SMBC

SUMITOMO
MITSUI
BANKING
CORPORATION

FISCAL YEAR 2001
INTERIM FINANCIAL REPORT

April 1 —— September 30, 2001

Dedication to Disclosure and Trust

It is our honor to present this interim financial report, covering the six-month period since the inception of Sumitomo Mitsui Banking Corporation in April 2001.

During this period, Japanese banks experienced a severe business climate, compounded by increasing uncertainty about the course of major economies and weakness in Japan's stock market. To ensure that SMBC prospers at this crucial juncture, we have decided to implement a decisive and forward-looking agenda for action. As part of this agenda, we are carrying out a comprehensive program to ensure that you, the readers, gain a more complete understanding of our operations. At the same time, all of us will rededicate ourselves to making SMBC truly worthy of the trust of the valued customers we serve.

We look forward to your support and encouragement as we grow.

February 2002

Akishige Okada	Yoshifumi Nishikawa
Chairman of the Board	*President and Chief Executive Officer*

PROFILE (As of September 30, 2001)

Total Assets	¥101,342.1 billion
Deposits	¥56,611.3 billion
Loans and Bills Discounted	¥61,071.6 billion
Capital Stock	¥1,326.7 billion
Consolidated Capital Ratio	10.79% (BIS Guidelines)
Shares Issued and Outstanding	
Ordinary Shares	5,709 million
Series 1 Type 1 Preference Shares	67 million
Series 2 Type 1 Preference Shares	100 million
Type 5 Preference Shares	800 million

Long-term Credit Ratings (as of January 31, 2002)

Moody's	A3
S&P	BBB+
Fitch	A–
R&I	A+
JCR	AA

Number of Employees 26,802

Network

Domestic: 1,226 locations*

Branches	603 (including 23 specialized deposit account branches)
Subbranches	107
Agencies	5
Automated Service Centers	511

Overseas: 41 locations

Branches	21
Subbranches	3
Representative offices	17

* The figures for the domestic network do not include the number of ATMs installed at companies and convenience stores.

OUR MISSION

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

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February 2002

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This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.

*This publication was printed on recycled paper.

President's Message

Yoshifumi Nishikawa
President and Chief Executive Officer

Sumitomo Mitsui Banking Corporation will soon mark the first anniversary of its inception. During this crucial period, I have remained intently focused on meeting the high expectations of our customers and shareholders while fulfilling our responsibility to contribute further to the Japanese economy. This is why I have been placing priority on two objectives: quickly establishing sound and strategically positioned post-merger operating foundations and leveraging the benefits of the merger to yield the maximum real returns for SMBC and its customers. This stance has enabled us to generate merger-related benefits that already greatly surpass our targets for this year.

The operating environment for financial institutions in Japan is rapidly deteriorating as economies weaken worldwide while deflationary trends, signified by slumping asset values and stock prices, take hold throughout the country. In response, we are making a concerted effort to build strong operating and financial foundations capable of withstanding even the most difficult business conditions. I believe that SMBC must start over from the very beginning, driven by a sense of urgency. We must act quickly and decisively to become an even more trusted source of financial services and information for our valued customers while emphasizing above all growth in shareholder value.

To meet these challenges head on, we are undertaking a four-point action plan: improving asset quality faster, implementing additional restructuring initiatives, bolstering our ability to absorb risks associated with stock market volatility, and reengineering business practices to build a more robust profit structure.

Improving Asset Quality

First of all, we are accelerating the improvement of asset quality by rapidly completing the work-out of non-performing loans and maintaining sufficient reserves to deal with future deterioration in our loan portfolio. We are focusing on loans to borrowers requiring caution. In line with this policy, we have increased reserves in a manner that adequately reflects recent trends in the generation of defaults and bankruptcies. However, our actions are not limited to write-offs and reserves. Our most important initiative of all is to take an active role in revitalizing borrowers. In every case, we formulate plans tailored to the needs of the borrower as part of our effort to deal with problem loans in a proactive and uncompromising manner.

Additional Restructuring Initiatives

We have been conducting an exhaustive cost-cutting program since the first day of operations at SMBC. Every area comes under strict scrutiny. We have already achieved one of the highest efficiency ratios (i.e., lowest expense ratios) among major Japanese banking groups. Aiming higher, we are now broadening and speeding up this program. For example, we are closing overlapping branches and reexamining our branch network strategy. Our post-merger benefits in system investment and administrative efficiency are allowing us to cut computer system and facility-related expenses by 20% each.

We plan further reductions in the number of employees by streamlining administrative sections and integrating branches. Cost cutting extends to directors as well, where we are revising remuneration. Similar actions will lower payments to SMBC Group companies for the outsourcing of services. We estimate that such cost-containment efforts will bring expenses down to ¥630 billion in the fiscal year ending in March 2005. This is about a ¥100 billion improvement over the original target for the current fiscal year. But it is not our ultimate goal. We will relentlessly seek more savings, with the goal of speedily reducing annual expenses to ¥600 billion.

Bolstering Capability to Withstand Stock Market Volatility

To reduce the potential impact of stock price movements on stockholders' equity, we are selling stockholdings and creating a more resilient capital structure. At the end of September 2001, SMBC held approximately ¥4,900 billion of listed and OTC stocks, excluding investments in subsidiaries and affiliates. Selling a significant percentage of these holdings is obviously essential to lowering our exposure to market risk. We will, of course, meet the Japanese government limit on bank stockholdings that will take effect in fiscal 2004. Our plan, however, is to act still faster, selling our holdings so as to drop well below this limit.

Further, we plan to transfer to retained earnings the portion of our legal reserves that exceeds capital stock. This transfer conforms to a 2001 amendment to Japan's Commercial Code and will require the approval of shareholders and creditors. With mark-to-market accounting applied from fiscal 2001 to available-for-sale securities classified as "other securities," approximately 60% of the difference between evaluation gains and losses must be recorded under stockholders' equity as "net unrealized gains (losses) on other securities." When there are net unrealized losses, the maximum amount of distributable profit is calculated by deducting net unrealized losses from retained earnings. This is why we are changing our capital structure and boosting retained earnings to function as a kind of "shock absorber" so as to lessen the direct impact of stock price volatility.

By thus reducing stockholdings and modifying the capital structure so as to form a bigger financial cushion, SMBC will become much less susceptible to the effects of stock market movements.

Reengineering Business Practices

Our steps to reengineer business practices are aimed at building a more robust profit structure. Increasing the gross profit from core operations is essential to our ability to achieve sustained growth. By radically altering our envisioned approach to all major businesses, we will shape an organization that can maintain high profitability as well as excellent asset and capital efficiency. To take the lead in this drive, I am serving as chairman of the Business Reform Committee, which was formed in the second half of fiscal 2001. By focusing on company-wide themes, we will enact reforms that span the entire SMBC organization rather than remain confined to individual business units. Success will depend on our ability to extend financial services that represent solutions to the unique requirements of each and every customer. We will consistently apply this approach so that customers come to recognize the value of the services we provide. I am confident that this process will lead to steady gains in gross banking profit from the following fiscal year onward.

