

## Sumitomo Mitsui Banking Corporation (SMBC)

Nonconsolidated Financial Results for the First Half of Fiscal 2002 ended September 30, 2002

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan  
Date of Approval by the Board of Directors: November 25, 2002  
Stock Exchange Listings: Tokyo, Osaka, Nagoya, Sapporo and London  
URL: <http://www.smbc.co.jp>  
President: Yoshifumi Nishikawa

### 1. Performance (for the First Half of Fiscal 2002 ended September 30, 2002)

#### (1) Financial Results

Amounts less than one million yen have been omitted.

	Operating Income		Operating Profit (Loss)		Net Income (Loss)		Net Income (Loss) per Share
	¥ million	%	¥ million	%	¥ million	%	¥
Six Months ended September 30, 2002	1,240,900	( 7.2)	99,694	(21.6)	44,862	(43.8)	7.86
ended September 30, 2001	1,337,291	(14.9)	127,148	(50.2)	79,794	(20.4)	14.03
Fiscal Year ended March 31, 2002	2,791,405		(522,106)		(322,852)		(59.20)

Notes: 1. Average number of common stocks outstanding

(a) for the six months ended September 30, 2002: 5,708,731,660 (b) for the six months ended September 30, 2001: 5,688,934,380

(c) for the fiscal year ended March 31, 2002 : 5,699,043,601

2. There is no change in accounting methods.

3. Percentage shown in Operating Income, Operating Profit and Net Income are the increase (decrease) from the previous interim year.

#### (2) Dividends (Common stock) Please see page 41 for information of the preferred stock.

	Interim Dividends per Share	Annual Dividends per Share
Six Months ended September 30, 2002	Max ¥ 19.17	—
ended September 30, 2001	¥ 0.00	—
Fiscal Year ended March 31, 2002	—	¥ 4.00

(Note) As for the interim dividends for Fiscal 2002, please refer to page 41.

#### (3) Financial Position

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share	Capital Ratio (BIS Guidelines)
	¥ million	¥ million	%	¥	%
September 30, 2002	98,900,873	2,998,947	3.0	297.44	(Preliminary) 11.52
September 30, 2001	101,342,107	3,514,642	3.5	387.72	11.53
March 31, 2002	102,082,581	3,196,492	3.1	332.02	11.50

Notes: 1. Number of common stocks outstanding

(a) as of September 30, 2002: 5,708,500,793 (b) as of September 30, 2001: 5,709,392,217 (c) as of March 31, 2002 : 5,708,989,836

2. Number of treasury stocks

(a) as of September 30, 2002: 923,602 (b) as of September 30, 2001: 32,178 (c) as of March 31, 2002 : 434,559

### 2. Earnings Forecast (for Fiscal 2002 ending March 31, 2003)

Please refer to the press release 'Sumitomo Mitsui Financial Group's Earnings Forecast for Fiscal 2002 Ending March 31, 2003.'

Average number of shares outstanding during the interim term (year)

	For the six months ended September 30, 2002	For the six months ended September 30, 2001	For the year ended March 31, 2002
Common stock	5,708,731,660	5,688,934,380	5,699,043,601
Preferred stock (first series type 1)	67,000,000	67,000,000	67,000,000
Preferred stock (second series type 1)	100,000,000	100,000,000	100,000,000
Preferred stock (type 5)	800,000,000	800,000,000	800,000,000
Preferred stock (type 6)	-	2,147,500	1,073,750

Number of shares outstanding as of interim term (year) end

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Common stock	5,708,500,793	5,709,392,217	5,708,989,836
Preferred stock (first series type 1)	67,000,000	67,000,000	67,000,000
Preferred stock (second series type 1)	100,000,000	100,000,000	100,000,000
Preferred stock (type 5)	800,000,000	800,000,000	800,000,000

Dividends per share

	For the six months ended September 30, 2002	For the six months ended September 30, 2001	For the year ended March 31, 2002
	Interim dividends	Interim dividends	Annual dividends
Common stock	Max ¥ 19.17	¥ 0.00	¥ 4.00
Preferred stock (first series type 1)	Max ¥ 10.50	¥ 0.00	¥ 10.50
Preferred stock (second series type 1)	Max ¥ 28.50	¥ 0.00	¥ 28.50
Preferred stock (type 5)	Max ¥ 13.70	¥ 0.00	¥ 13.70

Interim Dividends for Fiscal 2002

Interim dividends for Fiscal 2002 will be paid to shareholders and registered pledgees on the register on December 31, 2002. The maximum payable amounts are as follows, and the actual amounts and other details will be decided at a meeting of board of directors to be held after January 2003.

