raising its competitiveness and profitability through restructuring and rationalization based on the Plan for Strengthening the Financial Base of the Bank. The Plan was originally drafted in March 1999, when SMBC's two founding banks accepted infusions of public funds through subscriptions to preferred stock.

Coping with Net Loss Posted for Fiscal 2001

As a result of aggressive steps taken in fiscal 2001, the year ended March 31, 2002, to dispose of nonperforming assets on a nonconsolidated basis, the total credit cost (including transfer to the general reserve for possible loan losses) amounted to ¥1,543.1 billion, far exceeding the initial projection. Consequently, a substantial net loss of ¥322.8 billion was posted for the term, as compared with the initial net income target of ¥210.0 billion.

To confront this issue, we intend to increase retained earnings so as to secure a level of surplus funds sufficient to allow the repayment of public funds (redemption of preferred stock). We will achieve this by placing greater restrictions on payouts and through cost reductions such as further workforce streamlining and accelerated branch consolidation.

Business Performance

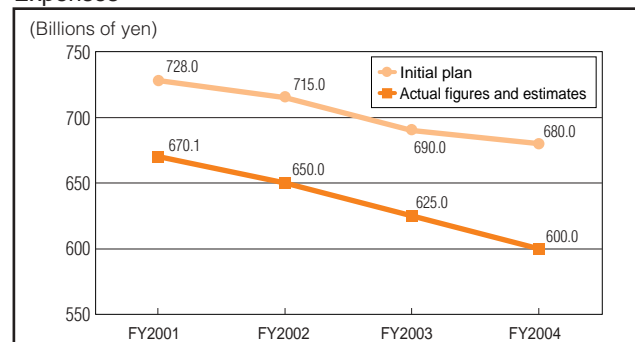
Business performance for the first half of fiscal 2002, the six months ended September 30, 2002, was as follows.

Gross banking profit on a nonconsolidated basis came to ¥897.9 billion, an increase of ¥48.6 billion year-on-year. The two main factors were an increase in net fees and commissions—principally from investment banking services such as loan syndication and corporate bond trustee services through private placements—and an increase in net other operating income from investment in Japanese government bonds and U.S. Treasuries. The latter increase was due to our accurate forecasting of fluctuations in market prices and interest rates. Combined, these increases counterbalanced a decline in net interest income owing to a decrease in dividends received from subsidiaries.

We successfully reduced expenses further through the continued downsizing of our workforce, the integration of overlapping branches, and the streamlining of back-office functions. As a result of these measures, total expenses came to ¥321.2 billion, while banking profit (excluding transfer to the general reserve for possible loan losses) amounted to ¥576.7 billion and net income to ¥44.9 billion.

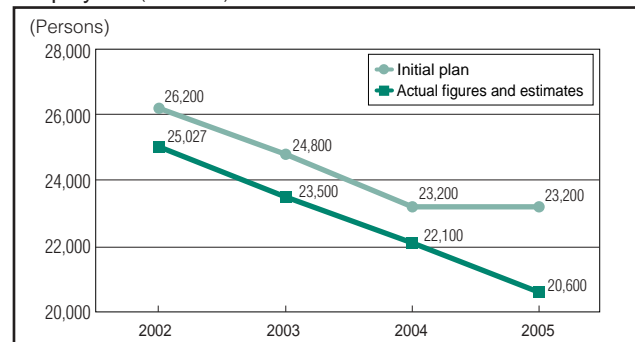
Reduction in expenses, workforce, and number of domestic branches

Expenses



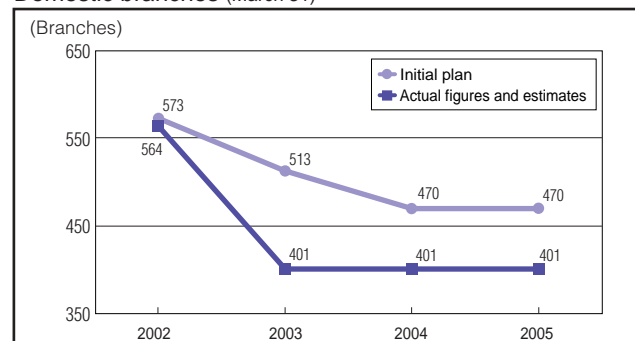
Note: Figures for the FY2002-2004 represent projected results.

Employees (March 31)



Note: Figures for the years 2003-2005 represent projected results.

Domestic branches (March 31)



Note: Figures for the years 2003-2005 represent projected results.

Asset Quality

SMBC provides information about the status of its assets in three different ways. First, we conduct self-assessment to calculate appropriate write-offs and reserves by classifying borrowers according to their financial soundness. Second, disclosure based on “The Law Concerning Measures for the Reconstruction of the Functions of the Financial System” (the Financial Reconstruction Law) is used to classify problem assets. (Note: Disclosure on the basis of the Financial Reconstruction Law is related to self-assessment in terms of borrower category.) Third, we disclose the value of Risk-Monitored Loans based on the Banking Law, which excludes non-loan assets such as foreign exchange, accrued interest, and suspense payments.

Disposal of Problem Assets for the First Half of Fiscal 2002

SMBC makes appropriate write-offs and reserves based on semi-annual self-assessments conducted in compliance with the *Financial Inspection Manual* prepared by the Financial Services Agency and the *Practical Guideline* published by the Japanese Institute of Certified Public Accountants.

At SMBC, the disposal of problem assets is our most urgent management issue in light of the challenging economic environment the Bank continues to face. In strict accordance with government policies for off-balancing, during the first half of fiscal 2002, the six months ended September 30, 2002, we accelerated the process of reorganizing and restructuring problematic corporate borrower companies with large exposures.

As a result, on a nonconsolidated basis, the Bank's total credit cost—a category including the transfer to general reserve for possible loan losses—amounted to ¥266.3 billion, bringing the total reserve for possible loan losses to ¥1,872.6 billion.*

On a consolidated basis, total credit cost stood at ¥318.6 billion, with the total reserve for possible loan losses at ¥2,049.5 billion.**

* All Classification IV assets are basically directly written off using the direct reduction method even if the assets were not classified as tax-free write-offs. The amount of direct reduction totaled ¥1,398.8 billion.

** The amount of direct reduction totaled ¥1,768.0 billion.

Self-Assessment

Self-assessment is a preparatory task prior to calculating the appropriate level of write-offs and reserves to ensure the Bank's asset quality. Each asset is assessed individually for its security and verity. Depending on its current condition, each borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, or Bankrupt Borrowers. The risk of default and noncollection and the risk of asset devaluation are then assessed on a scale from I to IV. As part of our efforts to bolster risk management throughout the Group, our consolidated subsidiaries, in principle, employ the same standards.

Borrower Categories, Defined	
Normal Borrowers	Borrowers with good business performance and in good financial standing without identified problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined	
Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of noncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

■ Credit Cost (Nonconsolidated; six months ended September 30, 2002)

(Billions of yen)

Credit cost	¥ 245.7
Write-off of loans	88.9
Transfer to specific reserve	140.6
Transfer to reserve for losses on loans sold	7.1
Losses on loans sold to CCPC	3.0
Losses on sale of delinquent loans	10.0
Transfer to loan loss reserve for specific overseas countries	(3.9)
Transfer to general reserve for possible loan losses	20.6
Total credit cost	¥ 266.3
Reserve for possible loan losses	¥1,872.6
Amount of direct reduction	¥1,398.8

■ Credit Cost (Consolidated; six months ended September 30, 2002)

(Billions of yen)

Total credit cost	¥ 318.6
Reserve for possible loan losses	¥2,049.5
Amount of direct reduction	¥1,768.0

■ Reserve for Possible Loan Losses (September 30, 2002)

(Billions of yen)

	Nonconsolidated	Consolidated
Reserve for possible loan losses (a)	¥1,872.6	¥2,049.5
General reserve	892.9	946.7
Specific reserve	968.2	1,091.3
Loan loss reserve for specific overseas countries	11.5	11.5
Risk-monitored loans (b)	¥5,630.9	¥6,235.3
Reserve ratio (a) / (b)	33.3%	32.9%

□ Write-Offs and Reserves Assessments

Under self-assessment, each borrower is evaluated and assigned to one of five categories—Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, or Bankrupt Borrowers—and standards for write-offs and reserves are applied to each category.

Self-Assessment Borrower Categories	Standards for Write-Offs and Reserves
Normal Borrowers	Amounts are recorded as general reserves in proportion to the expected losses over the next 12 months based on the actual past bankruptcy rate for each category.
Borrowers Requiring Caution	These assets are divided into groups according to the risk of default. Amounts are recorded as general reserves in proportion to the expected losses based on the actual past bankruptcy rate for each group. The groups are "substandard borrowers" and "other." The latter group is further divided according to credit situation, etc.
Potentially Bankrupt Borrowers	The Bank sets specific reserves for possible loan losses on the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means.
Effectively Bankrupt/Bankrupt Borrowers	Of each borrower's assets classified as Classification III or IV assets, in principle, the Bank writes off the full amount of Classification IV assets (deemed to be uncollectible or of no value) and sets aside specific reserves for possible loan losses against the full amount of Classification III assets.

As part of our overall measures to strengthen risk management throughout the Group, all consolidated subsidiaries, in principle, use the same standards as the parent Bank for write-offs and reserves.

Disclosure of Problem Assets

1. Problem Assets Based on the Financial Reconstruction Law

Under the Financial Reconstruction Law, assets are assessed and classified into four categories: Bankrupt and Quasi-Bankrupt Assets, Doubtful Assets, Substandard Loans, and Normal Assets.

On a nonconsolidated basis, the total value of assets in all categories other than Normal Assets amounted to ¥5,703.1 billion as of September 30, 2002. A decline was noted in the Bank's Doubtful Assets compared with March 31, 2002, thanks to progress made on the off-balancing of problem assets as well as

reorganization and restructuring of borrower companies. However, Substandard Loans increased during the same period, a result due partly to strict application of the restructured loan category for each loan and a portion of borrowers remaining in the same borrower category after business reorganization and restructuring. As a result, the Bank recorded a first-half reduction in disclosed assets of ¥196.9 billion.

On a consolidated basis, the total value of assets in all categories other than Normal Assets amounted to ¥6,316.5 billion.

■ Problem Assets Based on the Financial Reconstruction Law (September 30, 2002)

(Billions of yen)

	Nonconsolidated	Compared with March 31, 2002	Consolidated
Bankrupt and quasi-bankrupt assets	¥ 514.8	¥ 21.3	¥ 653.3
Doubtful assets	2,541.4	(428.8)	2,785.0
Substandard loans	2,646.9	210.6	2,878.2
Subtotal	¥ 5,703.1	¥ (196.9)	¥ 6,316.5
Normal assets	59,534.5	(1,024.4)	60,899.2
Total	¥65,237.6	¥(1,221.3)	¥67,215.7
Amount of direct reduction	¥ 1,398.8		¥ 1,768.0

■ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves (Nonconsolidated; September 30, 2002)

(Billions of yen)

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio
		Classification I	Classification II	Classification III	Classification IV		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥514.8	Portion of claims secured by collateral or guarantees, etc. (4) ¥494.9	Fully reserved ¥19.9	Direct write-offs (Note 1)	Specific reserve ¥24.0 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥2,541.4	Portion of claims secured by collateral or guarantees, etc. (5) ¥1,241.2	Necessary amount reserved ¥1,300.2		General reserve for substandard loans ¥944.2 (Note 2)	72.6% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥2,646.9 (Claims to substandard borrowers)						Portion of substandard loans secured by collateral or guarantees, etc. (6) ¥1,213.6
Normal Borrowers	Normal assets ¥59,534.5	Claims to normal borrowers			General reserve ¥892.9	0.2% (Note 4)	
					Loan loss reserve for specific overseas countries ¥11.5		
Total ¥65,237.6		Total reserve for possible loan losses ¥1,872.6					
(A)=(1)+(2)+(3) ¥5,703.1		(B) Specific reserve + General reserve for substandard loans ¥1,280.0				Reserve ratio (Note 5) (B) / (D) 46.5%	
		Portion secured by collateral or guarantees, etc. (C)=(4)+(5)+(6) ¥2,949.7	Unsecured portion (D)=(A)-(C) ¥2,753.4				
		Coverage ratio ((B)+(C)) / (A) 74.2%					

Notes: 1. Includes amount of direct reduction totaling ¥1,398.8 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law disclosure standards. (Bankrupt/Effectively Bankrupt Borrowers: ¥4.1 billion; Potentially Bankrupt Borrowers: ¥12.5 billion)

3. Reserve ratios for claims to Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.

4. Reserve ratios for claims to Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio of unsecured claims to Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.

5. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral, guarantee, etc.)

Classification of Problem Assets Based on the Financial Reconstruction Law

Bankrupt and Quasi-Bankrupt Assets	This category is defined as the sum of assets to Bankrupt Borrowers and Effectively Bankrupt Borrowers as categorized by self-assessment, excluding Classification IV assets, which are fully written off. Classification III assets are fully covered by reserves, and Classification I and II assets, the collectible portion, are secured by collateral or guarantees, etc.
Doubtful Assets	This category is defined as the assets to Potentially Bankrupt Borrowers under self-assessment. Specific reserves are set aside for Classification III assets, and Classification I and II assets, the collectible portion, are secured by collateral or guarantees, etc.
Substandard Loans	This category is defined as the sum of the loans extended to Borrowers Requiring Caution under self-assessment. This category includes past due loans (three months or more) and restructured loans.
Normal Assets	This category is defined as the sum, as of the term-end, of loans, securities lending, foreign exchange, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees that are not included in the other three categories.

2. Risk-Monitored Loans

In addition to the disclosure of problem assets in accordance with the Financial Reconstruction Law, we separately disclose the balance of Risk-Monitored Loans in accordance with the Banking

Law. On a nonconsolidated basis, Risk-Monitored Loans amounted to ¥5,630.9 billion as of September 30, 2002, a ¥185.5 billion decrease compared with March 31, 2002. On a consolidated basis, Risk-Monitored Loans amounted to ¥6,235.3 billion.

■ Risk-Monitored Loans (September 30, 2002)

(Billions of yen)

	Nonconsolidated			Consolidated		
	Amount	Ratio to total loans	Compared with March 31, 2002	Amount	Ratio to total loans	Compared with March 31, 2002
Bankrupt loans	¥ 217.9	0.4%	¥ 22.2	¥ 249.9	0.4%	¥ 22.4
Non-accrual loans	2,766.1	4.7	(418.3)	3,116.4	5.0	(483.3)
Past due loans (3 months or more)	95.5	0.2	3.2	109.4	0.2	6.6
Restructured loans	2,551.4	4.3	207.4	2,759.6	4.4	205.3
Total	¥5,630.9	9.6%	¥(185.5)	¥6,235.3	10.0%	¥(249.0)
Amount of direct reduction	¥1,365.5			¥1,712.2		

□ Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans		Other assets
	Total loans	Other assets	Total loans		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	(C)	
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers	Doubtful assets	Past due loans (3 months or more)			
Borrowers Requiring Caution	Substandard loans		Restructured loans		
			Normal Borrowers		(Normal assets)
(A)		(B)	=	(C)	

The disclosure of Risk-Monitored Loans corresponds exactly to the disclosure of problem assets based on the Financial Reconstruction Law, except for such non-loan assets as securities lending, foreign exchange, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees, which are not included in the Risk-Monitored Loans category.

Since overdue interest from borrowers classified under self-assessment as Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers is, as a rule, not recorded as accrued interest, the amount is not included in the problem assets disclosed on the basis of the Financial Reconstruction Law.

■ Problem Assets, by Domicile of Borrowers (Nonconsolidated; September 30, 2002)

(Billions of yen)

	Financial Reconstruction Law Basis	Percentage	Risk-Monitored Loans	Percentage
Domestic	¥5,508.4	96.6%	¥5,453.9	96.9%
Overseas	194.7	3.4	177.0	3.1
Asia	91.5	1.6	86.2	1.5
Indonesia	32.2	0.6	32.2	0.5
Hong Kong	11.8	0.2	11.5	0.2
India	7.2	0.1	5.4	0.1
China	4.8	0.1	4.8	0.1
Others	35.5	0.6	32.3	0.6
North America	43.3	0.8	37.3	0.7
Central and South America	8.1	0.1	1.7	0.0
Western Europe	48.4	0.8	48.4	0.9
Eastern Europe	3.4	0.1	3.4	0.0
Total	¥5,703.1	100.0%	¥5,630.9	100.0%

Note: "Domestic" means the total for domestic branches, excluding the special account for international financial transactions. "Overseas" means the total for overseas branches, including the special account for international financial transactions. The above countries and areas are categorized by the obligor's domicile.

■ Problem Assets, by Type of Borrowers (Nonconsolidated; September 30, 2002)

(Billions of yen)

	Financial Reconstruction Law Basis	Percentage	Risk-Monitored Loans	Percentage
Domestic	¥5,508.4	96.6%	¥5,453.9	96.9%
Manufacturing	285.5	5.0	283.1	5.0
Agriculture, forestry, fishery and mining	5.7	0.1	5.6	0.1
Construction	1,100.2	19.3	1,083.3	19.3
Wholesale and retail	653.3	11.4	644.6	11.5
Finance and insurance	154.2	2.7	151.9	2.7
Real estate	1,988.8	34.9	1,983.3	35.2
Transportation, communications, and other public enterprises	61.0	1.1	61.0	1.1
Services	970.2	17.0	963.1	17.1
Municipalities	—	—	—	—
Others	289.5	5.1	278.0	4.9
Overseas	¥ 194.7	3.4%	¥ 177.0	3.1%
Public sector	11.6	0.2	11.6	0.2
Financial institutions	2.3	0.0	2.3	0.0
Commerce and industry	180.8	3.2	163.1	2.9
Others	—	—	—	—
Total	¥5,703.1	100.0%	¥5,630.9	100.0%

Note: "Domestic" means the total for domestic branches, excluding the special account for international financial transactions. "Overseas" means the total for overseas branches, including the special account for international financial transactions.

Off-Balancing Problem Assets

Under the provisions of the Emergency Economic Package enacted in April 2001, we are publishing the results of measures taken for the off-balancing of problem assets, as well as the amount of assets that were newly classified as Bankrupt and Quasi-Bankrupt Assets or Doubtful Assets.

The Bank is firmly committed to dealing effectively with the issue of off-balancing problem assets. While claims of ¥545.7 billion were newly classified as Bankrupt and Quasi-Bankrupt Assets, and Doubtful Assets during the first half of fiscal 2002, SMBC off-balanced ¥953.2 billion in problem assets during the same period.