Lastly, I would like to point out that although this is a critical time for all Japanese financial institutions, it is also a time of opportunities for us at SMBC. We are drawing on all our expertise and experience to surmount the challenges ahead. Doing so will undoubtedly give rise to unprecedented ideas and bold initiatives. This is, therefore, the time for SMBC to tap its immense inner resources to overcome the challenges before us, and emerge stronger than ever before.

All of us within the SMBC Group are rededicating ourselves to our mission to provide optimum added value to our customers and to create sustainable shareholder value. As always, our actions must reflect the high expectations and great social responsibilities that accompany our prominent position in Japan's financial services industry. I am determined to fulfill these expectations and responsibilities by moving quickly and decisively toward our goals.

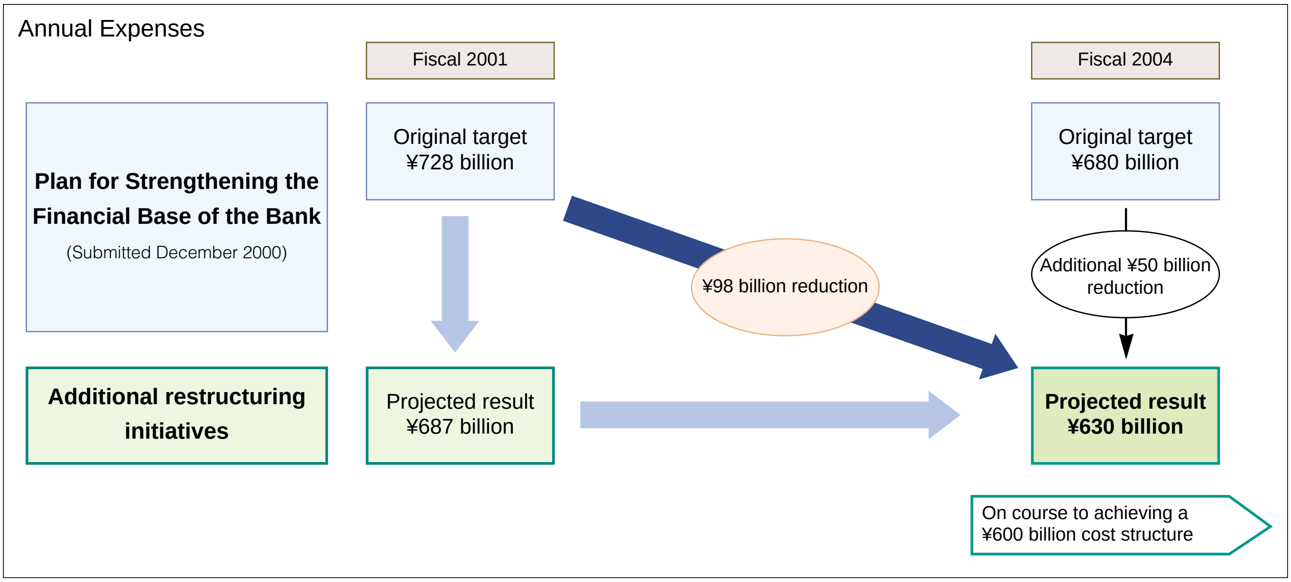
Yoshifumi Nishikawa
President and Chief Executive Officer

February 2002

Reference

Restructuring to Cut Expenses and Build Stronger Foundations

■ Expense Reduction Plan



■ Additional Restructuring Initiatives

(1) Further cuts in product channel expenses
- **To reduce the number of domestic branches from 578 (at the time of the merger) to 401** (reduction of 177, a reduction of 69 more branches than that of the Plan for Strengthening the Financial Base of the Bank) by eliminating overlapping branches and by reexamining the branch network strategy
- Within the reduction of 177 branches, **integration of 34 branches with other branches will take place in fiscal 2001, earlier than planned,** and the remaining 143 branches will be integrated in fiscal 2002

(2) Further cuts in facility-related expenses
To reduce facility-related expenses by reducing the number of branches, terminating the lease of the Kudan head office, integrating the system and back office centers, and selling company housing

→ Cut occupancy and other facility-related expenses by 20 percent

(3) Further cuts in system-related expenses
To exploit merger-related opportunities to streamline our systems infrastructure and use Business Process Reengineering to rationalize processing operations

→ Cut computer system and administrative expenses by 20 percent

(4) Further workforce slimming
To reduce the headcount from 27,500 (as of March 31, 2001) to 22,600 (reduction of 4,900, a reduction of 600 more than that of the Plan) by March 31, 2004 by streamlining administrative sections and reducing the number of branches
(SMBC plans to cut 1,100 employees in fiscal 2001)

(5) Further action on compensation
- To review remuneration for directors
(SMBC plans to make further cuts in the number of directors and their compensation)
- To reduce fiscal 2001 bonuses for employees

(6) Other actions
Boost productivity of SMBC Group companies to reduce expense of outsourcing services within the Group

Transfer of a Part of Legal Reserves to Retained Earnings

Q. What are Legal Reserves?

A. Legal Reserves are the amounts required to be set aside in reserve for possible losses, etc. in the future. Legal Reserves consist of the Capital Surplus, which is comprised of items such as part of the capital paid in by shareholders, and the Earned Surplus Reserve, which is part of the accumulated historical profit earned.

Japanese laws stipulate reservation of the Capital Surplus and the Earned Surplus Reserve. In addition to these Legal Reserves, companies are permitted to make voluntary reserves. Retained Earnings are comprised of these voluntary reserves and unappropriated income (loss) for the current year.

Capital Stock, Legal Reserves and Retained Earnings are included in the Stockholders' Equity section of the balance sheet which companies are required to prepare every fiscal year in order to show their financial conditions.

Theoretically, as the proportion of the amount of Stockholders' Equity to the amount of liabilities increases, the probability for creditors to collect their claims will become higher. In Japan, banks are required by regulation to have more Legal Reserves than other corporations because there must never be a case that a bank is unable to meet the withdrawal demands of its depositors.

Q. What is the transfer of Legal Reserves to Retained Earnings?

A. In general, having an abundant amount of Capital Stock, Legal Reserves and Retained Earnings may give a relief to creditors, but on the other hand, it is thought that an excessive amount of Legal Reserves, which can only be used for certain limited purpose, is not desirable from the viewpoint of efficient use of capital.

Meanwhile, the Japanese Commercial Code and Banking Law were amended in October 2001, and companies are allowed to transfer Legal Reserves to Retained Earnings, which may be used more freely than Legal Reserves.

The required amount of Legal Reserves after the amendment is as follows:

In the case of banks:

An amount equivalent to Capital Stock (example: in the case of Capital Stock of ¥1 trillion, the minimum amount of Legal Reserves is ¥1 trillion).

In the case of other corporations:

An amount equivalent to a quarter of Capital Stock (example: in the case of Capital Stock of ¥1 trillion, the minimum amount of Legal Reserves is ¥250 billion).

If the amount of accumulated Legal Reserves exceeds the required amount of Legal Reserves, the excess amount is allowed to be deducted from Legal Reserves and used effectively for the benefit of shareholders.

In the case of SMBC, Capital Stock is ¥1,326.7 billion and Legal Reserves are ¥1,925.7 billion. Therefore, we desire to transfer Legal Reserves of ¥599.0 billion to Retained Earnings. After this transfer, Legal Reserves will be ¥1,326.7 billion, an amount equivalent to Capital Stock and thus allowable under the amended law.