Maximum payable amounts	124,000 million yen
Common stock	19.17 yen per share
Preferred stock (first series type 1)	10.50 yen per share
Preferred stock (second series type 1)	28.50 yen per share
Preferred stock (type 5)	13.70 yen per share

Calculation for Index

Financial Results for the First Half of Fiscal 2002

- Net Income per Share:

$$\frac{\text{Net income} - \text{Preferred stock dividends}}{\text{Average number of common stocks outstanding during the (interim term) year}}$$

- Stockholders' Equity per Share :

$$\frac{\text{Stockholders' equity at (term) year end} - \text{Number of preferred stocks outstanding at (term) year end} \times \text{Issue price}}{\text{Number of common stocks outstanding at (term) year end}}$$

## INTERIM BALANCE SHEET

September 30, 2002	(Millions of yen)
<b>Assets:</b>	
Cash and due from banks	2,724,248
Call loans	234,817
Receivables under resale agreements	54,023
Receivables under securities borrowing transactions	2,186,491
Bills bought	139,100
Commercial paper and other debt purchased	111,146
Trading assets	3,025,923
Money held in trust	44,104
Securities	22,377,416
Loans and bills discounted	58,902,641
Foreign exchanges	908,194
Other assets	2,077,687
Premises and equipment	855,921
Deferred tax assets	1,859,314
Customers' liabilities for acceptances and guarantees	5,272,481
Reserve for possible loan losses	(1,872,641)
<b>Total assets</b>	<b><u><u>98,900,873</u></u></b>
<b>Liabilities:</b>	
Deposits	57,311,051
Negotiable certificates of deposit	4,856,700
Call money	2,504,778
Payables under repurchase agreements	1,914,605
Payables under securities lending transactions	3,820,124
Bills sold	10,203,400
Commercial paper	500
Trading liabilities	2,186,161
Borrowed money	3,006,739
Foreign exchanges	439,707
Bonds	2,472,142
Other liabilities	1,684,911
Reserve for employee bonuses	11,119
Reserve for employee retirement benefits	114,308
Reserve for possible losses on loans sold	41,360
Other reserves	18
Deferred tax liabilities for land revaluation	61,815
Acceptances and guarantees	5,272,481
<b>Total liabilities</b>	<b><u><u>95,901,925</u></u></b>
<b>Stockholders' equity:</b>	
Capital stock	1,326,746
Capital surplus	1,684,373
Capital reserve	1,326,758
Other capital surplus	357,614
Capital reserve reduction	357,614
Retained earnings	392,874
Voluntary reserves	221,548
Unappropriated profit	171,326
Net income	44,862
Land revaluation excess	98,245
Net unrealized losses on other securities	(502,705)
Treasury stock	(586)
<b>Total stockholders' equity</b>	<b><u><u>2,998,947</u></u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u><u>98,900,873</u></u></b>

## Notes to Interim Balance Sheet

1. Amounts less than one million have been omitted.
2. Transactions for trading purposes (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' or 'Trading liabilities' on the interim balance sheet on a contract date basis.  
Securities and monetary claims purchased for trading purposes are stated at the term-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the interim balance sheet date.
3. Held-to-maturity debt securities are debt securities that Sumitomo Mitsui Banking Corporation ('SMBC') has the positive intent and ability to hold to maturity, and are carried at amortized cost using the moving-average method. Investments in nonconsolidated subsidiaries and affiliates are carried at cost using the moving-average method. Securities other than trading purpose securities and the previous two categories of securities are classified as 'other securities' (available-for-sales securities). Stocks in other securities that have market value are carried at the average market prices during the final month of the interim term, and bonds and others that have market prices are carried at their interim term-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities that have no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in 'Stockholders' equity.'
4. Securities included in 'Money held in trust' are carried in the same way as in Notes 2 and 3.
5. Derivatives excluding those classified as trading derivatives are carried at market value.
6. Depreciation of premises and equipment owned by SMBC is computed using the straight-line method for buildings and the declining-balance method for equipment. For the six-months ended September 30, 2002, SMBC calculated the depreciation costs by allocating the estimated annual costs to the interim term. The estimated useful lives of major items are as follows:
  - Buildings: 7 to 50 years
  - Equipment: 3 to 20 years
7. SMBC depreciates capitalized software for internal use using the straight-line method over its estimated useful life (basically five years).
8. Issuance cost of bonds is expensed as they are incurred. Discount of bonds is included in other assets and amortized using straight-line method over the lives of the bonds.
9. SMBC's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate prevailing at the interim balance sheet date, with the exception of stocks of subsidiaries and affiliates which are translated at rates prevailing at the time of acquisition.  
Formerly, SMBC applied the revised accounting standards for foreign currency transactions ('Opinion Concerning Revision of Accounting Standard for Foreign Currency Transactions' issued by Business Accounting Deliberation Council on October 22, 1999), except for the accounting treatment stipulated in 'Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry' (JICPA Industry Audit Committee Report No.20 'Former report').  
Effective on April 1, 2002, SMBC applies the revised accounting standards for foreign currency transactions, except for the treatment which the Former report is applied, in accordance with the temporary treatment regulated by 'Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry' (JICPA Industry Audit Committee Report No.25). Pursuant to the temporary treatment, 'financial swap transactions' and 'treatment on internal contracts and transactions among consolidated subsidiaries' were accounted for by the former method. And foreign currency differences arising from futures currency transactions are recognized on the balance sheet on a net basis.

