May 24,2001
Sumitomo Mitsui Banking Corporation
(former The Sakura Bank, Limited)
Consolidated, Unaudited

Notes for Consolidated Balance Sheet

1. Amounts less than one million have been omitted.
2. Trading account positions relating to trades made for the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from gaps among markets are included in Trading assets and Trading liabilities on a contract date basis.
   Trading securities and monetary claims purchased for trading purposes are stated at market value and financial derivatives related to trading transactions are at the amounts that would be settled if they were terminated at the end of the fiscal year.
3. In this notes *other securities* are defined as the securities excluding those classified as held-to-maturity, those for trading purposes, and subsidiaries/affiliates stocks. Held-to-maturity securities are carried at amortized cost determined by the moving average method. *Other securities* are carried at cost or amortized cost determined by the moving average method. Valuation of securities held in individually managed money trusts for asset management purposes are determined by the same method.
4. Derivative transactions other than those for trading purposes are accounted by the fair value method.
5. Depreciation of premises and equipment of the Bank is computed by the declining balance method (except for that of buildings which is computed by the straight-line method.)
   Depreciation of buildings (which were acquired on or before Mar. 31, 1998), building fixture and structures was computed by the declining balance method before this term. We reviewed the actual condition of buildings and related assets and observed that they had been consistently used for branch offices and other purposes over a long period of time. As a result, we found that the straight-line method, which calculates level depreciation charges over their useful lives, is more reasonable method to reflect profit & loss for each accounting term more properly. Accordingly, we have changed the depreciation method to the straight-line method from this fiscal year. As a result of this change, Operating profit and Income before income taxes for this fiscal year increased by JPY 1,482 million respectively from the corresponding amount which would have been recorded if the declining balance method was adopted.
   The estimated useful lives of major items are as follows.

Buildings	10 to 50 years
Equipment	5 to 20 years

   Depreciation of premises and equipment of subsidiaries is computed mainly by the straight-line method based on estimated useful life.
6. Capitalized software for internal use is amortized by the straight-line method based on useful life

estimated by the Bank and subsidiaries (mainly five years).

7. The Bank's Assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date.

   Those of the subsidiaries are translated at the exchange rates of the respective closing dates.

   From this fiscal year, domestic subsidiaries adopt revised Standard for Foreign Currency Translations (‘Opinion on Revising Accounting Standard for Foreign Currency Transactions and Financial Statements’ published by the Business Accounting Deliberation Council). In spite of this adoption, Operating profit and Income before income taxes for this fiscal year do not change compared with those by the previous method.

   According to the revision of regulations concerning consolidated financial statements, Foreign currency translation adjustments are included in Stockholders’ Equity and Minority interests.

8. Reserve for possible loan losses of the Bank has been established based on the Bank’s internal rules for establishing a reserve for possible loan losses using the following method.

   Customers are initially classified into ten categories in accordance with the Bank’s own credit rating system. All claims that the Bank extended to its customers are classified into five categories for self-assessment purposes such as ‘claims on normal borrowers,’ ‘claims on borrowers requiring caution,’ ‘claims on potentially bankrupt borrowers,’ ‘claims on effectively bankrupt borrowers’ and ‘claims on bankrupt borrowers,’ as defined by the report of the JICPA.

   For ‘claims on normal borrowers’ and ‘claims on borrowers requiring caution’ categories, the reserve for possible loan losses is calculated based on the specific actual past loss ratio for each group of claims in these categories.

   For ‘claims on potentially bankrupt borrowers’ category, the reserve for possible loan losses is calculated, considering the debtor’s ability to pay, based on the claim amount after deducting the recoverable amount from disposition of collateral and enforcement of any guarantee.

   For ‘claims on effectively bankrupt borrowers’ and ‘claims on bankrupt borrowers’ categories, the reserve for possible loan losses is determined at the amount of the book value, after below mentioned direct deduction, in excess of estimated recovery from collateral or guarantees.

   For foreign claims, there is a reserve for loans to restructuring countries which has been established based on losses estimated by considering political and economic situations in those countries.