Q. The meaning and the background of the transfer

A. From the beginning of fiscal 2001, mark-to-market accounting on Available for Sale Securities (Other Securities) was introduced. Based on this accounting method, banks have started to recognize approximately 60% (due to recognition on an after tax basis) of the net of evaluation gains and losses on Other Securities (based on the market value calculated by using the average market price during the term-end month) including stockholdings as Net Unrealized Gains (Losses) on Other Securities in the Stockholders' Equity account.

By law, dividends must be paid only from Retained Earnings. In other words, payment of dividends in excess of the amount of Retained Earnings is prohibited. The mark-to-market accounting requires us to deduct Net Unrealized Losses on Other Securities (if any) from Retained Earnings that are distributable as dividends. This means that even though SMBC has enough Retained Earnings, it is possible that SMBC will not be allowed to pay dividends if stock prices during the last month of the term are too low (regardless of stock prices thereafter).

Considering the above-mentioned condition and the uncertain prospects of the stock market, a financial cushion such as more Retained Earnings to absorb the impact of the stock market volatility risk is indispensable to meet shareholders' expectations of SMBC.

The foregoing is the meaning and the background of the transfer of part of Legal Reserves to Retained Earnings.

Q. What is the effect on the creditors, including depositors?

A. The purpose of this transfer is to meet shareholders' expectations by effectively utilizing our capital. The transaction is the transfer of a part of Legal Reserves to Retained Earnings, which means that the transaction will take place within the Stockholders' Equity section of the balance sheet. The total amount of Stockholders' Equity will remain unchanged, so we believe that the transfer will have no adverse effect on our creditors, including depositors.

We assure you that SMBC is fully committed to pursuing a capital structure which is highly resistant to the impact of stock market volatility risk by various measures, including the transfer of a part of Legal Reserves to Retained Earnings.

Topics

5 May
- Housing loan claims transferred from Mitsui Mutual Life Insurance, Company (Mitsui Life) to SMBC

6 June
- All shares of The Sakura Trust & Banking Co., Ltd. transferred to The Chuo Mitsui Trust and Banking Company, Limited

7 July
- Advisory Board established 1
- ATM utilization agreements formed with Sumitomo Life Insurance Company (Sumitomo Life) and Mitsui Life
- Commenced joint promotion of *Net Debit*, an efficient settlement method for Internet shopping 2

  Started initiatives to utilize and publicize new, uniform name and logo

9 September
- Formed alliance with Sumitomo Life in the field of employee benefit services
- Launched *SMBC Financial Link*, a comprehensive service for B2B e-commerce transactions 2

10 October
- Head office organization was modified 3
- Began joint provision of employee benefit services by Mitsui Sumitomo Insurance Company, Limited, Mitsui Life and SMBC
- Establishment of *Value Door* Internet service website for corporate clients

  The Value Door *Internet website provides corporate clients a new way to access SMBC in addition to access through conventional offices. The "Door" menu offers a wide range of products and services handled by the SMBC Group, including electronic banking (EB)*

11 November
- Comprehensive alliance formed with Mitsui and Sumitomo group insurance companies 4
- *Asset Building Package* made even more attractive

  Created a product that combines yen and foreign-currency deposits with investment trusts, targeting needs for diversified, long-term investments
  - Euro-denominated deposits were added
  - Application over the Internet was enabled
  - Interest rates were increased on three-month foreign-currency fixed-term deposits (through March 29, 2002)
  - Minimums for certain products were reduced from ¥1 million to ¥500,000

12 December
- Integration of consulting businesses of SMBC Consulting Co., Ltd. and The Japan Research Institute, Limited
- ATM (@B∧NK) utilization agreement formed with Nippon Life Insurance Company

1 Establishment of Advisory Board

SMBC established an Advisory Board composed of distinguished individuals outside the SMBC Group from the business and academic communities. The board serves as a consultative body to the Chairman of the Board and the President & CEO. As such, the board provides a broad range of advice on management issues and strategies as well as insights on trends and issues in the financial services industry for consideration when making top management decisions.

Members:

(As of January 2002)

Mr. Shoichiro Toyoda
Honorary Chairman and Member of the Board, Toyota Motor Corporation

Mr. Naohiko Kumagai
Senior Advisor to the Board, Mitsui & Co., Ltd.

Mr. Tetsuro Kawakami
Senior Advisor, Sumitomo Electric Industries, Ltd.

Mr. Toshiomi Uragami
Senior Advisor, Sumitomo Life Insurance Company

Mr. Yoshinori Yokoyama
Director, McKinsey & Company, Inc. Japan

2 Expanding Internet Businesses

SMBC is steadily expanding the scope of its business activities involving the Internet.

Joint Promotion of *Net Debit* Settlement Service

SMBC and several other companies have reached an agreement to jointly promote the *Net Debit* settlement service, which allows for instant deduction from deposit accounts of amounts due for Internet shopping transactions. The other participating banks are The Japan Net Bank, Limited; The Asahi Bank, Ltd.; UFJ Bank Limited; and The Suruga Bank, Ltd. Two credit card issuers, Sumitomo Mitsui Card Company, Limited and JCB Co., Ltd., also participate.

Details of the Alliance
- The five banks and two credit card companies agree to call the service *Net Debit* and to promote this service keyed to the logo below

  The alliance partners further agree to urge banks operating debit settlement services using the same Secure Sockets Layer (SSL) protocol, a standard security protocol for exchanging data over the Internet, to adopt the *Net Debit* name and logo
- The partner banks and credit card companies will also promote the *Net Debit* logo among merchants that use this service

Net Debit

Launch of *SMBC Financial Link*

As part of the drive to expand B2B e-commerce, the SMBC Group is bolstering its ability to extend financial support to companies conducting business on the Internet.

SMBC Financial Link places four core financial functions in a single package: credit, settlement, authorization and collection. The result is a speedy and flexible platform that meets a diverse range of needs at companies operating on the Internet.

Plans call for leveraging the *SMBC Financial Link* brand to establish many more relationships with companies that have online business or are considering such business.

❸ Modification of Head Office Organization

On October 1, 2001, SMBC implemented modifications in its head office organization.

1. Consumer Banking Unit

The head office organization of the Consumer Banking Unit was modified and the number of departments reduced from nine to six. The functions of the Branch Banking Dept. and the Products and Marketing Dept. were increased.

(1) Branch Banking Dept.

The Branch Banking Dept. took on the new function of promoting consumer banking business in accordance with customer segments, in addition to its conventional function of managing and guiding each branch.

(2) Products and Marketing Dept.

The Products and Marketing Dept. took on the new function of promoting consumer banking business by product, including housing loans and investment trusts. It also promotes various card-related businesses by strengthening cooperation with affiliates in the SMBC group.

2. Middle Market Banking Unit

The Business Reengineering Dept. was established inside the Business Promotion Dept., Middle Market Banking Unit, to address customers' growing and potential needs for business reengineering. Through comprehensive consulting about the management of customers, the Business Reengineering Dept. provides various solutions for increasing the corporate value of customers.

