THE SUMITOMO BANK, LIMITED

INTERIM FINANCIAL REPORT 2001

APRIL 1, 2000–SEPTEMBER 30, 2000

Established in 1895, The Sumitomo Bank, Limited (the "Bank"), has grown to encompass an extensive network of branches and offices with more than 14,000 employees worldwide. Now one of Japan's premier financial institutions, Sumitomo Bank offers sophisticated consumer, corporate and investment banking services. The Bank's success to date reflects its commitment to the fundamentals of banking—effective risk management, superior service, a sound financial base and leadership within an integrated group of specialized subsidiaries and affiliates.

Sumitomo Bank is committed to overcoming the challenges posed by the current financial environment and using its accumulated expertise and over a century of experience to capitalize on new opportunities occasioned by deregulation and globalization. The Bank is confident that its efforts will enable it to create value for its customers and reward its shareholders, while strengthening its position in the top echelon of the international financial services industry.

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A MESSAGE TO SHAREHOLDERS

The first half of fiscal 2000, ended September 30, 2000, was another period of challenge and opportunity for Sumitomo Bank. Our operating environment remained generally adverse. Under the stagnant Japanese economy, demand for corporate loans remained soft. Property and stock prices declined. The Bank of Japan dropped its zero-interest rate policy and raised overnight interest rates, while short-term U.S. interest rates rose significantly.

Despite such an environment, I am able to report that, on a consolidated basis, net income soared 41.9% from the first half of fiscal 1999, ended September 30, 1999, to ¥75.8 billion. Just as importantly, we raised our fully diluted return on equity 4.7 percentage points, to 8.0%, although this is partly attributed to gains from sales of investment securities.

In addition to the numbers above, I am grateful to report steady progress in the qualitative aspect of our earnings structure. On the revenue side, we made progress in becoming less dependent on the volume of commercial loans. We responded to challenges by enhancing loan spreads further through our own repricing efforts, and by boosting net fees and commissions 25% from a year earlier. On the expense side, we lowered our overhead ratio further, to 43.8%. In addition, we improved our asset quality by adequately addressing corporate restructuring of a major borrower in the vulnerable construction industry. Together with increased efforts to reduce risks in our equity portfolio by unwinding cross-shareholdings, we ended the term with a stronger financial position.

Our progress in earnings structure, specifically in expenses, asset quality and equity holdings, was in line with the commitments we and Sakura Bank made ahead of our April 2001 merger to form Sumitomo Mitsui Banking Corporation (SMBC). On the expense front, it is worth noting that we reached the cost levels we pledged to the government when receiving a public funds injection—two years ahead of schedule.

Preparations to launch SMBC are proceeding as planned. The management teams of both banks are fitting in very well with each other, reflecting careful planning that ensures we all share specific common goals. We are convinced that SMBC will be a tremendous success. Of course, we cannot determine that success—only our customers can. We must prove that the new bank is as trustworthy as the two institutions creating it. One of the key competitive advantages of SMBC is both partners have complementary strengths. We will be able to deliver dynamic and enhanced products and services, while eliminating overlaps, to create ample room for strategic investment and further improvement in cost competitiveness. We are accordingly making concerted efforts to marshal our networking, human and capital resources to those ends.

Such a promise of success should ultimately reflect shareholders' best interests. We have done much in the past year alone to improve our performance and fundamentals. That said, I recognize we still have much to do. As the mission statement of SMBC goes, SMBC is committed to continuously building shareholder value. As one of the criteria for that goal, SMBC has set a target for fiscal 2004 to achieve fully diluted return on equity of 10% or higher.

I look forward to working on your behalf, as president and CEO, within the SMBC management team. We will do our best to earn and retain your support.

January 2001

Y. Nishikawa

Yoshifumi Nishikawa
President and CEO

TOWARD THE LAUNCH OF SUMITOMO MITSUI BANKING CORPORATION

On April 1, 2001, Sumitomo Bank and Sakura Bank will merge, starting anew as Sumitomo Mitsui Banking Corporation (SMBC). Previously, in December 2000, we received official approval for the merger from the Commissioner of the Financial Services Agency. We have decided upon a symbol and preparations for the inauguration of the new entity are proceeding smoothly.

Symbol

The ascending curve of the symbol, named "Rising Mark", signifies the new bank's growth through the application of the diverse skills of SMBC staff to provide progressive value-added financial services and, through these services, to contribute to the welfare of customers, shareholders and the community at large. We have selected "fresh green" and "trad green" as the two corporate colors. Fresh green will be used in the Rising Mark to express our youthful, knowledgeable and friendly approach, while trad green will be used as the symbol's background and text color to represent our tradition, reliability and stability. The symbol, color scheme and the SMBC acronym, collectively referred to as our mark unit, will be used consistently to promote our corporate identity.

Mark Unit

SMBC Corporate Strategies

Through the merger, the new bank will figure prominently in terms of size and quality among Japanese financial services groups while striking a good east–west regional balance in its clientele and branch networks. In particular, SMBC will have a critical share in the market's fast-growing segments—retail customers and small and medium-sized companies. Moreover, the large-corporation clienteles of both originating banks are complementary, with little overlap, providing opportunities to effectively market both founders' products and services to customers with whom relationships are well established. The merger will also significantly improve our ability to capture new customers, such as those attracted by new service channels and e-finance.

We will fully exploit these synergies and the strong brands of the founding banks to develop SMBC as a provider of comprehensive, high-value-added financial services for the 21st century, integrating and enhancing the financial solutions provision, product line-up and networks of the two banks.

Consumer Banking

Based on the two banks' current results, SMBC will have the largest number of customer accounts among the domestic banks, and rank at the top of the Japanese banking industry in terms of sales of investment trusts and residential mortgages. Leveraging this advantageous starting position, we will draw upon the experience gained thus far in developing winning products, services and channels and combine it with the abilities of our highly skilled work forces to offer outstanding retail services.

Organizationally, we will maintain the existing separation in both banks between the consumer and corporate banking divisions to provide a smooth, seamless transition. Within these groupings we will organize around the various target segments.

(1) Asset-Building Segment (Standard Households)

We will focus our main efforts on this segment, following a two-pronged approach to expand our dominant market share. Customers in this segment are primarily looking to build up retirement assets. We will combine the financial advice provided from manned branches (direct channel) with the marketing and services provided via our remote channels, such as call centers, telephone banking and Internet banking, which will enable us to become the preferred bank of our customers.

(2) Asset Management and Private Banking Segments (Business Owners and High Net Worth Individuals)

Business owners and high net worth individuals seek sophisticated, impartial investment consultation. We will furnish them with tailor-made products and services as part of comprehensive asset and liability management packages.

(3) Mass Retail Segment (General Consumers)
Customers in this segment can be expected to be future users of the services offered to the first two segments above. To attract these customers—providing them with optimal convenience at low cost—we will fortify our remote channels and continue to develop our convenience store ATM network (@BΛNK terminals in am/pm stores).

We will also be ramping up our credit card business with the reorganization and consolidation in July 2001 of The Sumitomo Credit Service Company, Limited, and Sakura Card Co., Ltd., into Sumitomo Mitsui Card Company, Limited. In addition, we will expand our consumer finance and settlement services through tie-ups with The Sakura Loan Partner, Limited, and The Japan Net Bank, Ltd.

Middle Market Banking

We will respond proactively to increasingly diverse corporate banking requirements and the rapidly evolving market for financial instruments by making full use of the capabilities of the Middle Market Banking Unit to deliver advanced financial services and the product development capabilities of the SMBC head office. We will be looking to boost our cost-competitiveness in this division through operational rationalization.

(1) Financial Solutions Business (Middle Market)
In this segment, we will focus on providing timely, proactive financial solutions to small and medium-sized businesses. This will involve initial public offerings (IPOs), securitization, trade-related finance and settlements, and derivatives and other hedging instruments.

(2) Small Business (Small Businesses and Entrepreneurs)
SMBC will serve this segment with a new service entitled Value Door that will make use of its IT networks. With services ranging from Internet-based credit applications to management consulting, information services and settlement services, we will provide comprehensive support to small businesses. Unsecured loans utilizing credit scoring models and specialized business branches that will furnish a detailed response to small business needs will be part of our efforts to expand our market share in this segment.

Corporate and International Banking

(1) Corporate Banking
The two founding banks have secured a large clientele of first-tier corporate customers, including the member companies of the wider Sumitomo and Mitsui groups. We will build a tightly knit organization comprising the Corporate Banking, International Banking and Investment Banking units as well as specialized SMBC Group companies to serve this clientele with high-quality solutions for direct market financing, mergers and alliances, efficient application of IT, and trade settlements. In addition to traditional financial services, we will place priority on debt capital market services, such as loan syndication and securitization services. Our settlement and cash management services will meet the growing demand to make more efficient use of working capital.

While sustaining a strong customer service focus, we will be undertaking swift measures to increase profitability—maintaining the scale of assets at appropriate levels and seeking to attract more fee-based business—and heighten our asset turnover and capital turnover ratios.

(2) International Banking
SMBC will organize its international banking operations into three regional divisions—Asia Pacific, Americas and Europe—to provide responsive international banking services. We will determine strategies on a region-by-region basis and rationalize the existing branch network as soon as possible. At the same time, we will be looking to expand our clientele and network in Asia, where we enjoy a regional advantage over European and North American competitors.

Investment Banking

(1) Wholesale Securities Business
In this market, we will establish Daiwa Securities SMBC Co., Ltd., as the flagship vehicle. This company will be formed by merging industry powerhouse Daiwa Securities SB Capital Markets Co., Ltd. (itself a joint venture

between the Daiwa Securities Group and Sumitomo Bank), with Sakura Securities Co., Ltd., in April 2001. Boasting the largest customer base among the domestic banks, we will enjoy competitive advantages over other financial groups in this market. We will fully leverage this position and refine our organization to strengthen our wholesale business.

(2) Asset Management Business
We will continue to build up our asset management business by seeking new opportunities to offer first-class investment products and by drawing on the expertise of Sakura Investment Management Co., Ltd., and Daiwa SB Investments Ltd., a joint venture between Sumitomo Bank and the Daiwa Securities Group. We also intend to establish a lead in the market for defined contribution pension plans through Japan Pension Navigator Co., Ltd., a joint venture between SMBC and six other financial institutions.

e-Business and Strategic Alliances

(1) e-Business
We aim to position the new bank as an e-finance leader, establishing it as part of a far-reaching group based on strategic alliances with a variety of partners that offer strong IT capabilities, content, networks and large, broad-based clienteles. We will venture into Internet banking, online brokerage services, financial portal sites and other opportunities as they arise.

In the field of Internet banking, we intend to position Japan Net Bank, the nation's first Internet-specialized bank, as the de facto standard for Japanese Internet banks. To lead our online brokerage operations, DLJ*direct* SFG Securities Inc. is opening its doors as a joint venture between a major U.S. online discount brokerage company CSFB*direct* Inc., and several other of our Japanese partners.

We are also addressing the business-to-consumer (B2C) and business-to-business (B2B) markets with financial portal sites and settlement services that are in the planning or implementation stages. SMBC will also concentrate on adopting digital broadcast banking services and smart card payment systems.

(2) Strategic Alliances
SMBC's strategic alliances will not be limited to e-business. We will consider tie-ups with other domestic and foreign financial institutions and companies in other industries in the interest of providing comprehensive financial services of the highest caliber.

Subsidiaries and Affiliates

The various subsidiaries and affiliates of the new bank will be rationalized so that redundant companies are integrated, leaving in principle only one in any particular field. After April 2001, we will prioritize the integration of those companies that will play particularly important roles in major strategic areas and that will benefit the most from the synergy effect. In addition to the aforementioned credit card and wholesale securities companies, merger preparations are already underway to join Sakura Capital Co., Ltd., and SB Investment Co., Ltd., participants in the venture capital field, and Sakura Institute of Research Inc. and The JRI Business Consulting, Limited, both of which operate various membership and consulting businesses.

SMBC Financial Targets

Under the strategies outlined above, the new bank will reorganize its constituent parts and follow a restructuring plan, described below, to raise profitability. The target for core banking profit in fiscal 2004 is ¥950.0 billion, a ¥247.2 billion increase over fiscal 1999, and the goal for the consolidated return on equity (ROE) is 10% or higher.

(1) Gross Banking Profit
As a result of individually tailored strategies implemented by each banking unit (Consumer, Middle Market, Corporate and International), we anticipate a ¥337.0 billion increase in their earnings over the five-year period from fiscal 1999 to 2004. Over the same period, we expect earnings of the Treasury Unit to fall ¥102.0 billion as a result of changes in the interest rate regime. Consequently, we are targeting gross banking profit of ¥1,630.0 billion in fiscal 2004, a ¥199.6 billion increase over fiscal 1999.

(2) Expenses

By implementing the restructuring plan and achieving the merger synergies at the earliest possible moment, we expect to reduce expenses by ¥47.6 billion from fiscal 1999, to ¥680.0 billion by fiscal 2004. We are aiming for a ratio of expenses to gross profit in the order of 42%. We will target our IT spending strategically to improve competitiveness.

(3) Asset Quality

Both founding banks will make sufficient provisions for non-performing loans in fiscal 2000, in advance of the merger, to lower the projected annual credit costs for SMBC to within ¥200 billion from fiscal 2001 onward.

Restructuring Plan for SMBC

To reap merger synergies as early as possible, the new bank will implement a restructuring plan that supplements and goes beyond the separate plans submitted by the two founding banks in March 1999.

(1) Personnel

Under the original restructuring plans, the combined personnel cuts for the two banks were to be 6,300 positions over the five-year period to 2003. The new restructuring plan, however, advances this schedule by one year and removes an additional 3,000 positions through the elimination of redundant administrative staff and branch rationalizations in Japan and abroad. As a result, the work force should number 23,200 by March 2004.

(2) Branch Network

Under the original restructuring plans, the two banks' combined domestic branch network was to be reduced to 584 branches by March 2003. The new restructuring plan advances this schedule two years to March 2001. SMBC will further reduce the domestic network to 470 branches by March 2004, a 265-store reduction over March 1998 figures, by eliminating geographic duplication and increasing market penetration via the expansion and diversification of remote channels. We will also lose no time in eliminating duplication in the new bank's overseas branches.