Financial swap transactions are accounted for as follows:

- (1) Principal amounts of credits and debts are reported on the balance sheet in the net amount converted at the exchange rate prevailing at the interim term-end.
- (2) The difference between spot and forward rates are recorded as interest income or expenses on an accrual basis for the period from the spot foreign exchange settlement date to the forward foreign exchange settlement date.

Financial swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and

forward foreign exchange either bought or sold. The spot foreign exchange bought or sold is the swap transaction for borrowing or lending the principal amount. The forward foreign exchange bought or sold is the swap transaction of the principal and corresponding interest to be paid or received, the amount and due date of which are predetermined.

10. Reserve for possible loan losses of SMBC is provided as detailed below in accordance with the internal standards for write-offs and reserves.
- For claims on borrowers who have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ('bankrupt borrowers') or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ('effectively bankrupt borrowers'), a reserve is provided based on the amount of claims, after the charge-off stated below, net of the expected amount of recoveries from collateral and guarantees.
- For claims on borrowers that are not currently in the status of bankrupt but are likely to become bankrupt in the future, a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the 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 specific countries, an additional reserve is provided for by the amount deemed necessary based on the assessment of political and economic conditions.
- Branches and credit supervision departments assess all claims in accordance with the internal rule for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserves are provided based on the results of these assessments.
- For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and charged off against the total outstanding amount of the claims. The amount of charge-off was 1,398,787 million yen.
11. Reserve for employee bonuses is provided for by the amount of estimated bonuses attributable to this interim term.
12. Reserve for employee retirement benefits (prepaid pension cost) is provided, in provision for payment of retirement benefits to employees, in the amount deemed accrued at end of interim term end, based on an actuarial computation, which uses the present value of the retirement benefit obligation and plan asset amount projected at the beginning of the interim term.
- Prior service cost is amortized using the straight-line method over primarily 10 years within the employees' average remaining service period at incurrence.
- Unrecognized net actuarial gain (loss) is amortized using the straight-line method over primarily 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.
- Unrecognized net transition obligation from initial application of the new accounting standard for employee retirement benefits is amortized using the straight-line method over 5 years and is charged 50% of the annual amortized cost to its income for the six months ended September 30, 2002.
13. Reserve for possible losses on loans sold is provided 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 provided in accordance with Article 287-2 of the Commercial Code.
14. Financing leases, except for those which transfer the ownership of the property to the lessee, are accounted for in the same manner as operating leases.
15. Pursuant to the temporary treatment regulated by 'Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' (Industry Audit Committee Report No.24) issued by JICPA, SMBC applies 'the risk adjustment approach' to hedging (Macro hedge) 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, abiding by the following requirements:
- (1) Loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole shall be recognized as the hedged portfolio.
  - (2) Derivatives as the hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.
  - (3) Effectiveness of hedging activities shall be evaluated on a quarterly basis.
- SMBC applies deferred hedge accounting.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currency, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged security is specified in advance and that enough on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged security in foreign currency base. Certain derivatives for the purpose of hedging are recorded on a cost basis using the special treatment for interest rate swaps in view of consistency with the of risk management policy.