❹ Comprehensive Alliance with Mitsui and Sumitomo Group Insurance Companies

SMBC, Mitsui Mutual Life Insurance Company (Mitsui Life), Sumitomo Life Insurance Company (Sumitomo Life) and Mitsui Sumitomo Insurance Company Limited (MSI) have formed an alliance for the purpose of bolstering insurance operations in a new and expanded framework within the Mitsui and Sumitomo groups.

There are five specific areas of cooperation.

1. Mutual sharing of distribution channels among the Mitsui and Sumitomo group insurance companies
   - Sales of Mitsui Life and Sumitomo Life products through agents of MSI
   - Develop capabilities at Mitsui Life and Sumitomo Life for marketing non-life insurance products and at MSI for marketing life insurance products
2. SMBC, along with the Mitsui and Sumitomo group insurance companies, will conduct joint R&D with regard to hybrid products that combine insurance and financial products
3. Reorganize the asset management businesses of the alliance members
4. Transfer the operations of Mitsui Life's non-life insurance subsidiary to MSI
5. Expand the exchange of personnel among the alliance partners

A committee to steer the alliance made up of senior managing directors, managing directors and officers of a similar rank at the alliance partners has been formed. The committee's primary role is assuring that actions are taken as quickly and effectively as possible to fulfill the objectives of the alliance.

Major Accomplishments

- Joint development of non-life insurance market
  - Mitsui Life and former Mitsui Marine & Fire
  - Sumitomo Life and former Sumitomo Marine & Fire
- Sales of auto insurance (joint products of Sumitomo Life's non-life insurance subsidiary and the former Sumitomo Marine & Fire) by life insurance sales personnel
  - Sumitomo Life and former Sumitomo Marine & Fire
- Joint provision of employee benefit services
  - Mitsui Life; former Mitsui Marine & Fire and former Sakura Bank
  - Sumitomo Life and former Sumitomo Bank
- Receipt of loans from life insurance companies by policyholders using SMBC ATMs
  - Mitsui Life and SMBC
  - Sumitomo Life and SMBC

Financial Highlights

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

(Consolidated)

	Millions of yen				
	Sept. 30, 2001	Sept. 30, 2000		Mar. 31, 2001	
For the Interim Term (Year)					
Total income	**¥ 1,807,669**	¥ 2,180,165		¥ 4,501,200	
Total expenses	**1,709,004**	1,848,893		4,095,685	
Net income	**34,196**	107,183		132,408	
At Interim Term- (Year-) End					
Total stockholders' equity	**¥ 3,352,163**	¥ 3,996,941		¥ 4,012,960	
Total assets	**107,502,027**	107,323,132		119,242,661	
Risk-monitored loans	**3,782,947**	4,078,645		3,256,418	
Reserve for possible loan losses	**1,163,469**	1,621,602		1,268,853	
Net unrealized gains (losses) on securities	**(640,983)**	654,266		(301,106)	
The number of employees	**46,165**	44,318		46,406	
		Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
Capital ratio (BIS guidelines)	**10.79%**	12.30%	11.32%	11.31%	10.94%
ROE	**3.00%**	3.7 %	11.3 %	2.67%	6.05%
Per Share (Yen)					
Stockholders' equity	**¥359.97**	¥335.35	¥418.59	¥333.46	¥426.32
Net income	**6.02**	6.26	23.64	9.22	25.50
Net income — diluted	**6.01**	6.25	23.04	9.21	24.93

Notes: 1. Figures for the six-month period ended September 30, 2000 and the year ended March 31, 2001 are combined figures for Sakura Bank and Sumitomo Bank.
2. Stockholders' equity for the fiscal 2001 interim term includes a net unrealized loss of ¥394.8 billion on other securities.
3. Unrealized gains (losses) on securities represent the difference between the market prices and acquisition costs (or amortized cost) of "other securities." In principle, the values of stocks are calculated using the average market price during the final month of the reporting terms. For details, please refer to page 22.
4. The number of employees refers to full-time workers and includes locally hired overseas staff members but does not include employees temporarily transferred to other companies, temporary staff and part-time staff.

(Nonconsolidated)

	Millions of yen				
	Sept. 30, 2001	Sept. 30, 2000		Mar. 31, 2001	
For the Interim Term (Year)					
Total income	**¥ 1,337,459**	¥ 1,573,237		¥ 3,292,668	
Total expenses	**1,226,403**	1,356,384		3,019,557	
Net income	**79,794**	100,300		137,835	
(Appendix)					
Gross banking profit (A)	**849,274**	717,488		1,503,203	
Banking profit	**478,401**	515,118		991,670	
Banking profit (excluding transfer to general reserve for possible loan losses)	**515,804**	370,473		803,073	
Expenses (excluding non-recurring losses) (B)	**333,470**	347,013		700,128	
Expense ratio (B)/(A)	**39.2%**	48.3%		46.5%	
		Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
At Interim Term- (Year-) End					
Preferred stock	**650,500**	402,646	250,550	402,577	250,550
Number of shares issued (thousands)	**967,000**	802,646	167,000	802,577	167,000
Common stock	**676,246**	640,060	502,348	640,129	502,348
Number of shares issued (thousands)	**5,709,392**	4,117,801	3,141,062	4,118,077	3,141,062
Total stockholders' equity	**¥ 3,514,642**	¥ 4,029,415		¥ 4,119,937	
Total assets	**101,342,107**	100,774,231		113,727,498	
Deposits	**67,763,782**	66,801,654		70,729,773	
Loans and bills discounted	**61,071,591**	63,023,341		61,747,880	
Securities	**19,988,203**	18,596,325		27,059,978	
Risk-monitored loans	**3,269,821**	3,459,585		2,732,590	
Disclosed assets under the Financial Reconstruction Law	**3,326,878**	3,548,622		2,822,459	
Reserve for possible loan losses	**1,008,891**	1,467,937		1,095,841	
Net unrealized gains (losses) on securities	**(689,542)**	484,512		(429,844)	
The number of employees	**23,601**	26,161		24,731	
		Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
Capital ratio (BIS guidelines)	**11.53%**	12.67%	12.14%	11.91%	11.80%
ROE	**6.80%**	6.32%	6.65%	4.86%	3.72%
		Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
Per Share (Yen)					
Stockholders' equity	**¥387.72**	¥359.76	¥452.62	¥358.43	¥451.35
Dividends:					
Common stock	**—**	3.00	3.00	6.00	6.00
Preferred stock (Series II)	**/**	7.50	/	15.00	/
Preferred stock (Series III) (Type 2)	**/**	6.85	/	13.70	/
Preferred stock (First series Type 1)	**—**	/	5.25	/	10.50
Preferred stock (Second series Type 1)	**—**	/	14.25	/	28.50
Preferred stock (Type 5)	**—**	/	/	/	/
Net income	**14.03**	11.28	14.83	17.28	16.59

Notes: 1. Figures for the six-month period ended September 30, 2000 and the year ended March 31, 2001 are combined figures for Sakura Bank and Sumitomo Bank.
2. As a result of the merger of the two banks, stockholders' equity as of April 1, 2001 amounted to ¥3,772.9 billion.
3. Stockholders' equity for the fiscal 2001 interim term includes a net unrealized loss of ¥425.7 billion on other securities.
4. Please refer to page 51 for the definitions of risk-monitored loans and disclosed assets under the Financial Reconstruction Law.
5. Unrealized gains (losses) on securities represent the difference between the market prices and acquisition costs (or amortized cost) of "other securities." The values of stocks are calculated using the average market price during the final month of the reporting terms. For details, please refer to page 26.
6. The number of employees refers to full-time workers and includes locally hired overseas staff members but does not include employees temporarily transferred to other companies, temporary staff, part-time staff, or executive officers who are not also board members.
7. Money delivered due to merger (the amount equivalent to dividends from October 1, 2000 to March 31, 2001) has been included in Sakura Bank's fiscal 2000 dividends.
8. The dividends for fiscal 2001 will be paid in lump-sum without an interim dividend payment.