	Billions of Yen	
	Fiscal 1999 (Actual, both banks)	Fiscal 2004 (Plan)
Gross Banking Profit/Gross Operating Profit	¥1,430.4	¥1,630.0
Consumer Banking	313.0	449.0
Middle Market Banking	560.0	717.0
Corporate Banking	142.0	167.0
International Banking	79.0	98.0
Treasury	302.0	200.0
Other	34.4	(1.0)
Expenses	727.6	680.0
Core Banking Profit/Net Operating Profit (excluding net additions to the General Reserve for Possible Loan Losses)	702.8	950.0
Credit Cost	1,130.6	150.0
Net Income	105.9	420.0
BIS Capital Adequacy Ratio	12.03%	11.33%
Tier I Capital Ratio	6.61%	8.38%

	March 31, 1998 (Actual, both banks)	March 31, 2000 (Actual, both banks)	March 31, 2004 (Plan)
Number of Employees	32,531	29,324	23,200
Domestic Branches	735	653	470
Overseas Branches	60	36	22

RECOVERY PLAN PROGRESS

In March 1999, Sumitomo Bank applied to the Financial Reconstruction Commission for approval to issue convertible preferred shares underwritten with public funds by the Resolution and Collection Bank, Ltd. In connection with this application, we submitted our “Plan for the Strengthening of the Financial Base of the Bank,” a detailed recovery plan, to the government. Under the funding terms, the government requires us to provide, among others, annual earnings, restructuring and lending projections. We made significant progress toward our recovery objectives in the first half of fiscal 2000, as described below.

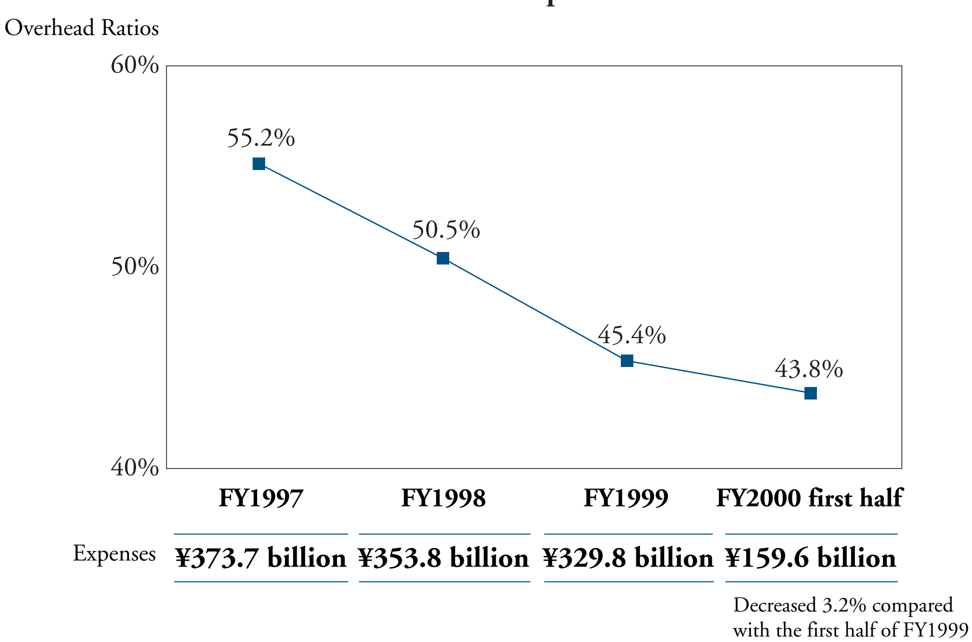
For fiscal 2000, we aim to generate core banking profit (excluding transfers to the general reserve) of ¥330 billion, and net income of ¥100 billion. In the first half of fiscal 2000, core banking profit (excluding transfers to the general reserve) was ¥203.6 billion, and net income amounted to ¥48.4 billion. Income taxes deferred owing to the Osaka Prefectural Government’s introduction of a special enterprise tax for banks operating in Osaka Prefecture totaled ¥26.6 billion. Without this tax, net income would have reached ¥75.0 billion.

We pledged to reduce the number of branches to 270 domestic and 15 overseas branches and lower the number of employees to 13,600 by the end of fiscal 2000. At the end of the first half of the fiscal year, we had 262 domestic branches, 17 overseas branches and 14,184 employees. These numbers represent progress toward our downsizing commitment.

In fiscal 1999, we met our total expenses goal of ¥340 billion that we set for the end of fiscal 2002. Nonetheless, we have since continued to pursue cost reductions through branch and personnel downsizing and by rationalizing branch clerical procedures and lowering recurring expenditure. As a result of these factors, expenses (excluding other operating loss) declined 3.2%, or ¥5.3 billion, in the first half of the fiscal year, compared with the first half of fiscal 1999. Our overhead ratio also improved compared with the same period in the previous year.

We intend to increase lending to small and medium-sized companies by ¥100 billion in fiscal 2000 (excluding euro-yen impact loans, after adjustments for the effects of reductions in problem assets, and other factors). As of the end of the first half of the fiscal year, such loans were up ¥231.5 billion. We will keep responding decisively to the funding needs of financially sound small and medium-sized companies. We will also continue to fulfill our role as financial intermediaries.

■ Overhead Ratios and Expenses



Note: Overhead ratio = Expenses (excluding other operating loss) / (Gross banking profit – Gains on sale of bonds)

DIVISIONAL REVIEW

Sumitomo Bank's operations groups serve each customer and market segment as part of a commitment to customer satisfaction.

In the first half of fiscal 2000, our core banking profit, excluding transfers to the general reserve, was down ¥1.4 billion, or 0.7%, to ¥203.6 billion. This was mainly because the Treasury Group suffered significantly lower earnings in an environment of changing interest rates, which overshadowed a strong composite gain by the other marketing groups.

Consumer Banking Group

This group serves individuals and small businesses in Japan. Deposit margins shrank owing to ultralow interest rates and accelerated repayments on high-margin loans to people building apartments for lease. Nonetheless, the group made considerable progress by cutting costs as part of heightened rationalization initiatives. Investment trust sales commissions and gains on foreign currency deposits increased steadily.

Middle Market Banking Group

This group handles small and medium-sized domestic companies. Demand for loans remained soft throughout the period under review, reducing loan volume. At the same time, the Bank made considerable progress toward pricing loans in keeping with risk levels. The group focused on providing solutions to match diversifying needs. This effort was highly successful, boosting profits by increasing fees and commissions from such businesses as remittances, electronic banking and syndications.

Corporate Banking Group

This group concentrates on large domestic companies and their affiliates. Its loan balances fell during the term. Profits rose in line with the group's efforts to better match loan interest rates to risks while delivering better results in such areas as syndications and commitment lines.

International Banking Group

This group offers international services for both Japanese and foreign customers. During the period under review, financing fee income gained steadily, particularly in Europe and Asia. Deposit margins improved notably. These factors raised overall profitability.

Treasury Group

This group is responsible for asset and liability management (ALM) at home and abroad, and conducts bond portfolio management and trading. There was a large decline in profits during the term, mirroring higher interest rates internationally and redemptions of high-coupon bonds and other assets.

■ Profits after Expenses by Division

	Billions of Yen					
Six-month period ended September 30, 2000	Consumer Banking Group	Middle Market Banking Group	Corporate Banking Group	International Banking Group	Marketing Group Total	Treasury Group
Gross profit	**¥78.9**	**¥117.8**	**¥39.8**	**¥29.7**	**¥266.2**	**¥72.2**
Comparison with September 30, 1999	**(8.0)**	**6.5**	**2.7**	**5.4**	**6.6**	**(38.8)**
Expenses	**71.8**	**41.9**	**4.9**	**15.1**	**133.7**	**6.5**
Comparison with September 30, 1999	**(3.8)**	**(1.6)**	**(0.3)**	**(0.2)**	**(5.9)**	**0.3**
Profits after expenses	**7.1**	**75.9**	**34.9**	**14.6**	**132.5**	**65.7**
Comparison with September 30, 1999	**(4.2)**	**8.1**	**3.0**	**5.6**	**12.5**	**(39.1)**

ASSET QUALITY

1. Self-Assessment

Sumitomo Bank has conducted a self-assessment of overall assets, including credit assets and such other assets as securities, movables and real estate. As of September 30, 2000, Sumitomo Bank's total nonconsolidated assets amounted to ¥53 trillion. Of this total, ¥2 trillion was in cash, deposits and other assets deemed to involve no impairment risk. The remaining ¥51 trillion was subject to self-assessment.

In self-assessment, borrowers are selected by a variety of criteria, including financial condition and credit grade. Selected borrowers are categorized into five categories according to each customer's situation: "Normal Customers," "Customers Requiring Caution," "Potentially Bankrupt Customers," "Virtually Bankrupt Customers" and "Bankrupt Customers." Furthermore, their assets are classified on a scale of I to IV, according to the degree of repayment risk or impairment risk. A business unit first conducts a "primary assessment" of credit assets, and then the credit department in charge does a "second assessment." Other assets are assessed by the department in charge. To verify that the assessments accord with set criteria, the results are audited by the Credit Review Department, a wholly independent unit.

In view of the Bank's desire to strengthen the total risk management position of the Sumitomo Bank Group, the self-assessment process has also been applied to the Bank's consolidated subsidiaries.

2. Write-offs and Reserves

Write-offs and reserves are based on the results of semi-annual self-assessments in accordance with the Financial Services Agency's Financial Inspection Manual and guidelines issued by the Japan Institute of Certified Public Accountants, etc.

In order to strengthen the total risk management position of the Sumitomo Bank Group, appropriate rules for write-offs and reserves for the Bank's consolidated subsidiaries are consistent with internal regulations.

Bankrupt Customers and Virtually Bankrupt Customers

The Bank fundamentally writes-off the full amount of Classification IV assets (deemed to be uncollectible or of no value) that are individually calculated by borrower. In addition, specific reserves have been set for possible loan losses against the full amount of Classification III assets.

Potentially Bankrupt Customers

The Bank sets specific reserves for possible loan losses on the portion of Classification III assets (other than those expected to be collectible by collateral or guarantees, etc.), as classified according to individual borrowers.

Customers Requiring Caution and Normal Customers

The Bank sets lump-sum general reserves for possible loan losses against the total credit balance of each group, based on historical loss ratios rather than write-offs and reserves by borrower.

Customers Requiring Caution are further subdivided into groups according to default risk, and a different reserve ratio is adopted for each subgroup. Borrowers are divided primarily into credit groups, either "Substandard Assets" (see note below) or "Others," which are further subdivided into three subgroups based on such factors as the borrower's performance and credit grade.

The reserve ratio for Substandard Assets is 15% of the total amount of the claims, including the portion secured by collateral or guarantees, etc. Reserve ratios for the three subgroups are then calculated by considering delinquency, based on the historical loss ratio of each group. The average reserve ratio of the three subgroups is 2.1%.

For Normal Customers (including Customers Requiring Caution not having classified assets), the Bank accounts for expected losses over a 12-month period, based on the historical loss ratio determined from the historical loss. The average reserve ratio is 0.2%.

Note: "Substandard Loans," one of the loan categories set forth in the Law Concerning Emergency Measures for the Revitalization of the Functions of the Financial System (the "Revitalization Law"), are loans to Customers Requiring Caution, that are three months or more past due, or that are restructured. Substandard Assets are the overall credits to borrowers whose loans are entirely or partially classified as Substandard Loans. The Bank has sets reserves for Substandard Assets.

3. Write-offs and Provisions

For the six-month period ended September 30, 2000, total credit cost, including general reserves, amounted to ¥199.3 billion on a nonconsolidated basis. This reflects the Bank's final disposal process in preparation for the merger with Sakura Bank, as well as in response to asset deterioration resulting from ongoing bankruptcies and the decline in real estate prices.

Total credit cost consists of ¥54.5 billion in write-offs of loans, ¥266.5 billion in net provisions for specific reserves, ¥4.3 billion in losses on loans sold to the Cooperative Credit Purchase Co., Ltd., and ¥3.1 billion in losses on sale of delinquent credit assets, as well as a ¥127.9 billion net reversal from general reserves and ¥0.7 billion net reversal from the loan reserve for specific overseas countries. As a result, the reserve for possible loan losses totaled ¥958.8 billion.

As of September 30, 2000, the direct reduction was ¥763.3 billion, a ¥32.3 billion increase compared with March 31, 2000.

Total credit cost on a consolidated basis amounted to ¥228.1 billion, which brought the total reserve for possible loan losses to ¥1,013.6 billion.

■ Credit Cost (Including General Reserves)

Six-month period ended September 30, 2000	Billions of Yen
Write-offs of loans	**¥ 54.5**
Net provisions for specific reserves	**266.5**
Net provisions for general reserves (Note)	**(127.9)**
Others	**6.2**
Total credit cost (nonconsolidated basis)	**¥199.3**
Total credit cost (consolidated statement of income basis)	**¥228.1**

Note: Figures as recorded under core banking profit.

4. Disclosure of Problem Assets

The Law Concerning Emergency Measures for the Revitalization of the Functions of the Financial System (the "Revitalization Law") requires banks to classify assets into one of four categories, and to disclose the corresponding total amount of each category. The four categories are "Bankrupt and Quasi-Bankrupt Assets," "Doubtful Assets," "Substandard Loans" and "Normal Assets."

As of September 30, 2000, total disclosed assets of the Bank, other than Normal Assets, amounted to ¥2,164.5 billion, a ¥247.5 billion increase compared with March 31, 2000.

Bankrupt and Quasi-Bankrupt Assets: *¥181.8 billion (¥9.0 billion decrease compared with March 31, 2000)*

This category is defined as the sum of credits to customers categorized by the self-assessment as Bankrupt and Virtually Bankrupt, less fully written-off Classification IV assets (see note below) considered to be uncollectible or of no value. In addition, as all Classification III assets are fully covered by reserves, the remaining credits consist of the collectible portion of credits secured by collateral or guarantee.

Note: All Classification IV assets are directly written-off using the direct reduction method, even if the assets were not classified as tax-free write-offs. This amount was ¥763.3 billion as of September 30, 2000.

Doubtful Assets: *¥1,838.7 billion (¥487.5 billion increase compared with March 31, 2000)*

This is the sum of Doubtful Assets extended to customers categorized as Potentially Bankrupt by the self-assessment. Specific reserves are set aside for Classification III assets, which are defined as the portion of assets that are not expected to be collectible by collateral or guarantees, etc. The average reserve ratio for Classification III is 64.2%.

Substandard Loans: *¥144.0 billion (¥231.0 billion decrease compared with March 31, 2000)*

This is a part of credits extended to Customers Requiring Caution in the self-assessment. In other words, this is the sum of loans to Customers Requiring Caution that are three months or more past due, or that have been restructured.