16. National and local consumption taxes of SMBC and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.
17. 'Other reserve' required by Special Law is stated as follows:  
Reserve for contingent liabilities from financial futures transaction is recorded at 18 million yen.  
This reserve was provided in accordance with Article 82 of the Financial Futures Transaction Law.
18. Accumulated depreciation on premises and equipment was 522,518 million yen.
19. Advanced depreciation of the Bank's premises and equipment amounted to 74,203 million yen.
20. Bankrupt loans and non-accrual loans were 217,883 million yen and 2,766,157 million yen, respectively.  
'Bankrupt loans' are loans on which SMBC does not currently accrue interest income, as substantial doubt is judged to exist as to the ultimate collectability of either principal or interest as they are past due for a considerable period of time or for other reasons, and meet conditions defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law, issued in 1965. Non-accrual loans are loans on which SMBC does not currently accrue interest income, excluding bankrupt loans and loans for which SMBC is forbearing interest payments to support the borrowers' recovery from financial difficulties.
21. Past due loans (3 months or more) totaled 95,504 million yen.  
Past due loans (3 months or more) are loans other than the above two categories of loans on which the principal or interest is past due for three months or more.
22. Restructured loans totaled 2,551,359 million yen.  
Restructured loans are loans other than the above three categories of loans for which SMBC has relaxed lending terms, such as reduction of the original interest rate, forbearance of interest payments or principal repayments, or has made agreements in favor of borrowers such as debt forgiveness to support the borrowers' recovery from financial difficulties.
23. The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans was 5,630,903 million yen.  
The amounts of loans presented in Notes 20 to 23 are amounts before deduction of reserve for possible loan losses.
24. Bills discounted are accounted for as financial transactions in accordance with 'Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' (Industry Audit Committee Report No.24) issued by JICPA. SMBC has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was 956,292 million yen.

25. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged	
Cash and due from banks	41,996
Trading assets	551,457
Securities	13,042,923
Loans and bills discounted	3,880,182
Liabilities corresponding to assets pledged	
Call money	1,220,000
Payables under repurchase agreements	1,914,605
Payables under securities lending transactions	3,561,622
Bills sold	10,203,400
Borrowed money	63,391
Acceptances and guarantees	41,946

In addition, cash and due from banks of 57,093 million yen, trading assets of 171 million yen, securities of 1,253,732 million yen and loans and bills discounted of 1,702,156 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Premises and equipment include surety deposits and intangible of 95,984 million yen, and other assets include initial margins of futures markets of 13,116 million yen.

Bills rediscounted are accounted for as financial transactions in accordance with 'Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' (Industry Audit Committee Report No.24) issued by JICPA, and the total face value of bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought that have been pledged was 53,829 million yen.

26. Net amount of deferred unrealized gains (losses) on hedging instruments to which hedge accounting is applied is reported as deferred profit on hedge and are included in 'Other liabilities.' Gross deferred unrealized losses and gross deferred unrealized gains on hedging instruments were 1,129,258 million yen and 1,283,345 million yen, respectively.
27. SMBC revaluated its own land for business activities in accordance with the Law Concerning Land Revaluation (the Law) effective March 31, 1998 and law concerning amendment of the Law effective March 31, 2001. The income taxes corresponded to the net unrealized gains are deferred and reported in 'Liabilities' as 'Deferred tax liabilities for land revaluation,' and the net unrealized gains, net of deferred taxes, are reported as 'Land revaluation excess' in 'Stockholders' equity.'
- Date of the revaluation: March 31, 1998 and March 31, 2002  
Method of revaluation (provided in Article 3-3 of the Law):  
Fair values are determined by applying appropriate adjustments for land shape and timing of appraisal to the values specified in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law concerning Land Revaluation (the Enforcement Ordinance) effective March 31, 1998.
28. The balance of subordinated debt included in 'Borrowed money' was 2,684,654 million yen.
29. The balance of subordinated bonds included in 'Bonds' was 776,962 million yen.
30. Market value and unrealized gains (losses) on securities are shown as below:  
In addition to 'Securities,' the amounts below include trading securities and commercial paper classified as 'Trading assets,' negotiable certificates of deposit bought classified as 'Cash and due from banks,' and commercial paper and beneficiary claim on loan trust classified as 'Commercial paper and other debt purchased.' This applies up to Notes 33.