Progress Report on the Plan for Strengthening the Financial Base of the Bank

SMBC is working to raise its competitiveness and profitability through restructuring and rationalization based on the Plan for Strengthening the Financial Base of the Bank. The Plan was drawn up in March 1999, when the founding banks accepted an infusion of public funds through subscriptions to preferred stocks, and revised in December 2000 at the time of filing the merger application. The Plan defines annual targets for earnings, management rationalization and lending to small and medium-sized businesses. The following summarizes the Bank's progress in the first half of fiscal 2001 toward the targets set out in the Plan.

In the earnings category, gross banking profit for the first half of the fiscal year was ¥849.3 billion and expenses were ¥333.5 billion on a parent basis. As a result, banking profit, excluding transfer to general reserve for possible loan losses, was ¥515.8 billion and net income was ¥79.8 billion. The targets for the full fiscal year are as follows: gross banking profit of ¥1,428.0 billion, expenses of ¥728.0 billion, banking profit of ¥700.0 billion and net income of ¥210.0 billion.

SMBC made measurable progress in its rationalization plan. Expenses in the first half of the fiscal year amounted to ¥333.5 billion, against the full fiscal-year target of ¥728.0 billion. Several factors held down first-half expenses: a reduction in the number of employees and branches, and a review of ATM locations and other service channels; the consolidation of overlapping overseas bases; and other measures to cut a broad array of expenses, including purchasing outlays and computer system maintenance and management. Although much progress has been made in cutting costs in order to quickly generate concrete merger benefits, the deteriorating operating environment is prompting SMBC to enact still more sweeping restructuring initiatives. We will achieve a further reduction of ¥41.0 billion beyond the initial target outlined in the Plan, bringing expenses down to ¥687.0 billion in the current fiscal year.

The rationalization plan calls for reducing the domestic network to 573 branches, overseas network to 23 branches and the number of employees to 26,200 by the end of March 2002. We are ahead of schedule on all three fronts. As of the end of September 2001, the number of domestic branches was down to 577 and overseas branches to 21, while the number of employees stood at 26,802. With the closure of 13 domestic branches already completed in the second half, we have already exceeded the target for streamlining our branch network.

The outstanding balance of loans to small and medium-sized businesses at the end of the first half of the fiscal year posted a year-on-year decline of ¥1,589.0 billion. The balance thus fell far short of the target calling for increasing lending to the small and medium-sized business segment by ¥50 billion, excluding impact loans, in fiscal 2001. This was attributable to market conditions that made it extremely difficult to increase lending. One cause was a further decline in loan demand as the economy continued to weaken. Another was pressure exerted by large companies on their subsidiaries to reduce interest-bearing debt as part of their financial restructuring programs. Also limiting loan growth are measures to collect loans from troubled borrowers as part of efforts to deal quickly with problem loans.

Despite the challenging situation, we remain committed to attaining the full-year target. In the second half, we will take the following steps aimed at increasing loans to financially sound small and medium-sized businesses while preserving the quality of our assets.

(1) Utilize a broad range of channels to extend solution-based services to small and medium-sized companies
- Promote *Value Door*, a package of Internet-based services including loan applications, settlements and other items to meet a broad range of needs

(2) Improve infrastructure to support services for these companies
- Open more Business Support Offices
- Efficiently develop new sources of loan demand, such as financing tailored to the needs of franchised store operators
- Assign personnel to Corporate Business Offices exclusively for obtaining new borrowers
- Use the Tokyo Corporate Business Office and the Osaka Corporate Business Office to increase loans to new borrowers and growth companies
- Use the New Business Promotion Dept. within the Business Promotion Dept. to provide effective support to these initiatives

(3) Offer a richer array of products and services
- Expand loan product offerings, such as loans guaranteed by the Credit Guarantee Corporations and unsecured loans based on automated credit scoring models

Asset Quality

SMBC provides information about the status of its assets in three different ways. First, we conduct self-assessment to calculate appropriate write-offs and reserves by classifying borrowers according to their financial soundness. Second, disclosure based on "The Law Concerning Measures for the Reconstruction of the Functions of the Financial System" (the Financial Reconstruction Law) is used to classify problem assets. (Note: Disclosure on the basis of the Financial Reconstruction Law is related to self-assessment in terms of borrower category.) Third, we disclose the value of Risk-Monitored Loans based on the Banking Law, which excludes non-loan assets such as foreign exchange, accrued interest and advance payments.

Disposal of Problem Assets for the First Half of Fiscal 2001

SMBC makes appropriate write-offs and reserves based on semi-annual self-assessments conducted in compliance with the financial inspection manual prepared by the Financial Services Agency and the guidelines published by the Japanese Institute of Certified Public Accountants.

SMBC adopted an aggressive program with regard to the disposal of problem assets in accordance with the government's Emergency Economic Package, which urges banks to rapidly remove such assets from the balance sheet. This program addresses two external factors: the lack of any improvement in the financial condition of corporate borrowers and the ongoing decline in the collateral value of real estate amidst the prolonged economic slump.

As a result, on a nonconsolidated basis, total credit cost amounted to ¥305.4 billion in the first half of fiscal 2001, including the amounts transferred to the general reserve for possible loan losses. The total reserve for possible loan losses amounted to ¥1,008.9 billion at the end of the interim term.*

On a consolidated basis, total credit cost amounted to ¥356.7 billion, including the amounts transferred to the general reserve for possible loan losses, bringing the total reserve for possible loan losses to ¥1,163.5 billion.**

* All Classification IV credits are directly written off using the direct reduction method even if the credits were not classified as tax-free write-offs. The amount of direct reduction totaled ¥1,580.8 billion.

**The amount of direct reduction totaled ¥2,038.5 billion.

❑ Self-Assessment

Self-assessments are preparatory tasks prior to calculating the appropriate level of write-offs and reserves to ensure the soundness of bank assets. Each asset is assessed individually for its security. Each borrower is assigned, depending on its current condition, to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers and Bankrupt Borrowers. The degrees of risk of default and non-collection, and the risk of asset devaluation, are then assessed on a scale of I to IV. As part of our efforts to bolster risk management throughout the Group, our consolidated subsidiaries employ basically the same standards.