Normal Assets: *¥32,987.9 billion*

This amount is the sum of loans, securities lending, foreign exchange, accrued interest, provisional payments and customer liabilities for acceptances and guarantees, as of September 30, 2000, that are not included in the other three asset categories. Normal Assets, therefore, represent the sum of credits to Normal Customers and the portion of credits to Customers Requiring Caution, excluding Substandard Loans. The risk of loan losses is deemed to be relatively small.

Comparison Between Self-Assessment, Disclosure of Problem Assets, and Write-offs/Reserves (Nonconsolidated)

After Direct Reductions
The accrued interests of loans extended to Potentially Bankrupt, Virtually Bankrupt and Bankrupt Customers are recognized as unearned.

(Billions of Yen)

Borrower's Self-Assessment Category	Revitalization Law Standard	Secured/Unsecured	Reserve Policy (First Half of Fiscal 2000)	Reserve (Reserve Ratio) (1)
Bankrupt Customers Virtually Bankrupt Customers	Bankrupt and Quasi-Bankrupt Assets 181.8 (①) (Change from Mar. 31, 2000 –90)	Assets expected to be collectible by collateral or guarantees, etc. 178.5 (a) Other 3.3	Direct write-offs (Including direct reductions) or 100% reserves provided for the unsecured portion *Direct reductions Sept. 30, 2000: ¥763.3 billion; Mar. 31, 2000: ¥731.0 billion	6.5 (2) (100%) Specific reserve
Potentially Bankrupt Customers	Doubtful Assets 1,838.7 (②) (Change from Mar. 31, 2000 +487.5)	Assets expected to be collectible by collateral or guarantees, etc. 731.7 (b) Other 1,107.0	Specific reserves are set for possible loan losses that are needed on the portion of Classification III.	711.0 (2) (64.2%)
Customers Requiring Caution	Substandard Loans 144.0 (③) (Change from Mar. 31, 2000 –231.0) Substandard Assets (3)	Portion of Substandard Loans secured by collateral or guarantees, etc. 35.6 (c)	15% of entire exposure is covered by general reserve.	Reserve for Substandard Loans: 21.6 (15.0%)
	Normal Assets 32,987.9		Reserve is based on the historical loss ratio according to the borrower's self-assessment category. For credits to Customers Requiring Caution (excluding Substandard Assets), reserve against the subgroups according to borrower's performance and credit grade.	Average (2.1%)
Normal Customers				(0.2%) Total general reserve 229.7

Loan loss reserve for specific overseas countries	11.6
Total reserves for possible loans	958.8
Ⓑ Reserve for Revitalization Law	739.1

Total 35,152.4

Ⓐ = ① + ② + ③	Ⓒ Assets expected to be collectible by collateral or guarantees, etc. ((a)+(b)+(c))	Ⓓ Other than Ⓒ (Ⓐ–Ⓒ)
2,164.5 (Change from Mar. 31, 2000 +247.5)	945.8	1,218.7

(Ⓑ / Ⓓ) 60.6% (Change from Mar. 31, 2000 +15.1%)

Notes: 1. *The reserve ratio shows the degree of reserve coverage against the total amount of each category, except the reserve ratio with respect to Bankrupt and Quasi-Bankrupt Assets and Doubtful Assets, which provide reserve coverage against other credits than those expected to be collectible by collateral or guarantees, etc.*
2. *Includes reserves for on- and off-balance sheet assets, which do not fall under the Revitalization Law disclosure standards (Bankrupt/ Virtually Bankrupt Customers: ¥3.2 billion, Potentially Bankrupt Customers: ¥7.2 billion).*
3. *Substandard Loans is the amount of loans classified into the classification, while Substandard Assets is the amount of the overall credits extended to borrowers whose loans are entirely or partially classified as Substandard Loans.*

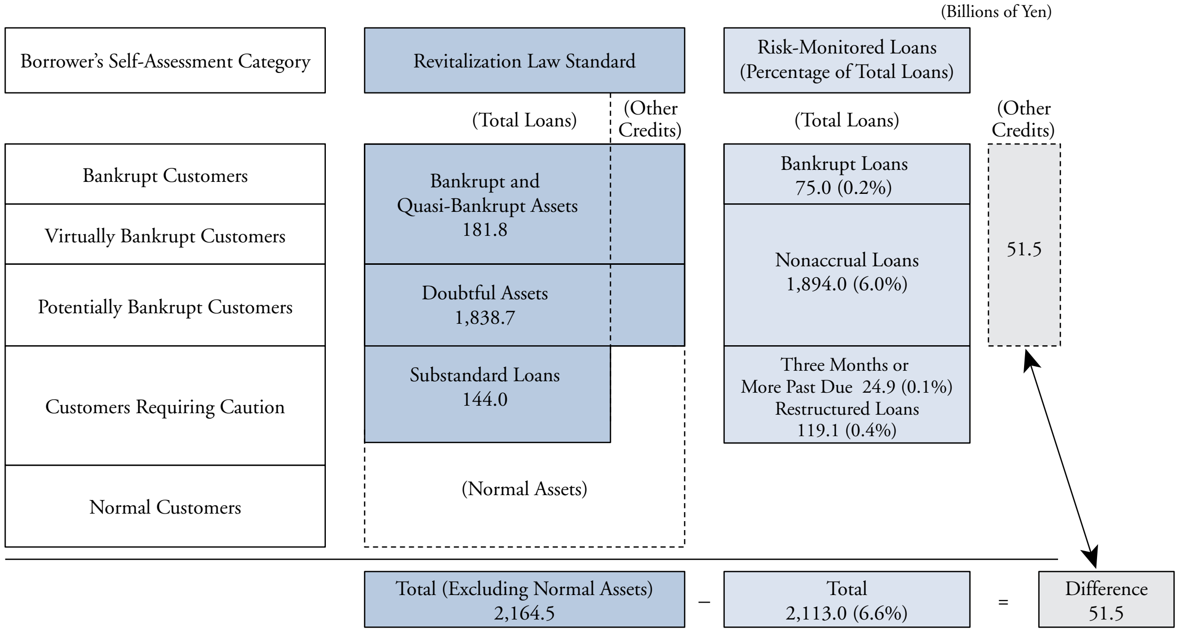
5. Disclosure of Risk-Monitored Loans

In addition to the problem assets disclosed under the Revitalization Law, the Bank also discloses problem assets classified as "Risk-Monitored Loans" based on the Banking Law. As of September 30, 2000, Risk-Monitored Loans totaled ¥2,113.0 billion, an increase of ¥228.9 billion compared with March 31, 2000.

The Bank accounts for accrued interest in real terms based on the self-assessment results, rather than under the Tax Law standard. This approach shows more clearly how the self-assessment results relate to assets disclosed under the Revitalization Law and Risk-Monitored Loans. Risk-Monitored Loans are basically the same problem assets disclosed under the Revitalization Law, except that the items disclosed as Risk-Monitored Loans do not include other assets than loans, such as foreign exchange or provisional payments.

■ Differences between the Revitalization Law Standard and Risk-Monitored Loans

(Billions of Yen)



Note: The amount of direct reduction is:
The Revitalization Law standard = ¥763.3 billion;
Risk-Monitored Loans = ¥744.6 billion.

Significant Differences between Revitalization Law Standard and Risk-Monitored Loans

1. *Disclosed amounts under the Revitalization Law standard include loans, securities lending, foreign exchange, accrued interest, and customers' liabilities for acceptances and guarantees. (As an exception, amounts of Substandard Loans are only loans.) Disclosed amounts of Risk-Monitored Loans represent only loans.*
2. *Problem assets under the Revitalization Law standard are categorized by each borrower. (As an exception, Substandard Loans are assessed by facility.) Risk-Monitored Loans are categorized through assessment by facility. However, from the fiscal year ended March 31, 1999, the Bank changed the accounting method for nonaccrual loans. Consequently, disclosed amounts of Risk-Monitored Loans, excluding past due for three months or more and restructured loans that correspond to Substandard Loans based on the Revitalization Law standard, are equal to the amounts through assessment by each borrower. Therefore, major differences between the Revitalization Law standard and Risk-Monitored Loans are those mentioned above in 1.*

Additional Note for Risk-Monitored Loans

From the fiscal year ended March 31, 1999, the Bank changed the accounting method for nonaccrual loans from the Tax Law standard to the assessment standard. As a result, the Bank classified loans to Bankrupt Customers, Virtually Bankrupt Customers and Potentially Bankrupt Customers under the self-assessment standard as nonaccrual loans. Therefore, amounts of bankrupt loans and nonaccrual loans, under the Risk-Monitored Loans standard, are equal to the amounts of loans to Bankrupt Customers, Virtually Bankrupt Customers and Potentially Bankrupt Customers under the self-assessment standard. Amounts of three months or more past due and restructured loans classified as Risk-Monitored Loans are equal to the amounts of Substandard Loans under the Revitalization Law standard, and are also a portion of the loans to Customers Requiring Caution under the self-assessment standard.

■ Comparison between Consolidated and Nonconsolidated Basis

(1) Risk-Monitored Loans

Billions of Yen, %

As of September 30, 2000	Consolidated Total	Consolidated Percentage of Total Loans	Consolidated *Change from Mar. 31, 2000*	Nonconsolidated Total	Nonconsolidated Percentage of Total Loans	Nonconsolidated *Change from Mar. 31, 2000*
Bankrupt loans	**¥ 92.1**	0.3%	*¥ 4.8*	**¥ 75.0**	0.2%	*¥ 2.0*
Nonaccrual loans	**2,098.0**	6.3	*436.1*	**1,894.0**	6.0	*457.9*
Past due three months or more	**67.4**	0.2	*(11.8)*	**24.9**	0.1	*(15.4)*
Restructured loans	**165.1**	0.5	*(209.8)*	**119.1**	0.4	*(215.6)*
Total Risk-Monitored Loans (a)	**¥2,422.6** *(Note 1)*	7.3%	*¥219.3*	**¥2,113.0** *(Note 2)*	6.6%	*¥228.9*

Notes: 1. After direct reduction of ¥970.0 billion.
2. After direct reduction of ¥744.6 billion.

(2) Reserve for Possible Loan Losses

Billions of Yen

As of September 30, 2000	Consolidated	Nonconsolidated
General reserve	**¥ 232.0**	**¥229.7**
Specific reserve	**769.9**	**717.5**
Loan loss reserve for specific overseas countries	**11.7**	**11.6**
Total reserve for possible loan losses (b)	**¥1,013.6**	**¥958.8**
Reserve ratio (b)/(a)	**41.8%**	**45.4%**

■ Problem Assets by Domicile of Borrower (Nonconsolidated)

Billions of Yen, %

As of September 30, 2000	Revitalization Law Standard	(Percentage of the Total)	Risk-Monitored Loans	(Percentage of the Total)
Domestic	**¥2,080.6**	(96.1%)	**¥2,041.2**	(96.6%)
Overseas	**83.9**	(3.9%)	**71.8**	(3.4%)
Asia	**60.3**	(2.8%)	**51.4**	(2.4%)
Indonesia	**19.5**	(0.9%)	**19.5**	(0.9%)
China	**10.6**	(0.5%)	**9.0**	(0.4%)
Thailand	**9.3**	(0.4%)	**8.0**	(0.4%)
Hong Kong	**12.2**	(0.6%)	**7.8**	(0.4%)
Other	**8.7**	(0.4%)	**7.1**	(0.3%)
North America	**21.3**	(1.0%)	**18.2**	(0.9%)
Central and South America	**0.0**	(0.0%)	**0.0**	(0.0%)
Western Europe	**0.6**	(0.0%)	**0.6**	(0.0%)
Eastern Europe	**1.7**	(0.1%)	**1.6**	(0.1%)
Middle East and Africa	**—**	(—)	**—**	(—)
Total	**¥2,164.5**	(100.0%)	**¥2,113.0**	(100.0%)

Note: The above countries and areas are categorized by the obligor's domicile.

■ Problem Assets by Domicile and Type of Borrower (Nonconsolidated)

Billions of Yen, %

As of September 30, 2000	Revitalization Law Standard	(Percentage of the Total)	Risk-Monitored Loans	(Percentage of the Total)
Domestic	**¥2,080.6**	(100.0%)	**¥2,041.2**	(100.0%)
Manufacturing	**63.3**	(3.0%)	**62.8**	(3.1%)
Agriculture, forestry, fisheries and mining	**3.9**	(0.2%)	**3.9**	(0.2%)
Construction	**571.2**	(27.4%)	**554.6**	(27.2%)
Wholesale and retail	**168.6**	(8.1%)	**165.9**	(8.1%)
Finance and insurance	**87.1**	(4.2%)	**78.0**	(3.8%)
Real estate	**504.7**	(24.3%)	**504.0**	(24.7%)
Transportation, communications and other public enterprises	**16.6**	(0.8%)	**16.5**	(0.8%)
Services	**636.3**	(30.6%)	**626.6**	(30.7%)
Municipalities	**—**	(—)	**—**	(—)
Other	**28.9**	(1.4%)	**28.9**	(1.4%)
Overseas	**83.9**		**71.8**	
Public sector	**—**		**—**	
Financial institutions	**7.5**		**7.4**	
Commerce and industry	**76.4**		**64.4**	
Other	**—**		**—**	
Total	**¥2,164.5**		**¥2,113.0**	

SBCM Reduces Stake in Goldman Sachs

In August 2000, U.S. subsidiary Sumitomo Bank Capital Markets, Inc. (SBCM), sold 12,621,804 shares in the Goldman Sachs Group, Inc. The net profit from this transaction was approximately $600 million. The sale lowered SBCM's stake in Goldman Sachs to 16,243,610 shares, or about 3.6% of the firm's outstanding shares.

Japan Net Bank Launches Operations

In September 2000, Sumitomo Bank, Sakura Bank and six other companies jointly formed the Japan Net Bank, Limited, Japan's first Internet-specialized bank.. The six other companies are Fujitsu Ltd., Nippon Life Insurance Company, The Tokyo Electric Power Co., Inc., Mitsui & Co., Ltd., NTT DoCoMo, Inc., and Nippon Telegraph and Telephone East Corporation. Operations started in October 2000.

Japan Net Bank offers a variety of convenient services in addition to favorable interest rates and inexpensive fees.

Defined Contribution Pension Plan Joint Venture Launched

In September 2000, Sumitomo Bank, Sakura Bank and six other financial institutions joined hands to establish Japan Pension Navigator Co., Ltd. The new company was set up to administer defined contribution pension plans. Its top quality services draw on the extensive expertise of all owner firms. The six other institutions are Sumitomo Life Insurance Co., Mitsui Mutual Life Insurance, Co., The Sumitomo Marine & Fire Insurance Co., Ltd., Mitsui Marine & Fire Insurance Co., Ltd., The Sumitomo Trust & Banking Co., Ltd., and The Chuo Mitsui Trust & Banking Co., Ltd.