(1) Securities for trading purposes

	(Millions of yen)
Interim Balance sheet amount	701,117
Valuations gains (losses) included in income (loss) during the interim term	(169)

(2) Bonds classified as held-to-maturity that have market value

	(Millions of yen)				
	Balance sheet amount	Market Value	Net unrealized gains (losses)	Gains	Losses
Japanese government bonds	261,186	263,694	2,507	2,507	-
Other	26,435	27,499	1,063	1,147	83
Total	287,622	291,193	3,571	3,655	83

(3) Investments in subsidiaries or affiliates that have market value

	(Millions of yen)		
	Balance sheet amount	Market Value	Net unrealized gains (losses)
Stocks of subsidiaries	103,819	89,424	(14,395)
Stocks of affiliates	8,485	10,111	1,625
Total	112,305	99,535	(12,769)

(4) Other securities that have market value

	(Millions of yen)				
	Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Stocks	4,595,733	3,662,585	(933,147)	97,487	1,030,634
Bonds	11,970,770	12,033,119	62,349	68,587	6,238
Japanese government bonds	10,964,655	11,007,793	43,138	45,444	2,305
Japanese local government bonds	306,087	316,248	10,160	10,618	458
Corporate bonds	700,027	709,077	9,050	12,524	3,474
Other	3,863,872	3,916,071	52,198	62,395	10,196
Change of purpose of holding	-	-	61	61	-
Total	20,430,375	19,611,776	(818,538)	228,531	1,047,069

The amount of net unrealized losses on other securities recorded in 'Stockholders' equity' includes net unrealized losses of 502,418 million yen that is the sum of the followings.

Net unrealized losses	(818,538) million yen
Deferred tax assets	316,119 million yen
<u>Total</u>	<u>(502,418) million yen</u>

When the market value of securities classified as other securities declines significantly from its acquisition cost, it is deemed that the market value will not recover to the acquisition cost. The market value is recognized as the interim balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for the current interim term. Valuation loss in the term was 169,360 million yen. The rule for determining 'significant decline' is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	Market value is lower than acquisition cost
Issuers requiring caution	Market value is 30% or more lower than acquisition cost
Normal issuers	Market value is 50% or more lower than acquisition cost

Bankrupt issuers: issuers that are legally bankrupt or formally declared bankrupt

Effectively bankrupt issuers: issuers that are not legally bankrupt but regarded as substantially bankrupt

Potentially bankrupt issuers: issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy

Issuers requiring caution: issuers that are identified for close monitoring

Normal issuers: issuers other than the above four categories of issuers

31. The amount of other securities sold during the interim term is as follows:

(Millions of yen)		
Sales amount	Gains on sales	Losses on sales
20,177,893	131,302	57,089

32. Summary information on securities that do not have market value is as follows:

(Millions of yen)	
	Interim Balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	538
Investments in subsidiaries and affiliates	
Stocks of subsidiaries	897,061
Stocks of affiliates	177,952
Other	19,126
Other securities	
Unlisted bonds	750,384
Unlisted foreign securities	258,336
Unlisted stocks (excluding OTC stocks)	248,602
Other	86,694

33. Redemption schedule of other securities that have maturities and bonds classified as held-to-maturity is as follows:

(Millions of yen)				
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
Bonds	4,825,753	5,899,262	2,090,316	229,357
Japanese government bonds	4,707,413	4,769,319	1,601,283	190,963
Japanese local government bonds	19,949	125,702	162,138	8,457
Japanese corporate bonds	98,390	1,004,240	326,894	29,936
Other	175,533	2,842,152	632,787	362,726
<u>Total</u>	<u>5,001,287</u>	<u>8,741,414</u>	<u>2,723,104</u>	<u>592,083</u>

34. Information on money held in trust is as follows:

Money held in trust for trading purposes

(Millions of yen)	
Interim balance sheet amount	18,309
Valuation gains included in income (loss) during this interim term	30



Other money held in trust

(Millions of yen)				
Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
26,262	25,795	(467)	371	838

The amount of net unrealized losses on other securities in 'Stockholders' equity' includes net unrealized losses of 286 millions of yen which is the sum of the above net unrealized losses of 467 million yen and deferred tax assets of 180 million yen.