Borrower Categories

Normal Borrowers	Borrowers with good business performance and in good financial standing without identified problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy, but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications

Classification I	Assets not classified into Classifications II, III or IV
Classification II	Assets perceived to have above-average risk of non-collectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

Credit Cost for the First Half of Fiscal 2001 (Nonconsolidated)

(Billions of yen)

Credit cost	¥ 268.0
Write-off of loans	138.7
Transfer to specific reserve	98.4
Transfer to reserve for losses on loans sold	23.6
Losses on loans sold to CCPC	2.2
Losses on sale of delinquent loans	13.4
Transfer to loan loss reserve for specific overseas countries	(8.3)
Transfer to general reserve for possible loan losses	37.4
Total credit cost	¥ 305.4
Reserve for possible loan losses	¥1,008.9
Amount of direct reduction	¥1,580.8

Credit Cost for the First Half of Fiscal 2001 (Consolidated)

(Billions of yen)

Total credit cost	¥ 356.7
Reserve for possible loan losses	¥1,163.5
Amount of direct reduction	¥2,038.5

Reserve for Possible Loan Losses (as of September 30, 2001)

(Billions of yen)

	Nonconsolidated	Consolidated
Reserve for possible loan losses (a)	¥1,008.9	¥1,163.5
General reserve	405.2	457.4
Specific reserve	592.0	694.4
Loan loss reserve for specific overseas countries	11.7	11.7
Risk-monitored loans (b)	¥3,269.8	¥3,782.9
Reserve ratio (a) / (b)	30.9%	30.8%

❑ Write-Offs and Reserves Assessments

Under self-assessment, each borrower is evaluated and placed into a category – Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers and Bankrupt Borrowers – and standard write-offs and reserves are applied to each category.

Borrower Self-Assessment Categories	Rules for Write-Offs and Reserves
Normal Borrowers	Amounts are recorded as general reserves in proportion to the expected losses over the next 12 months based on the actual bankruptcy rate in the past for each credit rating category.
Borrowers Requiring Caution	These assets are divided into groups according to the risk of default. Amounts are recorded as general reserves in proportion to the expected losses based on the actual bankruptcy rate in the past for each group. The groups are "claims to substandard borrowers" and "other." The latter group is further divided according to financial positions and the condition of the credit extended.
Potentially Bankrupt Borrowers	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.
Effectively Bankrupt/Bankrupt Borrowers	In principle, the Bank 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 aside for possible loan losses against the full amount of Classification III assets.

As part of our overall measures to strengthen risk management throughout the Group, all consolidated subsidiaries basically use the same standards as the parent bank for write-offs and reserves.

Disclosure of Problem Assets

1. Disclosed Assets under the Financial Reconstruction Law

Under the Financial Reconstruction Law, assets are assessed and classified into four categories: Bankrupt and Quasi-Bankrupt Assets, Doubtful Assets, Substandard Loans, and Normal Assets.

On a nonconsolidated basis, the total value of assets in all categories other than Normal Assets amounted to ¥3,326.9 billion as of September 30, 2001, a ¥504.4 billion increase compared with March 31, 2001. This is mainly attributable to an ¥817.8 billion increase in Substandard Loans resulting from the application of stricter assessment standards to those loans.

On a consolidated basis, the amount was ¥3,843.1 billion.

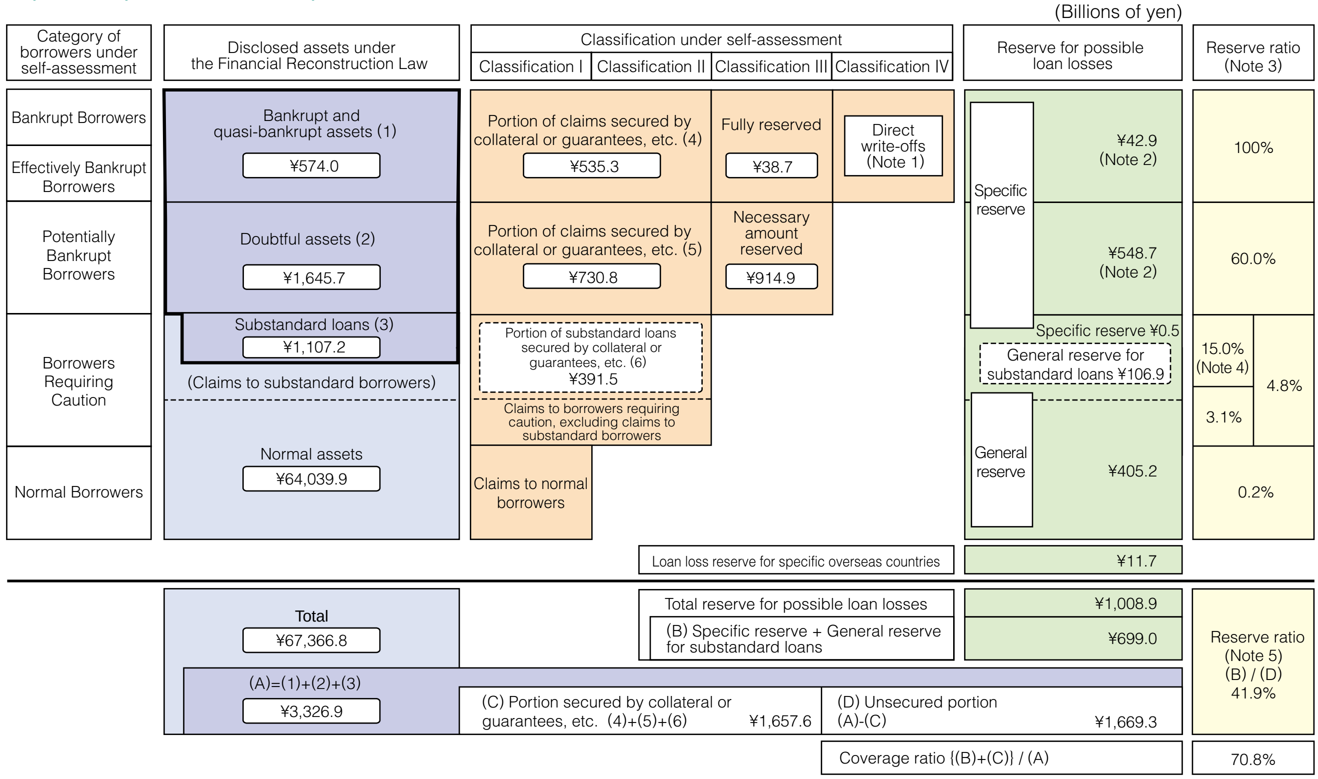
■ Disclosed Assets under the Financial Reconstruction Law (as of September 30, 2001)

(Billions of yen)

	Nonconsolidated	Compared with March 31, 2001	Consolidated
Bankrupt and quasi-bankrupt assets	¥ 574.0	¥ (15.9)	¥ 735.0
Doubtful assets	1,645.7	(297.4)	1,858.8
Substandard loans	1,107.2	817.8	1,249.3
Subtotal	3,326.9	504.4	3,843.1
Normal assets	64,039.9	(2,117.9)	65,558.2
Total	¥67,366.8	¥(1,613.5)	¥69,401.3
Amount of direct reduction	¥ 1,580.8		¥ 2,038.5

■ Classification under Self-Assessment, Disclosure of Problem Assets and Write-Offs/Reserves (Nonconsolidated) (as of September 30, 2001)

(Billions of yen)



