

III. Performance

(Notes) Amounts for the six months ended September 30, 2000 and the fiscal year ended March 31, 2001 are sum of those of the Sakura Bank and the Sumitomo Bank.

1. Overview of Consolidated Performance for the First Half of Fiscal 2001 Ended September 30, 2001

(1) Profit and Loss

For the first half of this fiscal year, 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.

Operating income becomes to 1,801.8 billion yen (down 17.2% from the six months ended September 30, 2000) and Operating expense becomes to 1,687.3 billion yen (down 6.6%) mainly due to decrease of interest income/expenses, decrease of gains on sale of stocks and the drastic disposal of non-performing loans.

Consequently, Operating profit becomes to 114.4 billion yen (down 68.9%) and Net income (after adjusting Extraordinary profits/losses) becomes to 34.1 billion yen (down 68.1%).

(2) Assets and Liabilities

Deposits become 60,533.1 billion yen (down 2,515.8 billion yen from the fiscal year ended March 31, 2001) and Negotiable certificates of deposit become 11,291.8 billion yen (down 355.0 billion yen).

Loans and bills discounted become 64,727.6 billion yen (down 809.4 billion yen).

Total assets become 107,502.0 billion yen (down 11,740.6 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 394.8 billion yen are newly recognized on Stockholders' equity from this fiscal year. Consequently, Stockholders' equity becomes to 3,352.1 billion yen.

(4) Cash Flows

Cash flows from operating activities become minus 5,698.2 billion yen, Cash flows from investing activities become plus 5,509.6 billion yen and Cash flows from financing activities become minus 88.5 billion yen.

Consequently, Cash and cash equivalents as of September 30, 2001 become to 1,764.0 billion yen.

(5) Segments

As for business segments, the share of operating income before elimination of internal transactions becomes 70% for banking business, 14% for leasing business, and 16% for other business.

As for geographic segments, the share of operating income before elimination of internal transactions becomes 72% (down 3 points from the six months ended September 30, 2000) for Japan, 12% (down 1 point) for the Americas, 8% (up 3 points) for Europe, and 8% (up 1 point) for Asia and Oceania.

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

Capital ratio becomes 10.79% on consolidated basis, and 11.53% on nonconsolidated basis.

2. Performance Forecast for Fiscal 2001 Ending March 31, 2002

(1) Performance Forecast

Through the fiscal 2001, 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 loss and net loss is projected to be 3,700

billion yen, 700 billion yen, and 150 billion yen, respectively. On nonconsolidated basis, operating income, operating loss and net loss is projected to be 2,700 billion yen, 450 billion yen, and 550 billion yen, respectively.

(2) Forecast of Dividends

The Bank decided to suspend the interim dividends and pay annual cash dividends on both common stock and preferred stock in the lump at year end as for this fiscal year because outlook of stock market is unstable and net unrealized gains (losses) on *other securities* that are valued at market value are recognized, net of applicable income taxes, as a separate component of stockholders' equity from this fiscal year.

The Bank will pay the year-end dividend by strengthening the tolerance for the stock volatility risk and reinforcing its retained earnings thorough disposition of premises.

As for annual dividend, dividend on common stock, preferred stock (first series type 1), preferred stock (second series type 1) and preferred stock (type 5) per share are 6.00 yen, 10.50 yen, 28.50 yen and 13.70 yen, respectively, as announced at the beginning of this fiscal year.