35. 'Japanese Government Bonds' as a sub-account of 'Securities' includes 999 million yen of unsecured loans of securities for which borrowers have rights to sell or pledge. 'Japanese Government Bonds' as a sub-account of 'Securities' includes 301 million yen of loaned securities for which borrowers have rights to pledge but have no rights to sell. As for the unsecured borrowed securities and borrowed securities secured by cash for which SMBC has rights to sell or pledge and the securities which SMBC purchased under resale agreements, that are permitted to sell or pledge without restrictions, 2,175,522 million yen of securities are pledged, and 91,410 million yen of securities are held in hand as of the interim balance sheet date. SMBC may also pledge the borrowing loaned securities with rights to pledge but not rights to sell.
36. Commitment line contracts on overdrafts and loans are agreements to lend to customers to prescribed amount as long as there is no violation of any condition established in the contracts. The amount of unused commitments was 27,635,143 million yen, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was 25,274,241 million yen. 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 SMBC can reject the application from customers or reduce the contract amounts in the case of change in economic conditions, SMBC needs to secure claims, or other circumstances. In addition, SMBC requests the customers to pledge collateral such as premises and securities, and takes necessary measures such as reviewing the customers' financial positions during the contract period, revising contracts when need arises, and securing claims.
37. In accordance with the amendment of the Ordinance of Banking Law, presentation of financial statements have been changed as follows:
- (1) Effective on April 1, 2002, 'Pledged money for securities borrowing transactions' and 'Pledged money for securities lending transactions' that were formerly included in 'Other assets' and 'Other liabilities' are separately reported as 'Receivables under securities borrowing transactions' and 'Payables under securities lending transactions' respectively. Consequently, 'Other assets' and 'Other liabilities' decreased by 2,186,491 million yen and 3,820,124 million yen, respectively, and 'Receivables under securities borrowing transactions' and 'Payables under securities lending transactions' increased by the same amount as compared with the former manner.
  - (2) 'Other capital surplus' that was formerly included in 'Retained earnings' is reported in 'Capital surplus' from this consolidated interim year.
38. Effective April 1, 2002, SMBC applies 'Accounting Standard for Treasury Stock and Reversal of Legal Reserves' (issued by Accounting Standard Board of Japan on February 21, 2002). This accounting change has no impact on assets and stockholders' equity as of the interim term end.

## INTERIM STATEMENT OF INCOME

Six months ended September 30, 2002

(Millions of yen)

### Operating income:

Interest income	860,493
Interest on loans and discounts	555,851
Interest and dividends on securities	127,624
Fees and commissions	130,980
Trading profits	104,126
Other operating income	102,559
Other income	42,739
<b>Total operating income</b>	<b>1,240,900</b>

### Operating expenses:

Interest expenses	224,401
Interest on deposits	81,023
Fees and commissions	45,196
Trading losses	718
Other operating expenses	30,017
General and administrative expenses	332,302
Other expenses	508,569
<b>Total operating expenses</b>	<b>1,141,205</b>

### Operating profit

	<b>99,694</b>
<b>Extraordinary gains</b>	<b>1,791</b>
<b>Extraordinary losses</b>	<b>40,527</b>
<b>Income before income taxes</b>	<b>60,958</b>
<b>Income taxes, Current</b>	<b>6,787</b>
<b>Income taxes, Deferred</b>	<b>9,308</b>
<b>Net income</b>	<b>44,862</b>
<b>Unappropriated profit brought forward</b>	<b>124,362</b>
<b>Transfer from land revaluation excess</b>	<b>2,101</b>
<b>Unappropriated profit</b>	<b>171,326</b>

### Notes to Interim Statement of Income

1. Amounts less than one million have been omitted.
2. Profits and losses on trading transactions are recognized on a trade date basis, and recorded as 'Trading profits' and 'Trading losses.' Both accounts include interest received or paid during the interim term. The valuation differences of securities and money claims between Fiscal 2001 and current interim term-end are recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the valuation gains/losses incurred due to comparing the current interim term-end amounts with Fiscal 2001 are recorded in the above-mentioned accounts.
3. The amounts recorded under 'Other income' includes gains on sale of stocks of 35,153 million yen.
4. The amount recorded under 'Other expenses' includes transfer to reserve for possible loan losses of 161,398 million yen, write-off of loans of 88,928 million yen and devaluation of stocks of 175,452 million yen.
5. The amount recorded under 'Extraordinary losses' includes amortized cost of unrecognized net obligation from initial application of the new accounting standard for employees retirement benefits of 10,083 million yen, losses on disposition of premises of 11,182 million yen and losses on disposal of software of 12,041 million yen.