Investor Relations Web Site Improved

In October 2000, Sumitomo Bank revamped the investor relations content on its Web site. The site now features operational developments and results for previous fiscal terms, as well as information on the upcoming merger with Sakura Bank. Visitors to the site can obtain video and audio explanations. There is also more information in English. The IR site serves everyone from Japanese individuals to foreign institutional investors.

Delistings from Overseas Exchanges

At respective board meetings in October 2000, Sumitomo Bank and Sakura Bank decided to delist themselves from several overseas stock exchanges upon their merger. Accordingly, Sumitomo Bank will delist itself from the Bourse de Paris. SMBC will be listed on the London Stock Exchange, where both banks are currently listed.

Sumitomo Credit Service and Sakura Card to Reorganize

In November 2000, The Sumitomo Credit Service Company, Limited, and Sakura Card Co., Ltd., reached an agreement on reorganization of their credit card businesses. Sumitomo Credit Service will change its name to Sumitomo Mitsui Card Company, Limited, in April 2001, and in July 2001 will consolidate with part of Sakura Card. The new entity will harness Sumitomo Credit Service's strong Sumitomo VISA Card brand in a drive to become No. 1 in customer satisfaction in the industry, as well as the leader in sales, earnings and number of members.

Daiwa Securities SB Capital Markets and Sakura Securities Agree to Merge

In November 2000, Daiwa Securities SB Capital Markets Co., Ltd., and Sakura Securities Co., Ltd., made a basic agreement to integrate as Daiwa Securities SMBC Co., Ltd. The new company will be the wholesale securities unit for Daiwa Securities and SMBC, expanding operations by employing the resources and customer relationships of its predecessors.

Merger Approved

In December 2000, Sumitomo Bank and Sakura Bank obtained official approval for their merger from the commissioner of the Financial Services Agency, based on Clause 1, Article 30 of the Banking Law.

Sumitomo Bank Wins Deal of the Year Award

In 2000, Sumitomo Bank began a public offering of subordinated notes in the domestic market on a continuous basis. In June and December 2000, ¥50 billion worth of notes were issued, for a total of ¥100 billion. The first Sumitomo Benchmark Subordinated Notes issued in June 2000 received the Nikkei Newsletter on Bonds & Money 2000 Deal of the Year award from the Nihon Keizai Shimbun, Inc., in January 2001.

FINANCIAL SECTION

CONSOLIDATED FINANCIAL REVIEW

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.*

Income Analysis

Operating income for the period under review fell ¥84.7 billion to ¥823.3 billion, compared with the same period in 1999. Operating expenses decreased ¥133.4 billion to ¥683.9 billion. As a result, operating profit increased ¥48.7 billion to ¥139.4 billion and net income increased ¥6.9 billion to ¥48.4 billion.

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			
Operating income	**¥ 823.3**	¥ 908.0	¥ 2,182.3
Core banking profit	**331.5**	200.2	350.6
Core banking profit (excluding transfer to general reserve)	**203.6**	205.0	389.4
Operating profit	**139.4**	90.7	176.5
Net income	**48.4**	41.4	48.8
Preferred stock	**250.5**	250.5	250.5
Common stock	**502.3**	502.3	502.3
Total number of preferred stocks issued *(Million Shares)*	**167**	167	167
Total number of common stocks issued *(Million Shares)*	**3,141**	3,141	3,141
At term end			
Total shareholders' equity	**1,922.7**	1,878.5	1,880.6
Total assets	**53,896.4**	52,431.9	51,089.3
Deposits (excluding negotiable certificates of deposit)	**28,474.0**	28,229.0	27,388.2
Loans and bills discounted	**31,790.8**	32,619.3	31,358.5
Securities	**11,328.1**	8,792.4	8,982.2
Per share data *(Yen)*			
Shareholders' equity	**452.62**	438.56	439.23
Dividend	**3.00**	3.00	6.00
Net income	**14.83**	12.65	14.41
Diluted net income	**14.50**	12.36	14.12
Number of employees	**12,721**	13,640	12,982

Note: Number of employees excludes transfer to subsidiaries, affiliates and other institutions and includes overseas local staff.

Core Banking Profit

Core banking profit (from deposits, loans, international operations and securities businesses, etc.), excluding transfer to general reserve, was ¥203.6 billion, which was almost as much as the previous year. This mainly reflected the ¥6.8 billion, or 1.8%, fall in gross banking profit, and a ¥5.4 billion, or 3.2%, decrease in expenses (excluding other operating loss).

Gross Banking Profit

Gross banking profit declined ¥6.8 billion, or 1.8%, to ¥363.2 billion. Net interest income was down ¥13.0 billion, or 4.1%, to ¥301.3 billion. Within this category, domestic net interest income decreased ¥11.7 billion, or 4.3%, reflecting lower interest income as a result of the redemption of high-yield bonds. International net interest income declined ¥1.2 billion, or 2.6%.

Net fees and commissions increased ¥7.6 billion, or 24.8%, to ¥38.2 billion. This stemmed from a ¥3.9 billion, or 17.9%, rise in domestic fees and commissions, mainly from domestic remittances and sales of investment trusts. Internationally, gains on loan-related fees increased, and consequently, net fees and commissions increased ¥3.8 billion, or 43.1%.

Net trading profit increased ¥8.2 billion, or 48.8%, to ¥25.0 billion.

Net other operating loss was ¥1.3 billion, compared with net other operating income of ¥8.1 billion in the same period of the previous fiscal year. This was primarily due to a fall in profit on foreign exchange by international operations.

Core Banking Profit

Six-month periods ended September 30, 2000 and 1999, and year ended March 31, 2000	Billions of Yen			
	Sept. 30, 2000	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Gross banking profit:				
Net interest income	**¥301.3**	*¥(13.0)*	¥314.3	¥604.7
Net fees and commissions	**38.2**	*7.6*	30.6	69.2
Net trading profit	**25.0**	*8.2*	16.8	33.2
Net other operating income (loss)	**(1.3)**	*(9.4)*	8.1	15.3
Net other operating income (excluding gains/losses on sale and redemption of bonds)	**(0.5)**	*(10.3)*	9.8	19.3
Total	**363.2**	*(6.8)*	370.0	722.5
Gross banking profit (excluding gains/losses on sale and redemption of bonds)	**364.0**	*(7.6)*	371.6	726.5
Expenses (excluding other operating loss)	**(159.6)**	*5.4*	(165.0)	(329.8)
Core banking profit (excluding transfer to general reserve)	**203.6**	*(1.4)*	205.0	389.4
Core banking profit (excluding transfer to general reserve, and gains/losses on sale and redemption of bonds)	**204.4**	*(2.3)*	206.7	393.4

Expenses
Expenses, excluding other operating loss, decreased ¥5.4 billion, or 3.2%, to ¥159.6 billion. Personnel expenses dropped ¥2.2 billion, or 3.0%, to ¥70.2 billion. General expenses were down ¥2.1 billion, or 2.5%, to ¥81.7 billion, mainly because of lower office equipment costs and reduced rental costs owing to branch closures. Taxes, other than income taxes, fell ¥1.1 billion, or 12.5%, to ¥7.7 billion.

Operating Profit
Operating profit was ¥139.4 billion. This included ¥203.6 billion in core banking profit, excluding transfer to general reserve, and a ¥127.9 billion transfer from general reserve for possible loan losses, minus other operating loss of ¥192.1 billion.

Other Operating Profit/Loss
Other operating loss rose ¥82.6 billion to ¥192.1 billion. This included ¥3.7 billion in enterprise tax payments in accordance with the Tokyo Metropolitan Government's external taxation standard. Gains on sale of stocks totaled ¥139.5 billion. Total credit cost climbed ¥17.0 billion to ¥199.3 billion, including a ¥127.9 billion transfer from general reserve for possible loan losses.

Extraordinary Profit/Loss
The Bank recorded an extraordinary loss of ¥16.1 billion, down ¥8.9 billion. This followed ¥6.3 billion in losses on sales of properties and employee housing after branch closures as part of restructuring efforts. In addition, the Bank amortized ¥10.1 billion of transitional liability from the initial application of the new accounting standard for employees' retirement benefits.

Net Income
Current income taxes were ¥20.4 billion. Deferred income taxes were ¥54.5 billion. Of this amount, ¥26.6 billion reflected the reduction of deferred assets due to the introduction of an external taxation standard for enterprise tax by the Osaka Prefectural Government. Consequently, net income grew ¥7.0 billion, or 16.9%, to ¥48.4 billion.

Net Interest Income

Six-month periods ended September 30, 2000 and 1999	Billions of Yen: Average Balance: **Sept. 30, 2000**	*Increase/ Decrease*	Sept. 30, 1999	Billions of Yen: Interest: **Sept. 30, 2000**	*Increase/ Decrease*	Sept. 30, 1999	Percent: Earnings Yield: **Sept. 30, 2000**	*Increase/ Decrease*	Sept. 30, 1999
Domestic operations	**/**	*/*	/	**¥256.9**	*¥(11.7)*	¥268.6	**[1.38]%**	*(0.17)%*	[1.55]%
Interest income	**¥37,057.0**	*¥2,484.9*	¥34,572.1	**301.6**	*(93.4)*	395.0	**1.62**	*(0.65)*	2.27
Loans	**27,028.7**	*(950.1)*	27,978.8	**257.0**	*(13.9)*	270.9	**1.89**	*(0.04)*	1.93
Dividends on securities	**9,780.1**	*3,258.4*	6,521.7	**43.9**	*(7.2)*	51.1	**0.89**	*(0.67)*	1.56
Due from banks and others	**9.8**	*6.6*	3.2	**0.0**	*(0.0)*	0.0	**0.40**	*(0.83)*	1.23
Interest expenses	**34,723.3**	*2,870.5*	31,852.8	**44.7**	*(81.6)*	126.3	**0.25**	*(0.54)*	0.79
Deposits	**22,391.6**	*836.6*	21,555.0	**19.0**	*(4.7)*	23.7	**0.16**	*(0.06)*	0.22
Negotiable certificates of deposit	**4,791.2**	*(711.6)*	5,502.8	**3.3**	*(0.1)*	3.4	**0.13**	*0.01*	0.12
Borrowed money	**4,543.9**	*347.1*	4,196.8	**12.3**	*(2.3)*	14.6	**0.53**	*(0.16)*	0.69
International operations	**/**	*/*	/	**44.4**	*(1.2)*	45.6	**[1.02]**	*(0.01)*	[1.03]
Interest income	**8,635.8**	*(174.2)*	8,810.0	**266.8**	*(34.3)*	301.1	**6.16**	*(0.65)*	6.81
Loans	**4,084.4**	*(1,281.9)*	5,366.3	**110.4**	*(5.0)*	115.4	**5.38**	*1.10*	4.28
Dividends on securities	**1,144.0**	*(90.1)*	1,234.1	**51.0**	*32.2*	18.8	**8.89**	*5.85*	3.04
Due from banks and others	**2,764.4**	*1,251.4*	1,513.0	**85.2**	*53.5*	31.7	**6.14**	*1.96*	4.18
Interest expenses	**8,141.0**	*(606.8)*	8,747.8	**222.4**	*(33.0)*	255.4	**5.44**	*(0.38)*	5.82
Deposits	**6,455.5**	*(164.8)*	6,620.3	**139.8**	*37.6*	102.2	**4.31**	*1.24*	3.07
Negotiable certificates of deposit	**111.1**	*(71.1)*	182.2	**3.2**	*(1.2)*	4.4	**5.65**	*0.73*	4.92
Borrowed money	**1,262.5**	*(522.8)*	1,785.3	**41.5**	*2.6*	38.9	**6.56**	*2.21*	4.35
Total	**¥ /**	*¥ /*	¥ /	**¥301.3**	*¥(13.0)*	¥314.3	**[1.31]%**	*(0.13)%*	[1.44]%

Notes: 1. Due from banks and others includes call loans.
2. Borrowed money includes call money and bills bought.
3. [ ] indicates income ratio (= net interest / average balance of interest income)

Net Fees and Commissions

Six-month periods ended September 30, 2000 and 1999, and year ended March 31, 2000	Billions of Yen: **Sept. 30, 2000**	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Domestic operations	**¥25.6**	*¥ 3.9*	¥21.7	¥48.1
Income	**40.5**	*4.3*	36.2	75.8
Remittance and transfers	**18.9**	*1.6*	17.3	35.3
Securities related business	**2.7**	*(0.4)*	3.1	6.1
Investment trusts business	**1.6**	*0.5*	1.1	3.7
Expenses	**14.9**	*0.5*	14.4	27.7
Remittance and transfers	**4.0**	*0.3*	3.7	7.6
International operations	**12.6**	*3.8*	8.8	21.1
Income	**16.8**	*1.4*	15.4	30.7
Remittance and transfers	**5.8**	*(0.0)*	5.8	11.4
Deposits and loans	**8.7**	*1.3*	7.4	15.0
Expenses	**4.2**	*(2.3)*	6.5	9.6
Remittance and transfers	**1.7**	*(0.4)*	2.1	4.1
Total	**¥38.2**	*¥ 7.6*	¥30.6	¥69.2

Note: Investment trusts business in domestic operations excludes investment trust fees from foreign securities investment trusts.