■ Term-End Balance of Bankrupt and Quasi-Bankrupt Assets, and Doubtful Assets (Nonconsolidated)

(Billions of yen)

	September 30, 2000	March 31, 2001	September 30, 2001	March 31, 2002	Off-balanced during first half of fiscal 2002	September 30, 2002
(1) Problem assets existing prior to and during the first half of fiscal 2000						
Bankrupt and quasi-bankrupt assets	¥ 621.7	¥ 472.7	¥ 376.9	¥ 281.1		¥ 238.2
Doubtful assets	2,567.9	1,353.1	1,049.2	843.4		656.9
Total	¥3,189.6 ①	¥1,825.8	¥1,426.1	¥1,124.5	¥(229.4)	¥ 895.1 ②
Total sum of off-balanced assets (②-①)						¥(2,294.5)
Total sum of assets for which measures regarded as off-balancing implemented (Note 1)						(165.5)
Total						¥(2,460.0)
(2) Problem assets classified during the second half of fiscal 2000						
Bankrupt and quasi-bankrupt assets		¥ 117.2	¥ 141.6	¥ 57.3		¥ 52.0
Doubtful assets		590.1	268.7	144.2		111.8
Total		¥ 707.3 ③	¥ 410.3	¥ 201.5	¥ (37.7)	¥ 163.8 ④
Total sum of off-balanced assets (④-③)						¥ (543.5)
Total sum of assets for which measures regarded as off-balancing implemented (Note 1)						(46.8)
Total						¥ (590.3)
(3) Problem assets classified during the first half of fiscal 2001						
Bankrupt and quasi-bankrupt assets			¥ 55.5	¥ 76.0		¥ 65.2
Doubtful assets			327.8	233.2		160.1
Total			¥ 383.3 ⑤	¥ 309.2	¥ (83.9)	¥ 225.3 ⑥
Total sum of off-balanced assets (⑥-⑤)						¥ (158.0)
Total sum of assets for which measures regarded as off-balancing implemented (Note 1)						(57.2)
Total						¥ (215.2)
(4) Problem assets classified during the second half of fiscal 2001						
Bankrupt and quasi-bankrupt assets				¥ 79.1		¥ 96.1
Doubtful assets				1,749.4		1,130.2
Total				¥1,828.5 ⑦	¥(602.2)	¥ 1,226.3 ⑧
Total sum of off-balanced assets (⑧-⑦)						¥ (602.2)
Total sum of assets for which measures regarded as off-balancing implemented (Note 1)						(97.2)
Total						¥ (699.4)
(5) Problem assets newly classified during the first half of fiscal 2002						
Bankrupt and quasi-bankrupt assets						¥ 63.3
Doubtful assets						482.4
Total						¥ 545.7
Total sum of assets for which measures regarded as off-balancing implemented (Note 1)						¥ (59.0)
Total((1)+(2)+(3)+(4)+(5))						
Bankrupt and quasi-bankrupt assets	¥ 621.7	¥ 589.9	¥ 574.0	¥ 493.5		¥ 514.8
Doubtful assets	2,567.9	1,943.1	1,645.7	2,970.2		2,541.4
Total	¥3,189.6	¥2,533.0	¥2,219.7	¥3,463.7	¥(953.2)	¥ 3,056.2

■ Breakdown of Off-Balancing (Nonconsolidated; September 30, 2002)

	Off-balanced during first half of fiscal 2002
Disposition by borrowers' liquidation (Note 2)	¥ (3.0)
Reconstructive disposition (Note 3)	(135.7)
Improvement in debtors' performance due to reconstructive disposition	(203.4)
Loan sales to market	(184.3)
Direct write-offs	18.8
Others	(445.6)
Collection/repayment, etc.	(174.1)
Improvement in debtors' performance	(271.5)
Total	¥(953.2)

Notes: 1. "Measures regarded as off-balancing" refers to claims of borrowers under legal and quasi-legal action, the splitting of corporate borrowers into "financially sound" and "financially unsound" companies, the direct reduction of smaller consumer and middle-market customer assets and placement of assets in trust with The Resolution and Collection Corporation (RCC), with the aim of corporate rehabilitation.

2. "Disposition by borrowers' liquidation" refers to the abandonment or write-off of loans involved in bankruptcy liquidation proceedings (bankruptcy or special liquidations).

3. "Reconstructive disposition" refers to the abandonment of loans involved in rehabilitative bankruptcy proceedings (corporate reorganization, civil rehabilitation, composition, and arrangement), loan forgiveness involving special mediation or other types of civil mediation, or loan forgiveness for restructuring involving a private reorganization.

Business Unit Accomplishments and Goals

Consumer Banking Unit

The Consumer Banking Unit aims to create a new de facto standard in consumer banking through a business model focused on consulting services and improving the earnings structure of its payment and settlement services.

■ Consumer Banking Unit Service Network

Frontline operations are positioned in line with our main customer segments—asset building, asset management, and private banking. Our Block Consumer Business Offices, branch network, Consumer Loan Promotion Offices, and Call Centers provide the most appropriate channels and processes for satisfying the needs of each customer.

The Bank assigns highly skilled financial consultants to assist customers in our asset management segment seeking sophisticated, objective investment advice. These financial consultants offer tailor-made solutions for comprehensive management of each customer's assets and debts. As of September 30, 2002, Sumitomo Mitsui Banking Corporation (SMBC) had established a network of 64 Asset Management Plazas as the main channel for the services our financial consultants offer to clients.

For those customers in the asset-building segment, specially trained professionals at our Money-Lifestyle Consulting Desks (MC Desks) offer financial advice geared to each individual's stage of life and lifestyle. The Bank had established 263 MC Desks as of September 30, 2002, an increase of 23 during the first half of fiscal 2002, the six months ended September 30, 2002. Located at selected branches, MC Desks are a one-stop source for financial counseling as well as investment and loan vehicles, including investment trusts and foreign currency deposits, and such loan products as mortgages and loans for home renovation and other needs.

■ Expanding Lineup of Products and Services

SMBC's customers come from all walks of life, and our consumer banking operations offer unique, value-added products and individually tailored services designed to meet their needs at every stage of their lives.

During the first half of fiscal 2002, we began offering a new low-interest mortgage loan product for newly built housing. While maintaining stringent credit screening standards, in August, we further expanded our capacity to take risks by carrying out a reevaluation of the standards for mortgage loans to meet customers' diverse needs and financial plans.

These measures succeeded in elevating the balance of housing loans to individuals to ¥11,925.4 billion as of September 30, 2002, a sharp increase of ¥82.7 billion over the figure from one year earlier.

In our popular *One's Direct* online service, for a limited time, we offered fund transfers free of charge for most categories of customers. This campaign brought the cumulative number of transactions since the start of this service to 3.85 million by the end of July 2002, an increase of 50% over the figure from one year earlier. We also launched a unique ordinary deposit product, one that combines a rate of interest payable that varies according to the deposit balance with a special point reward system.

In investment trusts, we launched the sale of a new type of product, available for a limited time only, in which returns are linked to the Nikkei Stock Average, and with a predetermined maximum loss in the event of a stock price decline.

The measures outlined above resulted in a balance of deposits for individual customers totaling ¥30,412.6 billion as of September 30, 2002, of which investment trusts accounted for ¥1,563.8 billion—an amount ranking as one of the highest among Japanese banks. We will continue to offer customers attractive, quick-response solutions to their funding needs.

■ Strategic Transformation of Branch Network

We have been strategically transforming the Bank's branches from centers dedicated mainly to traditional banking operations to value-added financial consultation, marketing and sales bases by reviewing the branch network in terms of market location, nature, and scale to determine the most suitable functions and configuration for enhancing our marketing capabilities.

By continuing to pursue our strategy of consolidating overlapping domestic branches, we will eventually reduce the number of branches from 578 as of the merger in April 2001 to 401.

■ Brand Strategy

The central theme of SMBC's consumer banking operations is "One's Next," which refers to our goal of helping customers develop the next step of their financial plans according to their stage of life. To implement a detailed brand-building strategy, in fiscal 2002, we began assigning brand managers to all branches. With a brand-value-enhancing strategy that focuses on providing a greater degree of individualized customer attention, we aim to make SMBC the most trusted of Japan's leading banks.

Major Accomplishments

- Established 64 Asset Management Plazas and increased number of MC Desks by 23 to 263 as of end of September 2002
- Launched low-interest mortgage loan for newly built housing, and a number of other unique, new products and services
- Continued strategy of consolidating overlapping branches, with plans to achieve an eventual reduction in the number of branches to 401

Key Goals

- Create de facto standard in consumer banking
 - Establish a more sophisticated consulting business
 - Transform the earnings structure of payment and settlement services
 - Implement further low-cost operations
- Establish SMBC Group as a leading brand to become the most trusted name in consumer banking services

Middle Market Banking Unit

The Middle Market Banking Unit has actively promoted a novel approach in the way the Bank provides small and medium-sized companies with the reliable supply of funds and intermediary services they need. Amid the present dramatic changes in the economic environment, it is now more important than ever that we successfully fulfill this vital banking role.

SMBC will continue to focus its collective resources on firmly reinforcing the SMBC brand through solutions-driven marketing, providing customers with timely, high-quality services suited to their wide-ranging needs.

■ Novel Approach to Banking Relationships

To meet a complex array of needs and create ever-stronger bonds of trust in pursuit of building a fresh and more enriched banking relationship with customers, we have placed special emphasis on the following points:

1. Development of a flexible system that enables us to respond more effectively to customer requirements
2. The need to set interest rates adequately for each loan—taking into account the customer's financial condition and the repayment period—and to explain these matters clearly to customers at the start, as well as to provide advice to customers on improving their financial soundness and business performance
3. Prompt response to loan applications

Under this approach, SMBC operates a nationwide network of Corporate Business Offices and Business Support Offices, providing services for small and medium-sized companies as well as sole proprietorships. While doing so, the Bank continues to focus efforts on the development of a new banking framework, one that allows for a more enterprising, flexible stance with regard to risks. The staff at these offices are proactively marketing our *Business Select Loan*, an unsecured loan product allowing qualified customers to borrow up to ¥50 million with no need for a third-party guarantor, and an extensive lineup of other loan products specially designed for small and medium-sized businesses.

A total of 16,500 of these new loan products, with a value of ¥550 billion, were recorded for the first half of fiscal 2002, the six months ended September 30, 2002.

While the positive effects of a strong advertising campaign were apparent in all of our loan products, *Business Select Loan* clearly benefited most, resulting in 9,600 such loans during the first half of fiscal 2002, for a total loan value of ¥200 billion.

During the first half, loans of various kinds were made to 3,500 companies who were first-time customers of the Bank, with a total loan amount of ¥390 billion. These figures represented year-on-year increases of 1,600 companies and ¥110 billion, respectively.

As we move forward in the second half of fiscal 2002 sharing with customers the details of our novel approach to banking relationships, we will continue to make active efforts to satisfy their funding needs.

■ Promotion of Solutions Business

With the goal of becoming our customers' "first bank of choice," experts at each of our Corporate Business Offices and specialists at Head Office collaborate as a unified team to offer customers timely and sophisticated financial services.

As a result, we were able to meet customer needs in the first half of fiscal 2002 in the fields of domestic exchange transactions and foreign exchange transactions, as well as hedges against fluctuations in interest rates and foreign exchange rates, fund procurement such as loan syndication, and support for business reorganization.

We have had considerable success in communicating to customers the advantages of loan syndication as a means of fund procurement. Consequently, the number of syndicated loans in the first half of fiscal 2002 approached the full-term figure for the previous business year.

In the second half of the current term, we will continue our promotion of loan syndication, while meeting customers' diverse securitization needs through the assignment of specialists at our Corporate Business Offices. We will also push ahead with building an organizational system capable of effectively responding to the M&A needs of our customers.

We intend to further enhance our capabilities in value-added services for companies establishing a presence in overseas markets, notably China. This is one more way in which we are confident of firmly reinforcing the SMBC brand among customers through solutions-driven marketing.

Major Accomplishments

- Promoted loan products specifically tailored to suit the requirements of small and medium-sized corporate customers; among these products, *Business Select Loan* was especially well received
- Marketed various syndicated loans, which proved popular with customers, as part of the strategy to offer a wider variety of reliable funding methods

Key Goals

- Effect an improvement in customers' financial condition—particularly as reflected in their balance sheets—with focus on promoting an array of securitization instruments
- Further strengthen our organizational ability to offer M&A solutions to customers' corporate reorganization needs
- Provide specialist information and know-how services to corporate customers establishing a presence in China and other overseas markets

Corporate Banking Unit

With the formation of SMBC in April 2001, the Corporate Banking Unit focused on establishing a single point of contact for all corporate customers. To effectively address various problems that arose in the first year of operations, the Corporate Banking Unit carried out a thorough review of its front-office organization during the first half of fiscal 2002, the six months ended September 30, 2002.

With the full integration of core computer systems at the end of July 2002, operational barriers between the two founding banks were completely removed and a unified marketing organization was established. This has enabled us to focus more fully on the solutions business in marketing operations and allowed us to strengthen our capabilities in maximizing customers' corporate value.

Major Accomplishments

- **Reorganized front-office organization**
 - Optimally upgraded to maximize synergies and raised overall efficiency of front-office operations
- **Strengthened solutions design and proposal capabilities to maximize customers' corporate value**
 - Provided business management solutions centered on review and redesign of customers' business portfolios, and financial solutions centered on balance sheet management to optimize customers' net worth
- **Implemented rigorous risk-return analysis**
 - Grounded earnings strategies in rigorous risk-return analysis, realizing more efficient asset management; simultaneously focused on the provision of solutions that reduced the level of credit risk held by customers

Key Goals

- Strengthen our liaison with the Investment Banking Unit and Daiwa Securities SMBC Co. Ltd., and make full use of the enhanced capabilities of the Financial Solutions Department, to build greater strength in the proposal of solutions and design for business portfolio reorganization and strategies, as well as to improve our financial base
- Promote integrated system for management of transactions by major corporations in Japan and overseas
- Expand indirect financing via the open market through optimal use of our customer portfolio, which includes many companies with high credit ratings

As scheduled, necessary improvements regarding the operating system of the Corporate Banking Unit were completed in the first half of fiscal 2002. The unit will now move to provide even speedier service with a higher level of added value, centered on solutions for corporate restructuring and balance sheet management. We will be focusing our efforts on creating a system for the delivery of optimum solutions to customer corporate groups on a global scale.

Treasury Unit

The Treasury Unit focused efforts on accurately meeting customers' increasingly diverse and sophisticated needs. We improved customer convenience by developing new financial products, more effective computer systems, and more flexible and comprehensive trading operations. Moreover, we secured a higher level of earnings through well-timed positioning to take advantage of market movements.

Major Accomplishments

- **Expanded transaction volume through improved customer convenience**
 - Start of *i-Deal*, our new Internet dealing system
 - Establishment of Asia Sales Desks, enhancing marketing capabilities in Asia
- **Effected dynamic and swift operations by accurately interpreting movements on domestic and foreign markets**
 - Sharp rise in earnings on dealing operations from rigorous implementation of foreign currency-denominated asset liability management (ALM)
 - Maintained high level of earnings on yen-based ALM and trading operations

i-Deal

The Treasury Unit introduced *i-Deal*, an easy-to-use online dealing system allowing customers to directly and speedily conclude foreign exchange forward contracts over the Internet from their personal computers. More than just a direct trading channel, *i-Deal* offers many complementary functions to customers—such as more efficient operations and providing extensive market data—that enhance their business in various ways.

Enhanced Marketing Capabilities in Asia

To offer Asian markets the full range of customer support services in funding, foreign exchange, and derivatives, we placed sales desks in Tokyo, Hong Kong, and Singapore. Our customers across the region can rely on us to provide insightful information and advice relating to their particular areas of concern, and these sales desks enhance our ability to promptly handle customer transactions.

Business Performance

Thanks to dynamic and swift decisions in banking and trading operations in response to movements on both domestic and overseas markets, the Treasury Unit posted a sharp increase of more than ¥100 billion in earnings over the corresponding period of the previous year.

Key Goals

- Offer greater customer convenience and speed up growth in transaction volume
- Ensure strict control of all risks by closely monitoring market movements

The Treasury Unit aims to gain the top share of market-based products by providing customers with the best quality services in the industry, and to generate a high but sustainable flow of earnings from trading activities by dynamically managing market positions. While focused on these goals, the Treasury Unit will strengthen operations with careful analysis of market and liquidity risks, taking into consideration the challenging market conditions that Japanese banks currently face.

International Banking Unit

The International Banking Unit provides comprehensive, value-added financial services for domestic and overseas companies operating across international borders. To make this possible, the management are tackling various issues, including the provision of high-quality solutions through close liaison with other business units of the Bank and Group companies, and expansion of our fee-based business into new areas such as international cash management services (CMS) and the custody business, thereby further reducing dependence on asset volume. The management are also rigorously applying a right-sizing policy, and offering financial services tailored to the differing requirements of each overseas market.

Major Accomplishments

- SMBC's custody services awarded "top-class" evaluation three years running* by highly-respected industry periodical *Global Custodian*
—SMBC is the only Japanese bank to achieve this distinction
- Expanded the contract amounts of CMS for multinational companies
—Tie-ups with leading financial institutions allowed SMBC to offer local currency-based transactions and other comprehensive CMS functions
- Opened Taipei Branch to further strengthen network in Asia
- Provided overseas companies with solutions for establishing presence in Japan through our Global Client Business Department

*Includes years that Sumitomo Bank earned this distinction

Key Goals

- Enhance our team approach backed by close liaison with overseas branches to offer services to multinational companies
- Raise the level of sophistication of our fee-based business in such areas as settlement services and the provision of solutions relating to the reform of the Japanese securities delivery and settlement system
- Focus investment of management resources to create a stronger organizational framework for cultivating our business in China

The International Banking Unit aims to utilize relationships already in place with the Bank's other business units and companies to form strategic alliances with overseas financial institutions, enabling us to satisfy customer needs even more promptly and precisely.

To better respond to the various needs of the region, we will promote the development of an extensive network that will allow us to adapt effectively to the differing conditions in Asia's diverse regional markets. We will also place particular emphasis on the fast-growing Chinese market to meet the needs of Japanese companies establishing a foothold there.

In the Americas and Europe, we are working to further enhance our financial services, as this will also prove vital to establishing an effective business model for the Bank as a whole.

The International Banking Unit will continue its efforts to expand its fee-based business and realize returns commensurate with associated risks, as we build a more efficient operational system and a more effective network of overseas branches.