Notes: 1. Includes amount of direct reduction totaling ¥1,580.8 billion.
2. Includes reserves for assets which are not subject to disclosure under the Financial Reconstruction Law disclosure standards. (Bankrupt/effectively bankrupt borrowers: ¥4.2 billion; Potentially bankrupt borrowers: ¥8.2 billion)
3. The reserve ratio to normal borrowers is the proportion of the reserve to the total claims to normal borrowers. Reserve ratios to other borrowers are the proportions of the reserve to the respective claims of each category, excluding the portions secured by collateral or guarantees, etc.
4. The proportion of the reserve to the unsecured claims to substandard borrowers, excluding the claims to borrowers with specific reserves.
5. The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

❑ Classification of Disclosed Assets under the Financial Reconstruction Law

Classification of Disclosed Assets	
Bankrupt and Quasi-Bankrupt Assets	This category is defined as the sum of credits to Bankrupt Borrowers and Effectively Bankrupt Borrowers as categorized by self-assessment, excluding Classification IV credits, which are fully written off. Classification III credits are fully covered by reserves and Classification I and II credits, the collectible portion, are secured by collateral or guarantees, etc.
Doubtful Assets	This category is defined as the credits to Potentially Bankrupt Borrowers under self-assessment. Specific reserves are set aside for Classification III credits, and Classification I and II credits, the collectible portion, are secured by collateral or guarantees, etc.
Substandard Loans	This is the portion of the loans extended to Borrowers Requiring Caution under self-assessment consisting of past due loans (three months or more) and restructured loans.
Normal Assets	This is the sum, as of term-end, of loans, securities lending, foreign exchange, accrued interest, advance payments and customers' liabilities for acceptances and guarantees that are not included in the other three categories.

2. Risk-Monitored Loans

In addition to the disclosure of problem assets in accordance with the Financial Reconstruction Law, we separately disclose the balance of "Risk-Monitored Loans" in accordance with the Banking Law.

On a nonconsolidated basis, Risk-Monitored Loans amounted to ¥3,269.8 billion as of September 30, 2001, a ¥537.2 billion increase compared with March 31, 2001.

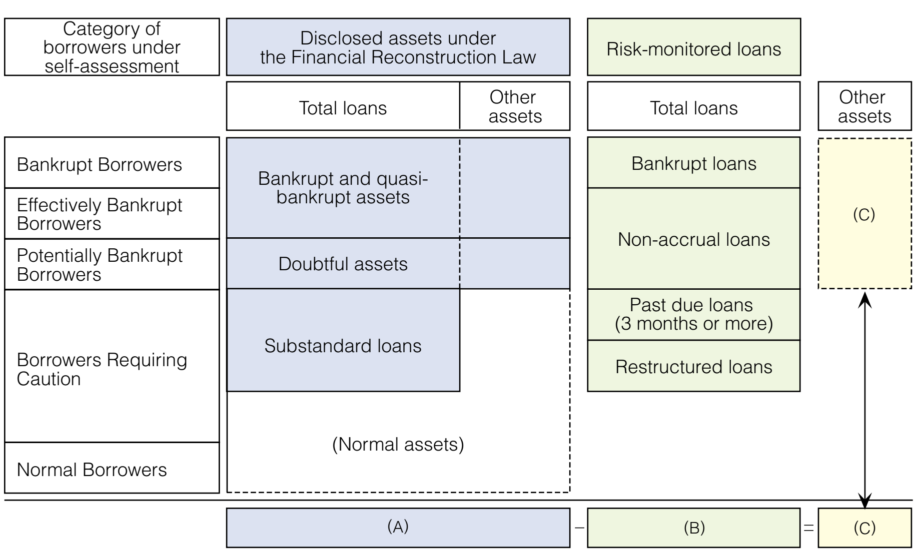
On a consolidated basis, Risk-Monitored Loans amounted to ¥3,782.9 billion.

■ Risk-Monitored Loans (as of September 30, 2001)

(Billions of yen)

	Nonconsolidated	Ratio to total loans	Compared with March 31, 2001	Consolidated	Ratio to total loans	Compared with March 31, 2001
Bankrupt loans	¥ 217.1	0.4%	¥ (18.6)	¥ 248.7	0.4%	¥ (24.4)
Non-accrual loans	1,945.5	3.2	(262.0)	2,294.8	3.5	(282.7)
Past due loans (3 months or more)	105.7	0.2	2.5	124.5	0.2	(1.3)
Restructured loans	1,001.5	1.6	815.3	1,114.9	1.7	834.9
Total	¥3,269.8	5.4%	¥537.2	¥3,782.9	5.8%	¥ 526.5
Amount of direct reduction	¥1,550.5			¥1,984.8		

❑ Disclosed Assets under the Financial Reconstruction Law and Risk-Monitored Loans



The disclosure of Risk-Monitored Loans corresponds exactly to disclosure based on the Financial Reconstruction Law, except for such non-loan assets as securities lending, foreign exchange, accrued interest, advance payments and customers' liabilities for acceptances and guarantees, which are not included in the Risk-Monitored Loans category.

Since the interest income from borrowers classified by self-assessment in the Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers and Bankrupt Borrowers categories is not accrued as revenue, there is no accrued interest included in the assets disclosed on the basis of the Financial Reconstruction Law.

■ Disclosed Assets by Domicile of Borrowers (Nonconsolidated) (as of September 30, 2001)

(Billions of yen)

	Financial Reconstruction Law Standard	Percentage	Risk-Monitored Loans	Percentage
Domestic	¥3,175.8	95.5%	¥3,136.1	95.9%
Overseas	151.1	4.5%	133.7	4.1%
Asia	105.7	3.2%	95.3	2.9%
Indonesia	41.5	1.2%	40.0	1.2%
Hong Kong	19.2	0.6%	17.4	0.5%
India	7.4	0.2%	5.2	0.2%
China	3.9	0.1%	3.6	0.1%
Other	33.7	1.0%	29.1	0.9%
North America	39.0	1.2%	32.1	1.0%
Central and South America	0.9	0.0%	0.9	0.0%
Western Europe	1.7	0.1%	1.6	0.0%
Eastern Europe	3.8	0.1%	3.8	0.1%
Total	¥3,326.9	100.0%	¥3,269.8	100.0%

Note: "Domestic" means the total for domestic branches excluding the special account for international financial transactions. "Overseas" means the total for overseas branches including the special account for international financial transactions. The above countries and areas are categorized by the obligor's domicile.

■ Disclosed Assets by Type of Borrowers (Nonconsolidated) (as of September 30, 2001)

(Billions of yen)

	Financial Reconstruction Law Standard	Percentage	Risk-Monitored Loans	Percentage
Domestic	¥3,175.8	95.5%	¥3,136.1	95.9%
Manufacturing	272.5	8.2%	270.9	8.3%
Agriculture, forestry, fishery and mining	6.3	0.2%	6.2	0.2%
Construction	266.1	8.0%	265.8	8.1%
Wholesale and retail	396.2	11.9%	387.1	11.8%
Finance and insurance	106.7	3.2%	100.7	3.1%
Real estate	1,035.4	31.1%	1,033.6	31.6%
Transportation, communications and other public enterprises	55.0	1.7%	53.8	1.7%
Services	801.4	24.1%	798.1	24.4%
Municipalities	—	—	—	—
Other	236.2	7.1%	219.9	6.7%
Overseas	¥ 151.1	4.5%	¥ 133.7	4.1%
Public sector	15.3	0.4%	15.3	0.5%
Financial institutions	0.9	0.0%	0.9	0.0%
Commerce and industry	134.9	4.1%	117.5	3.6%
Other	0.0	0.0%	0.0	0.0%
Total	¥3,326.9	100.0%	¥3,269.8	100.0%

Note: "Domestic" means the total for domestic branches excluding the special account for international financial transactions. "Overseas" means the total for overseas branches including the special account for international financial transactions.