Net Trading Profit

Six-month periods ended September 30, 2000 and 1999, and year ended March 31, 2000	Billions of Yen			
	Sept. 30, 2000	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Domestic operations	**¥ 0.7**	*¥(0.6)*	¥ 1.3	¥ 4.1
Trading securities	**0.3**	*(0.3)*	0.6	2.7
Other income	**0.4**	*(0.3)*	0.7	1.3
International operations	**24.3**	*8.9*	15.4	29.1
Securities	**0.2**	*1.9*	(1.7)	(0.9)
Trading related financial derivatives	**24.1**	*7.0*	17.1	30.0
Total	**¥25.0**	*¥ 8.2*	¥16.8	¥33.2

Other Operating Income (Loss)

Six-month periods ended September 30, 2000 and 1999, and for the year ended March 31, 2000	Billions of Yen			
	Sept. 30, 2000	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Domestic operations	**¥ 2.2**	*¥ 4.8*	¥ (2.6)	¥ (2.3)
Gains (losses) on sale of bonds	**2.7**	*5.6*	(2.9)	(2.9)
International operations	**(3.5)**	*(14.3)*	10.8	17.7
Gains (losses) on foreign exchange transactions	**(0.2)**	*(9.9)*	9.7	18.9
Gains (losses) on sale of bonds	**(3.6)**	*(4.8)*	1.2	(1.1)
Total	**¥(1.3)**	*¥ (9.4)*	¥ 8.1	¥15.3

General and Administrative Expenses

Six-month periods ended September 30, 2000 and 1999, and year ended March 31, 2000	Billions of Yen			
	Sept. 30, 2000	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Personnel expenses	**¥ 70.2**	*¥(2.2)*	¥ 72.4	¥142.0
General expenses	**81.7**	*(2.1)*	83.8	170.2
Taxes, other than income taxes	**7.7**	*(1.1)*	8.8	17.6
Total	**¥159.6**	*¥(5.4)*	¥165.0	¥329.8

Balance Sheet Analysis

Total assets at the end of the first half of fiscal 2000 were ¥53,896.4 billion, up ¥1,464.5 billion, or 2.7%, from the end of fiscal 1999. This increase mainly reflected the adoption of new accounting standards for financial instruments, such as changes in accounting for securities and assessing derivative transactions, with an impact of ¥2,928.7 billion. Securities increased ¥2,535.7 billion, or 28.8%, to ¥11,328.1 billion. Among that, ¥2,290.1 billion was added by the adoption of the new accounting standards for financial instruments, under which the Bank recategorized resale and repurchase transactions of securities as financing activities, not as purchasing or selling activities, and altered 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 ¥579.1 billion. On the other hand, loans and bills discounted were down ¥828.5 billion, or 2.5%, to ¥31,790.8 billion. This was partly because the presentation of loans and bills discounted was changed so as to deduct the balance by the amount of specific reserve, and partly because corporate demand for loans was actually softened.

Shareholders' Equity

As of September 30, 2000, total shareholders' equity was ¥1,922.7 billion, up ¥42.1 billion, or 2.2% compared with March 31, 2000. The Bank had 3,141 million shares of common stock issued and outstanding and 167 million shares of preferred stock—unchanged from the end of March 2000. Shareholders' equity per share, excluding preferred stock, was ¥452.62, up ¥13.39 from March 31, 2000.

Core Banking Profit, Net Income and Unappropriated Retained Earnings

Six-month periods ended September 30, 2000 and 1999, and year ended March 31, 2000	Billions of Yen			
	Sept. 30, 2000	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Core banking profit (excluding transfer to general reserve)	**¥ 203.6**	*¥ (1.4)*	¥ 205.0	¥ 389.4
Transfer to general reserve for possible loan losses	**127.9**	*132.6*	(4.7)	(38.8)
Other operating loss	**(192.1)**	*(82.6)*	(109.5)	(174.1)
Credit cost for specific problem loans	**(327.9)**	*(149.3)*	(178.6)	(645.0)
Transfer to specific reserve	**(266.5)**	*(131.6)*	(134.9)	(253.0)
Write-off of loans	**(54.5)**	*(15.9)*	(38.6)	(347.4)
Transfer to reserve for loss on loans sold	**0.6**	*0.5*	0.1	(17.3)
Losses on problem loans sold	**(3.2)**	*1.1*	(4.3)	(19.6)
Losses on sale of loans to the Cooperative Credit Purchasing Co., Ltd.	**(4.3)**	*(3.5)*	(0.8)	(7.7)
Loan loss reserve for specific overseas countries	**0.7**	*(0.3)*	1.0	3.1
Total credit cost (Note 1)	**(199.3)**	*(17.0)*	(182.3)	(680.7)
Gains on sale of stocks	**139.5**	*53.2*	86.3	486.7
Gains on sale of stocks	**157.3**	*53.2*	104.1	551.2
Losses on sale of stocks	**(7.2)**	*0.9*	(8.1)	(35.1)
Losses on devaluation of stocks	**(10.6)**	*(1.1)*	(9.5)	(29.4)
Enterprise tax of Tokyo Metropolitan Government	**(3.7)**	*(3.7)*	—	—
Operating profit	**139.4**	*48.7*	90.7	176.5
Extraordinary loss	**(16.1)**	*8.9*	(25.0)	(28.0)
Losses on sales of properties and employee housing	**(6.3)**	*(2.6)*	(3.7)	(6.9)
Transitional liability under new accounting standard for employees' retirement benefits	**(10.1)**	*(10.1)*	—	—
Additional contribution to pension plans	**—**	*21.5*	(21.5)	(21.5)
Income taxes				
Current	**¥ (20.4)**	*¥ (15.8)*	¥ (4.6)	¥ (6.6)
Deferred	**(54.5)**	*(35.0)*	(19.5)	(93.1)
Net income	**¥ 48.4**	*¥ 7.0*	¥ 41.4	¥ 48.8
Unappropriated retained earnings brought forward	**35.0**	*5.1*	29.9	29.9
Transfer from revaluation reserve for land	**1.7**	*(0.8)*	2.5	3.1
Declared interim dividends	**—**	—	—	(11.2)
Transfer to legal reserve	**—**	—	—	(2.2)
Unappropriated retained earnings	**¥ 85.1**	*¥ 11.2*	¥ 73.9	¥ 68.4

Note: Total credit cost = Transfer to general reserve for possible loan losses + Credit cost for specific problem loans + Loan loss reserve for specific overseas countries.

Total Assets

As of September 30, 2000 and 1999, and March 31, 2000	Billions of Yen			
	Sept. 30, 2000	*Increase/ Decrease*	Sept. 30, 1999	Mar. 31, 2000
Total assets	**¥53,896.4**	*¥1,464.5*	¥52,431.9	¥51,089.3
Loans and bills discounted	**31,790.8**	*(828.5)*	32,619.3	31,358.5
Securities	**11,328.1**	*2,535.7*	8,792.4	8,982.2
Total liabilities	**51,973.7**	*1,420.4*	50,553.3	49,208.7
Deposits (excluding negotiable certificates of deposit)	**28,474.0**	*245.0*	28,229.0	27,388.2

CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

The Sumitomo Bank, Limited, and Subsidiaries
As of September 30, 2000, March 31, 2000, and September 30, 1999

	Millions of Yen			Millions of U.S. Dollars
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Assets				
Cash and due from banks	**¥ 846,235**	¥ 1,323,157	¥ 869,209	**$ 7,836**
Deposits with banks	**2,834,533**	2,642,560	1,737,162	**26,246**
Call loans and bills bought	**153,636**	252,075	143,472	**1,422**
Receivables under resale agreements	**297,740**	—	—	**2,757**
Commercial papers and other debt purchased	**134,986**	178,331	120,367	**1,250**
Trading assets	**1,607,749**	1,745,425	1,717,871	**14,887**
Money held in trust	**61,275**	109,039	122,929	**567**
Securities	**11,451,236**	8,968,853	8,839,256	**106,030**
Loans and bills discounted	**33,332,087**	32,940,880	34,266,197	**308,630**
Foreign exchanges	**424,368**	362,889	398,094	**3,929**
Other assets	**2,802,689**	2,425,278	3,099,810	**25,951**
Premises and equipment	**677,060**	680,334	691,961	**6,269**
Lease assets	**816,923**	823,859	809,675	**7,564**
Deferred tax assets	**613,010**	704,881	783,223	**5,676**
Customers' liabilities for acceptances and guarantees	**1,570,111**	1,560,437	1,636,228	**14,538**
Reserve for possible loan losses	**(1,013,591)**	(950,499)	—	**(9,385)**
Total assets	**¥56,610,052**	¥53,767,504	¥55,235,461	**$524,167**
Liabilities				
Deposits	**¥34,451,626**	¥35,231,324	¥34,463,308	**$318,996**
Call money and bills sold	**4,428,021**	2,745,132	4,544,255	**41,000**
Payables under repurchase agreements	**3,388,459**	—	—	**31,375**
Commercial papers	**190,592**	192,507	364,045	**1,765**
Trading liabilities	**623,888**	952,649	1,129,700	**5,777**
Borrowed money	**2,447,303**	2,518,700	2,584,988	**22,660**
Foreign exchanges	**110,837**	163,951	153,541	**1,026**
Bonds	**1,724,353**	1,566,242	1,306,502	**15,966**
Convertible bonds	**101,106**	101,106	101,106	**936**
Other liabilities	**4,937,064**	6,070,477	5,119,037	**45,714**
Reserve for possible loan losses	—	—	1,159,926	—
Reserve for retirement allowances	—	49,715	50,439	—
Reserve for employee retirement benefit	**51,808**	—	—	**480**
Reserve for loss on loans sold	**69,252**	116,240	118,159	**641**
Other reserves	**8**	8	8	**0**
Deferred tax liabilities	**8,712**	3,585	5,882	**81**
Deferred tax liabilities for revaluation reserve for land	**105,650**	111,692	118,119	**978**
Acceptances and guarantees	**1,570,111**	1,560,437	1,636,228	**14,538**
Total liabilities	**¥54,208,797**	¥51,383,774	¥52,855,251	**$501,933**
Minority interests	**¥ 588,064**	¥ 579,371	¥ 579,031	**$ 5,445**
Shareholders' equity				
Preferred stock	**¥ 250,500**	¥ 250,500	¥ 250,500	**$ 2,319**
Common stock	**502,348**	502,348	502,348	**4,651**
Capital surplus	**643,080**	643,080	643,080	**5,955**
Revaluation reserve for land, net of taxes	**171,293**	168,119	162,752	**1,586**
Retained earnings	**319,979**	253,573	255,758	**2,963**
Foreign currency translation adjustments, net of taxes	**(60,746)**	—	—	**(562)**
Subtotal	**¥ 1,826,455**	¥ 1,817,622	¥ 1,814,440	**$ 16,912**
Common stock in treasury	**¥ (17)**	¥ (16)	¥ (12)	**$ (0)**
Parent bank's stock held by subsidiaries	**(13,247)**	(13,247)	(13,247)	**(123)**
Total shareholders' equity	**¥ 1,813,189**	¥ 1,804,358	¥ 1,801,179	**$ 16,789**
Total liabilities, minority interests and shareholders' equity	**¥56,610,052**	¥53,767,504	¥55,235,461	**$524,167**

See accompanying notes.

CONSOLIDATED INTERIM STATEMENTS OF INCOME (UNAUDITED)

The Sumitomo Bank, Limited, and Subsidiaries
Six-month periods ended September 30, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars
	Sept. 30, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Income			
Interest income	**¥ 596,758**	¥ 727,851	**$ 5,525**
Interest on loans and discounts	**408,477**	434,962	**3,782**
Interest and dividends on securities	**77,851**	77,697	**721**
Fees and commissions	**98,051**	86,718	**908**
Trading profits	**31,938**	46,287	**296**
Other operating income	**270,285**	297,090	**2,503**
Other income	**298,349**	188,169	**2,762**
Total income	**¥1,295,382**	¥1,346,117	**$11,994**
Expenses			
Interest expenses	**¥ 295,820**	¥ 376,388	**$2,739**
Interest on deposits	**166,960**	138,760	**1,546**
Fees and commissions	**17,041**	18,598	**158**
Trading losses	**1,662**	15,779	**15**
Other operating expenses	**240,412**	232,672	**2,226**
General and administrative expenses	**220,105**	240,449	**2,038**
Transfer to reserve for possible loan losses	**146,932**	96,674	**1,360**
Other expenses	**127,635**	238,600	**1,182**
Total expenses	**¥1,049,610**	¥1,219,162	**$ 9,718**
Income before income taxes and minority interests	**¥ 245,771**	¥ 126,954	**$ 2,276**
Income taxes			
Current	**¥ 69,661**	¥ 46,916	**$ 645**
Deferred	**95,166**	21,037	**881**
	¥ 164,827	¥ 67,954	**$ 1,526**
Minority interests in net income	**5,062**	5,522	**47**
Net income	**¥ 75,881**	¥ 53,477	**$ 703**

	Yen		U.S. Dollars
	Sept. 30, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Per share data			
Net income (loss)	**¥23.64**	¥16.49	**$0.22**
Declared dividend on common stock	**3.00**	3.00	**0.03**
Declared dividend on preferred stock (first series)	**5.25**	5.25	**0.05**
Declared dividend on preferred stock (second series)	**14.25**	14.25	**0.13**

See accompanying notes.

CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

The Sumitomo Bank, Limited, and Subsidiaries
Years ended March 31, 1999 and 2000, and six-month period ended September 30, 2000

	Millions of Yen							
	Preferred Stock	Common Stock	Capital Surplus	Revaluation Reserve for Land, Net of Tax	Retained Earnings	Foreign Currency Transaction Adjustments, Net of Taxes	Deduction (Note)	Total
Balance at March 31, 1999	¥250,500	¥502,348	¥643,080	¥165,289	¥209,178	¥ —	¥(13,272)	¥1,757,123
Transfer from revaluation reserve for land to retained earnings	—	—	—	(3,152)	3,152	—	—	—
Change of effective tax rates and others	—	—	—	5,983	—	—	—	5,983
Cash dividends paid	—	—	—	—	(20,633)	—	—	(20,633)
Net income	—	—	—	—	61,875	—	—	61,875
Change of common stock in treasury and parent bank's stock held by subsidiaries	—	—	—	—	—	—	9	9
Balance at March 31, 2000	¥250,500	¥502,348	¥643,080	¥168,119	¥253,573	¥ —	¥(13,263)	¥1,804,358
Transfer from revaluation reserve for land to retained earnings	—	—	—	(1,724)	1,724	—	—	—
Change of effective tax rates and others	—	—	—	4,898	—	—	—	4,898
Cash dividends paid	—	—	—	—	(11,199)	—	—	(11,199)
Net income	—	—	—	—	75,881	—	—	75,881
Change of foreign currency translation adjustments	—	—	—	—	—	(60,746)	—	(60,746)
Change of common stock in treasury and parent bank's stock held by subsidiaries	—	—	—	—	—	—	(1)	(1)
Balance at September 30, 2000	**¥250,500**	**¥502,348**	**¥643,080**	**¥171,293**	**¥319,979**	**¥(60,746)**	**¥(13,265)**	**¥1,813,189**