Investment Banking Unit

The Investment Banking Unit, which provides corporate customers with optimal solutions to financial issues, recorded a number of significant accomplishments during the first half of fiscal 2002, the six months ended September 30, 2002.

During the first half of fiscal 2002, we achieved year-on-year improvements in business performance for all products and services, thanks to the successful development of a range of attractive financial products that met our customers' diverse needs.

We achieved substantial growth in the field of syndicated loan origination and placement, with the number of domestic arrangements increased by 71 to 128 loan agreements, amounting to ¥1,904.5 billion, up ¥580.1 billion over the corresponding period of the previous year.

Our debt securitization services have become popular among a growing number of customers as a result of the development of exceptional products that address the whole range of their needs: these include the pooling of small receivables, revolving credit, and consolidation.

We also strengthened our marketing approach to the full span of our corporate users—ranging from large companies to small and medium-sized enterprises—by providing information more promptly and launching new products. As a result, we made great strides in expanding our business volume in derivative transactions and in trustee services for bond issuance via private placements.

Major Accomplishments

- Broadened loan syndication business scale
—Increased the amount of syndicated loans originated by SMBC on the domestic market by 43% year-on-year
- Provided comprehensive debt securitization solutions to customers
—Actively responded to all customer needs regarding pooling of small receivables, revolving credit and consolidation
- Enhanced marketing activities targeting small and medium-sized enterprises
—Expanded the derivatives business and services for private placement bonds

Key Goals

- Further enhance ability to offer increasingly more sophisticated financial solutions, drawing on the strengths of Group companies such as Daiwa Securities SMBC
- Maintain focus on expansion of loan syndication and securitization businesses

At the Investment Banking Unit, we will enhance the ability of the entire Group, through companies such as Daiwa Securities SMBC and Sumitomo Mitsui Asset Management Company, Limited—a company launched in December 2002—to offer an even greater variety of invaluable financial services to our customers. We will also continue promoting loan syndication and respond readily to customers' developing debt securitization needs.

International Directory

(as of September 30, 2002)

Asia and Oceania

Branches and Representative Offices

Hong Kong Branch
 Shanghai Branch
 Tianjin Branch
 Guangzhou Branch
 Suzhou Branch
 General Representative Office in China
 Dalian Representative Office
 Chongqing Representative Office
 Shenyang Representative Office
 Taipei Branch
 Seoul Branch
 Singapore Branch
 Labuan Branch
 Labuan Branch Kuala Lumpur Marketing Office
 Kuala Lumpur Representative Office
 Jakarta Representative Office
 Ho Chi Minh Representative Office
 Yangon Representative Office
 Bangkok Branch
 Ayudhya Branch
 Chonburi Branch
 Manila Representative Office
 Mumbai Branch
 New Delhi Branch

Subsidiaries

Sumitomo Mitsui Finance Australia Limited
 PT Bank Sumitomo Mitsui Indonesia
 SMBC Metro Investment Corp.
 Sakura Finance Asia Limited
 Sakura Finance Australia Limited
 Sakura Merchant Bank (Singapore) Limited
 P.T. Perjahl Leasing Indonesia
 China United International Leasing Co., Ltd.
 China International Finance Company Limited (Shenzhen)
 BSL Leasing Co., Ltd.
 Bangkok SMBC Systems Ltd.
 SMBC Management Service Co., Ltd.
 Bangkok SMBC Consulting Company Limited
 SBCS Co., Ltd.
 SMSB Co., Ltd.
 SMBC Leasing (Singapore) Pte. Ltd.
 Sumitomo Mitsui Finance Australia (Securities) Limited
 SMBC Leasing (Hong Kong) Limited
 SMBC Leasing (Thailand) Co., Ltd.
 SMBC Leasing (Guangzhou) Co., Ltd.
 SMBC Leasing (Malaysia) Sdn. Bhd.
 SMBC Capital Markets Limited Hong Kong Branch

Americas

Branches and Representative Office

New York Branch
 Cayman Branch
 Los Angeles Branch
 San Francisco Branch
 Seattle Representative Office

Subsidiaries

Manufacturers Bank
 Sumitomo Mitsui Banking Corporation of Canada
 Banco Sumitomo Mitsui Brasileiro S.A.
 SMBC Capital Markets, Inc.
 SMBC Leasing and Finance, Inc.
 SMBC Securities, Inc.

Europe, Middle-East and Africa

Branches and Representative Offices

London Branch
 Düsseldorf Branch
 Brussels Branch
 Paris Branch
 Madrid Representative Office
 Bahrain Representative Office
 Tehran Representative Office
 Cairo Representative Office
 Johannesburg Representative Office

Subsidiaries

Sumitomo Mitsui Finance Dublin Limited
 SMBC Capital Markets Limited
 SMBC Derivative Products Limited
 Sakura Trust International Limited
 Sumitomo Finance International plc
 Sumitomo Mitsui Finanz (Deutschland) GmbH

SMBC Website



➤ <http://www.smbc.co.jp/global>

Financial Section

The following is a summary of the consolidated and nonconsolidated financial results for the six months ended September 30, 2002.

Financial Review (Consolidated)

1. Operating Results

Consolidated results for the first half of fiscal 2002, the year ending March 31, 2003, include the results of 147 consolidated subsidiaries (102 in Japan and 45 overseas) and 38 subsidiaries and affiliates accounted for by the equity method (10 in Japan and 28 overseas).

Consolidated gross profit posted a year-on-year increase of ¥141.7 billion, to ¥1,116.4 billion. Operating profit after adjusting general and administrative expenses, total credit cost, and losses on stocks came to ¥149.9 billion, a year-on-year increase of ¥35.4 billion. Extraordinary losses, income taxes, and minority interests resulted in a net income of ¥55.1 billion, a year-on-year increase of ¥20.9 billion.

Deposits (excluding negotiable certificates of deposit) as of September 30, 2002, stood at ¥61,438.3 billion, a ¥3,547.6 billion decrease from the figure as of March 31, 2002. Negotiable certificates of deposit also decreased by ¥1,815.6 billion to ¥4,846.5 billion.

Loans and bills discounted declined ¥1,092.3 billion over the same period to ¥62,553.3 billion, while securities increased ¥1,956.0 billion to ¥22,650.7 billion.

Total stockholders' equity stood at ¥2,690.0 billion as of September 30, 2002, a ¥222.6 billion decline from the previous fiscal year-end, due to an increase in net unrealized losses on other securities.

Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

September 30, 2002 and 2001, and March 31, 2002

	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Consolidated subsidiaries.....	147	155	144
Subsidiaries and affiliates accounted for by the equity method.....	38	40	38

Income Summary

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

	Millions of yen		
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002
Consolidated gross profit.....	¥1,116,392	¥ 974,718	¥2,077,681
Net interest income.....	733,944	674,730	1,449,783
Net fees and commissions.....	162,423	153,547	319,532
Net trading income.....	109,816	73,656	129,432
Net other operating income.....	110,208	72,784	178,932
General and administrative expenses.....	¥ (446,103)	¥(468,382)	¥ (935,553)
Total credit cost.....	(318,583)	(356,690)	(1,703,363)
Write-off of loans.....	(122,826)	(196,816)	(391,923)
Transfer to specific reserve.....	(154,913)	(62,300)	(681,457)
Transfer to general reserve for possible loan losses.....	(22,660)	(62,814)	(527,445)
Others.....	(18,182)	(34,758)	(102,537)
Gains (losses) on stocks.....	¥ (197,926)	¥ (18,895)	¥ (17,808)
Equity in earnings of affiliates.....	2,807	(364)	2,964
Other income (expenses).....	(6,730)	(15,935)	(4,547)
Operating profit (loss).....	¥ 149,856	¥ 114,450	¥ (580,628)
Extraordinary gains (losses).....	(39,506)	(15,785)	(23,710)
Income (loss) before income taxes and minority interests.....	110,349	98,665	(604,338)
Income taxes, current.....	(26,700)	(37,746)	(101,860)
deferred.....	(10,333)	(3,605)	289,305
Minority interests in net income (loss).....	(18,170)	(23,116)	(46,993)
Net income (loss).....	¥ 55,145	¥ 34,196	¥ (463,887)
<Reference>			
Consolidated banking profit (Billions of yen).....	¥ 608.6	¥ 447.8	¥ 991.9

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)
 2. Consolidated banking profit = Nonconsolidated banking profit (excluding transfer to general reserve for possible loan losses) + Subsidiaries' operating profit (excluding temporary factors) + Affiliates' operating profit x Ownership ratio – Internal transactions (dividends, etc.)

Assets, Liabilities and Stockholders' Equity

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Assets	¥104,396,997	¥107,502,027	¥108,005,001
Loans and bills discounted	62,553,278	64,727,609	63,645,586
Securities	22,650,667	20,511,560	20,694,632
Liabilities	100,754,733	103,181,928	104,108,534
Deposits (excluding negotiable certificates of deposit)	61,438,332	60,533,175	64,985,976
Negotiable certificates of deposit	4,846,529	11,291,895	6,662,097
Minority interests	952,253	967,934	983,847
Stockholders' equity	2,690,010	3,352,163	2,912,619

2. Unrealized Gains (Losses) on Securities

Net unrealized losses on securities as of September 30, 2002 were ¥830.9 billion, a ¥332.4 billion increase compared with the figure as of March 31, 2002. Net unrealized losses on other securities (including other money held in trust), changes in which are directly charged to stockholders' equity, amounted to ¥835.5 billion as of September 30, 2002, an increase of ¥336.2 billion over the figure as of

March 31, 2002. This increase in unrealized losses on other securities was attributable to a ¥438.0 billion decline in the aggregate market value of stock holdings over the six-month period. This drop in market value reflects Japan's persistent economic stagnation as well as the sluggishness of stock markets against the backdrop of increased economic uncertainty on a global scale.

Unrealized Gains (Losses) on Securities

September 30, 2002, and March 31, 2002

	Millions of yen						
	Sept. 30, 2002				Mar. 31, 2002		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥ 4,660	¥ 3,768	¥ 4,745	¥ 85	¥ 892	¥ 1,262	¥ 370
Other securities	(835,048)	(339,541)	243,751	1,078,800	(495,507)	260,042	755,549
Stocks	(947,255)	(437,950)	106,545	1,053,800	(509,305)	192,620	701,926
Bonds	65,542	29,083	73,526	7,983	36,459	58,810	22,351
Others	46,664	69,325	63,680	17,015	(22,661)	8,610	31,271
Other money held in trust	(467)	3,358	371	838	(3,825)	135	3,960
Total	(830,855)	(332,415)	248,868	1,079,724	(498,440)	261,440	759,881
Stocks	(947,255)	(437,950)	106,545	1,053,800	(509,305)	192,620	701,926
Bonds	69,108	32,474	77,092	7,983	36,634	59,303	22,669
Others	47,291	73,060	65,231	17,939	(25,769)	9,515	35,284

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "deposits with banks" and commercial paper as well as beneficiary claims on loan trusts in "commercial paper and other debt purchased."
 2. In principle, the values of stocks are calculated using the average market prices during the final month of the respective reporting period. The values of bonds and others are calculated using market prices at the end of the respective reporting period.
 3. "Other securities" and "other money held in trust" are valued at market prices. Consequently, the figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

3. Consolidated Capital Ratio (BIS Guidelines)

The Bank's consolidated capital ratio (BIS guidelines) as of September 30, 2002 was 10.37%.

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥6,533.5 billion as of September 30, 2002, representing a ¥527.4 billion decline from the previous fiscal year-end. This decline resulted from an increase in unrealized losses on other securities and

deduction of the maximum interim dividends payable to the parent company, SMFG. On the other hand, risk-adjusted assets, which constitute the denominator in the equation, decreased ¥4,566.8 billion to ¥62,981.2 billion. This decline was mainly attributable to the accelerated disposal of non-performing loans and the sale of stock holdings, in addition to a reduction in less profitable overseas assets and sluggish fund demand in Japan.

Consolidated Capital Ratio (BIS Guidelines)

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Tier I capital (A)	¥ 3,381,338	¥ 4,083,690	¥ 3,719,366
Tier II capital (B)	3,316,197	3,300,859	3,504,772
Deductions (C).....	(164,081)	(89,665)	(163,331)
Total capital (D) = (A) + (B) – (C).....	¥ 6,533,454	¥ 7,294,883	¥ 7,060,807
Risk-adjusted assets (E).....	¥62,981,231	¥67,557,366	¥67,548,012
Capital ratio (BIS guidelines) = (D) / (E) x 100	10.37%	10.79%	10.45%

Note: Consolidated capital ratio as of September 30, 2002 is calculated on the basis of Tier I capital after deduction of ¥124,000 million, the maximum interim dividends payable to the parent company, SMFG, established on December 2, 2002. Otherwise, the relevant ratio before the deduction is 10.58%.

Financial Review (Nonconsolidated)

1. Operating Results

Banking profit (excluding transfer to general reserve for possible loan losses) for the first half of fiscal 2002, the year ending March 31, 2003, increased ¥60.9 billion to ¥576.7 billion year-on-year, as a result of a ¥48.6 billion year-on-year increase to ¥897.9 billion in gross banking profit and a ¥12.3 billion decrease in expenses (excluding nonrecurring losses).

Operating profit, calculated by adjusting banking profit (excluding transfer to general reserve for possible loan losses) for nonrecurring items including total credit cost and losses on stocks, was ¥99.7 billion.

Total credit cost (including transfer to general reserve for possible loan losses) amounted to ¥266.3 billion and losses on stocks totaled ¥191.8 billion.

After deducting extraordinary losses of ¥38.7 billion and income taxes of ¥16.1 billion, net income amounted to ¥44.9 billion, a ¥34.9 billion decrease year-on-year.

2. Income Analysis

Gross Banking Profit

Gross banking profit increased ¥48.6 billion year-on-year to ¥897.9 billion. Gross banking profit from domestic operations increased ¥4.3 billion. Although net interest income declined by ¥19.7 billion due mainly to a decline in dividend income from subsidiaries, net gains on bonds increased by a substantial ¥12.8 billion thanks to appropriate fund operations. Net fees

and commissions also increased ¥10.5 billion centered on services in investment banking including loan syndication and corporate bond trustee services through private placement.

Meanwhile, gross banking profit from international operations rose ¥44.3 billion over the corresponding period of the previous fiscal year, largely owing to a ¥33.5 billion increase in gains on U.S. Treasuries that resulted from taking advantage of the decline in U.S. interest rates, and an increase in trading income of ¥32.9 billion. However, interest income decreased by ¥18.8 billion due to a decline in dividends from overseas subsidiaries.

Expenses

Expenses (excluding nonrecurring losses) decreased ¥12.3 billion year-on-year, to ¥321.2 billion. This was mainly attributable to a ¥10.9 billion decline in personnel expenses, largely due to a reduction in the number of employees in addition to a ¥2.3 billion reduction in nonpersonnel expenses due to integration of branches both in Japan and overseas and improved efficiency of marketing channel networks, including ATMs.

Banking Profit

Banking profit (excluding transfer to general reserve for possible loan losses) increased ¥60.9 billion over the corresponding period of the previous fiscal year, to ¥576.7 billion.

Banking Profit

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

	Millions of yen		
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002
Gross banking profit	¥897,852	¥849,274	¥1,853,515
Gross banking profit (excluding gains (losses) on bonds)	821,460	819,142	1,786,954
Net interest income	636,117	674,574	1,476,512
Net fees and commissions	85,784	73,284	165,272
Net trading income	103,408	70,906	121,289
Net other operating income	72,542	30,509	90,440
Gross domestic banking profit	620,300	615,980	1,256,373
Gross international banking profit	277,552	233,294	597,141
Transfer to general reserve for possible loan losses	¥(20,564)	¥(37,402)	¥(504,558)
Expenses (excluding nonrecurring losses)	(321,201)	(333,470)	(670,145)
Personnel expenses	(129,174)	(140,090)	(271,788)
Nonpersonnel expenses	(175,372)	(177,730)	(366,637)
Taxes	(16,654)	(15,649)	(31,719)
Banking profit	¥556,087	¥478,401	¥678,811
Banking profit (excluding transfer to general reserve for possible loan losses)	576,651	515,804	1,183,369
Banking profit (excluding transfer to general reserve for possible loan losses and gains (losses) on bonds)	500,259	485,671	1,116,808

<Reference>

Banking Profit, by Business Unit

Six months ended September 30, 2002

	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking profit (losses) (excluding transfer to general reserve for possible loan losses)	¥17.8	¥190.4	¥70.1	¥19.7	¥323.2	¥(44.5)	¥576.7
Year-on-year increase (decrease)	6.8	25.1	9.0	3.6	118.1	(101.7)	60.9

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.
2. "Others" consists of (1) dividend income from subsidiaries and affiliates, (2) financing costs on preferred securities and subordinated debt, (3) profit earned on investing the Bank's own capital, and (4) adjustment of inter-unit transactions, etc.

Nonrecurring Losses (Credit Costs, etc.)

Nonrecurring losses amounted to ¥456.4 billion. This was mainly attributable to credit costs of ¥245.7 billion as the main component. (Total credit cost, including transfer to general reserve for possible loan losses, amounted to ¥266.3 billion.) Other factors were net losses on the sale of stock holdings in the amount of ¥16.4 billion, and a ¥175.4 billion unrealized loss on securities under impairment accounting. (Please refer to the "Asset Quality" section beginning on page 14 for more information on problem-loan assets and progress in reducing such loans.)

Operating Profit

As a result of the foregoing, operating profit decreased ¥27.4 billion year-on-year to ¥99.7 billion.

Operating Profit and Net Income

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

	Millions of yen		
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002
Banking profit (excluding transfer to general reserve for possible loan losses)	¥576,651	¥515,804	¥1,183,369
Transfer to general reserve for possible loan losses	(20,564)	(37,402)	(504,558)
Banking profit.....	¥556,087	¥478,401	¥ 678,811
Nonrecurring gains (losses).....	(456,393)	(351,253)	(1,200,917)
Total credit cost	(266,287)	(305,437)	(1,543,078)
Write-off of loans	(88,928)	(138,692)	(283,895)
Transfer to specific reserve	(140,640)	(98,372)	(663,184)
Transfer to reserve for losses on loans sold	(7,109)	(23,633)	(37,034)
Losses on loans sold to CCPC.....	(3,013)	(2,159)	(8,363)
Losses on sale of delinquent loans	(10,006)	(13,510)	(50,589)
Transfer to loan loss reserve for specific overseas countries	3,974	8,332	4,546
Gains (losses) on stocks	(191,842)	(52,646)	(130,689)
Gains on sale of stocks	35,153	28,221	54,196
Losses on sale of stocks	(51,543)	(11,958)	(54,300)
Losses on devaluation of stocks	(175,452)	(68,908)	(130,585)
Operating profit (loss)	¥ 99,694	¥127,148	¥ (522,106)
Extraordinary gains (losses)	(38,735)	(16,092)	(14,531)
Gains (losses) on disposition of premises and equipment	(9,570)	(4,596)	(14,201)
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits.....	(10,083)	(10,083)	(20,167)
Income taxes, current	(6,787)	(9,762)	(32,737)
Income taxes, deferred	(9,308)	(21,499)	246,522
Net income (loss).....	¥ 44,862	¥ 79,794	¥ (322,852)

Note: Total credit cost includes transfer to general reserve for possible loan losses.