## COMPARATIVE BALANCE SHEETS (CONDENSED)

(Millions of yen)

September 30, 2002 and 2001, and March 31, 2002	September 30			March 31	
	2002 (A)	2001 (B)	Difference (A-B)	2002 (C) (Condensed)	Difference (A-C)
<b>Assets:</b>					
Cash and due from banks	2,724,248	5,605,096	(2,880,848)	5,458,430	(2,734,182)
Call loans	234,817	399,742	(164,925)	620,406	(385,589)
Receivables under resale agreements	54,023	774,471	(720,448)	432,730	(378,707)
Receivables under securities borrowing transactions	2,186,491	-	2,186,491	-	2,186,491
Bills bought	139,100	-	139,100	-	139,100
Commercial paper and other debt purchased	111,146	78,848	32,298	146,650	(35,504)
Trading assets	3,025,923	2,689,363	336,560	2,705,648	320,275
Money held in trust	44,104	63,611	(19,507)	33,858	10,246
Securities	22,377,416	19,988,203	2,389,213	20,442,996	1,934,420
Loans and bills discounted	58,902,641	61,071,591	(2,168,950)	59,928,368	(1,025,727)
Foreign exchanges	908,194	631,330	276,864	779,142	129,052
Other assets	2,077,687	3,197,681	(1,119,994)	5,344,106	(3,266,419)
Premises and equipment	855,921	820,719	35,202	890,981	(35,060)
Deferred tax assets	1,859,314	1,589,941	269,373	1,741,114	118,200
Customers' liabilities for acceptances and guarantees	5,272,481	5,440,396	(167,915)	5,529,996	(257,515)
Reserve for possible loan losses	(1,872,641)	(1,008,891)	(863,750)	(1,971,849)	99,208
<b>Total assets</b>	<b>98,900,873</b>	<b>101,342,107</b>	<b>(2,441,234)</b>	<b>102,082,581</b>	<b>(3,181,708)</b>
<b>Liabilities:</b>					
Deposits	57,311,051	56,611,281	699,770	61,051,813	(3,740,762)
Negotiable certificates of deposit	4,856,700	11,152,501	(6,295,801)	6,577,539	(1,720,839)
Call money	2,504,778	3,802,733	(1,297,955)	3,883,991	(1,379,213)
Payables under repurchase agreements	1,914,605	1,459,293	455,312	1,100,446	814,159
Payables under securities lending transactions	3,820,124	-	3,820,124	-	3,820,124
Bills sold	10,203,400	4,694,400	5,509,000	6,868,800	3,334,600
Commercial paper	500	1,082,000	(1,081,500)	1,001,000	(1,000,500)
Trading liabilities	2,186,161	1,704,180	481,981	1,797,086	389,075
Borrowed money	3,006,739	3,555,666	(548,927)	3,406,286	(399,547)
Foreign exchanges	439,707	246,872	192,835	300,162	139,545
Bonds	2,472,142	1,865,205	606,937	2,133,754	338,388
Convertible bonds	-	1,106	(1,106)	1,106	(1,106)
Other liabilities	1,684,911	5,796,331	(4,111,420)	4,962,176	(3,277,265)
Reserve for employee bonuses	11,119	12,790	(1,671)	11,342	(223)
Reserve for employee retirement benefits	114,308	152,131	(37,823)	116,854	(2,546)
Reserve for possible losses on loans sold	41,360	119,143	(77,783)	80,576	(39,216)
Other reserves	18	18	-	18	-
Deferred tax liabilities for land revaluation	61,815	131,412	(69,597)	63,137	(1,322)
Acceptances and guarantees	5,272,481	5,440,396	(167,915)	5,529,996	(257,515)
<b>Total liabilities</b>	<b>95,901,925</b>	<b>97,827,465</b>	<b>(1,925,540)</b>	<b>98,886,088</b>	<b>(2,984,163)</b>

**COMPARATIVE BALANCE SHEETS (CONTINUED)**

(Millions of yen)