   All claims are being assessed by the branches and credit supervision divisions based on the Bank’s internal rules for the self-assessment of asset quality. The Asset Review and Inspection Division, which is independent from branches and credit supervision divisions, conducts audits of these assessments.

   Reserves for possible loan losses of consolidated subsidiaries are provided by the amount deemed necessary based on the historical loan-loss ratio.

For collateral or guaranteed claims on ‘bankrupt borrowers’ and ‘effectively bankrupt borrowers,’ the amount exceeding the estimated value of collateral or guarantees is deducted, as deemed uncollectible, directly from those claims. The deducted amount is JPY 1,121,687 million.

9. Reserve for employee retirement benefit is provided for employees’ retirements and the related provision is stated based on the estimated liability for retirement benefits and pension plan assets at the end of this fiscal year.

   Prior service cost and unrecognized net actuarial gain or loss are amortized as follows respectively.

   Prior service cost

   Amortized by the straight-line basis over the prescribed years within average remaining service period (primarily 11 years) of active employees.

   Unrecognized net actuarial gain or loss

   Amortized from the next fiscal year by the straight-line basis over the prescribed years within average remaining service period (primarily 11 years) of active employee.

   The transition difference caused by the new accounting standard (JPY 193,823 million) is amortized over mainly five years.

10. Reserve for possible losses on loans sold represents the amount that the Bank recognized as necessary for possible losses arising from loans sold to the CCPC (Cooperative Credit Purchasing Company) after considering the values of the real estate mortgaged for those loans and estimating the possibility of future losses on those loans.

    Reserve for possible losses on loans sold is established in accordance with Article 287-2 of the Commercial Code.

11. Finance Leases, except for leases which transfer the ownership from the Bank and its domestic subsidiaries to the lessee, are treated as rental transactions.

12. In applying the hedge accounting, the Bank adopts ‘macro hedge’ which is the method to manage aggregate interest rate risks arising from numerous financial assets and liabilities such as loans, deposits by using derivatives. The method is a type of the deferral hedge accounting method and based on risk management strategy called the risk-adjusted approach defined in ‘Tentative Accounting and Auditing Treatments in Applying Accounting Standard for Financial Instruments to the Banking Industry’ published by JICPA. We evaluate effectiveness of hedges by examining whether risk exposures of derivatives, serving as the means to adjust risks, are within risk limits determined in the risk-management policy and also whether hedged interest rate risk exposure are reduced.

    For certain assets and liabilities, the regular deferral hedge accounting method or the exceptional hedge accounting method of interest rate swaps is applied.

The subsidiaries adopt the regular deferral hedge accounting method or the exceptional hedge accounting method of interest rate swaps.

13. Consumption tax and local consumption tax of the Bank and its domestic subsidiaries are excluded from the amount of transactions subject to these taxes.

14. Other reserves required by Special Laws are as follows;

Reserve for financial futures transaction liabilities: JPY 9 million

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

Reserve for securities transaction liabilities: JPY 633 million

This reserve is the provision based on Article 51 of the Securities and Exchange Law.

15. Accumulated depreciation of the premises and equipment amounts to JPY 435,732 million.

16. In addition to Premises and equipment which are on the consolidated balance sheet, a part of the electronic computer systems are in use by lease.

17. Loans and bills discounted includes:

Bankrupt loans:	JPY 197,398 million
Non-accrual loans	JPY 1,041,951 million

'Bankrupt loans' consists of loans for which the Bank and consolidated subsidiaries do not currently accrue interest income on receivable due to the nonpayment status or other credit conditions of the borrower and which meet certain conditions defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 for the Japanese Corporate Tax Law, issued in 1965. 'Non-accrual loans' is defined as loans for which the Bank and consolidated subsidiaries do not currently accrue interest income on receivable but excluding 'Bankrupt loans' and loanns for which the Bank and consolidated subsidiaries are forbearing interest payments to support the borrowers' recovery from financial difficulty.

18. Past due loans (3 months or more) amount to JPY 75,870 million.

'Past due loans (3 month or more)' consist of loans of which principal and/or interest is three months or more past due but exclude 'Bankrupt loans' and 'Non-accrual loans.'