	Millions of U.S. Dollars							
	Preferred Stock	Common Stock	Capital Surplus	Revaluation Reserve for Land, Net of Tax	Retained Earnings	Foreign Currency Transaction Adjustments, Net of Taxes	Deduction (Note)	Total
Balance at March 31, 2000	$2,319	$4,651	$5,955	$1,557	$2,348	$ —	$(123)	$16,707
Transfer from revaluation reserve for land to retained earnings	—	—	—	(16)	16	—	—	—
Change of effective tax rates and others	—	—	—	45	—	—	—	45
Cash dividends paid	—	—	—	—	(104)	—	—	(104)
Net income	—	—	—	—	703	—	—	703
Change of foreign currency translation adjustments	—	—	—	—	—	(562)	—	(562)
Change of common stock in treasury and parent bank's stock held by subsidiaries	—	—	—	—	—	—	(0)	(0)
Balance at September 30, 2000	**$2,319**	**$4,651**	**$5,955**	**$1,586**	**$2,963**	**$(562)**	**$(123)**	**$16,789**

Note: Deduction includes treasury stock and parent bank's stock held by subsidiaries.
See accompanying notes.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

The Sumitomo Bank, Limited, and Subsidiaries
Six-month periods ended September 30, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
1. Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 245,771**	¥ 126,954	**$ 2,276**
Depreciation of premises and equipment	**11,317**	11,272	**105**
Depreciation of lease assets	**135,089**	135,402	**1,251**
Amortization of goodwill	**—**	1	**—**
Net (income) loss from unconsolidated entities by equity method	**(16,675)**	47,140	**(154)**
Net change in reserve for possible loan losses	**65,457**	(112,921)	**606**
Net change in reserve for loss on loans sold	**(46,987)**	(21,626)	**(435)**
Net change in reserve for retirement allowances	**—**	(1,993)	**—**
Net change in reserve for employee retirement benefit	**2,092**	—	**19**
Interest income	**(596,758)**	(727,851)	**(5,526)**
Interest expenses	**295,820**	376,388	**2,739**
Net (gain) loss related to securities transactions	**(254,467)**	(132,209)	**(2,356)**
Net (income) loss from money held in trust	**(70)**	1,885	**(1)**
Net exchange (gain) loss	**10,759**	4,988	**100**
Net (gain) loss from disposition of premises and equipment	**6,425**	4,604	**59**
Net (gain) loss from disposition of lease assets	**8,670**	12,469	**80**
Gain on sale of business operation	**—**	(8,000)	**—**
Loss from additional payment for pension liabilities	**—**	21,519	**—**
Net change in trading assets	**(13,679)**	965,583	**(127)**
Net change in trading liabilities	**(4,331)**	(252,875)	**(40)**
Net change in loans and bills discounted	**(380,120)**	1,336,994	**(3,520)**
Net change in deposits	**1,072,867**	542,879	**9,934**
Net change in certificates of deposit	**(1,853,328)**	—	**(17,160)**
Net change in borrowed money (excluding subordinated debt obligation)	**(74,164)**	—	**(687)**
Net change in deposits with banks	**(188,190)**	(948,003)	**(1,743)**
Net change in call loans, bills bought and receivables under resale agreements	**34,625**	408,815	**321**
Net change in pledged money for securities borrowing transactions	**(262,912)**	—	**(2,434)**
Net change in call money, bills sold and payables under repurchase agreements	**416,954**	937,720	**3,861**
Net change in commercial papers	**(1,912)**	—	**(18)**
Net change in pledged money for securities lending transactions	**(767,749)**	(132,986)	**(7,109)**
Net change in foreign exchanges (asset account)	**(61,428)**	(472)	**(569)**
Net change in foreign exchanges (liability account)	**(53,140)**	7,623	**(492)**
Net change in bonds (excluding subordinated bonds)	**198,999**	—	**1,843**
Interest received	**550,594**	747,809	**5,098**
Interest paid	**(262,161)**	(420,639)	**(2,427)**
Other, net	**69,261**	(795,007)	**641**
Subtotal	**¥ (1,713,371)**	¥ 2,135,464	**$(15,865)**
Additional payment for pension liabilities	**—**	(11,050)	**—**
Income taxes paid	**(18,309)**	(29,844)	**(169)**
Net cash provided by (used in) operating activities	**¥ (1,731,681)**	¥ 2,094,569	**$(16,034)**
2. Cash flows from investing activities			
Purchases of securities	**¥(10,026,044)**	¥(13,496,340)	**$(92,834)**
Proceeds from sale of securities	**4,657,289**	9,962,372	**43,123**
Proceeds from maturity of securities	**6,796,274**	1,460,450	**62,928**
Purchases of money held in trust	**(90,157)**	(58,399)	**(835)**
Proceeds from sale of money held in trust	**138,097**	20,241	**1,279**
Purchases of premises and equipment	**(20,879)**	(15,767)	**(193)**
Proceeds from sale of premises and equipment	**5,241**	8,911	**48**
Purchases of lease assets	**(154,476)**	(144,144)	**(1,430)**
Proceeds from sale of lease assets	**17,820**	1,540	**165**
Proceeds from sale of business operation	**—**	8,000	**—**
Proceeds from sale of a subsidiary	**4,937**	—	**46**
Net cash provided by (used in) investing activities	**¥ 1,328,103**	¥ (2,253,135)	**$ 12,297**
3. Cash flows from financing activities			
Repayment of subordinated debt	**¥ —**	¥ (25,000)	**$ —**
Proceeds from issuance of subordinated bonds and convertible bonds and notes	**54,500**	139,950	**505**
Repayment of subordinated bonds and convertible bonds and notes	**(116,000)**	—	**(1,074)**
Dividends paid	**(11,203)**	(9,437)	**(104)**
Dividends paid for minority	**(339)**	(333)	**(3)**
Purchases of treasury stock	**(318)**	(354)	**(3)**
Proceeds from sale of treasury stock	**315**	361	**3**
Net cash provided by (used in) financing activities	**¥ (73,046)**	¥ 105,186	**$ (676)**
4. Foreign currency translation adjustments	**¥ (298)**	¥ (6,087)	**$ (3)**
5. Net change in cash and due from banks	**¥ (476,922)**	¥ (59,467)	**$ (4,416)**
6. Cash and due from banks at beginning of six-month period	**¥ 1,323,157**	¥ 928,701	**$ 12,252**
7. Decrease of cash and due from banks due to exclusion from consolidation	**¥ —**	¥ (25)	**$ —**
8. Cash and due from banks at end of six-month period	**¥ 846,235**	¥ 869,209	**$ 7,836**

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Sumitomo Bank, Limited, and Subsidiaries
September 30, 2000

1. Scope of Consolidation

(a) Consolidated subsidiaries 71 companies

The Sumitomo Credit Service Company, Limited
SB Leasing Company, Limited
Sumigin General Finance Company Limited
Sumigin Guarantee Company, Limited
SB Investment Co., Ltd.
The Bank of Kansai, Ltd.
Sumitomo Bank Capital Markets, Inc. and others

As SB Trust Bank Co., Ltd was sold and Sumitomo Bank (Deutschland) GmbH was liquidated, they were excluded from consolidation.

(b) Nonconsolidated subsidiaries

Forty-eight subsidiaries, such as S.B.L. Management Company Limited, are anonymous 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 Statements Regulations, they were not treated as consolidated subsidiaries.

Assets, income, net income and surplus of other nonconsolidated subsidiaries have no significant impact on the consolidated financials.

2. Application of the Equity Method

(a) Subsidiaries accounted for under the equity method

None

(b) Affiliates accounted for under the equity method 39 companies

Daiwa Securities SB Capital Markets Co. Ltd
QUOQ Inc.
The Japan Research Institute, Limited and others

As a share of Japan Pension Navigator Co., Ltd was obtained, it was newly included in affiliates accounted for under the equity method.

(c) Nonconsolidated subsidiaries not accounted for under the equity method

Forty-eight subsidiaries such as S.B.L. Management are anonymous 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 Statements Regulations, they were not treated as subsidiaries accounted for under the equity method.

(d) Affiliates not accounted for under the equity method

Sumigin Metro Investment Corporation

Net income and surplus of other nonconsolidated subsidiaries and affiliates which are not accounted for under the equity method have no significant impact on the consolidated financials.

3. Balance Sheet Dates of Consolidated Subsidiaries

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

April 30	1 company
June 30	32 companies
July 31	1 company
September 30	37 companies

(b) As for the company whose balance sheet date is April 30, account closing for consolidation was done provisionally as of July 31, 2000. The other companies are consolidated on the basis of their respective balance sheet dates. Appropriate adjustments were made for any significant transactions during the periods from their respective balance sheet dates to September 30, 2000.

4. Accounting Policies

(a) Standards for recognition and measurement of trading assets and liabilities

Standards for recognition and measurement of trading assets and liabilities are as follows:

Recognition: Trading account positions relating to trades made for the purposes of 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 and trading liabilities on the consolidated interim balance sheet on a contract date basis.

Measurement:

Trading securities and monetary claims purchased for trading purposes are stated at market value, and financial derivatives such as swaps, futures and options, are at the amounts that would be settled if the transactions were terminated at the interim term end date.

Trading profits and trading losses include interest received/paid and the amount of change in valuation gains/losses for securities, monetary claims and derivatives as of the consolidated interim term end date compared with that at the end of the previous term. The amounts of change of valuation gains/losses for derivatives are measured using the estimated settlement price assuming settlement in cash at the consolidated interim term end date.

(b) Standard for recognition and measurement of securities

As for securities other than those of the trading portfolio, debt securities which the Bank and consolidated domestic subsidiaries have the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost, using the moving-average method.

Debt securities excluding those classified as held-to-maturity or trading securities (available-for-sale debt securities) are carried at amortized cost, using the moving-average method. Equity securities are carried at cost, using the moving-average method.

Debt securities and equity securities held by consolidated overseas subsidiaries are mainly carried at cost, using the specific-identification method.

Securities included in money held in trust accounts are carried in the same way as (a) and above.

(c) Standard for recognition and measurement of derivative transactions

Derivative transactions, 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.

(d) Depreciation

(i) Depreciation for premises, equipment and lease assets

Depreciation for premises and equipment owned by the Bank is computed as follows:

Buildings: The straight-line method over the estimated useful lives of the respective assets at the rate prescribed by the Japanese Corporate Tax Law.

Equipment: The declining-balance method over the estimated useful lives of the respective assets at the rate prescribed by the Japanese Corporate Tax Law.

Other: In accordance with the Japanese Corporate Tax Law.

For the six-month period ended September 30, 2000, the Bank charged 50% of the annual depreciation costs to its income. As for consolidated domestic subsidiaries, depreciation for premises and equipment is computed mainly using the declining-balance method over the estimated useful lives of the respective assets at the rate prescribed by the Japanese Corporate Tax Law, and depreciation for lease assets is computed mainly using the straight-line method over the lease term based on the value of assets that will remain at the end of the lease term.

As for consolidated overseas subsidiaries, depreciation for premises and equipment is computed mainly using the straight-line method over the estimated useful lives of the respective assets.

(ii) Capitalized software

Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (mainly 5 years) at the Bank or consolidated domestic subsidiaries.

(e) Reserves for possible loan losses

Reserves for possible loan losses of the Bank and major consolidated subsidiaries are provided as detailed below, in accordance with the internal standards for write-offs and reserves.

For claims on borrowers who are legally bankrupt or virtually bankrupt, a reserve is provided based on the amount of claims net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers who are not currently bankrupt but are likely to become bankrupt, a reserve is provided by the amount deemed necessary based on overall solvency assessment, out of the amount of 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 certain countries, an additional reserve (including a reserve for losses on overseas investments prescribed in Article 55-2 of the Specific Taxation Measures Law) is provided by the amount deemed necessary based on assessment of political and economic conditions in such countries.

All claims are assessed by business units and credit supervision departments in accordance with the internal rule for self-assessment of assets. Subsequently, the Credit Review Department, independent from these operating sections, audits their assessment. The reserve is provided based on these layers of review.

Reserves for possible loan losses of other consolidated subsidiaries are provided for general claims by the amount deemed necessary based on the historical loan-loss ratio, and for doubtful claims by the amount deemed uncollectable based on the respective assessments.

For claims on bankrupt or virtually bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deducted, as deemed uncollectable, directly from those claims. The deducted amount is ¥1,003,996 million.

(f) Reserve for employee retirement benefit

The reserve for employee retirement benefit is recorded based on an actuarial computation, which uses the present value of the projected benefit obligation and plan assets at the balance sheet date. Transitional liability from the initial application of the new accounting standard for employee retirement benefits in Japan of 105,290 million yen is amortized using the straight-line method over 5 years. For the six-month period ended September 30, 2000, the Bank charges 50% of the annual amortized cost to its income.

(g) Reserve for loss on loans sold

The reserve for loss on loans sold provides 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 established in accordance with Article 287-2 of the Commercial Code.

(h) "Other reserve" required by Special Law

The "Other reserve" required by Special Law is as follows:

A reserve for contingent liabilities from brokering of futures transactions is recorded at 8 million yen.

This reserve was established in accordance with Article 82 of the Financial Futures Transaction Law.

(i) Translation of foreign currency assets and liabilities

Foreign currency assets and liabilities of the Bank are translated into Japanese yen at the exchange rate prevailing at the consolidated interim balance sheet date, though certain items deemed inappropriate to be added to the balance of foreign currency assets and liabilities at the current exchange rate, such as investments in foreign companies (as long as the investments are funded in Japanese yen), are translated at the historical exchange rate. The accounts of overseas branches of the Bank are translated into Japanese yen at the exchange rate prevailing at the consolidated interim balance sheet date. Foreign currency assets and liabilities of consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at their respective interim balance sheet dates.

(j) Accounting method for lease transactions

Finance leases of the Bank and consolidated domestic subsidiaries, except for those which transfer the ownership of the property to the lessee, are accounted for in the same manner as operating leases.

(k) Standards for recognition of lease transactions

Standards for recognizing rental revenue of lease transactions and revenue/cost of installment sales are as follows:

(i) Recognition of rental revenue of lease transactions

Basically, rental revenue is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of rental fees per month.

(ii) Recognition of revenue and cost of installment sales

Basically, revenue and cost of installment sales is recognized on a due-date basis over the full term of the installment.

(l) Hedge accounting

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 in 2000, the Bank decided to apply hedge accounting, abiding by the following requirements:

(i) Loans, deposits and other interest bearing assets and liabilities as a whole shall be recognized as the hedged portfolio.
(ii) Derivatives as hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.
(iii) Eligibility of hedging activities shall be evaluated on a quarterly basis.

Certain derivatives managed by some foreign branches are recorded on a cost basis using the short-cut method for interest rate swaps in view of consistency with the risk management policy.

In accordance with 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 in 2000, one of the consolidated domestic subsidiaries in the leasing industry applies "Deferred Hedge Accounting Related to Portfolio Hedge on Liabilities."

Other domestic subsidiaries use the deferred hedge accounting or the short-cut method for interest rate swaps.