3. Assets, Liabilities and Stockholders' Equity

Assets

Nonconsolidated bank assets as of September 30, 2002 stood at ¥98,900.9 billion, a ¥3,181.7 billion decrease from the figure as of March 31, 2002. Deposits with banks decreased ¥2,734.2 billion, due mainly to a reduced scale of international operations with the aim of raising the efficiency of foreign currency-denominated fund operations. Loans and bills discounted also decreased by ¥1,025.7 billion, owing to weak corporate loan demand amid the prolonged economic slump and increased efforts by the Bank to collect problem loans.

Extraordinary Gains (Losses)

Net extraordinary losses amounted to ¥38.7 billion. The major components of extraordinary losses were a ¥9.6 billion net loss on disposition of premises and equipment and ¥10.1 billion in amortization expenses for transitional obligations on employees' retirement benefits, in addition to extraordinary expenses for branch integration due to the merger and disposal of assets resulting from systems integration.

Net Income

Net income for the first half of fiscal 2002 decreased ¥34.9 billion year-on-year, to ¥44.9 billion. The current portion of income taxes totaled ¥6.8 billion, while the deferred portion was ¥9.3 billion under mark-to-market accounting.

Liabilities

Liabilities as of September 30, 2002 decreased by ¥2,984.2 billion compared with the figure for March 31, 2002, to ¥95,901.9 billion. This result was mainly attributed to an increase in bills sold of ¥3,334.6 billion and a decline in deposits (excluding negotiable certificates of deposit), negotiable certificates of deposit, call money and commercial paper of ¥3,740.8 billion, ¥1,720.8 billion, ¥1,379.2 billion and ¥1,000.5 billion, respectively.

Stockholders' Equity

Stockholders' equity decreased by ¥197.5 billion over the figure as of March 31, 2002 to ¥2,998.9 billion as of September 30, 2002. One major reason for this decline was a ¥204.8 billion expansion in unrealized losses on other securities, due to a decline in market value of stock holdings

against the backdrop of the general sluggishness of Japan's stock markets.

As of September 30, 2002, there were 5,709 million shares of common stock and 967 million shares of preferred stock of the Bank outstanding. Excluding preferred stock, stockholders' equity per share was ¥297.44.

Assets, Liabilities and Stockholders' Equity

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Assets.....	¥98,900,873	¥101,342,107	¥102,082,581
Loans and bills discounted	58,902,641	61,071,591	59,928,368
Securities.....	22,377,416	19,988,203	20,442,996
Liabilities.....	95,901,925	97,827,465	98,886,088
Deposits (excluding negotiable certificates of deposit).....	57,311,051	56,611,281	61,051,813
Negotiable certificates of deposit.....	4,856,700	11,152,501	6,577,539
Stockholders' equity	2,998,947	3,514,642	3,196,492

4. Unrealized Gains (Losses) on Securities

Net unrealized losses on securities as of September 30, 2002 amounted to ¥828.3 billion, a ¥343.8 billion increase compared with the figure as of March 31, 2002. Unrealized losses on other securities (including other money held in trust), changes in which are directly charged to stockholders' equity, amounted to ¥819.1 billion, an increase of ¥333.6

billion over the figure as of March 31, 2002. The increase in unrealized losses on other securities was attributable to a ¥432.3 billion decline in the aggregate market value of stock holdings over the six-month period. This drop in market value reflects Japan's persistent economic stagnation as well as the sluggishness of stock markets against the backdrop of increased economic uncertainty on a global scale.

Unrealized Gains (Losses) on Securities

September 30, 2002 and March 31, 2002

	Millions of yen						
	Sept. 30, 2002				Mar. 31, 2002		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ 3,571	¥ 2,425	¥ 3,655	¥ 83	¥ 1,146	¥ 1,165	¥ 19
Stocks of subsidiaries and affiliates	(12,769)	(12,668)	5,830	18,599	(101)	12,740	12,841
Other securities	(818,599)	(336,945)	228,470	1,047,069	(481,654)	244,238	725,892
Stocks	(933,147)	(432,250)	97,487	1,030,634	(500,897)	180,943	681,841
Bonds	62,349	24,566	68,587	6,238	37,783	55,597	17,814
Others	52,198	70,738	62,395	10,196	(18,540)	7,696	26,236
Other money held in trust.....	(467)	3,358	371	838	(3,825)	135	3,960
Total	(828,264)	(343,830)	238,326	1,066,591	(484,434)	258,279	742,714
Stocks	(945,917)	(444,918)	103,317	1,049,234	(500,999)	193,684	694,683
Bonds	64,856	26,642	71,095	6,238	38,214	56,029	17,814
Others	52,795	74,445	63,914	11,118	(21,650)	8,566	30,216

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "deposits with banks" and commercial paper as well as beneficiary claims on loan trusts in "commercial paper and other debt purchased."
2. The values of stocks excluding stocks of subsidiaries and affiliates are calculated using average market prices during the final month of the respective reporting period. The values of bonds and others are calculated using market prices at the end of the respective reporting period.
3. "Other securities" and "other money held in trust" are valued at market prices. Consequently, the figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

Consolidated Interim Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
September 30, 2002 and 2001, and March 31, 2002

	Millions of yen			Millions of U.S. dollars
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002	Sept. 30, 2002
Assets				
Cash and due from banks	¥ 1,731,413	¥ 1,764,049	¥ 2,128,742	\$ 14,117
Deposits with banks	1,174,238	3,972,206	3,503,554	9,574
Call loans and bills bought	474,150	425,289	720,154	3,866
Receivables under resale agreements	82,218	981,216	793,266	670
Receivables under securities borrowing transactions	2,186,491	—	—	17,827
Commercial paper and other debt purchased	307,755	330,214	461,879	2,509
Trading assets	3,442,097	3,225,015	3,278,105	28,064
Money held in trust	44,106	63,622	33,860	360
Securities	22,650,667	20,511,560	20,694,632	184,677
Loans and bills discounted	62,553,278	64,727,609	63,645,586	510,015
Foreign exchanges	922,640	644,896	795,755	7,523
Other assets	3,302,344	4,362,508	6,447,644	26,925
Premises and equipment	1,172,058	1,414,607	1,207,589	9,556
Lease assets	930,418	939,746	927,120	7,586
Deferred tax assets	1,999,075	1,696,347	1,882,464	16,299
Deferred tax assets for land revaluation	726	—	726	6
Goodwill	19,031	5,446	18,518	155
Customers' liabilities for acceptances and guarantees	3,453,755	3,601,158	3,625,047	28,159
Reserve for possible loan losses	(2,049,472)	(1,163,469)	(2,159,649)	(16,710)
Total assets	¥104,396,997	¥107,502,027	¥108,005,001	\$851,178

See accompanying notes to consolidated interim financial statements.

	Millions of yen			Millions of U.S. dollars
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002	Sept. 30, 2002
Liabilities, minority interests and stockholders' equity				
Liabilities				
Deposits	¥ 66,284,861	¥ 71,825,070	¥ 71,648,073	\$540,439
Call money and bills sold	12,739,570	8,541,814	10,775,484	103,869
Payables under repurchase agreements	1,946,489	1,808,365	1,468,504	15,870
Payables under securities lending transactions	3,842,595	3,906,531	3,174,799	31,330
Commercial paper	185,500	1,274,071	1,167,500	1,513
Trading liabilities	2,599,491	2,163,173	2,331,500	21,195
Borrowed money	2,721,278	2,938,927	2,889,907	22,187
Foreign exchanges	438,643	251,403	299,610	3,576
Bonds	3,582,598	3,398,674	3,505,820	29,210
Convertible bonds	—	1,106	1,106	—
Other liabilities	2,645,968	2,943,028	2,861,669	21,573
Reserve for employee bonuses	21,216	22,385	21,606	173
Reserve for employee retirement benefits	148,116	180,457	147,972	1,208
Reserve for possible losses on loans sold	47,190	126,538	86,371	385
Other reserves	255	637	336	2
Deferred tax liabilities	34,507	53,352	39,206	281
Deferred tax liabilities for land revaluation	62,693	145,229	64,015	511
Acceptances and guarantees	3,453,755	3,601,158	3,625,047	28,160
Total liabilities	¥100,754,733	¥103,181,928	¥104,108,534	\$821,482
Minority interests	¥ 952,253	¥ 967,934	¥ 983,847	\$ 7,764
Stockholders' equity				
Preferred stock	¥ 650,500	¥ 650,500	¥ 650,500	\$ 5,304
Common stock	676,246	676,246	676,246	5,513
Capital surplus	1,683,896	1,684,361	1,326,758	13,729
Retained earnings	138,823	541,424	475,357	1,132
Land revaluation excess	117,957	230,153	121,244	962
Net unrealized losses on other securities	(512,407)	(394,819)	(304,837)	(4,178)
Foreign currency translation adjustments	(53,754)	(18,479)	(15,174)	(438)
Treasury stock	(11,250)	(33)	(283)	(92)
Parent bank stock held by subsidiaries	—	(17,189)	(17,191)	—
Total stockholders' equity	¥ 2,690,010	¥ 3,352,163	¥ 2,912,619	\$ 21,932
Total liabilities, minority interests and stockholders' equity	¥104,396,997	¥107,502,027	¥108,005,001	\$851,178

Consolidated Interim Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

	Millions of yen			Millions of U.S. dollars
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002	Six months ended Sept. 30, 2002
Income				
Interest income:	¥ 954,856	¥1,067,744	¥2,176,685	\$ 7,785
Interest on loans and discounts	642,449	734,419	1,426,139	5,238
Interest and dividends on securities	140,090	147,883	318,508	1,142
Fees and commissions	204,619	189,936	387,280	1,669
Trading profits	110,534	73,656	129,450	901
Other operating income	444,096	394,199	845,583	3,621
Other income	51,371	82,132	270,130	419
Total income	¥1,765,477	¥1,807,669	¥3,809,130	\$14,395
Expenses				
Interest expenses:	¥ 220,912	¥ 393,013	¥ 726,901	\$ 1,801
Interest on deposits	88,586	202,980	347,077	722
Fees and commissions	42,195	36,388	67,747	344
Trading losses	718	—	17	6
Other operating expenses	333,888	321,415	666,651	2,722
General and administrative expenses	446,103	468,382	935,553	3,637
Transfer to reserve for possible loan losses	173,591	116,760	1,204,335	1,416
Other expenses	437,719	373,043	812,261	3,569
Total expenses	¥1,655,128	¥1,709,004	¥4,413,469	\$13,495
Income (loss) before income taxes and minority interests	¥ 110,349	¥ 98,665	¥ (604,338)	\$ 900
Income taxes:				
Current	¥ 26,700	¥ 37,746	¥ 101,860	\$ 218
Deferred	10,333	3,605	(289,305)	84
Minority interests in net income	18,170	23,116	46,993	148
Net income (loss)	¥ 55,145	¥ 34,196	¥ (463,887)	\$ 450
<hr/>				
	Yen			U.S. dollars
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002	Six months ended Sept. 30, 2002
Per share data:				
Net income (loss)	¥9.67	¥6.02	¥(84.12)	\$0.08
Net income — diluted	7.01	6.01	—	0.06

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statements of Stockholders' Equity (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six months ended September 30, 2002 and year ended March 31, 2002

	Millions of yen								
	Preferred stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized losses on other securities	Foreign currency translation adjustments	Other*	Total
Balance at March 31, 2001	¥250,500	¥502,348	¥ 643,080	¥319,924	¥167,613	¥ —	¥(32,171)	¥(14,144)	¥1,837,151
Merger with The Sakura Bank, Limited	400,309	123,542	991,326	296,313	42,690			(42)	1,854,139
Change due to increase/decrease of subsidiaries and affiliates				(96,404)	20,366		(20,939)	(4,555)	(101,533)
Conversion of preferred stock to common stock	(309)	309							—
Conversion of convertible bonds to common stock		50,045	49,954						100,000
Change of effective tax rates and others.....					(444)				(444)
Cash dividends paid				(11,199)					(11,199)
Transfer from capital surplus to retained earnings.....			(357,614)	357,614					—
Revaluation of land.....					(48,848)				(48,848)
Transfer from land revaluation excess to retained earnings.....				60,132	(60,132)				—
Merger with a subsidiary			11	12,864					12,876
Net loss				(463,887)					(463,887)
Adoption of accounting standards for financial instruments.....						(304,837)			(304,837)
Change of foreign currency translation adjustments							37,935		37,935
Change of treasury stock and parent bank stock held by subsidiaries								1,267	1,267
Balance at March 31, 2002	650,500	676,246	1,326,758	475,357	121,244	(304,837)	(15,174)	(17,475)	2,912,619
Transfer of land revaluation excess				3,283	(3,283)				—
Change due to increase/decrease of subsidiaries				0					0
Change of effective tax rates and others.....					(3)				(3)
Cash dividends paid				(37,349)					(37,349)
Net income				55,145					55,145
Change of net unrealized losses on other securities						(207,569)			(207,569)
Change of foreign currency translation adjustments							(38,579)		(38,579)
Change of treasury stock								6,224	6,224
Losses on disposal of treasury stock			(476)						(476)
Change due to change of regulations			357,614	(357,614)					—
Balance at September 30, 2002	¥650,500	¥676,246	¥1,683,896	¥138,823	¥117,957	¥(512,407)	¥(53,754)	¥(11,250)	¥2,690,010

	Millions of U.S. dollars								
	Preferred stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized losses on other securities	Foreign currency translation adjustments	Other*	Total
Balance at March 31, 2002	\$5,304	\$5,513	\$10,817	\$3,876	\$989	\$(2,486)	\$(124)	\$(142)	\$23,747
Transfer of land revaluation excess				27	(27)				—
Change due to increase/decrease of subsidiaries				0					0
Change of effective tax rates and others.....					(0)				(0)
Cash dividends paid				(305)					(305)
Net income				450					450
Change of net unrealized losses on other securities						(1,692)			(1,692)
Change of foreign currency translation adjustments							(314)		(314)
Change of treasury stock								50	50
Losses on disposal of treasury stock			(4)						(4)
Change due to change of regulations			2,916	(2,916)					—
Balance at September 30, 2002	\$5,304	\$5,513	\$13,729	\$1,132	\$962	\$(4,178)	\$(438)	\$(92)	\$21,932

See accompanying notes to consolidated interim financial statements.

* Other includes treasury stock and parent bank stock held by subsidiaries.

Consolidated Interim Statements of Cash Flows (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

	Millions of yen			Millions of U.S. dollars
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002	Six months ended Sept. 30, 2002
1. Cash flows from operating activities:				
Income (loss) before income taxes and minority interests.....	¥ 110,349	¥ 98,665	¥ (604,338)	\$ 900
Depreciation of premises, equipment and others	44,208	46,712	96,374	360
Depreciation of lease assets.....	149,071	153,718	306,044	1,215
Amortization of goodwill.....	2,773	1,827	4,806	23
Equity in earnings of affiliates	(2,807)	364	(2,964)	(23)
Net change in reserve for possible loan losses	(109,670)	(104,836)	884,174	(894)
Net change in reserve for possible losses on loans sold.....	(39,180)	(18,728)	(58,895)	(319)
Net change in reserve for employee bonuses	(402)	22,385	21,606	(3)
Net change in reserve for employee retirement benefits	147	(9,984)	(42,469)	1
Interest income	(954,856)	(1,067,744)	(2,176,685)	(7,785)
Interest expenses	220,912	393,013	726,901	1,801
Net (gains) losses on securities.....	107,763	(17,951)	(64,057)	879
Net loss from money held in trust	3,703	349	56	30
Net exchange (gains) losses	154,537	9,313	(160,717)	1,260
Net losses from disposition of premises and equipment	11,034	8,309	23,052	90
Net losses from disposition of lease assets.....	2,020	885	995	16
Gain on sale of business operation	—	(5,000)	(5,000)	—
Net change in trading assets	(216,670)	(727,177)	(757,328)	(1,767)
Net change in trading liabilities.....	321,258	880,170	1,030,514	2,619
Net change in loans and bills discounted	1,008,160	658,132	1,794,503	8,220
Net change in deposits	(3,532,384)	(2,512,450)	1,887,932	(28,801)
Net change in negotiable certificates of deposit	(1,813,399)	(355,050)	(4,989,141)	(14,785)
Net change in borrowed money (excluding subordinated debt)...	(71,036)	(430,281)	(456,519)	(579)
Net change in deposits with banks	2,294,589	1,525,833	2,018,942	18,708
Net change in call loans, bills bought and receivables under resale agreements	1,071,737	2,113,527	1,904,425	8,738
Net change in receivables under securities borrowing transactions	834,028	(223,111)	(2,196,808)	6,800
Net change in call money, bills sold and payables under repurchase agreements	2,490,237	(4,881,493)	(3,020,667)	20,304
Net change in commercial paper.....	(982,000)	(462,749)	(569,827)	(8,007)
Net change in payables under securities lending transactions...	667,795	(984,252)	(1,715,984)	5,445
Net change in foreign exchanges (assets)	(129,163)	93,962	(56,299)	(1,053)
Net change in foreign exchanges (liabilities)	139,635	655	48,749	1,139
Issuance and redemption of bonds (excluding subordinated bonds).....	182,702	200,293	359,901	1,490
Interest received	1,049,827	1,154,603	2,342,208	8,560
Interest paid.....	(243,453)	(475,110)	(829,888)	(1,985)
Other, net.....	(171,533)	(753,281)	(1,070,901)	(1,399)
Subtotal	¥2,599,937	¥(5,666,480)	¥(5,327,304)	\$21,198
Income taxes paid.....	(37,447)	(31,808)	(54,205)	(305)
Net cash provided by (used in) operating activities	¥2,562,490	¥(5,698,288)	¥(5,381,510)	\$20,893