19. Restructured loans amount to JPY 151,413 million.

'Restructured loans' are loans in respect of which the Bank is relaxing lending conditions such as the reduction of the original interest rate, forbearance of interests payments and principal repayments to support the borrowers' reorganization but exclude 'Bankrupt loans', 'Non-accrual loans' and 'Past due loans (3 months or more).'

20. The total of 'Bankrupt loans', 'Non-accrual loans', 'Past due loans (3 months or more)' and 'Restructured loans' amount to JPY 1,466,633 million. The amount listed in item 17 to 20 represents the contractual principal amount before deduction of the reserve for possible loan losses.

21. Total face value of banker's acceptances, commercial bills and documentary bills of exchange purchased is JPY 889,340 million.

22. Assets pledged as collateral:

Cash and due from banks:	JPY 1 million
Trading assets:	JPY 3,037 million
Securities:	JPY 1,932,374 million
Loans and bills discounted:	JPY 701,282 million
Other assets:	JPY 58,620 million
Premises and equipment:	JPY 559 million

Debts collateralized:

Deposits:	JPY 62,243 million
Call money and bills sold:	JPY 2,116,699 million
Borrowed money:	JPY 68,774 million
Other liabilities:	JPY 17,928 million

In addition, JPY 3,096,063 million of Securities, JPY 397,546 million of Loans and bills discounted, JPY 3 million of Cash and due from banks, and JPY 10 million of Other assets (Deposit for Clearing houses etc.) are pledged as collateral for cash settlement and replacement of margin for future tradings, etc.

The following items are included within the amounts shown above.

Security and key money in Premises and equipment:	JPY 70,421 million
Margin for future trading in Other assets:	JPY 3,006 million

23. Net of profit & loss or evaluation gain/loss related to hedging instruments is carried as Deferred profit on hedge in Other liabilities. The gross deferred hedge losses and the gross deferred hedge profits are JPY 191,628 and JPY 208,232 million respectively.

24. Based on 'The Ordinance Concerning Special Bases of Taxation of Enterprises Taxes for Banks in Osaka' (2000, Osaka Ordinance No. 131) issued on June 9, 2000, the normal statutory tax rate for the computation of the Bank's deferred tax assets and liabilities decreased from 39.62% to 39.20%. This change decreased the amount of the Bank's Deferred tax assets by JPY 5,616 million and increased Income taxes, Deferred in this fiscal year by the same amount. The amount of Deferred tax liabilities related to land revaluation decreased by JPY 294 million and increased Land revaluation excess by the same amount.

25. Under the Revaluation Act of Land Properties, effective on March 31, 1998, the Bank elected the one-time revaluation for its own-use land to current value based on real estate appraisal information as of March 31, 1998. The amount equivalent to the tax on the revaluation is provided as Deferred tax liability for land revaluation, and the remaining amount after the deferred tax liability is included in stockholders' equity as Land revaluation excess.

The date of land revalued: March 31, 1998

The revaluation of land used for banking business was rationally made, reflecting appropriate adjustments for land shape, timing of the appraisal, etc., based on the appraisal reports for real estate issued by real estate appraisers under ‘the Cabinet Ordinance for Enactment of the Revaluation Act of Land Properties’.

The difference between the market value of land used for banking business at the consolidated balance sheet date and the book value of land used for banking business after revaluation: JPY 35,942 million

26. At the balance sheet date, the balance of subordinated debt included in Borrowed money is JPY 503,364 million.
27. At the balance sheet date, the balance of subordinated bonds included in Bonds is JPY 758,426 million.
28. Stockholder’s share is JPY 333.46.
29. Market value and unrealized gain/loss on securities are shown as below.

‘Securities’, trading securities, negotiable certificates of deposit and commercial paper within ‘Trading assets,’ negotiable certificates of deposit within ‘Cash and due from banks,’ and commercial paper within ‘Commercial paper and other debt purchased’ are included in these figures. This definition is applied up to 32.