September 30, 2002 and 2001, and March 31, 2002	September 30			March 31	
	2002 (A)	2001 (B)	Difference (A-B)	2002 (C) (Condensed)	Difference (A-C)
<b>Stockholders' equity:</b>					
Capital stock	-	1,326,746	(1,326,746)	1,326,746	(1,326,746)
Legal reserves	-	1,925,782	(1,925,782)	1,326,758	(1,326,758)
Land revaluation excess	-	208,857	(208,857)	100,346	(100,346)
Retained earnings	-	478,958	(478,958)	740,874	(740,874)
Voluntary reserves	-	221,560	(221,560)	221,560	(221,560)
Unappropriated profit	-	257,398	(257,398)	161,699	(161,699)
Net income	-	79,794	(79,794)	(322,852)	322,852
Other retained earnings	-	-	-	357,614	(357,614)
Net unrealized losses on other securities	-	(425,669)	425,669	(297,950)	297,950
Treasury stock	-	(33)	33	(283)	283
<b>Total stockholders' equity</b>	<b>-</b>	<b>3,514,642</b>	<b>(3,514,642)</b>	<b>3,196,492</b>	<b>(3,196,492)</b>
<b>Stockholders' equity:</b>					
Capital stock	1,326,746	-	1,326,746	-	1,326,746
Capital surplus	1,684,373	-	1,684,373	-	1,684,373
Capital reserve	1,326,758	-	1,326,758	-	1,326,758
Other capital surplus	357,614	-	357,614	-	357,614
Retained earnings	392,874	-	392,874	-	392,874
Voluntary reserves	221,548	-	221,548	-	221,548
Unappropriated profit	171,326	-	171,326	-	171,326
Net income	44,862	-	44,862	-	44,862
Land revaluation excess	98,245	-	98,245	-	98,245
Net unrealized losses on other securities	(502,705)	-	(502,705)	-	(502,705)
Treasury stock	(586)	-	(586)	-	(586)
<b>Total stockholders' equity</b>	<b>2,998,947</b>	<b>-</b>	<b>2,998,947</b>	<b>-</b>	<b>2,998,947</b>
<b>Total liabilities and stockholders' equity</b>	<b>98,900,873</b>	<b>101,342,107</b>	<b>(2,441,234)</b>	<b>102,082,581</b>	<b>(3,181,708)</b>

Note: Amounts less than one million yen have been omitted.

## COMPARATIVE STATEMENTS OF INCOME (CONDENSED)

(Millions of yen)

Six months ended September 30, 2002 and 2001, and Year ended March 31, 2002	Six months ended September 30			Year ended March 31
	2002 (A)	2001 (B)	Difference (A-B)	2002 (Condensed)
<b>Operating income:</b>				
Interest income	860,493	1,061,396	(200,903)	2,192,961
Interest on loans and discounts	555,851	651,463	(95,612)	1,256,848
Interest and dividends on securities	127,624	224,002	(96,378)	504,732
Fees and commissions	130,980	113,779	17,201	239,645
Trading profits	104,126	70,906	33,220	121,414
Other operating income	102,559	56,889	45,670	150,886
Other income	42,739	34,320	8,419	86,498
<b>Total operating income</b>	<b>1,240,900</b>	<b>1,337,291</b>	<b>(96,391)</b>	<b>2,791,405</b>
<b>Operating expenses:</b>				
Interest expenses	224,401	386,960	(162,559)	716,677
Interest on deposits	81,023	190,777	(109,754)	323,249
Fees and commissions	45,196	40,494	4,702	74,373
Trading losses	718	–	718	125
Other operating expenses	30,017	26,379	3,638	60,445
General and administrative expenses	332,302	348,545	(16,243)	696,775
Other expenses	508,569	407,763	100,806	1,765,115
<b>Total operating expenses</b>	<b>1,141,205</b>	<b>1,210,143</b>	<b>(68,938)</b>	<b>3,313,512</b>
<b>Operating profit (loss)</b>	<b>99,694</b>	<b>127,148</b>	<b>(27,454)</b>	<b>(522,106)</b>
<b>Extraordinary gains</b>	<b>1,791</b>	<b>167</b>	<b>1,624</b>	<b>26,783</b>
<b>Extraordinary losses</b>	<b>40,527</b>	<b>16,260</b>	<b>24,267</b>	<b>41,314</b>
<b>Income (loss) before income taxes</b>	<b>60,958</b>	<b>111,055</b>	<b>(50,097)</b>	<b>(536,637)</b>
<b>Income taxes, Current</b>	<b>6,787</b>	<b>9,762</b>	<b>(2,975)</b>	<b>32,737</b>
<b>Income taxes, Deferred</b>	<b>9,308</b>	<b>21,499</b>	<b>(12,191)</b>	<b>(246,522)</b>
<b>Net income (loss)</b>	<b>44,862</b>	<b>79,794</b>	<b>(34,932)</b>	<b>(322,852)</b>
<b>Unappropriated profit brought forward</b>	<b>124,362</b>	<b>68,994</b>	<b>55,368</b>	<b>68,994</b>
<b>Unappropriated profit inherited due to merger</b>	<b>–</b>	<b>109,023</b>	<b>(109,023)</b>	<b>114,169</b>
<b>Transfer from land revaluation excess</b>	<b>2,101</b>	<b>(413)</b>	<b>2,514</b>	<b>59,967</b>
<b>Transfer to earned surplus reserve</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>241,421</b>
<b>Unappropriated profit</b>	<b>171,326</b>	<b>257,398</b>	<b>(86,072)</b>	<b>161,699</b>

Note: Amounts less than one million yen have been omitted.