In the first half of fiscal 2000, ended September 30, 2000, total assets rose ¥2,842.5 billion, to ¥56,610.1 billion compared with total assets as of March 31, 2000. This was mainly because new accounting standards for financial instruments during the term added ¥2,937.4 billion to assets. In specific terms, securities increased by ¥2,482.4 billion, ¥2,289.7 billion of which was owing to The Sumitomo Bank, Limited (the Bank), adopting new standards to account for bond transactions under resale/repurchase agreements and altering its standards for recognizing trades of securities from a delivery date basis to a contract date basis. The Bank also introduced fair value accounting and hedge accounting for derivative transactions, which increased other assets by ¥359.1 billion.

Total income fell ¥50.7 billion, to ¥1,295.4 billion, compared with the first half of fiscal 1999, ended September 30, 1999. As the new accounting standards for financial instruments were adopted, the Bank switched from gross to net disclosure of revenues and costs from derivative transactions subject to hedge accounting. This change exceeded the effect of gains of sale of stocks by the Bank's U.S. subsidiary and improvements of net income from unconsolidated entities by the equity method.

Total expenses decreased ¥169.6 billion, to ¥1,049.6 billion. This was due to the previously mentioned change to net disclosure of derivatives transactions and the greatly improved net income from unconsolidated entities by the equity method.

As a result of these factors, net income rose ¥22.4 billion, to ¥75.9 billion. The new accounting standards for financial instruments decreased income before income taxes and minority interests by ¥2.8 billion.

Total shareholders' equity rose ¥8.8 billion, to ¥1,813.2 billion. This was mainly due to an increase in retained earnings, notwithstanding the negative effect of foreign currency translation adjustments, net of taxes, of ¥60.7 billion, as a result of changes to accounting standards for foreign currency transactions.

Financial Summary

Six-month periods ended September 30, 2000 and 1999, and year ended March 31, 2000

	Billions of Yen		
	Sept. 30, 2000	Sept. 30, 1999	Mar. 31,2000
For the term			
Total income	**¥ 1,295.4**	¥ 1,346.1	¥ 3,013.6
Net income	**75.9**	53.5	61.9
At term end			
Total shareholders' equity	**1,813.2**	1,801.2	1,804.4
Total assets	**56,610.1**	55,235.5	53,767.5
Per share data *(Yen)*			
Shareholders' equity	**418.59**	414.76	415.77
Net income	**23.64**	16.49	18.61
Diluted net income	**23.04**	16.11	18.17
Capital ratio *(%)*	**11.32**	11.37	11.60
Exchange rate at September 30 and March 31 *(Yen per U.S. Dollar)*	**¥ 108.00**	¥ 106.95	¥ 106.15

Capital Ratio

At September 30, 2000, the Bank's consolidated capital ratio was 11.32%, down 0.28 percentage point from March 31, 2000. Total capital was ¥4,198.0 billion, down ¥150.3 billion. Tier I capital, however, increased ¥14.3 billion, to ¥2,218.3 billion, mainly as a result of an increase in consolidated retained earnings. This was despite the addition to Tier I capital of foreign currency translation adjustments as a negative factor, owing to a September 2000 revision to the rule for capital ratio disclosure in line with new accounting standards for foreign currency transactions. Tier II capital decreased ¥162.6 billion, to ¥1,981.8 billion, owing to a reduction in the general reserve for possible loan losses. At the end of the period under review, risk-adjusted assets were down ¥422.4 billion, to ¥37,054.3 billion, reflecting stock sales and problem asset write-offs.

Income Summary

Six-month periods ended September 30, 2000 and 1999

	Billions of Yen	
	Sept. 30, 2000	Sept. 30, 1999
Interest income	**¥596.8**	¥727.9
Interest expenses	**295.8**	376.4
Net interest income	**¥300.9**	¥351.5
Fees and commissions (income)	**¥ 98.1**	¥ 86.7
Fees and commissions (expenses)	**17.0**	18.6
Net fees and commissions	**¥ 81.0**	¥ 68.1
Trading profit	**¥ 31.9**	¥ 46.3
Trading losses	**1.7**	15.8
Net trading profit	**¥ 30.3**	¥ 30.5
Other operating income	**¥270.3**	¥297.1
Other operating expenses	**240.4**	232.7
Net other operating income	**¥ 29.9**	¥ 64.4
Other income	**¥298.3**	¥188.2
Other expenses	**127.6**	238.6
General and administrative expenses	**220.1**	240.4
Transfer to reserve for possible loan losses	**146.9**	96.7
Income before income taxes and minority interests	**245.8**	127.0
Net income	**¥ 75.9**	¥ 53.5

Capital Ratio (Consolidated)

As of September 30, 2000, March 31, 2000, and September 30, 1999

		Billions of Yen		
		Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Tier I capital:	Common shareholders' equity	**¥ 1,630.7**	¥ 1,625.0	¥ 1,627.2
	Minority interests*	**587.6**	578.9	578.5
	Subtotal (A)	**¥ 2,218.3**	¥ 2,203.9	¥ 2,205.7
Tier II capital:	45% of unrealized gains on land	**¥ 124.9**	¥ 126.1	¥ 126.6
	General reserve for possible loan losses	**232.0**	365.4	339.2
	Qualifying subordinated debt	**1,624.9**	1,652.9	1,704.4
	Subtotal (B)	**¥ 1,981.8**	¥ 2,144.4	¥ 2,170.2
Deductions:	Holdings of domestic banking subsidiaries' capital instruments (C)	**¥ 2.1**	¥ —	¥ —
Total capital:	(A) + (B) – (C) = (D)	**¥ 4,198.0**	¥ 4,348.3	¥ 4,376.0
Risk-adjusted assets:	On-balance-sheet	**¥34,307.6**	¥34,744.7	¥35,439.9
	Off-balance-sheet	**2,529.5**	2,510.9	2,776.2
	Asset equivalent of market risk	**217.3**	221.1	247.1
	Subtotal (E)	**¥37,054.3**	¥37,476.7	¥38,463.2
	Capital ratio (BIS guidelines) = (D)/(E) × 100	**11.32%**	11.60%	11.37%

* *The Bank issued preferred securities through its subsidiaries, which constituted minority interests in Tier I.*