(m) Consumption tax

Consumption tax and local consumption tax of the Bank and consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(n) Tax effect accounting

On the premise that transfer to and from the reserve for losses on overseas investment will be conducted through appropriation of retained earnings (deficit) at the end of this fiscal year of the Bank and its consolidated domestic 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 Interim Statements of Cash Flows

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

6. 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 at the rate of ¥108.00 to US$1, the exchange rate prevailing on September 30, 2000.

SEGMENT INFORMATION

(a) Business Segment Information

Six-month period ended September 30, 2000	Millions of Yen					
	Banking Business	Leasing	Other Businesses	Total	Elimination	Consolidated
Adjusted operating income						
(1) External customers	**¥817,697**	**¥252,512**	**¥224,260**	**¥1,294,470**	**¥ —**	**¥1,294,470**
(2) Intersegment	**41,585**	**1,977**	**53,788**	**97,351**	**[97,351]**	**—**
Total	**¥859,282**	**¥254,490**	**¥278,048**	**¥1,391,821**	**¥[97,351]**	**¥1,294,470**
Adjusted operating expenses	**713,139**	**240,446**	**142,082**	**1,095,667**	**[63,535]**	**1,032,132**
Adjusted operating profit	**¥146,142**	**¥ 14,044**	**¥135,966**	**¥ 296,153**	**¥[33,815]**	**¥ 262,337**

Six-month period ended September 30, 1999	Millions of Yen					
	Banking Business	Leasing	Other Businesses	Total	Elimination	Consolidated
Adjusted operating income						
(1) External customers	¥898,317	¥255,667	¥182,685	¥1,336,670	¥ —	¥1,336,670
(2) Intersegment	46,409	5,745	51,893	104,049	[104,049]	—
Total	¥944,727	¥261,412	¥234,579	¥1,440,719	¥[104,049]	¥1,336,670
Adjusted operating expenses	843,021	251,544	196,469	1,291,035	[98,958]	1,192,077
Adjusted operating profit	¥101,706	¥ 9,867	¥ 38,109	¥ 149,684	¥ [5,090]	¥ 144,593

Notes: 1. The above tables show business segment information relating to adjusted operating income, adjusted operating expenses and adjusted operating profit of the Bank and consolidated subsidiaries, respectively.

2. The business segmentation is decided based on the Bank's internal administrative purposes. The primary businesses of each segments are as follows:

(1) Banking business – Banking business

(2) Leasing – Leasing

(3) Other businesses – Securities, trusts, non-bank business and credit card business

3. Adjusted operating income represents total income excluding gains on dispositions of premises and equipment and other extraordinary income.
Adjusted operating expenses represent total expenses excluding losses on dispositions of premises and equipment and other extraordinary expenses.

(b) Geographic Segment Information

Six-month period ended September 30, 2000	Millions of Yen						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Adjusted operating income							
(1) External customers	**¥ 955,680**	**¥208,024**	**¥70,542**	**¥60,222**	**¥1,294,470**	**¥ —**	**¥1,294,470**
(2) Intersegment	**54,687**	**29,354**	**21,772**	**15,937**	**121,752**	**[121,752]**	**—**
Total	**¥1,010,368**	**¥237,379**	**¥92,314**	**¥76,160**	**¥1,416,222**	**¥[121,752]**	**¥1,294,470**
Adjusted operating expenses	**856,123**	**115,858**	**86,799**	**63,489**	**1,122,271**	**[90,139]**	**1,032,132**
Adjusted operating profit	**¥ 154,244**	**¥121,521**	**¥ 5,514**	**¥12,671**	**¥ 293,951**	**¥ [31,613]**	**¥ 262,337**

Six-month period ended September 30, 1999	Millions of Yen						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Adjusted operating income							
(1) External customers	¥1,006,934	¥181,124	¥ 76,896	¥71,714	¥1,336,670	¥ —	¥1,336,670
(2) Intersegment	64,835	22,934	34,323	18,107	140,201	[140,201]	—
Total	¥1,071,769	¥204,058	¥111,220	¥89,822	¥1,476,872	¥[140,201]	¥1,336,670
Adjusted operating expenses	1,025,233	115,402	105,643	83,685	1,329,964	[137,887]	1,192,077
Adjusted operating profit	¥ 46,536	¥ 88,656	¥ 5,577	¥ 6,137	¥ 146,907	¥ [2,314]	¥ 144,593

Notes: 1. The above tables show geographic segment information relating to adjusted operating income, adjusted operating expenses and adjusted operating profit of the Bank's head office, branches and consolidated subsidiaries, respectively.

2. The geographic segmentation is decided based on the degrees of the following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions. In the above tables, the Americas includes the United States, Brazil and others; Europe includes the United Kingdom, France and others; and Asia and Oceania includes Hong Kong, Singapore and others except Japan.

3. Adjusted operating income represents total income excluding gains on dispositions of premises and equipment and other extraordinary income. Adjusted operating expenses represent total expenses excluding losses on dispositions of premises and equipment and other extraordinary expenses.

(c) Adjusted Operating Income from Overseas Operations

	Millions of Yen		
	Adjusted Operating Income from Overseas Operations (A)	Consolidated Adjusted Operating Income (B)	(A)/(B)
Six-month period ended September 30, 2000	**¥338,788**	**¥1,294,470**	**26.2%**
Six-month period ended September 30, 1999	¥327,400	¥1,336,670	24.5%

Notes: 1. The above table shows adjusted operating income from transactions of the Bank's overseas branches and transactions of overseas consolidated subsidiaries, excluding internal income between consolidated subsidiaries.

2. Adjusted operating income represents total income excluding gains on dispositions of premises and equipment and other extraordinary income. Adjusted operating expenses represent total expenses excluding losses on dispositions of premises and equipment and other extraordinary expenses.

NONCONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

The Sumitomo Bank, Limited
As of September 30, 2000, March 31, 2000, and September 30, 1999

	Millions of Yen			Millions of U.S. Dollars
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Assets				
Cash and due from banks	**¥ 820,673**	¥ 1,280,533	¥ 842,947	**$ 7,599**
Deposits with banks	**2,749,716**	2,502,386	1,741,338	**25,460**
Call loans and bills bought	**78,980**	202,615	92,467	**731**
Receivables under resale agreements	**60,662**	—	—	**562**
Commercial papers and other debt purchased	**79,803**	84,494	68,717	**739**
Trading assets	**1,496,939**	1,445,843	1,297,820	**13,861**
Money held in trust	**61,275**	108,888	120,878	**567**
Securities	**11,328,126**	8,982,244	8,792,402	**104,890**
Loans and bills discounted	**31,790,839**	31,358,560	32,619,395	**294,360**
Foreign exchanges	**416,230**	352,971	377,230	**3,854**
Other assets	**1,984,127**	1,540,495	2,336,613	**18,371**
Premises and equipment	**587,071**	591,187	591,693	**5,436**
Deferred tax assets	**568,969**	624,585	698,566	**5,268**
Customers' liabilities for acceptances and guarantees	**2,831,782**	2,923,570	2,851,836	**26,220**
Reserve for possible loan losses	**(958,841)**	(909,039)	—	**(8,878)**
Total assets	**¥53,896,358**	¥51,089,338	¥52,431,906	**$499,040**
Liabilities				
Deposits	**¥33,471,506**	¥34,229,831	¥33,482,720	**$309,921**
Call money and bills sold	**4,430,673**	2,739,363	4,567,436	**41,025**
Payables under repurchase agreements	**3,062,512**	—	—	**28,356**
Commercial papers	**123,000**	110,200	210,500	**1,139**
Trading liabilities	**551,896**	603,424	894,941	**5,110**
Borrowed money	**2,356,842**	2,461,252	2,548,508	**21,823**
Foreign exchanges	**108,460**	165,145	152,493	**1,004**
Bonds	**683,500**	432,343	161,368	**6,329**
Convertible bonds	**101,106**	101,106	101,106	**936**
Other liabilities	**4,033,899**	5,173,303	4,197,653	**37,351**
Reserve for possible loan losses	**—**	—	1,106,366	**—**
Reserve for retirement allowances	**—**	46,764	47,592	**—**
Reserve for employee retirement benefit	**48,292**	—	—	**447**
Reserve for loss on loans sold	**65,421**	111,588	113,614	**606**
Other reserves	**8**	8	8	**0**
Deferred tax liabilities for revaluation reserve for land	**104,756**	110,798	117,224	**970**
Acceptances and guarantees	**2,831,782**	2,923,570	2,851,836	**26,220**
Total liabilities	**¥51,973,658**	¥49,208,701	¥50,553,371	**$481,237**
Shareholders' equity				
Preferred stock	**¥ 250,500**	¥ 250,500	¥ 250,500	**$ 2,319**
Common stock	**502,348**	502,348	502,348	**4,651**
Capital surplus	**643,080**	643,080	643,080	**5,955**
Legal reserve	**105,619**	103,319	101,079	**978**
Revaluation reserve for land, net of tax	**170,555**	167,379	162,014	**1,579**
Retained earnings	**250,595**	214,008	219,511	**2,321**
Total shareholders' equity	**¥ 1,922,699**	¥ 1,880,637	¥ 1,878,534	**$ 17,803**
Total liabilities and shareholders' equity	**¥53,896,358**	¥51,089,338	¥52,431,906	**$499,040**

Note: For the convenience of the readers, all items have been translated from Japanese yen at the rate of ¥108.00 to US$1, the exchange rate prevailing at September 30, 2000.

NONCONSOLIDATED INTERIM STATEMENTS OF INCOME (UNAUDITED)

The Sumitomo Bank, Limited
Six-month periods ended September 30, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Income			
Interest income	**¥568,282**	¥695,980	**$5,262**
Interest on loans and discounts	**370,521**	388,567	**3,431**
Interest and dividends on securities	**94,938**	69,949	**879**
Fees and commissions	**57,409**	51,655	**532**
Trading profits	**24,967**	18,568	**231**
Other operating income	**8,016**	35,180	**74**
Other income	**165,344**	107,810	**1,531**
Total income	**¥824,021**	¥909,195	**$7,630**
Expenses			
Interest expenses	**¥267,311**	¥382,208	**$2,475**
Interest on deposits	**165,256**	133,906	**1,530**
Interest on borrowings and rediscounts	**55,086**	53,592	**510**
Fees and commissions	**19,164**	21,005	**177**
Trading losses	**—**	1,757	**—**
Other operating expenses	**9,322**	27,001	**86**
General and administrative expenses	**163,372**	177,264	**1,513**
Transfer to reserve for possible loan losses	**137,556**	141,879	**1,274**
Other expenses	**103,999**	92,373	**963**
Total expenses	**¥700,726**	¥843,489	**$6,488**
Income before income taxes	**¥123,295**	¥ 65,705	**$1,142**
Income taxes:			
Current	**¥ 20,458**	¥ 4,696	**$ 190**
Deferred	**54,474**	19,511	**504**
Net income	**¥ 48,361**	¥ 41,497	**$ 448**

Note: For the convenience of the readers, all items have been translated from Japanese yen at the rate of ¥108.00 to US$1, the exchange rate prevailing at September 30, 2000.

Loan Portfolio, Classified by Industry

(Consolidated)	Millions of Yen		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Domestic offices			
Manufacturing	**¥ 3,718,927**	¥ 3,596,729	¥ 3,644,746
Agriculture, forestry, fisheries and mining	**70,154**	70,579	116,698
Construction	**1,742,835**	1,722,341	1,609,437
Wholesale and retail	**3,726,523**	3,671,721	3,747,520
Finance and insurance	**2,028,315**	2,116,775	2,319,641
Real estate	**4,878,763**	4,910,518	5,030,931
Transportation, communications and other public enterprises	**1,315,338**	1,231,997	1,219,671
Services	**4,881,083**	4,883,414	4,984,135
Municipalities	**80,657**	104,298	95,370
Other	**7,395,486**	7,056,217	7,350,260
Subtotal	**¥29,838,086**	¥29,364,595	¥30,118,414
Overseas offices			
Public sector	**¥ 200,657**	¥ 159,624	¥ 181,996
Financial institutions	**177,781**	213,870	283,039
Commerce and industry	**3,107,945**	3,191,607	3,663,393
Other	**7,617**	11,182	19,354
Subtotal	**¥ 3,494,001**	¥ 3,576,285	¥ 4,147,783
Total	**¥33,332,087**	¥32,940,880	¥34,266,197

Note: The domestic offices consist of the Bank (except the overseas offices) and consolidated domestic subsidiaries. The overseas consist of the Bank's overseas offices and consolidated subsidiaries whose head offices are located abroad.

(Nonconsolidated)	Millions of Yen		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Domestic offices			
Manufacturing	**¥ 3,647,082**	¥ 3,503,080	¥ 3,549,889
Agriculture, forestry, fisheries and mining	**62,847**	62,571	108,873
Construction	**1,666,105**	1,643,547	1,532,023
Wholesale and retail	**3,588,316**	3,529,773	3,609,167
Finance and insurance	**2,201,765**	2,325,102	2,441,371
Real estate	**4,324,452**	4,318,381	4,408,560
Transportation, communications and other public enterprises	**1,296,222**	1,213,159	1,196,840
Services	**4,505,956**	4,481,351	4,653,340
Municipalities	**80,634**	104,263	95,335
Other	**6,893,167**	6,564,674	6,820,967
Subtotal	**¥28,266,550**	¥27,745,905	¥28,416,368
Overseas offices			
Public sector	**¥ 200,577**	¥ 159,359	¥ 181,907
Financial institutions	**267,825**	289,080	360,362
Commerce and industry	**3,054,715**	3,162,658	3,656,819
Other	**1,170**	1,556	3,937
Subtotal	**¥ 3,524,289**	¥ 3,612,655	¥ 4,203,026
Total	**¥31,790,839**	¥31,358,560	¥32,619,395

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

Consumer Loans Outstanding (Nonconsolidated)

	Millions of Yen		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Consumer loans	**¥5,572,997**	¥5,708,819	¥5,754,069
Housing loans	**5,096,011**	5,216,757	5,247,495
Other	**476,986**	492,062	506,574

Loans to Small and Medium-sized Companies (Nonconsolidated)

	Millions of Yen, %		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Loans to small and medium-sized companies	**¥20,031,224**	¥20,199,108	¥20,243,448
Ratio of loans to small and medium-sized companies	**70.87%**	72.80%	71.24%

Notes: 1. Amounts in the above table do not include overseas branches and Japan offshore banking accounts.
2. The definition of small and medium-sized companies was broadened by the amendment of the Small and Medium Enterprise Basic Law in December 1999.