Securities classified as trading (Millions of yen)

Consolidated balance sheet amount	469,204
Gains included in profit/loss during this consolidated fiscal year	244

Bonds classified as held-to-maturity and with market value (Millions of yen)

	Consolidated balance sheet amount	Market value	Net unrealized gain/loss	Gain	Loss
Japanese government bonds	14,295	14,298	2	2	0
Total	14,295	14,298	2	2	0

Other securities that have market value

Other securities that have market value are not stated at market value. Summary information on them based on Ordinance of Ministry of Finance 8-4 in 2000 is shown in the following table.

(Millions of yen)

Consolidated balance sheet amount	9,864,096

Market value	9,511,251
Difference	(352,844)
Deferred tax assets	138,315
Minority interests	2,173
Parent company's interest in net unrealized gain/loss on valuation of *other securities* held by affiliates accounted for by the equity method	(42)
Net unrealized gain/loss on valuation	(212,399)

30. Amount of *Other securities* sold during this consolidated fiscal year is as follows:

(Millions of yen)

Sales Amount	Gains on sale	Losses on sale
9,773,852	192,631	42,095

31. Summary information on securities that have no market value is shown in the following table.

(Millions of yen)

Bonds classified as held-to-maturity:	
Non-listed foreign securities	7,094
Other securities:	
Non-listed bonds	315,565
Non-listed stocks (except OTC stocks)	117,140
Non-listed foreign securities	63,341

32. Redemption schedule on *other securities* that have maturities and bonds classified as held to maturity are shown in the following table.

(Millions of yen)

	1 year or less	1 to 5 years	5 to 10 years	over 10 years
Bonds	2,428,170	2,031,335	994,009	59,300
Japanese government bonds	2,372,038	1,612,608	859,706	58,800
Japanese local government bonds	2,749	46,824	15,843	-
Japanese corporate bonds	53,382	371,903	118,459	500
Other	406,355	277,212	151,917	147,428
Total	2,834,526	2,308,547	1,145,927	206,728

33. Information on Money held in trust is shown as follows:

Other money held in trust

Market value is not reflected in consolidated financial statements. Summary information on other money held in trust is shown in the following table.

	(Millions of yen)
Balance sheet amount	22,208
Market value	22,677
Difference	468
Gain	494
Loss	25
Net unrealized gains	285
Deferred tax liabilities	183

34. JPY 292,171 million of securities which are used for securities lending transactions for consumption, are included in 'Securities', Securities in custody in 'Other assets' and Trading securities in 'Trading assets'. Due to the revision of accounting rule, the presentation of these securities has been changed from Securities lent as a sub-account of Securities to appropriate sub accounts like Japanese government bonds, Local government bonds respectively. JPY 2,025 million of securities are used for securities lending transactions for use at the balance sheet date.
35. Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, to the prescribed amount as long as there is no violation of any condition established in the contracts. The amount of unused commitments upon is JPY 6,912,401 million, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time is JPY 6,322,207 million. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses that the Bank and consolidated subsidiaries can reject the application from customers or reduce the contract amounts in case economic conditions are changed, the Bank and consolidated subsidiaries need to secure claims and others occur. In addition, the Bank and consolidated subsidiaries requests the customers to pledge collateral such as premises and securities at conclusion of the contracts, and takes necessary measures such as grasping customers' financial positions, revising contracts when need arises and securing claims after conclusion of the contracts.
36. Information on projected benefit obligation and others at consolidated fiscal year end is shown as follows:

	(Millions of yen)
Projected benefit obligation	(645,033)
Pension assets (fair value)	390,318
Unfunded projected benefit obligation	(254,714)
Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefit	153,676
Unrecognized actuarial net gain or loss	70,985
Unrecognized prior service cost	(1,664)
Net amount recorded on the consolidated balance sheet	(31,716)
Reserve for employee retirement benefit	(31,716)

37. The Sakura Bank, Limited made a merger agreement with The Sumitomo Bank, Limited on May 22, 2000. Pursuant to the agreement which was approved at the ordinary general meeting of shareholders and the general meetings of class shareholders held on June 29, 2000 and June 28, 2000 respectively, the Sakura Bank, Limited merged with The Sumitomo Bank, Limited and transferred its assets, liabilities, all the claims and obligations to the bank as of April 1, 2001.