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002	Six months ended Sept. 30, 2002
2. Cash flows from investing activities:				
Purchases of securities.....	¥(27,644,498)	¥(20,323,863)	¥(39,722,661)	\$(225,393)
Proceeds from sale of securities.....	20,817,747	16,412,440	32,828,672	169,733
Proceeds from maturity of securities	4,256,509	9,595,326	12,828,207	34,704
Purchases of money held in trust	(14,621)	(1,677)	(5,011)	(119)
Proceeds from sale of money held in trust	4,026	8,653	42,663	33
Purchases of premises and equipment	(30,911)	(24,814)	(73,354)	(252)
Proceeds from sale of premises and equipment	28,219	4,469	134,704	230
Purchases of lease assets.....	(162,426)	(182,574)	(342,964)	(1,324)
Proceeds from sale of lease assets.....	14,875	17,289	37,736	121
Purchases of stock of subsidiaries	(3,924)	(599)	(599)	(32)
Proceeds from sale of stock of subsidiaries	53	—	416	0
Proceeds from sale of business operation.....	—	5,000	5,000	—
Net cash provided by (used in) investing activities	¥ (2,734,949)	¥ 5,509,649	¥ 5,732,808	\$ (22,299)
3. Cash flows from financing activities:				
Proceeds from issuance of subordinated debt	¥ 117,000	¥ 45,000	¥ 128,000	\$ 954
Repayment of subordinated debt.....	(204,500)	(146,000)	(278,000)	(1,667)
Proceeds from issuance of subordinated bonds, bonds with subscription rights for shares and notes	152,687	151,000	201,198	1,245
Repayment of subordinated bonds, bonds with subscription rights for shares and notes	(226,871)	(89,045)	(262,361)	(1,850)
Dividends paid	(37,313)	(11,084)	(11,101)	(304)
Payment of delivered money due to merger.....	—	(17,834)	(17,839)	—
Capital contributions from minority stockholders	220	—	9,000	2
Dividends paid to minority stockholders	(25,147)	(22,153)	(39,064)	(205)
Purchases of treasury stock	(3,588)	(8,288)	(8,539)	(29)
Proceeds from sale of treasury stock	4,968	8,286	8,286	40
Proceeds from sale of parent bank stocks held by subsidiaries	—	1,607	1,607	—
Net cash used in financing activities.....	¥ (222,546)	¥ (88,511)	¥ (268,813)	\$ (1,814)
4. Effect of exchange rate changes on cash and due from banks	¥ (2,325)	¥ (1,320)	¥ 3,595	\$ (19)
5. Net change in cash and due from banks.....	¥ (397,329)	¥ (278,471)	¥ 86,079	\$ (3,239)
6. Cash and due from banks at beginning of period.....	¥ 2,128,742	¥ 868,132	¥ 868,132	\$ 17,356
7. Change in cash and due from banks due to merger	¥ —	¥ 1,075,527	¥ 1,075,527	\$ —
8. Change in cash and due from banks due to merger of consolidated subsidiaries	¥ 0	¥ 2,401	¥ 2,544	\$ 0
9. Change in cash and due from banks due to newly consolidated subsidiaries	¥ —	¥ 96,459	¥ 96,459	\$ —
10. Cash and due from banks at end of period.....	¥ 1,731,413	¥ 1,764,049	¥ 2,128,742	\$ 14,117

See accompanying notes to consolidated interim financial statements.

Notes to Consolidated Interim Financial Statements (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six months ended September 30, 2002

I. Accounting Policies

1. Scope of consolidation

- (1) Consolidated subsidiaries: 147 companies

Principal companies:

THE MINATO BANK, LTD.
The Bank of Kansai, Ltd.
Manufacturers Bank
SMBC Leasing Company, Limited
Sumitomo Mitsui Card Company, Limited
SMBC Capital Co., Ltd.
SMBC Finance Co., Ltd.
Sakura Friend Securities Co., Ltd.
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Financial Link Company, Limited and MAZDA AUTO LEASING COMPANY, LIMITED are consolidated due to acquisition of shares. There are four newly established companies, including SMBC PERSONNEL SUPPORT CO., LTD., which are consolidated from this fiscal year.

Sakura Trust International Limited and a company are excluded from consolidation due to liquidation. SB Auto Service, Co., LTD. is excluded due to sale from this fiscal year.

- (2) Nonconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and seventeen subsidiaries such as S.B.L. Management Company Limited are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, based on Article 5 Paragraph 1 Item 2 of the Consolidated Interim Financial Statement Regulations, they were excluded from consolidation.

Assets, income, net income and retained earnings of other nonconsolidated subsidiaries have no significant impact on the consolidated interim financial statements.

2. Application of the equity method

- (1) Nonconsolidated subsidiaries accounted for by the equity method: 5 companies

Principal company:

SBCS Co., Ltd.

- (2) Affiliates accounted for by the equity method: 33 companies

Principal companies:

Daiwa Securities SMBC Co. Ltd.
QUOQ Inc.

- (3) Nonconsolidated subsidiaries and affiliates that are not accounted for by the equity method:

One hundred and seventeen subsidiaries such as S.B.L. Management Company Limited are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, based on Article 7 Paragraph 1 Item 2 of the Consolidated Interim Financial Statement Regulations, they were not treated as affiliates accounted for by the equity method.

Net income and retained earnings of other nonconsolidated subsidiaries and affiliates which are not accounted for by the equity method have no significant impact on the consolidated interim financial statements.

- (4) Affiliates that are not accounted for by the equity method
Principal company:

Daiwa SB Investments (USA) Ltd.

Net income and retained earnings of other nonconsolidated subsidiaries and affiliates which are not accounted for by the equity method have no significant impact on the consolidated interim financial statements.

3. The interim balance sheet dates of consolidated subsidiaries

- (1) The dates of interim account closing of consolidated subsidiaries are as follows:

March 31:	5 Companies
April 30:	1 Company
June 30:	56 Companies
July 31:	1 Company
September 30:	84 Companies

- (2) As for the companies whose interim balance sheet dates are March 31 and April 30, the account closing was done provisionally as of September 30 and July 31 for consolidation, respectively. The other companies are consolidated on the basis of their respective interim balance sheet dates.

Appropriate adjustment was made for any significant transactions during the periods from their respective interim balance sheet dates to the consolidated closing dates.

4. Accounting methods

- (1) Standards for recognition and measurement of trading assets and liabilities

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated interim balance sheet on a contract date basis. Securities and monetary claims purchased for trading purposes are stated at the term-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated interim balance sheet date.

- (2) Standards for recognition and measurement of securities

- (a) Held-to-maturity debt securities that Sumitomo Mitsui Banking Corporation ("SMBC") or its consolidated subsidiaries have the positive intent and ability to hold to maturity are carried at amortized cost using the moving-average method.

Investments in nonconsolidated subsidiaries and affiliates which are not accounted for by the equity method are carried at cost using the moving-average method.

Securities other than trading purpose securities, held-to-maturity debt securities, and investments in nonconsolidated subsidiaries and affiliates which are not accounted for by the equity method are classified as “other securities” (available-for-sale securities). Stocks in other securities that have market value are carried at the average market prices during the final month of the interim term, and bonds and others that have market prices are carried at their interim term-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities that have no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in “Stockholders’ equity.”

Declines in the fair value of securities are charged to earnings when declines are determined to be other than temporary.

- (b) Securities included in “Money held in trust” are carried in the same way mentioned in Notes I. 4. (1) and (2) (a).

(3) Standards for recognition and measurement of derivative transactions

Derivatives excluding those classified as trading derivatives are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with local accounting standards.

(4) Depreciation

- (a) Depreciation of premises, equipment and lease assets
Depreciation of premises and equipment owned by SMBC is computed using the straight-line method for buildings and the declining-balance method for equipment. For the six months ended September 30, 2002, SMBC calculated the depreciation costs by allocating the estimated annual costs to the interim term. The estimated useful lives of major items are as follows:

Buildings:	7 to 50 years
Equipment:	3 to 20 years

Consolidated subsidiaries depreciate premises and equipment, and lease assets primarily using the straight-line method over the estimated useful lives of the respective assets and the straight-line method over the lease term based on the residual value of assets at the end of the lease term, respectively.

- (b) Depreciation of capitalized software
SMBC and its consolidated domestic subsidiaries depreciate capitalized software for internal use using the straight-line method over its estimated useful life (basically five years).

(5) Reserve for possible loan losses

Reserve for possible loan losses of SMBC and its major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and reserves.

For claims on borrowers who have entered into bankruptcy, special liquidation proceedings or similar legal

proceedings (“bankrupt borrowers”) or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“effectively bankrupt borrowers”), a reserve is provided based on the amount of claims, after the charge-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently in the status of bankrupt but are likely to become bankrupt in the future, a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For other claims, a reserve is provided based on the historical loan-loss ratio.

For claims originated in specific countries, an additional reserve is provided for by the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rule for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserves are provided based on the results of these assessments.

Reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and charged off against the total outstanding amount of the claims. The amount of charge-off was ¥1,768,046 million (\$14,415 million) for this interim term.

(6) Reserve for employee bonuses

Reserve for employee bonuses is provided for by the amount of estimated bonuses attributable to this interim term.

(7) Reserve for employee retirement benefits

Reserve for employee retirement benefits (prepaid pension cost) is provided, in provision for payment of retirement benefits to employees, in the amount deemed accrued at the interim term-end, based on an actuarial computation, which uses the present value of the retirement benefit obligation and plan asset amount projected at the beginning of the interim term.

Prior service cost is amortized using the straight-line method over primarily 10 years within the employees’ average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method over primarily 10 years within the employees’ average remaining service period, commencing from the next fiscal year of incurrence.

Unrecognized net transition obligation from initial application of the new accounting standard for employee retirement benefits is amortized using the straight-line method over 5 years and is charged 50% of the annual amortized cost to its income for the six months ended September 30, 2002.

(8) Reserve for possible losses on loans sold

Reserve for possible losses on loans sold is provided for contingent losses arising from decline of market value of underlying collateral for loans sold to the Cooperative Credit Purchasing Company, Limited. This reserve is provided in accordance with Article 287-2 of the Commercial Code.

(9) “Other reserves” required by special law

Other reserves required by special laws are reserve for contingent liabilities from financial futures transactions (¥18 million (\$0.1 million)) in accordance with Article 82 of the Financial Futures Transaction Law and Article 29 of the relevant enforcement regulation, and reserve for contingent liabilities from securities transactions (¥237 million (\$2 million)) in accordance with Article 51 of the Securities Exchange Law.

(10) Translation of foreign currency assets and liabilities

SMBC’s assets and liabilities denominated in foreign currencies and overseas branches’ accounts are translated into Japanese yen primarily at the exchange rate prevailing at the consolidated interim balance sheet date, with the exception of stocks of subsidiaries and affiliates which are translated at rates prevailing at the time of acquisition.

Consolidated subsidiaries’ assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the interim term-end of each company.

(11) Accounting method for lease transactions

Financing leases of SMBC and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same manner as operating leases.

Standards for recognizing rental income on lease transactions and income/expenses on installment sales are as follows:

- (a) Recognition of lease-related income on lease transactions
Lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
- (b) Recognition of income and expenses on installment sales
Installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.

(12) Hedge accounting

Pursuant to the temporary treatment regulated by “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (Industry Audit Committee Report No.24) issued by JICPA, SMBC applies “the risk adjustment approach” to hedging (Macro hedge) in accordance with the Industry Audit Committee Report No.15 “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” issued by JICPA, abiding by the following requirements:

- (a) Loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole shall be recognized as the hedged portfolio.

- (b) Derivatives as the hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.

- (c) Effectiveness of hedging activities shall be evaluated on a quarterly basis.

SMBC applies deferred hedge accounting.

Certain derivatives for the purpose of hedging are recorded on a cost basis using the special treatment for interest rate swaps in view of consistency with the risk management policy.

Certain consolidated subsidiaries use the deferred hedge accounting or the special treatment for interest rate swaps. A consolidated domestic subsidiary (a leasing company) partly applies the accounting methods that are permitted by the Industry Audit Committee Report No.19 “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry” issued by JICPA.

(13) Consumption tax

National and local consumption taxes of SMBC and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(14) Tax effect accounting

On the premise that transfer to and from the reserve for losses on overseas investments will be conducted through appropriation of retained earnings (deficit) at the end of the fiscal year of SMBC and its consolidated subsidiaries, current income taxes and deferred income taxes are recorded by the amount corresponding to the consolidated interim accounting period.

5. Scope of “cash and cash equivalents” on consolidated statements of cash flows

For the purpose of the consolidated statements of cash flows, cash and cash equivalents represents cash and due from banks.

II. Change of Presentation**1. Consolidated balance sheet**

In accordance with the amendment of the Consolidated Interim Financial Statement Regulations and Banking Law ordinances, the changes in financial statement presentations are as follows:

“Pledged money for securities borrowing transactions” that was formerly included in “Other assets” is separately reported as “Receivables under securities borrowing transactions,” effective April 1, 2002. Consequently, “Other assets” decreased by ¥2,186,491 million (\$17,827 million) and “Receivables under securities borrowing transactions” increased by the same amount as compared with the former manner.

“Pledged money for securities lending transactions” is reported as “Payables under securities lending transactions” from this interim term.

2. Consolidated statement of cash flows

In accordance with the amendment of the Consolidated Interim Financial Statement Regulations and Banking Law ordinances, changes in presentation of financial statements are as follows:

- (1) Effective from this interim term, “Net change in pledged money for securities borrowing transactions” and “Net change in pledged money for securities lending transactions” that were formerly reported on the consolidated interim statement of cash flows are reported as “Net change in receivables under securities borrowing transactions” and “Net change in payables under securities lending transactions,” respectively.
- (2) Effective from this interim term, “Proceeds from issuance of subordinated bonds, convertible bonds and notes” and “Repayment of subordinated bonds, convertible bonds and notes” that were formerly reported on the consolidated interim statement of cash flows are reported as “Proceeds from issuance of subordinated bonds, bonds with subscription rights for shares and notes” and “Repayment of subordinated bonds, bonds with subscription rights for shares and notes,” respectively.

III. Additional Information

1. Accounting standards for foreign currency transactions

Formerly, SMBC applied the revised accounting standards for foreign currency transactions (“Opinion Concerning Revision of Accounting Standard for Foreign Currency Transactions” issued by the Business Accounting Deliberation Council on October 22, 1999), except for the accounting treatment stipulated in “Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No.20 “Former report”).

Effective April 1, 2002, SMBC applies the revised accounting standards for foreign currency transactions, except for the treatment which the Former report is applied in accordance with the temporary treatment regulated by “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No.25). Pursuant to the temporary treatment, “financial swap transactions” and “treatment on internal contracts and transactions among consolidated subsidiaries” were accounted for by the former method. Foreign currency differences arising from futures currency transactions are recognized on the consolidated balance sheet on a net basis.

Financial swap transactions are accounted for as follows:

- (1) Principal amounts of credits and debts are reported on the consolidated balance sheet in the net amount converted at the exchange rate prevailing at the interim term-end.
- (2) The difference between spot and forward rates is recorded as interest income or expenses on an accrual basis for the period from the spot foreign exchange settlement date to the forward foreign exchange settlement date.

Financial swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign

exchange either bought or sold and forward foreign exchange either bought or sold. The spot foreign exchange bought or sold is the swap transaction for borrowing or lending the principal amount. The forward foreign exchange bought or sold is the swap transaction of the principal and corresponding interest to be paid or received, the amount and due date of which are predetermined.

There is no significant impact on the consolidated interim financial statements.

2. Accounting standards for treasury stock and reversal of legal reserves

Effective April 1, 2002, “Parent bank stock held by subsidiaries” is included in “Treasury stock” in accordance with the application of “Accounting Standard for Treasury Stock and Reversal of Legal Reserves” (issued by Accounting Standard Board of Japan on February 21, 2002).

Pursuant to the accounting standard, the accounting treatment for deducting parent bank stock held by subsidiaries from stockholders’ equity has been changed as follows:

Amount of SMBC’s share is deducted from stockholders’ equity.

Amount of Minority stockholders’ share is deducted from minority interests. As for SMBC’s stock held by affiliates, SMBC’s share is deducted from stockholders’ equity. Consequently, “Securities” decreased by ¥826 million (\$7 million), “Stockholders’ equity” increased by ¥3,709 million (\$30 million) and “Minority interests” decreased by ¥4,536 million (\$37 million).

There is no significant impact on the consolidated interim statements of income.

Effective from this interim term, SMBC applies the revised Consolidated Interim Financial Statement Regulations and Banking Law ordinances for “Stockholders’ equity” on the consolidated interim balance sheets and the consolidated interim statement of stockholders’ equity in accordance with the amendment of the Consolidated Interim Financial Statement Regulations and Banking Law ordinances. Consequently, “Other capital surplus” that was formerly included in “Retained earnings” is reported in “Capital surplus.”

Effective from this interim term, proceeds from sale of parent bank stocks held by subsidiaries which was formerly reported separately on the consolidated interim statement of cash flows is included in “Proceeds from sale of treasury stock.” The amount of proceeds from sale of parent bank stocks held by subsidiaries is ¥4,968 million (\$41 million) for this interim term.

IV. Notes to Consolidated Balance Sheet

1. Securities included ¥187,006 million (\$1,525 million) of stocks of nonconsolidated subsidiaries and affiliates and ¥1,691 million (\$14 million) of investments.
2. “Japanese government bonds” as a sub-account of “Securities” included ¥999 million (\$8 million) of unsecured loans of securities for which borrowers had rights to sell or pledge. “Japanese government bonds” as a sub-account of “Securities” included ¥301 million (\$2 million) of loaned securities for which borrowers have rights to pledge but no rights to sell.

As for the unsecured borrowed securities and borrowed securities secured by cash for which SMBC has rights to sell or pledge and for the securities which SMBC purchased under resale agreements, that were permitted to sell or pledge without restrictions, ¥2,190,151 million (\$17,857 million) of securities were pledged, and ¥107,709 million (\$878 million) of securities were held in hand as of the consolidated interim balance sheet date. SMBC might also pledge the borrowing loaned securities with rights to pledge but no rights to sell.

3. "Bankrupt loans" and "Non-accrual loans" were ¥249,899 million (\$2,037 million) and ¥3,116,433 million (\$25,409 million), respectively.

"Bankrupt loans" are loans on which SMBC or its consolidated subsidiaries do not currently accrue interest income because the borrowers have legally and formally declared bankruptcy as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law, issued in 1965. "Non-accrual loans" are loans on which SMBC or its consolidated subsidiaries do not currently accrue interest income, excluding Bankrupt loans and loans for which SMBC or its consolidated subsidiaries are forbearing interest payments to support the borrowers' recovery from financial difficulties.

4. "Past due loans (3 months or more)" totaled ¥109,388 million (\$892 million).

