

III. Performance and Financial Position

(Notes) Amounts for Fiscal 2000 ended March 31, 2001 are prepared for Sakura Bank and Sumitomo Bank on a combined basis.

1. Overview of Consolidated Performance for Fiscal 2001 Ended March 31, 2002

(1) Profit and Loss

The Bank has aimed to early realize the much benefits of merger synergies more than expected at the beginning and endeavored to strengthen its profitability and pare down expenses thorough business restructuring during the fiscal year ended March 31, 2002. The Bank has been further accelerating the improvement of asset quality. In this fiscal year, the Bank implemented the work-out of non-performing loans and at the same time made sufficient reserves to deal with future deterioration in its loan portfolio.

As a result, Operating income amounted to 3,779.7 billion yen (down 15.0% from the previous year ended March 31, 2001) and Operating expense amounted to 4,360.3 billion yen (up 10.3%) mainly due to decrease of interest income and expenses, decrease of gains on sale of stocks and the drastic disposal of non-performing loans.

Consequently, Operating loss amounted to 580.6 billion yen and Net loss (after adjusting Extraordinary gains/losses) amounted to 463.8 billion yen.

(2) Assets and Liabilities

Deposits amounted to 64,985.9 billion yen (up 1,936.9 billion yen from the previous year ended March 31, 2001) and Negotiable certificates of deposit amounted to 6,662.0 billion yen (down 4,984.8 billion yen).

Loans and bills discounted amounted to 63,645.5 billion yen (down 1,891.5 billion yen).

Total assets amounted to 108,005.0 billion yen (down 11,237.6 billion yen).

(3) Stockholders' Equity

Other securities and other money held in trust that have market value are carried at market value and net unrealized losses on *other securities* of 304.8 billion yen are newly recognized on Stockholders' equity from this fiscal year and Net loss amounted to 463.8 billion yen for this fiscal year. Consequently, Stockholders' equity amounted to 2,912.6 billion yen.

(4) Cash Flows

The Bank used 5,381.5 billion yen of Cash flows from operating activities, generated 5,732.8 billion yen of Cash flows from investing activities and used 268.8 billion yen of Cash flows from financing activities.

Consequently, Cash and cash equivalents as of March 31, 2002 amounted to 2,128.7 billion yen.

(5) Segments

As for business segments, the share of total assets before elimination of internal transactions was 93% for banking business, 1% for leasing business, and 6% for other business. The share of operating income before elimination of internal transactions was 70% for banking business, 14% for leasing business, and 16% for other business.

As for geographic segments, the share of total assets before elimination of internal transactions was 87% (up 0 points

from the previous year ended March 31, 2001) for Japan, 6% (up 0 point) for the Americas, 3% (down 0 points) for Europe, and 4% (down 0 point) for Asia and Oceania. The share of operating income before elimination of internal transactions becomes 74% (down 0 points from the previous year ended March 31, 2001) for Japan, 11% (down 2 point) for the Americas, 8% (up 2 points) for Europe, and 7% (up 0 point) for Asia and Oceania.

(6) Capital Ratio (BIS Guideline) (preliminary)

Capital ratio becomes 10.45% on consolidated basis, and 11.50% on nonconsolidated basis.

2. Forecast for Fiscal 2002 ending March 31, 2003

(1) Performance Forecast

Through the fiscal 2002, the Bank will aim to enhance its profitability by efficient management of assets and liabilities in domestic and international market and by restructuring of every aspect of business, and take comprehensive action for resolution of problem assets, aiming to ensure clear recovery in its earnings for the following years.

As for performance forecast on consolidated basis, Operating income, Operating profit and Net income is forecasted to amount to 3,400 billion yen, 320 billion yen, and 100 billion yen, respectively. On nonconsolidated basis, Operating income, Operating profit and Net income is forecasted to amount to 2,400 billion yen, 230 billion yen, and 80 billion yen, respectively.

(2) Forecast of Dividends

The Bank will not pay the interim dividends on common stock and preferred stock for Fiscal 2002 ending March 31, 2003 mainly because outlook of stock market is uncertain.

The Bank will pay the year-end dividend on common stock of 4.00 yen (annual dividend of 4.00 yen) as the same amount as Fiscal 2001. The dividend on preferred stock will be kept as prescribed: 10.50 yen annually per share for First Series Type 1, 28.50 yen annually per share for Second Series Type 1, 13.70 yen annually per share for Type 5.