Overseas Exposures and Reserves (Nonconsolidated)

As of September 30, 2000 — Millions of U.S. Dollars, %

	Total Exposure (Transfer Risk Basis) (1)	*Comparison with Mar. 31, 2000*	Sovereigns	Japanese Institutions	Non-Japanese Institutions	Financial Institutions	Reserves (2)	*Comparison with Mar. 31, 2000*	Reserve Ratio (2)/(1)	*Comparison with Mar. 31, 2000*
Total	$35,661	*$3,754*	$5,966	$9,124	$15,533	$5,038	$484	*$(81)*	1.4%	*(0.4)%*
Asia	9,373	*87*	1,270	1,813	5,039	1,251	377	*(79)*	4.0	*(0.9)*
Hong Kong	2,393	*146*	85	338	1,918	52	34	*8*	1.4	*0.2*
China	1,142	*(291)*	521	472	132	17	52	*(35)*	4.6	*(1.5)*
Singapore	1,201	*(11)*	207	501	469	24	8	*3*	0.7	*0.3*
South Korea	1,899	*535*	1	9	963	926	12	*6*	0.6	*0.2*
Thailand	970	*(20)*	164	265	433	108	22	*(18)*	2.3	*(1.7)*
Indonesia	655	*(116)*	63	100	407	85	202	*(54)*	30.8	*(2.4)*
Malaysia	479	*(38)*	113	116	244	6	19	*3*	4.0	*0.9*
Taiwan	259	*(137)*	7	—	242	10	1	*(9)*	0.4	*(2.1)*
India	283	*(3)*	82	12	175	14	17	*12*	6.0	*4.3*
Philippines	83	*18*	26	—	56	1	0	*0*	0.0	*0.0*
Central and South America	823	*(10)*	69	250	125	379	1	*(5)*	0.1	*(0.6)*
Brazil	484	*(43)*	1	210	8	265	1	*0*	0.2	*0.0*
Mexico	47	*(28)*	12	—	11	24	0	*(4)*	0.0	*(5.3)*
Eastern Europe	292	*(85)*	132	5	120	35	12	*(7)*	4.1	*(0.9)*
Slovakia	94	*(13)*	60	—	34	—	11	*0*	11.7	*1.4*
Hungary	48	*6*	—	5	33	10	0	*0*	0.0	*0.0*
Russia	1	*(5)*	—	—	1	—	0	*(6)*	0.0	*(100.0)*
North America	12,013	*1,325*	2,148	3,637	5,181	1,047	40	*(8)*	0.3	*(0.1)*
Western Europe	11,073	*2,501*	2,090	2,629	4,553	1,801	28	*7*	0.3	*0.1*
Other	2,087	*(64)*	257	790	515	525	26	*11*	1.2	*0.5*

Notes: 1. "Transfer risk" is defined as exposures classified by region based on the place where the risks are actually taken. For example, exposures guaranteed by the Japanese parent company are considered as exposures to Japan.
2. The figures include loans, customers' liabilities for acceptances and guarantees, securities and call loans. Outstanding balance of exposures is counted (including exposures in local currencies).
3. "Reserves" consist of specific reserve, loan loss reserve for specified countries and general reserve.
4. $404 million of specific reserves were deducted from the amounts in the above table.

Risk-Monitored Loans

(Consolidated)	Millions of Yen Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Bankrupt loans	**¥ 92,045**	¥ 87,296	¥ 121,983
Nonaccrual loans (a)	**2,097,955**	1,661,933	1,625,117
Loans past due for three months or more (b)	**67,436**	79,208	131,755
Restructured loans (c)	**165,123**	374,880	277,115
Total	**¥2,422,561**	¥2,203,318	¥2,155,972

(Nonconsolidated)	Millions of Yen Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Bankrupt loans	**¥ 74,956**	¥ 73,004	¥ 94,343
Nonaccrual loans (a)	**1,894,022**	1,436,070	1,527,145
Loans past due for three months or more (b)	**24,856**	40,302	55,333
Restructured loans (c)	**119,105**	334,706	228,085
Total	**¥2,112,939**	¥1,884,083	¥1,904,908

a: Nonaccrual loans, including loans to virtually bankrupt and potentially bankrupt borrowers
b: Loans past due for three months or more, excluding loans to virtually bankrupt and potentially bankrupt borrowers
c: Restructured loans (loans for financial assistance, loans for which the Bank has adjusted the terms in favor of borrowers)

Problem Assets Based on Revitalization Law Standard

(Nonconsolidated)	Billions of Yen Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Bankrupt and quasi-bankrupt assets (*Hatan kousei tou saiken*) (a)	**¥ 181.8**	¥ 190.8	¥ 165.9
Doubtful assets (*Kiken saiken*) (b)	**1,838.7**	1,351.2	1,504.6
Substandard loans (*Youkanri saiken*) (c)	**144.0**	375.0	283.4
Total of problem assets	**¥ 2,164.5**	¥ 1,917.0	¥ 1,954.0
Normal assets (*Seijou saiken*)	**¥32,987.9**	¥32,849.8	¥34,065.6
Total	**¥35,152.4**	¥34,766.8	¥36,019.6

The above chart indicates the problem assets, based on the Revitalization Law standard. The standard classifies assets, including securities lent, loans and bills discounted, foreign exchanges, other assets such as accrued interest and suspense payable, and customers' liabilities for acceptances and guarantees, into four categories explained below.
a: Credits to customers under legal bankruptcy or quasi-bankruptcy
b: Doubtful credits to customers classified as potentially bankrupt
c: Substandard loans, which correspond to loans past due for three months or more, and restructured loans, which are categorized as risk-monitored loans

MARKET VALUE INFORMATION ON SECURITIES (CONSOLIDATED)

(1) Securities

Notes: 1. In addition to securities in the interim consolidated balance sheet, certificates of deposits bought (within deposits with banks) and commercial paper (within commercial paper and other debt purchased) are included in these figures.
2. Stocks of subsidiaries or affiliates that have market value, which were mentioned in the footnotes of the interim nonconsolidated financial statements, are included in (d).

(a) Bonds classified as held to maturity

	Millions of Yen				
As of September 30, 2000	Balance Sheet Amount	Market Value	Net Unrealized	Unrealized Gain	Unrealized Loss
Japanese government bonds	¥ 65	¥ 65	¥ 0	¥0	¥ 0
Japanese local government bonds	—	—	—	—	—
Japanese corporate bonds	49	49	0	0	—
Other	42,724	42,114	(609)	—	609
Total	¥42,839	¥42,229	¥(609)	¥0	¥610

Note: Market value is calculated by using market prices at midterm-end.

(b) Other securities that have market value
Market value is not reflected in the interim consolidated financial statements. Summary information on other securities that have market value are shown in the following table.

	Millions of Yen				
As of September 30, 2000	Balance Sheet Amount	Market Value	Net Unrealized	Unrealized Gain	Unrealized Loss
Stocks	¥ 2,958,557	¥ 3,419,904	¥461,347	¥778,976	¥317,629
Bonds	6,813,036	6,788,417	(24,618)	14,797	39,416
Japanese government bonds	5,936,840	5,906,145	(30,695)	3,455	34,150
Japanese local government bonds	294,686	297,747	3,060	5,911	2,850
Japanese corporate bonds	581,509	584,525	3,015	5,431	2,415
Other	907,593	1,070,179	162,586	177,874	15,287
Total	¥10,679,187	¥11,278,502	¥599,315	¥971,648	¥372,333

Note: Market value is calculated by using the market prices at midterm-end for bonds and others, and using the average market price of one month before midterm-end for stocks.

(c) Securities that have no market value

As of September 30, 2000	Millions of Yen Balance Sheet
Bonds classified as held to maturity:	
Non-listed foreign securities	¥ 30,785
Other securities:	
Non-listed foreign securities	326,936
Non-listed bonds	211,481
Non-listed stocks (except OTC trading stocks)	82,739
Other	10,164

(d) Stocks of subsidiaries or affiliates that have market value (Nonconsolidated)

As of September 30, 2000	Millions of Yen		
	Balance Sheet Amount	Market Value	Net Unrealized
Stocks of subsidiaries	¥37,426	¥27,556	¥(9,869)
Stocks of affiliates	9,297	9,366	69
Total	¥46,723	¥36,923	¥(9,800)

Note: Market value is calculated by using market prices at midterm-end.

(2) Money Held in Trust

(a) Money held in trust classified as held to maturity

There are no corresponding items.

(b) Other money held in trust (money held in trust, except money classified as trading or held to maturity)
Market value is not reflected in the interim consolidated financial statements. Summary information on other money held in trust that has market value is shown in the following table.

As of September 30, 2000	Millions of Yen				
	Balance Sheet Amount	Market Value	Net Unrealized	Unrealized Gain	Unrealized Loss
Other money held in trust	¥56,186	¥53,071	¥(3,114)	¥563	¥3,678

Note: Market value is calculated by using market prices at midterm-end.

(3) Net Unrealized Gain/Loss on Other Securities

If other securities and other money held in trust were evaluated by market value, net unrealized gain/loss on valuation would be as shown in the following table.

As of September 30, 2000	Millions of Yen
Difference (Market value—Balance sheet amount)	¥596,200
Other securities	599,315
Other money held in trust	(3,114)
(–) Deferred tax assets/liabilities	231,621
Net unrealized gain/loss on valuation (before adjustment)	364,578
(–) Minority interest	3,899
(+) Parent company's share in net unrealized gain/loss on valuation of other securities held by affiliates accounted for the equity method	750
Net unrealized gain/loss on valuation	361,429

MARKET VALUE INFORMATION ON DERIVATIVE TRANSACTIONS (CONSOLIDATED)

(1) Interest Rate Derivatives

As of September 30, 2000	Millions of Yen		
	Contract Amount	Market Value	Net Valuated Gain (Loss)
Transactions listed on exchange:			
Interest rate futures	¥ 12,279,207	¥ 605	¥ 605
Interest rate options	30,000	(1)	0
Over-the-counter transactions:			
Forward rate agreement	10,700,158	7	7
Interest rate swaps	129,537,016	21,883	21,883
Swaption	987,842	(5,982)	(5,746)
Cap	5,669,707	(1,746)	11,494
Floor	451,395	2,169	196
Other	104,613	(60)	(60)
Total	/	¥16,875	¥28,381

Notes: 1. The above transactions are valuated by market value and the valuated gains (losses) are accounted for in the interim consolidated statements of income.
2. Derivative transactions to which the hedge accounting method was applied are not included in the figures above.
3. Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards. Such transactions are not included in the figures above, and their net unrealized gain amounts to ¥1,189 million.

(2) Currency Derivatives

As of September 30, 2000	Millions of Yen		
	Contract Amount	Market Value	Net Valuated Gain (Loss)
Over-the-counter transactions:			
Currency swaps	¥10,466,477	¥(67,600)	¥(67,600)
Forward foreign exchange	1,182,680	7,592	7,592
Currency options	43,740	(818)	(818)
Other	—	—	—
Total	/	¥(60,826)	¥(60,826)

Notes: 1. The above transactions are valuated by market value and the valuated gains (losses) are accounted for in the interim consolidated statements of income.
2. Derivative transactions to which the hedge accounting method was applied are not included in the figures above.
3. Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the figures above, and their net unrealized gain amounts to ¥468 million.
4. Forward foreign exchange and currency options which are of the following types are not included in the figures above:
(a) Those that are revaluated at mid term end and the revaluated gain (loss) is accounted for in the interim consolidated statements of income.
(b) Those that were allotted to financial assets/liabilities by foreign currency and whose market values are already reflected in the amount of the financial assets/liabilities on the consolidated balance sheet.
(c) Those that were allotted to financial assets/liabilities by foreign currency and the financial assets/liabilities that they are allotted to are eliminated in the process of consolidation.

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

As of September 30, 2000	Millions of Yen
	Contract Amount
Transactions listed on exchange:	
Currency futures	¥ —
Currency options	—
Over-the-counter transactions:	
Forward foreign exchange	48,028,324
Currency options	2,711,666
Other	—

(3) Stock Derivatives

As of September 30, 2000	Millions of Yen		
	Contract Amount	Market Value	Net Valuated Gain (Loss)
Transactions listed on exchange:			
Stock price index futures	¥ 52,811	¥ 3,266	¥3,266
Stock price index options	—	—	—
Over-the-counter transactions:			
Equity options	—	—	—
Stock price index swaps	115,204	(1,485)	(1,485)
Other	218,453	(4,937)	4,228
Total	/	¥(3,156)	¥6,009

Notes: 1. The above transactions are valuated by market value and the valuated gains (losses) are accounted for in the interim consolidated statements of income.
2. Derivative transactions to which the hedge accounting method was applied are not included in the figures above.

(4) Bond Derivatives

As of September 30, 2000	Millions of Yen		
	Contract Amount	Market Value	Net Valuated Gain (Loss)
Transactions listed on exchange:			
Bond futures	¥47,318	¥9	¥9
Bond futures options	—	—	—
Over-the-counter transactions:			
Bond options	46,218	0	0
Other	—	—	—
Total	/	¥9	¥9

Notes: 1. The above transactions are revaluated by market value and the revaluated gains (losses) are accounted for in the interim consolidated statements of income.
2. Derivative transactions to which the hedge accounting method was applied are not included in the figures above.

(5) Commodity Derivatives

There are no corresponding items.

(6) Credit Derivative Transactions

As of September 30, 2000	Millions of Yen		
	Contract Amount	Market Value	Net Valuated Gain (Loss)
Over-the-counter transactions:			
Credit default options	¥ —	¥ —	¥ —
Other	154,467	7,003	7,003
Total	/	¥7,003	¥7,003

Notes: 1. The above transactions are revaluated by market value and the revaluated gains (losses) are accounted for in the interim consolidated statements of income.
2. Derivative transactions to which the hedge accounting method was applied are not included in the figures above.

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The Sumitomo Bank, Limited, implemented a modification of the Bank's governance structure, effective June 29, 1999. This modification was introduced in order to strengthen the function of the Board of Directors ("Board") as an organ that oversees the execution of business from the perspective of the shareholders' interests and to reinforce corporate governance. Key aspects of the new structure are:

- a reduction in the number of directors, to enhance the Board's effectiveness,
- an increase in the number of independent directors from two to three, and
- formation of a risk management committee, a compensation committee and a nominating committee within the Board.

In addition, Executive Officers with a tenure of two years have been appointed by the Board to take responsibility for executing the Bank's business. Under the new structure, the Management Committee consists of Executive Officers appointed by the Bank's Chief Executive Officer.

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