"Past due loans (3 months or more)" are loans other than Bankrupt loans and Non-accrual loans, on which the principal or interest is past due for three months or more.

5. "Restructured loans" totaled ¥2,759,599 million (\$22,500 million).

"Restructured loans" are loans other than Bankrupt loans and Non-accrual loans, for which SMBC or its consolidated subsidiaries have relaxed lending terms, such as reduction of the original interest rate, forbearance of interest payments or principal repayments or have made agreements in favor of borrowers such as debt forgiveness, to support the borrowers' recovery from financial difficulties.

6. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was ¥6,235,319 million (\$50,838 million).

The amounts of loans presented in 3. to 6. above are amounts before deduction of reserve for possible loan losses.

7. Bills discounted are accounted for as financial transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Industry Audit Committee Report No.24), issued by JICPA. SMBC and its consolidated banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions, and their total face amount was ¥1,020,775 million (\$8,323 million).

8. Assets pledged as collateral as of the consolidated interim balance sheet date were as follows:

September 30, 2002	Millions of yen	Millions of U.S. dollars
Assets pledged		
Cash and due from banks and		
Deposits with banks.....	¥ 63,895	\$ 521
Trading assets	562,181	4,584
Securities	13,180,902	107,468
Loans and bills discounted	3,880,182	31,636
Other assets (installment account		
receivable, etc.)	1,316	11
Premises and equipment	541	4
Liabilities corresponding to		
assets pledged		
Deposits.....	¥ 12,187	\$ 99
Call money and bills sold	11,448,400	93,342
Payables under repurchase		
agreements.....	1,931,859	15,751
Trading liabilities	3,584,093	29,222
Borrowed money.....	87,964	717
Payables under securities		
lending transactions.....	81,254	662
Other liabilities	11,095	90
Acceptances and guarantees	41,946	342

In addition, Cash and due from banks and Deposits with banks of ¥59,335 million (\$484 million), Trading assets of ¥171 million (\$1 million), Securities of ¥1,341,402 million (\$10,937 million), Loans and bills discounted of ¥1,702,156 million (\$13,878 million) were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Premises and equipment include surety deposits and intangible of ¥118,734 million (\$968 million), and Other assets include initial margins of futures markets of ¥13,398 million (\$109 million).

Bills rediscounted are accounted for as financial transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Industry Audit Committee Report No.24), issued by JICPA, and the total face amount of bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought that have been pledged was ¥53,829 million (\$439 million).

9. Commitment line contracts on overdrafts and loans are agreements to lend to customers up to a prescribed amount as long as there is no violation of any condition established in the contracts. The amount of unused commitments was ¥30,213,119 million (\$246,336 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was ¥27,817,213 million (\$226,802 million). Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses that SMBC or its consolidated subsidiaries can reject the application from customers or reduce the contract amounts in case of the change in economic conditions, SMBC or its consolidated

subsidiaries' need to secure claims, or other circumstances. In addition, SMBC or its consolidated subsidiaries request the customers to pledge collateral such as premises and securities, and take necessary measures such as reviewing the customers' financial positions during the contract period, revising contracts when need arises, and securing claims.

10. Net amount of deferred unrealized gains (losses) on hedging instruments to which hedge accounting is applied is reported as deferred profit on hedge and was included in "Other liabilities." Gross deferred unrealized losses and gross deferred unrealized gains on hedging instruments were ¥1,145,365 million (\$9,338 million) and ¥1,283,116 million (\$10,462 million), respectively.
11. SMBC revaluated its own land for business activities in accordance with the Law Concerning Land Revaluation (the Law) effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation." The net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Certain consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains (losses) are deferred and reported in "Liabilities" or "Assets" as "Deferred tax liabilities for land revaluation" or "Deferred tax assets for land revaluation," respectively. The net unrealized gains (losses), net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Date of the revaluation:

SMBC: March 31, 1998 and March 31, 2002
 Certain consolidated subsidiaries: March 31, 1999 and March 31, 2002

Method of revaluation (provided in Article 3-3 of the Law):

SMBC: Fair values are determined by applying appropriate adjustments for land shape and timing of appraisal to the values specified in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law Concerning Land Revaluation (the Enforcement Ordinance) effective March 31, 1998.

Certain consolidated subsidiaries: Fair values are determined based on the values specified in Article 2-3 and 2-5 of the Enforcement Ordinance.

12. Accumulated depreciation on premises and equipment and accumulated depreciation on lease assets were ¥661,729 million (\$5,395 million) and ¥1,404,704 million (\$11,453 million), respectively.
13. The balance of subordinated debt included in "Borrowed money" was ¥911,954 million (\$7,435 million).
14. The balance of subordinated bonds included in "Bonds" was ¥1,677,150 million (\$13,674 million).

V. Notes to Consolidated Statement of Income

1. The amount recorded under "Other income" includes gains on sales of stocks and other securities of ¥37,123 million (\$303 million), gains on disposition of premises and equipment of ¥1,666 million (\$14 million) and collection of written-off claims of ¥1,194 million (\$10 million).
2. The amount recorded under "Other expenses" includes transfer to reserve for possible loan losses of ¥173,591 million (\$1,415 million), write-off of loans of ¥122,826 million (\$1,001 million), losses on devaluation of stocks of ¥181,734 million (\$1,482 million), amortized cost of unrecognized net obligation from initial application of the new accounting standard for employee retirement benefits of ¥11,732 million (\$96 million), losses on disposition on premises and equipment of ¥12,701 million (\$104 million) and losses on disposal of software of ¥11,059 million (\$90 million).

VI. Lease Transactions

1. Financing leases

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value for financing leases without transfer of ownership at September 30, 2002 was as follows:

(1) Lessee side

September 30, 2002	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment.....	¥16,976	¥7,572	¥9,404
Other.....	158	92	65
Total.....	¥17,134	¥7,665	¥9,469

September 30, 2002	Millions of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment.....	\$138	\$62	\$76
Other.....	2	1	1
Total.....	\$140	\$63	\$77

Future minimum lease payments excluding interests at September 30, 2002 were as follows:

September 30, 2002	Millions of yen	Millions of U.S. dollars
Due within one year.....	¥2,700	\$22
Due after one year.....	6,987	57
Total.....	¥9,688	\$79

Total lease expenses for this interim term were ¥1,822 million (\$15 million).

Assumed depreciation expenses for this interim term amounted to ¥1,686 million (\$14 million).

Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets.

The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expense. The allocation of such interest expense over the lease term is computed using the effective interest method. Interest expense for this interim term amounted to ¥115 million (\$1 million).

(2) Lessor side

September 30, 2002	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment.....	¥2,005,781	¥1,233,096	¥772,685
Other.....	296,992	159,925	137,066
Total.....	¥2,302,774	¥1,393,022	¥909,751

September 30, 2002	Millions of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment.....	\$16,354	\$10,054	\$6,300
Other.....	2,421	1,304	1,117
Total.....	\$18,775	\$11,358	\$7,417

Future lease payment receivables excluding interests for this interim term-end were as follows:

September 30, 2002	Millions of	
	Millions of yen	U.S. dollars
Due within one year.....	¥293,112	\$2,390
Due after one year.....	666,670	5,435
Total.....	¥959,783	\$7,825

Lease income for this interim term was ¥183,181 million (\$1,494 million).

Depreciation expense for this interim term amounted to ¥147,396 million (\$1,202 million).

Assumed interest income was calculated on the basis of the allocation of excess amount of total lease income and estimated residual value over the acquisition cost of leased assets.

The allocation of such assumed interest income over the lease term is computed using the effective interest method. Assumed interest income for this interim term was ¥32,846 million (\$268 million).

2. Operating leases

Operating leases at September 30, 2002 consisted of the following:

(1) Lessee side

Future minimum lease payments at September 30, 2002 were as follows:

September 30, 2002	Millions of	
	Millions of yen	U.S. dollars
Due within one year.....	¥ 20,231	\$ 165
Due after one year.....	116,642	951
Total.....	¥136,873	\$1,116

(2) Lessor side

Future lease payment receivables at September 30, 2002 were as follows:

September 30, 2002	Millions of	
	Millions of yen	U.S. dollars
Due within one year.....	¥298	\$2
Due after one year.....	686	6
Total.....	¥984	\$8

Future lease payment receivables of ¥115,355 million (\$941 million) included in the amounts above 1. and 2. were pledged as collateral for borrowing transactions.

VII. Others

Amounts less than one million yen have been omitted. As a result, the totals shown in the financial statements do not necessarily agree with the sum of the individual amounts. For the convenience of the readers, all items have been translated from Japanese yen to U.S. dollars at the rate of ¥122.65 to US\$1, the exchange rate prevailing on September 30, 2002.

VIII. Per Share Data

September 30, 2002	Yen	U.S. dollars
Stockholders' equity per share.....	¥243.56	\$1.99
Net income per share.....	9.67	0.08
Net income per share — diluted.....	7.01	0.06

1. Consolidated stockholders' equity per share is calculated by deducting from stockholders' equity the number of preferred stocks issued as of the end of the interim term multiplied by the issue price, divided by the number of common stocks issued as of the end of the interim term (excluding "treasury stock").
2. Consolidated net income per share is calculated by deducting total preferred stock dividends from net income, divided by the average number of common stocks outstanding during the interim term (excluding "treasury stock").
3. From this fiscal year, SMBC applies "Accounting Standards for Earnings per Share" (issued by Accounting Standards Board of Japan on September 25, 2002). If calculated by the former manner, stockholders' equity per share, net income per share and net income per share — diluted for this interim term would be ¥243.69 (\$1.99), ¥9.67 (\$0.08) and ¥9.39 (\$0.08), respectively.

IX. Subsequent Events (up to December 19, 2002)

1. Establishment of a parent holding company through the transfer of shares was approved at the class shareholders' meetings held on September 26, 2002 and the extraordinary shareholders' meeting held on September 27, 2002. SMBC established Sumitomo Mitsui Financial Group, Inc. (SMFG) with capital stock of ¥1 trillion on December 2, 2002. As a result, SMBC has become SMFG's wholly owned subsidiary.
2. SMBC and SMFG have signed a contract for a corporate split under which SMFG will succeed SMBC's business control over four companies: Sumitomo Mitsui Card Company, Limited, SMBC Leasing Company, Limited, Daiwa Securities SMBC Co. Ltd. and Daiwa SB Investments Ltd. The contract was approved by the extraordinary shareholders' meeting held on December 17, 2002. The corporate split is scheduled on February 1, 2003.
3. SMFG and The Japan Research Institute Holdings, Ltd. (JRIH) signed a contract of merger on December 2, 2002.

As a result, SMFG will merge with JRIH to become the holding company of The Japan Research Institute, Limited which is currently a wholly owned subsidiary of JRIH. The merger is scheduled on February 1, 2003.

X. Market Value Information

1. Market value of marketable securities

Note: In addition to "Securities" stated in the consolidated interim balance sheets, the amounts below include trading securities, certificates of deposit bought and commercial paper classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks" and commercial paper and beneficiary claims on loan trusts classified as "Commercial paper and other debt purchased."

(1) Securities classified as trading

September 30, 2002	Millions of yen	Millions of U.S. dollars
Consolidated balance sheet amount	¥781,093	\$6,368
Losses included in profit/loss during the six-month period	(619)	(5)

(2) Bonds classified as held-to-maturity with market value

September 30, 2002	Millions of yen				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Gains	Losses
Japanese government bonds	¥311,667	¥314,799	¥3,132	¥3,132	¥ 0
Japanese local government bonds	23,207	23,641	433	433	—
Japanese corporate bonds	—	—	—	—	—
Other	29,335	30,429	1,094	1,179	85
Total	¥364,210	¥368,870	¥4,660	¥4,745	¥85

September 30, 2002	Millions of U.S. dollars				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Gains	Losses
Japanese government bonds	\$2,541	\$2,567	\$26	\$26	\$0
Japanese local government bonds	190	193	3	3	—
Japanese corporate bonds	—	—	—	—	—
Other	239	248	9	10	1
Total	\$2,970	\$3,008	\$38	\$39	\$1

Note: Market value is calculated by using the market prices at the interim term-end.

(3) Other securities with market value

September 30, 2002	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Stocks	¥ 4,710,377	¥ 3,763,121	¥(947,255)	¥106,545	¥1,053,800
Bonds	¥12,839,812	¥12,905,355	¥ 65,542	¥ 73,526	¥ 7,983
Japanese government bonds	11,503,124	11,548,379	45,255	47,735	2,480
Japanese local government bonds	352,653	363,173	10,520	11,003	482
Japanese corporate bonds	984,035	993,801	9,766	14,787	5,020
Other	¥ 4,053,273	¥ 4,099,937	¥ 46,664	¥ 63,680	¥ 17,015
Total	¥21,603,463	¥20,768,414	¥(835,048)	¥243,751	¥1,078,800

September 30, 2002	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Stocks	\$ 38,405	\$ 30,682	\$(7,723)	\$ 869	\$8,592
Bonds	\$104,687	\$105,221	\$ 534	\$ 599	\$ 65
Japanese government bonds	93,788	94,157	369	389	20
Japanese local government bonds	2,875	2,961	86	90	4
Japanese corporate bonds	8,024	8,103	79	120	41
Other	\$ 33,047	\$ 33,428	\$ 381	\$ 520	\$ 139
Total	\$176,139	\$169,331	\$(6,808)	\$1,988	\$8,796

Note: Market value is calculated as follows:

Stocks	Average market price for one month before the interim term-end
Bonds and others	Market prices at the interim term-end

(4) Bonds sold during the six months ended September 30, 2002 that are classified as held-to-maturity

There are no corresponding items.

(5) Other securities sold during the six months ended September 30, 2002

Six months ended September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Sales amount	Gains on sales	Losses on sales	Sales amount	Gains on sales	Losses on sales
Other securities	¥20,817,747	¥136,898	¥59,169	\$169,733	\$1,116	\$482

(6) Securities with no available market value

September 30, 2002	Millions of yen		Millions of U.S. dollars	
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
Bonds classified as held-to-maturity				
Nonlisted foreign securities.....	¥ 5,763		\$ 47	
Other.....	14,332		117	
Other securities				
Nonlisted foreign securities.....	¥261,534		\$2,132	
Nonlisted bonds.....	756,068		6,164	
Nonlisted stocks (excluding OTC stocks).....	286,939		2,339	
Other.....	92,169		751	

(7) Change of classification of securities

There are no corresponding items.

(8) Redemption schedule of other securities with maturities and bonds classified as held-to-maturity

September 30, 2002	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	¥5,005,545	¥6,446,617	¥2,219,911	¥324,226
Japanese government bonds	4,833,201	5,070,304	1,671,857	284,684
Japanese local government bonds	25,100	152,511	200,245	8,524
Japanese corporate bonds.....	147,243	1,223,802	347,809	31,017
Other	¥ 246,553	¥2,951,203	¥ 651,235	¥375,709
Total	¥5,252,098	¥9,397,821	¥2,871,146	¥699,936

September 30, 2002	Millions of U.S. dollars			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	\$40,812	\$52,561	\$18,099	\$2,644
Japanese government bonds	39,406	41,340	13,631	2,321
Japanese local government bonds	205	1,243	1,632	70
Japanese corporate bonds.....	1,201	9,978	2,836	253
Other	\$ 2,010	\$24,062	\$ 5,310	\$3,063
Total	\$42,822	\$76,623	\$23,409	\$5,707

2. Money held in trust

(1) Money held in trust classified as trading

September 30, 2002	Millions of yen	Millions of U.S. dollars
Consolidated interim balance sheet amount.....	¥18,309	\$149
Gains included in profit/loss during the six-month period.....	30	0

(2) Money held in trust classified as held-to-maturity

There are no corresponding items.

(3) Other money held in trust

September 30, 2002	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized losses	Gains	Losses
Other money held in trust	¥26,264	¥25,797	¥(467)	¥371	¥838

September 30, 2002	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized losses	Gains	Losses
Other money held in trust	\$214	\$210	\$(4)	\$3	\$7

Note: Consolidated interim balance sheet amount is calculated by using the market prices at the interim term-end.

3. Net unrealized gains (losses) on other securities and other money held in trust

September 30, 2002	Millions of yen	Millions of U.S. dollars
Net unrealized gains (losses).....	¥(835,429)	\$(6,811)
Other securities.....	(834,962)	(6,807)
Other money held in trust.....	(467)	(4)
(+) Deferred tax assets.....	319,645	2,606
Net unrealized gains (losses) on other securities (before following adjustment).....	¥(515,784)	\$(4,205)
(-) Minority interests.....	¥ (3,989)	\$ (32)
(+) Parent company's interest in net unrealized gains (losses) on valuation of other securities held by affiliates accounted for by the equity method.....	(611)	(5)
Net unrealized gains (losses) on other securities.....	¥(512,407)	\$(4,178)

Note: Net unrealized gains (losses) included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

4. Derivative transactions

(1) Interest rate derivatives

September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Interest rate futures.....	¥ 47,730,166	¥ 3,798	¥ 3,798	\$ 389,157	\$ 31	\$ 31
Interest rate options.....	2,716,792	120	120	22,151	1	1
Over-the-counter transactions:						
Forward rate agreements.....	¥ 23,372,432	¥ (151)	¥ (151)	\$ 190,562	\$ (1)	\$ (1)
Interest rate swaps.....	305,873,922	162,410	162,410	2,493,876	1,324	1,324
Swaptions.....	2,531,030	(8,681)	(8,681)	20,636	(71)	(71)
Caps.....	9,899,508	1,672	1,672	80,713	14	14
Floors.....	778,929	2,816	2,816	6,351	23	23
Other.....	268,511	(2,831)	(2,831)	2,189	(23)	(23)
Total.....	/	¥159,152	¥159,152	/	\$1,298	\$1,298

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated interim statements of income.

Derivative transactions to which the hedge accounting method is applied are not included in the amounts above.

Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards and such transactions are not included in the amounts above, of which their net unrealized gains amount to ¥323 million (\$3 million).

(2) Currency derivatives

September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Currency swaps.....	¥15,871,917	¥(47,872)	¥(47,872)	\$129,408	\$(390)	\$(390)
Forward foreign exchange.....	3,337,288	2,436	2,436	27,210	20	20
Currency options.....	11,416	294	294	93	2	2
Other.....	992,078	5,966	5,966	8,089	49	49
Total.....	/	¥(39,173)	¥(39,173)	/	\$(319)	\$(319)

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated interim statements of income.

Derivative transactions to which the hedge accounting method is applied and the transaction referred to in Note 2 below, are not included in the amounts above.

Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards and such transactions are not included in the amounts above, of which their net unrealized gains amount to ¥1,467 million (\$12 million).

2. Forward foreign exchange and currency options which are of the following types are not included in the amounts above:

(a) Those that are revaluated at interim term-end and the revaluation gains (losses) are accounted for in the consolidated interim statements of income.

(b) Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected in the amount of the financial assets/liabilities on the consolidated interim balance sheets.

(c) Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.

The contract amount of currency derivatives which are revaluated at the consolidated interim balance sheet date are as follows:

September 30, 2002	Millions of yen	Millions of U.S. dollars
	Contract amount	Contract amount
Transactions listed on exchange:		
Currency futures.....	¥ —	\$ —
Currency options.....	—	—
Over-the-counter transactions:		
Forward foreign exchange.....	¥37,056,131	\$302,129
Currency options.....	4,899,909	39,950

(3) Equity derivatives

September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Stock price index futures	¥ 1,790	¥ (7)	¥ (7)	\$ 15	\$ (0)	\$ (0)
Stock price index options.....	—	—	—	—	—	—
Over-the-counter transactions:						
Equity options.....	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Stock price index swaps	12,314	585	585	100	5	5
Other	130,616	(1,754)	(1,754)	1,065	(15)	(15)
Total	/	¥(1,176)	¥(1,176)	/	\$(10)	\$(10)

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated interim statements of income.

Derivative transactions to which the hedge accounting method is applied are not included in the amounts above.

(4) Bond derivatives

September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Bond futures.....	¥264,916	¥(77)	¥(77)	\$2,160	\$(1)	\$(1)
Bond futures options	—	—	—	—	—	—
Over-the-counter transactions:						
Bond options.....	¥ 25,635	¥ (0)	¥ (0)	\$ 209	\$(0)	\$(0)
Total	/	¥(78)	¥(78)	/	\$(1)	\$(1)

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated interim statements of income.

Derivative transactions to which the hedge accounting method is applied are not included in the amounts above.

(5) Commodity derivatives

September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Commodity swaps	¥31,698	¥471	¥471	\$258	\$4	\$4
Commodity options.....	9,502	33	33	77	0	0
Total	/	¥505	¥505	/	\$4	\$4

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated interim statements of income.

Derivative transactions to which the hedge accounting method is applied are not included in the amounts above.

2. Commodity derivatives are transactions on oil.

(6) Credit derivative transactions

September 30, 2002	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Credit default options.....	¥80,159	¥538	¥538	\$654	\$4	\$4
Other	93,644	(13)	(13)	764	(0)	(0)
Total	/	¥525	¥525	/	\$4	\$4

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated interim statements of income.

Derivative transactions to which the hedge accounting method is applied are not included in the amounts above.

XI. Segment Information

1. Business segment information

Six months ended September 30, 2002	Millions of yen					
	Banking business	Leasing	Other	Total	Elimination	Consolidated
Operating income						
(1) External customers	¥1,305,946	¥294,373	¥162,215	¥1,762,535	¥ —	¥1,762,535
(2) Intersegment	8,788	2,774	88,547	100,110	(100,110)	—
Total.....	¥1,314,735	¥297,148	¥250,762	¥1,862,646	¥(100,110)	¥1,762,535
Operating expenses	1,212,810	284,870	216,456	1,714,138	(101,459)	1,612,679
Operating profit	¥ 101,924	¥ 12,277	¥ 34,305	¥ 148,507	¥ 1,348	¥ 149,856

Six months ended September 30, 2002	Millions of U.S. dollars					
	Banking business	Leasing	Other	Total	Elimination	Consolidated
Operating income						
(1) External customers	\$10,648	\$2,400	\$1,323	\$14,371	\$ —	\$14,371
(2) Intersegment	71	23	722	816	(816)	—
Total.....	\$10,719	\$2,423	\$2,045	\$15,187	\$(816)	\$14,371
Operating expenses	9,888	2,323	1,765	13,976	(827)	13,149
Operating profit	\$ 831	\$ 100	\$ 280	\$ 1,211	\$ 11	\$ 1,222

- Notes: 1. The business segmentation is classified based on the Bank's internal administrative purpose.
 2. "Other" includes securities, credit card, investment banking, loans, factoring, mortgage securities, venture capital, system development and information processing.
 3. Operating income represents total income excluding gains on disposition of premises and equipment, collection of written-off claims, and other extraordinary income.
 Operating expenses represent total expenses excluding losses on disposition of premises and equipment, amortized cost of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

2. Geographic segment information

Six months ended September 30, 2002	Millions of yen						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Operating income							
(1) External customers	¥1,525,550	¥ 93,262	¥78,696	¥65,026	¥1,762,535	¥ —	¥1,762,535
(2) Intersegment	31,186	22,033	14,828	17,164	85,213	(85,213)	—
Total.....	¥1,556,736	¥115,296	¥93,525	¥82,191	¥1,847,749	¥(85,213)	¥1,762,535
Operating expenses	1,513,742	67,790	68,621	52,553	1,702,707	(90,028)	1,612,679
Operating profit	¥ 42,993	¥ 47,506	¥24,903	¥29,638	¥ 145,042	¥ 4,814	¥ 149,856

Six months ended September 30, 2002	Millions of U.S. dollars						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Operating income							
(1) External customers	\$12,438	\$761	\$642	\$530	\$14,371	\$ —	\$14,371
(2) Intersegment	254	180	121	140	695	(695)	—
Total.....	\$12,692	\$941	\$763	\$670	\$15,066	\$(695)	\$14,371
Operating expenses	12,342	553	560	428	13,883	(734)	13,149
Operating profit	\$ 350	\$388	\$203	\$242	\$ 1,183	\$ 39	\$ 1,222

- Notes: 1. The geographic segmentation is classified based on the degrees of following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions.
 2. The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.
 3. Operating income represents total income excluding gains on disposition of premises and equipment, collection of written-off claims, and other extraordinary income.
 Operating expenses represent total expenses excluding losses on disposition of premises and equipment, amortized cost of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

3. Operating income from overseas operations

Six months ended September 30, 2002	Millions of yen	Millions of U.S. dollars
Consolidated operating income from overseas operations (A)	¥ 236,985	\$ 1,932
Consolidated operating income (B).....	1,762,535	14,371
(A) / (B)	13.4%	13.4%

Note: The table above shows operating income from transactions of the Bank's overseas branches and overseas consolidated subsidiaries, excluding intersegment transactions.

XII. Parent Company

1. Nonconsolidated interim balance sheets (unaudited)

Sumitomo Mitsui Banking Corporation

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen			Millions of U.S. dollars
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002	Sept. 30, 2002
Assets				
Cash and due from banks	¥ 1,526,004	¥ 1,667,942	¥ 1,871,121	\$ 12,442
Deposits with banks	1,198,244	3,937,154	3,587,308	9,770
Call loans and bills bought	373,917	399,742	620,406	3,049
Receivables under resale agreements	54,023	774,471	432,730	440
Receivables under securities borrowing transactions.....	2,186,491	—	—	17,827
Commercial paper and other debt purchased.....	111,146	78,848	146,650	906
Trading assets.....	3,025,923	2,689,363	2,705,648	24,671
Money held in trust	44,104	63,611	33,858	360
Securities	22,377,416	19,988,203	20,442,996	182,449
Loans and bills discounted	58,902,641	61,071,591	59,928,368	480,250
Foreign exchanges	908,194	631,330	779,142	7,405
Other assets	2,077,687	3,197,681	5,344,106	16,940
Premises and equipment.....	855,921	820,719	890,981	6,979
Deferred tax assets	1,859,314	1,589,941	1,741,114	15,159
Customers' liabilities for acceptances and guarantees.....	5,272,481	5,440,396	5,529,996	42,988
Reserve for possible loan losses	(1,872,641)	(1,008,891)	(1,971,849)	(15,268)
Total assets	¥98,900,873	¥101,342,107	¥102,082,581	\$806,367
Liabilities and stockholders' equity				
Liabilities				
Deposits	¥62,167,751	¥ 67,763,782	¥ 67,629,353	\$506,871
Call money and bills sold.....	12,708,178	8,497,133	10,752,791	103,613
Payables under repurchase agreements	1,914,605	1,459,293	1,100,446	15,610
Payables under securities lending transactions	3,820,124	—	—	31,147
Commercial paper	500	1,082,000	1,001,000	4
Trading liabilities.....	2,186,161	1,704,180	1,797,086	17,825
Borrowed money	3,006,739	3,555,666	3,406,286	24,515
Foreign exchanges	439,707	246,872	300,162	3,585
Bonds	2,472,142	1,865,205	2,133,754	20,156
Convertible bonds	—	1,106	1,106	—
Other liabilities	1,684,911	5,796,331	4,962,176	13,738
Reserve for employee bonuses	11,119	12,790	11,342	91
Reserve for employee retirement benefits.....	114,308	152,131	116,854	932
Reserve for possible losses on loans sold	41,360	119,143	80,576	337
Other reserves.....	18	18	18	0
Deferred tax liabilities for land revaluation	61,815	131,412	63,137	504
Acceptances and guarantees	5,272,481	5,440,396	5,529,996	42,988
Total liabilities	¥95,901,925	¥ 97,827,465	¥ 98,886,088	\$781,916
Stockholders' equity				
Preferred stock.....	¥ 650,500	¥ 650,500	¥ 650,500	\$ 5,304
Common stock	676,246	676,246	676,246	5,513
Capital surplus	1,684,373	1,684,361	1,326,758	13,733
Earned surplus reserve	—	241,421	—	—
Retained earnings	392,874	478,958	740,874	3,203
Land revaluation excess.....	98,245	208,857	100,346	801
Net unrealized losses on other securities	(502,705)	(425,669)	(297,950)	(4,098)
Treasury stock	(586)	(33)	(283)	(5)
Total stockholders' equity	¥ 2,998,947	¥ 3,514,642	¥ 3,196,492	\$ 24,451
Total liabilities and stockholders' equity	¥98,900,873	¥101,342,107	¥102,082,581	\$806,367

2. Nonconsolidated interim statements of income (unaudited)

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2002 and 2001, and year ended March 31, 2002

	Millions of yen			Millions of U.S. dollars
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Year ended Mar. 31, 2002	Six months ended Sept. 30, 2002
Income				
Interest income:	¥ 860,493	¥1,061,396	¥2,192,961	\$ 7,016
Interest on loans and discounts	557,722	654,099	1,261,307	4,547
Interest and dividends on securities	127,624	224,002	504,732	1,041
Fees and commissions	130,980	113,779	239,645	1,068
Trading profits	104,126	70,906	121,414	849
Other operating income.....	102,559	56,889	150,886	836
Other income	44,531	34,488	113,281	363
Total income	¥1,242,691	¥1,337,459	¥2,818,189	\$10,132
Expenses				
Interest expenses:	¥ 224,401	¥ 386,960	¥ 716,677	\$ 1,830
Interest on deposits.....	85,019	198,509	337,679	693
Fees and commissions	45,196	40,494	74,373	368
Trading losses.....	718	—	125	6
Other operating expenses.....	30,017	26,379	60,445	245
General and administrative expenses.....	332,302	348,545	696,775	2,709
Transfer to reserve for possible loan losses	161,398	129,325	1,158,947	1,316
Other expenses	387,698	294,697	647,482	3,161
Total expenses	¥1,181,733	¥1,226,403	¥3,354,826	\$ 9,635
Income (loss) before income taxes	¥ 60,958	¥ 111,055	¥ (536,637)	\$ 497
Income taxes:				
Current.....	¥ 6,787	¥ 9,762	¥ 32,737	\$ 55
Deferred	9,308	21,499	(246,522)	76
Net income (loss)	¥ 44,862	¥ 79,794	¥ (322,852)	\$ 366

Income Analysis (Consolidated)

Operating Income, Classified by Domestic and Overseas Operations

Six months ended September 30, 2002 and 2001

	Millions of yen							
	Sept. 30, 2002				Sept. 30, 2001			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥759,681	¥207,905	¥(12,730)	¥954,856	¥875,607	¥307,252	¥(115,116)	¥1,067,744
Interest expenses	124,957	113,942	(18,012)	220,887	200,730	233,626	(41,481)	392,874
Net interest income	634,723	93,963	5,281	733,969	674,877	73,626	(73,634)	674,869
Fees and commissions (income)	¥189,344	¥ 15,337	¥ (63)	¥204,619	¥175,362	¥ 14,726	¥ (152)	¥ 189,936
Fees and commissions (expenses)	40,388	1,882	(75)	42,195	34,233	2,319	(163)	36,388
Net fees and commissions	148,956	13,455	11	162,423	141,128	12,406	11	153,547
Trading profits	¥ 99,544	¥ 15,274	¥ (4,285)	¥110,534	¥ 49,701	¥ 25,098	¥ (1,142)	¥ 73,656
Trading losses	3,660	1,342	(4,285)	718	—	1,142	(1,142)	—
Net trading income	95,883	13,932	—	109,816	49,701	23,955	—	73,656
Other operating income	¥426,221	¥ 18,200	¥ (326)	¥444,096	¥385,993	¥ 8,701	¥ (496)	¥ 394,199
Other operating expenses	324,732	9,205	(50)	333,888	297,883	23,537	(6)	321,415
Net other operating income	101,489	8,995	(275)	110,208	88,109	(14,835)	(490)	72,784

Notes: 1. Domestic operations comprise the operations of the Bank (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of the Bank's overseas branches and its overseas consolidated subsidiaries.

2. Income and expenses for money held in trust are included in "other operating income" and "other operating expenses." Fund-raising expenses are net of expenses (first half of fiscal 2002, ¥24 million; first half of fiscal 2001, ¥138 million) related to the management of money held in trust.

3. Intersegment transactions, that is, transactions between domestic and overseas operations are reported in the elimination column.

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Six months ended September 30, 2002 and 2001

Domestic Operations

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥86,073,041	¥759,681	1.77%	¥86,942,219	¥875,607	2.01%
Loans and bills discounted	57,928,839	550,815	1.90	57,901,248	597,439	2.06
Securities	22,558,111	118,723	1.05	23,461,124	184,692	1.57
Call loans and bills bought	744,673	1,295	0.35	436,252	1,461	0.67
Receivables under resale agreements	203,451	2	0.00	1,960,838	1,265	0.13
Receivables under securities borrowing transactions	1,251,579	92	0.01	/	/	/
Deposits with banks	1,190,038	11,074	1.86	2,200,640	42,139	3.83
Interest-bearing liabilities	¥88,812,347	¥124,957	0.28%	¥84,780,569	¥200,730	0.47%
Deposits	58,582,876	36,447	0.12	53,377,936	77,160	0.29
Negotiable certificates of deposit	5,973,833	1,335	0.04	11,544,384	4,247	0.07
Call money and bills sold	11,390,362	773	0.01	8,909,595	2,711	0.06
Payables under repurchase agreements	444,662	14	0.01	3,524,376	787	0.04
Payables under securities lending transactions	4,551,555	13,239	0.58	/	/	/
Commercial paper	354,590	229	0.13	1,137,368	870	0.15
Borrowed money	3,604,263	41,622	2.31	4,160,465	50,808	2.44
Bonds	2,423,510	18,644	1.54	1,856,211	15,253	1.64

Notes: 1. Domestic operations comprise the operations of the Bank (excluding overseas branches) and its domestic consolidated subsidiaries.

2. In principle, average balances are computed by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. Interest-earning assets are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2002, ¥769,304 million; first half of fiscal 2001, ¥735,953 million).

4. Income and expenses resulting from money held in trust are included in "other income" and "other expenses." Therefore, interest-earning assets are shown after deduction of the average balance of money held in trust (first half of fiscal 2002, ¥41,752 million; first half of fiscal 2001, ¥73,929 million). Interest-bearing liabilities are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (first half of fiscal 2002, ¥41,752 million; first half of fiscal 2001, ¥73,929 million) and corresponding interest (first half of fiscal 2002, ¥23 million; first half of fiscal 2001, ¥136 million).

Overseas Operations

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥10,067,312	¥207,905	4.13%	¥12,304,517	¥307,252	4.99%
Loans and bills discounted.....	6,423,396	107,110	3.34	7,490,070	175,219	4.68
Securities	1,576,626	16,085	2.04	1,528,393	36,674	4.80
Call loans and bills bought	125,557	1,210	1.93	101,652	1,560	3.07
Receivables under resale agreements	132,242	659	1.00	193,075	3,901	4.04
Receivables under securities borrowing transactions.....	—	—	—	/	/	/
Deposits with banks	1,325,772	17,570	2.65	2,539,739	60,593	4.77
Interest-bearing liabilities	¥ 6,928,454	¥113,942	3.29%	¥10,341,648	¥233,626	4.52%
Deposits	4,149,786	47,487	2.29	7,664,839	116,360	3.04
Negotiable certificates of deposit	240,670	3,345	2.78	206,091	5,312	5.16
Call money and bills sold	187,853	1,548	1.65	209,632	3,373	3.22
Payables under repurchase agreements ...	964,061	8,918	1.85	588,539	13,550	4.60
Payables under securities lending transactions.....	—	—	—	/	/	/
Commercial paper.....	—	—	—	10,573	281	5.32
Borrowed money.....	216,658	2,977	2.75	196,464	4,252	4.33
Bonds.....	1,161,175	20,280	3.49	1,379,770	46,882	6.80

Notes: 1. Overseas operations comprise the operations of the Bank's overseas branches and its overseas consolidated subsidiaries.

2. In principle, average balances are computed by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. Interest-earning assets are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2002, ¥20,265 million; first half of fiscal 2001, ¥19,768 million).

4. Income and expenses resulting from money held in trust are included in "other income" and "other expenses." Therefore, interest-earning assets are shown after deduction of the average balance of money held in trust (first half of fiscal 2002, ¥137 million; first half of fiscal 2001, ¥133 million).

Interest-bearing liabilities are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (first half of fiscal 2002, ¥137 million; first half of fiscal 2001, ¥133 million) and corresponding interest (first half of fiscal 2002, ¥1 million; first half of fiscal 2001, ¥2 million).

Total of Domestic and Overseas Operations

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥95,057,193	¥954,856	2.01%	¥97,986,517	¥1,067,744	2.18%
Loans and bills discounted.....	63,291,297	639,943	2.02	64,147,246	731,458	2.28
Securities	24,134,339	140,090	1.16	24,985,786	147,883	1.18
Call loans and bills bought	870,231	2,505	0.58	534,804	2,960	1.11
Receivables under resale agreements	335,694	662	0.39	2,153,914	5,166	0.48
Receivables under securities borrowing transactions.....	1,251,579	92	0.01	/	/	/
Deposits with banks	2,494,241	28,616	2.29	4,731,256	102,632	4.34
Interest-bearing liabilities	¥94,657,154	¥220,887	0.47%	¥93,861,058	¥ 392,874	0.84%
Deposits	62,710,606	83,905	0.27	61,032,712	193,420	0.63
Negotiable certificates of deposit	6,214,504	4,680	0.15	11,750,476	9,559	0.16
Call money and bills sold	11,578,216	2,322	0.04	9,116,188	6,024	0.13
Payables under repurchase agreements ...	1,408,724	8,932	1.27	4,112,915	14,337	0.70
Payables under securities lending transactions.....	4,551,555	13,239	0.58	/	/	/
Commercial paper.....	354,590	229	0.13	1,147,941	1,151	0.20
Borrowed money.....	2,759,983	26,628	1.93	3,112,798	13,861	0.89
Bonds.....	3,584,287	38,912	2.17	3,232,249	62,016	3.84

Notes: 1. The above figures comprise totals for domestic and overseas operations after intersegment eliminations.

2. In principle, average balances are computed by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. Interest-earning assets are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2002, ¥789,083 million; first half of fiscal 2001, ¥754,782 million).

4. Income and expenses resulting from money held in trust are included in "other income" and "other expenses." Therefore, interest-earning assets are shown after deduction of the average balance of money held in trust (first half of fiscal 2002, ¥41,889 million; first half of fiscal 2001, ¥74,063 million). Interest-bearing liabilities are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (first half of fiscal 2002, ¥41,889 million; first half of fiscal 2001, ¥74,063 million) and corresponding interest (first half of fiscal 2002, ¥24 million; first half of fiscal 2001, ¥138 million).

Fees and Commissions

Six months ended September 30, 2002 and 2001

	Millions of yen							
	Sept. 30, 2002				Sept. 30, 2001			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income)	¥189,344	¥15,337	¥(63)	¥204,619	¥175,362	¥14,726	¥(152)	¥189,936
Deposits and loans	7,406	8,916	—	16,323	6,855	7,667	—	14,522
Remittances and transfers	52,657	2,958	(0)	55,614	49,183	2,594	(0)	51,778
Securities-related business	13,321	1	—	13,323	10,857	27	—	10,885
Agency	7,652	—	—	7,652	8,159	194	—	8,354
Safe deposits	2,226	3	—	2,229	4,610	3	—	4,613
Guarantees	13,982	1,021	(62)	14,940	12,240	869	(151)	12,958
Credit card	42,509	—	—	42,509	42,241	—	—	42,241
Fees and commissions (expenses).....	¥ 40,388	¥ 1,882	¥(75)	¥ 42,195	¥ 34,233	¥ 2,319	¥(163)	¥ 36,388
Remittances and transfers	10,231	595	—	10,827	9,372	824	(0)	10,197

Notes: 1. Domestic operations comprise the operations of the Bank (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of the Bank's overseas branches and its overseas consolidated subsidiaries.

2. Intersegment transactions, that is, transactions between domestic and overseas operations are reported in the elimination column.

Trading Income

Six months ended September 30, 2002 and 2001

	Millions of yen							
	Sept. 30, 2002				Sept. 30, 2001			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading profits.....	¥99,544	¥15,274	¥(4,285)	¥110,534	¥49,701	¥25,098	¥(1,142)	¥73,656
Gains on trading securities	1,686	1,786	—	3,473	1,514	2,437	—	3,951
Gains on securities related to trading transactions...	—	—	—	—	6	—	—	6
Gains on trading-related financial derivatives.....	97,783	13,488	(4,285)	106,986	47,965	22,661	(1,142)	69,484
Others	74	—	—	74	214	—	—	214
Trading losses	¥ 3,660	¥ 1,342	¥(4,285)	¥ 718	¥ —	¥ 1,142	¥(1,142)	¥ —
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions...	718	—	—	718	—	—	—	—
Losses on trading-related financial derivatives....	2,942	1,342	(4,285)	—	—	1,142	(1,142)	—
Others	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of the Bank (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of the Bank's overseas branches and its overseas consolidated subsidiaries.

2. Intersegment transactions, that is, transactions between domestic and overseas operations are reported in the elimination column.

Income Analysis (Nonconsolidated)

Gross Banking Profit, Classified by Domestic and International Operations

Six months ended September 30, 2002 and 2001

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥558,860	¥301,741	¥860,493	¥604,615	¥457,235	¥1,061,396
Interest expenses	41,355	183,129	224,376	67,431	319,845	386,821
Net interest income	517,505	118,611	636,117	537,184	137,389	674,574
Fees and commissions (income)	¥102,705	¥ 28,274	¥130,980	¥ 87,768	¥ 26,010	¥ 113,779
Fees and commissions (expenses)	39,386	5,810	45,196	34,991	5,503	40,494
Net fees and commissions	63,319	22,464	85,784	52,777	20,507	73,284
Trading profits	¥ 751	¥103,374	¥104,126	¥ 1,124	¥ 69,781	¥ 70,906
Trading losses	—	718	718	—	—	—
Net trading income	751	102,656	103,408	1,124	69,781	70,906
Other operating income	¥ 51,121	¥ 51,438	¥102,559	¥ 34,314	¥ 22,574	¥ 56,889
Other operating expenses	12,397	17,619	30,017	9,420	16,959	26,379
Net other operating income	38,723	33,818	72,542	24,893	5,615	30,509
Gross banking profit	¥620,300	¥277,552	¥897,852	¥615,980	¥233,294	¥ 849,274

- Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign currency-denominated transactions by domestic branches and operations by overseas branches.
Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. Interest expenses are shown after deduction of amounts equivalent to interest expenses on money held in trust (first half of fiscal 2002, ¥24 million; first half of fiscal 2001, ¥138 million).
3. Figures in brackets [] indicate interest payments between domestic and international operations.
As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

Average Balance, Interest, and Earning Yields of Interest-Earning Assets and Interest-Bearing Liabilities

Six months ended September 30, 2002 and 2001

Domestic Operations

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥76,114,754	¥558,860	1.46%	¥77,863,569	¥604,615	1.54%
	[324,951]	[108]		[695,255]	[455]	
Loans and bills discounted	53,677,862	465,319	1.72	53,552,733	504,931	1.88
Securities	19,976,533	70,191	0.70	21,343,691	91,982	0.85
Call loans	442,730	259	0.11	188,802	72	0.07
Receivables under resale agreements	169,595	1	0.00	1,919,219	852	0.08
Receivables under securities borrowing transactions	1,251,579	92	0.01	/	/	/
Bills bought	161,017	4	0.00	147,755	23	0.03
Deposits with banks	105,704	124	0.23	11,934	0	0.00
Interest-bearing liabilities	¥75,371,720	¥ 41,355	0.10%	¥74,222,004	¥ 67,431	0.18%
Deposits	51,087,552	11,903	0.04	46,267,967	25,777	0.11
Negotiable certificates of deposit	5,976,979	1,324	0.04	11,565,235	4,224	0.07
Call money	3,408,409	285	0.01	3,833,394	883	0.04
Payables under repurchase agreements ...	484,189	15	0.00	3,539,204	789	0.04
Payables under securities lending transactions	3,317,396	196	0.01	/	/	/
Bills sold	7,955,842	95	0.00	5,062,289	817	0.03
Commercial paper	186,459	81	0.08	1,023,883	807	0.15
Borrowed money	1,045,032	15,313	2.92	1,226,209	17,037	2.77
Bonds	1,902,836	11,841	1.24	1,682,123	14,227	1.68

- Notes: 1. Interest-earning assets are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2002, ¥697,676 million; first half of fiscal 2001, ¥698,108 million). Interest-bearing liabilities are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (first half of fiscal 2002, ¥41,728 million; first half of fiscal 2001, ¥70,500 million) and corresponding interest (first half of fiscal 2002, ¥22 million; first half of fiscal 2001, ¥64 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.
As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. Bond interest includes amortization of discount on bonds.

International Operations

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥14,757,595	¥301,741	4.07%	¥15,945,694	¥457,235	5.71%
Loans and bills discounted.....	5,801,435	90,532	3.11	6,806,070	146,532	4.29
Securities	3,880,391	57,433	2.95	3,130,072	132,020	8.41
Call loans	168,053	1,607	1.90	123,719	2,539	4.09
Receivables under resale agreements	58,027	269	0.92	53,073	509	1.91
Receivables under securities borrowing transactions.....	—	—	—	/	/	/
Bills bought	—	—	—	—	—	—
Deposits with banks	2,432,384	28,394	2.32	4,669,630	102,294	4.37
Interest-bearing liabilities	¥14,479,204	¥183,129	2.52%	¥15,111,431	¥319,845	4.22%
	[324,951]	[108]		[695,255]	[455]	
Deposits	7,615,196	69,119	1.81	10,763,841	165,000	3.05
Negotiable certificates of deposit	155,930	2,672	3.41	151,366	3,507	4.62
Call money	229,642	1,944	1.68	253,213	4,322	3.40
Payables under repurchase agreements ...	880,102	7,838	1.77	432,703	7,050	3.24
Payables under securities lending transactions.....	1,226,778	13,042	2.12	/	/	/
Bills sold.....	—	—	—	—	—	—
Commercial paper.....	—	—	—	—	—	—
Borrowed money.....	2,151,872	40,636	3.76	2,483,763	52,635	4.22
Bonds	408,847	7,909	3.85	—	—	—

Notes: 1. Interest-earning assets are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2002, ¥25,412 million; first half of fiscal 2001, ¥26,839 million). Interest-bearing liabilities are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (first half of fiscal 2002, ¥160 million; first half of fiscal 2001, ¥3,538 million) and corresponding interest (first half of fiscal 2002, ¥2 million; first half of fiscal 2001, ¥74 million).

2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

3. The average balance of foreign currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥90,547,397	¥860,493	1.89%	¥93,114,008	¥1,061,396	2.27%
Loans and bills discounted.....	59,479,298	555,851	1.86	60,358,803	651,463	2.15
Securities	23,856,924	127,624	1.06	24,473,764	224,002	1.82
Call loans	610,783	1,866	0.60	312,521	2,612	1.66
Receivables under resale agreements	227,623	271	0.23	1,972,292	1,361	0.13
Receivables under securities borrowing transactions.....	1,251,579	92	0.01	/	/	/
Bills bought	161,017	4	0.00	147,755	23	0.03
Deposits with banks	2,538,088	28,518	2.24	4,681,564	102,295	4.36
Interest-bearing liabilities	¥89,525,974	¥224,376	0.49%	¥88,638,180	¥ 386,821	0.87%
Deposits	58,702,749	81,023	0.27	57,031,809	190,777	0.66
Negotiable certificates of deposit	6,132,909	3,996	0.12	11,716,602	7,731	0.13
Call money	3,638,051	2,229	0.12	4,086,608	5,205	0.25
Payables under repurchase agreements ...	1,364,291	7,854	1.14	3,971,908	7,839	0.39
Payables under securities lending transactions.....	4,544,175	13,239	0.58	/	/	/
Bills sold.....	7,955,842	95	0.00	5,062,289	817	0.03
Commercial paper.....	186,459	81	0.08	1,023,883	807	0.15
Borrowed money.....	3,196,905	55,949	3.49	3,709,973	69,673	3.74
Bonds	2,311,683	19,751	1.70	1,682,123	14,227	1.68

Notes: 1. Interest-earning assets are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2002, ¥723,089 million; first half of fiscal 2001, ¥724,947 million). Interest-bearing liabilities are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (first half of fiscal 2002, ¥41,888 million; first half of fiscal 2001, ¥74,039 million) and corresponding interest (first half of fiscal 2002, ¥24 million; first half of fiscal 2001, ¥138 million).

2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

3. Bond interest includes amortization of discount on bonds.

Fees and Commissions

Six months ended September 30, 2002 and 2001

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions (income)	¥102,705	¥28,274	¥130,980	¥87,768	¥26,010	¥113,779
Deposits and loans	5,401	10,208	15,610	5,121	7,977	13,099
Remittances and transfers	42,615	10,514	53,129	39,353	9,861	49,215
Securities-related business	8,555	523	9,078	4,886	489	5,376
Agency	6,349	—	6,349	6,980	—	6,980
Safe deposits	1,827	—	1,827	4,319	—	4,319
Guarantees	2,966	2,042	5,008	1,789	1,921	3,710
Fees and commissions (expenses).....	¥ 39,386	¥ 5,810	¥ 45,196	¥34,991	¥ 5,503	¥ 40,494
Remittances and transfers	8,049	2,459	10,508	7,369	2,682	10,051

Trading Income

Six months ended September 30, 2002 and 2001

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading profits	¥751	¥103,374	¥104,126	¥1,124	¥69,781	¥70,906
Gains on trading securities	430	—	430	675	—	675
Gains on securities related to trading transactions	—	—	—	—	6	6
Gains on trading-related financial derivatives	—	103,374	103,374	—	69,775	69,775
Others	320	—	320	449	—	449
Trading losses	¥ —	¥ 718	¥ 718	¥ —	¥ —	¥ —
Losses on trading securities	—	—	—	—	—	—
Losses on securities related to trading transactions	—	718	718	—	—	—
Losses on trading-related financial derivatives	—	—	—	—	—	—
Others	—	—	—	—	—	—

Note: Figures represent net gains (losses) after offsetting income against expenses.

Net Other Operating Income

Six months ended September 30, 2002 and 2001

	Millions of yen					
	Sept. 30, 2002			Sept. 30, 2001		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income	¥38,723	¥33,818	¥72,542	¥24,893	¥5,615	¥30,509
Gains (losses) on bonds	38,831	37,560	76,391	26,035	4,096	30,132
Gains on trading-related financial derivatives	—	4,387	4,387	5	9,254	9,259
Gains (losses) on foreign exchange transactions	—	(8,078)	(8,078)	—	(7,692)	(7,692)

Loans

Loan Portfolio, Classified by Industry

Consolidated

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Domestic operations:			
Manufacturing	¥ 7,039,120	¥ 7,525,605	¥ 7,847,614
Agriculture, forestry, fisheries and mining	181,574	193,636	204,176
Construction	3,066,373	3,175,263	3,148,042
Transportation, communications and other public enterprises	2,801,158	2,907,914	2,948,100
Wholesale and retail	7,015,624	7,704,957	7,672,699
Finance and insurance	4,135,129	3,630,055	4,257,910
Real estate	9,216,236	9,403,556	9,401,219
Services	6,581,068	7,125,748	6,985,944
Municipalities	541,783	317,667	404,860
Others	16,857,927	16,735,535	14,904,395
Subtotal	¥57,435,996	¥58,719,941	¥57,774,965
Overseas operations:			
Public sector	¥ 222,066	¥ 234,226	¥ 183,344
Financial institutions	279,391	316,499	355,561
Commerce and industry	4,478,915	5,219,642	5,119,312
Others	136,907	237,299	212,401
Subtotal	¥ 5,117,281	¥ 6,007,667	¥ 5,870,621
Total	¥62,553,278	¥64,727,609	¥63,645,586

Notes: 1. Domestic operations comprise the operations of the Bank (excluding overseas branches) and its domestic consolidated subsidiaries.

2. Overseas operations comprise the operations of the Bank's overseas branches and its overseas consolidated subsidiaries.

3. Japan offshore banking accounts are included in overseas operations' accounts.

Nonconsolidated

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Domestic offices:			
Manufacturing	¥ 6,698,708	¥ 7,157,942	¥ 7,493,045
Agriculture, forestry, fisheries and mining	165,245	172,526	183,675
Construction	2,771,688	2,841,548	2,841,574
Transportation, communications and other public enterprises	2,688,432	2,806,753	2,838,889
Wholesale and retail	6,519,455	7,151,844	7,161,690
Finance and insurance	5,071,776	4,370,465	5,244,899
Real estate	8,343,105	8,839,667	8,549,534
Services	5,983,621	6,446,636	6,364,140
Municipalities	474,946	250,236	337,514
Others	15,464,288	15,339,938	13,474,520
Subtotal	¥54,181,272	¥55,377,565	¥54,489,488
Overseas offices:			
Public sector	¥ 221,313	¥ 233,302	¥ 182,437
Financial institutions	292,175	332,935	372,246
Commerce and industry	4,086,566	4,906,847	4,689,758
Others	121,313	220,941	194,437
Subtotal	¥ 4,721,368	¥ 5,694,026	¥ 5,438,880
Total	¥58,902,641	¥61,071,591	¥59,928,368

Note: Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Corporations (Nonconsolidated)

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Loans to individuals, and small and medium-sized corporations	¥36,448,312	¥38,426,978	¥38,780,331
Ratio to total loans	67.3%	69.4%	71.2%

Notes: 1. The figures above exclude outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized corporations are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding (Nonconsolidated)

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Consumer loans	¥13,347,036	¥13,441,608	¥13,472,598
Housing loans	11,925,394	11,842,662	11,949,427
Residential purpose	7,906,801	7,612,030	7,820,305
Others	1,421,642	1,598,946	1,523,171

Note: Housing loans include general-purpose loans used for housing purposes, such as housing loans and apartment house acquisition loans.

Risk-Monitored Loans

Consolidated

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Bankrupt loans	¥ 249,899	¥ 248,680	¥ 227,484
Non-accrual loans	3,116,433	2,294,807	3,599,750
Past due loans (3 months or more)	109,388	124,521	102,762
Restructured loans	2,759,599	1,114,939	2,554,371
Total	¥6,235,319	¥3,782,947	¥6,484,367

Nonconsolidated

September 30, 2002 and 2001, and March 31, 2002

	Millions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Bankrupt loans	¥ 217,883	¥ 217,079	¥ 195,653
Non-accrual loans	2,766,157	1,945,507	3,184,459
Past due loans (3 months or more)	95,504	105,760	92,324
Restructured loans	2,551,359	1,001,475	2,344,016
Total	¥5,630,903	¥3,269,821	¥5,816,452

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings; or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment, to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law (Nonconsolidated)

September 30, 2002 and 2001, and March 31, 2002

	Billions of yen		
	Sept. 30, 2002	Sept. 30, 2001	Mar. 31, 2002
Bankrupt and quasi-bankrupt assets	¥ 514.8	¥ 574.0	¥ 493.5
Doubtful assets	2,541.4	1,645.7	2,970.2
Substandard loans	2,646.9	1,107.2	2,436.3
Total of problem assets	5,703.1	3,326.9	5,900.0
Normal assets	59,534.5	64,039.9	60,558.9
Total	¥65,237.6	¥67,366.8	¥66,458.9

Notes: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

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