Work-Out of Problem Assets by Removing Them from the Balance Sheet

Under the provisions of the Emergency Economic Package enacted in April 2001, we are publishing the results of the measures taken for the work-out of problem assets (that is, removing them from the balance sheet), as well as the amount of assets that were newly classified as bankrupt and quasi-bankrupt assets or doubtful assets.

During the first half of fiscal 2001, the Bank removed bankrupt and quasi-bankrupt assets, and doubtful assets of ¥696.7 billion. Of this amount, ¥399.7 billion was classified as bankrupt and quasi-bankrupt assets or doubtful assets during or before the first half of fiscal 2000, and ¥297.0 billion was classified as bankrupt and quasi-bankrupt assets or doubtful assets during the second half of fiscal 2000.

Assets newly classified as bankrupt and quasi-bankrupt assets or doubtful assets amounted to ¥383.3 billion during the period, resulting in a net reduction of ¥313.3 billion.

■ Term-End Balance of Bankrupt and Quasi-Bankrupt Assets, and Doubtful Assets (Nonconsolidated)

(1) Problem assets existing prior to and during the first half of fiscal 2000

(Billions of yen)

	September 30, 2000	March 31, 2001	September 30, 2001	Compared with March 31, 2001
Bankrupt and quasi-bankrupt assets	¥ 621.7	¥ 472.7	¥ 376.9	¥ (95.8)
Doubtful assets	2,567.9	1,353.1	1,049.2	(303.9)
Total	¥3,189.6	¥1,825.8	¥1,426.1	¥(399.7)

(2) Problem assets classified during the second half of fiscal 2000

	March 31, 2001	September 30, 2001	Compared with March 31, 2001
Bankrupt and quasi-bankrupt assets	¥117.2	¥141.6	¥ 24.4
Doubtful assets	590.1	268.7	(321.4)
Total	¥707.3	¥410.3	¥(297.0)

¥(696.7)

(3) Newly-classified problem assets during the first half of fiscal 2001

	September 30, 2001	Compared with March 31, 2001
Bankrupt and quasi-bankrupt assets	¥ 55.5	¥ 55.5
Doubtful assets	327.8	327.8
Total	¥383.3	¥383.3

(4) Total ((1)+(2)+(3))

	September 30, 2000	March 31, 2001	September 30, 2001	Compared with March 31, 2001
Bankrupt and quasi-bankrupt assets	¥ 621.7	¥ 589.9	¥ 574.0	¥ (15.9)
Doubtful assets	2,567.9	1,943.1	1,645.7	(297.4)
Total	¥3,189.6	¥2,533.0	¥2,219.7	¥(313.3)

■ Progress of Removal of Problem Assets from Balance Sheets (Nonconsolidated)

(Billions of yen)

	Existing prior to and during 1st half of fiscal 2000	Newly-classified during 2nd half of fiscal 2000	Total
Disposition by borrowers' liquidation	¥ (9.5)	—	¥ (9.5)
Re-constructive disposition	(47.8)	¥ (0.3)	(48.1)
Improvement in debtors' performance due to re-constructive disposition	—	—	—
Loan sales to secondary market	(194.5)	(5.6)	(200.1)
Write-offs	55.9	(138.2)	(82.3)
Others	(203.8)	(152.9)	(356.7)
Collection/repayment, etc.	(152.1)	(138.7)	(290.8)
Improvement in debtors' performance	(51.7)	(14.2)	(65.9)
Total	¥(399.7)	¥(297.0)	¥(696.7)

Notes: 1. "Disposition by borrowers' liquidation" refers to abandonment or write-off of loans involved in bankruptcy liquidation proceedings (bankruptcy or special liquidations).
2. "Re-constructive disposition" refers to abandonment of loans involved in rehabilitative bankruptcy proceedings (corporate reorganization, civil rehabilitation, composition and arrangement), loan forgiveness involving special mediation or other types of civil mediation, or loan forgiveness for restructuring involving a private reorganization.
3. "Improvement in debtors' performance due to re-constructive disposition" was categorized as "Others" in the annual report for the year ended March 31, 2001.

First Half Achievements and Second Half Outlook by Business Unit

Consumer Banking Unit

Consumer Banking Unit Service Network

Our consumer banking unit currently ranks first among Japanese banks in terms of investment trust balances, housing loan balances and customer accounts, a position it has held since the inception of SMBC. Leveraging our skills in the development of new products, services and marketing channels, along with financial consulting expertise backed by employees with specialized knowledge, we are working to offer financial services featuring yet more added value.

We offer products and services meeting customers' needs through the most suitable marketing channels to reach key customer segments, such as private banking, asset management and long-term asset building. To serve asset management clients, for example, highly skilled financial consultants are assigned to each Block Consumer Business Office and Consumer Investment Services Office. These professionals offer customized and detailed asset and liability management plans structured around a *Total Portfolio Plan for Financial Assets*. In the asset building segment, specially trained individuals serve customers at a Money Lifestyle Consulting Desk or other consultation service sites. Doing so provides a single source for offering investment and savings vehicles, such as investment trusts and foreign currency deposits, as well as assistance in obtaining loans for housing, education and other needs. During the first half of the current fiscal year, the number of Money Lifestyle Consulting Desks was raised by 21 to total 139 locations as of September 30, 2001.

Rich Lineup of Products and Services

In April 2001, SMBC began offering a new product called the *Asset Building Package* that combines investment trusts and foreign currency deposits with time deposits. An immediate success, this product attracted customer assets of about ¥400 billion by the end of the first half of the fiscal year. In July, the *Comprehensive Report Service* was introduced as part of the *Monthly Voice* newsletter. These monthly reports contain all information on a customer's SMBC accounts, including data on the distribution of assets, account balances, deposits and withdrawals, and gains and losses. In addition, SMBC's *One's Direct* online service continued to grow as registered users rose to 4.2 million at the end of September 2001, the largest at any Japanese bank. This service allows customers to access the identical service lineup (fund transfers, balance inquiries, time deposit and foreign currency deposit transactions, investment trust transactions, and others) via the telephone, the Internet or the i-mode mobile phone service. *One's Direct* service was recently honored by being named best overall in the *2001 Autumn Online Bank Scorecard*.*

Realignment of the Manned Branch Network

To enhance the reach and customer appeal of the Bank's branches, these offices are undergoing a strategic transformation from transaction centers to marketing bases. This process involves a review of the infrastructure of each branch based on location and market size to determine the most suitable functions and physical layout. Accompanying this process is the ongoing streamlining of the domestic branch network, which stood at 578 as of the merger in April 2001. The network is to be reduced to about 400 branches, mainly by consolidating overlapping branches. Fourteen branches are to be closed during the current fiscal year. Furthermore, "joint branches," where two or more branches are located at a single site, will be set up at 20 locations prior to the completion of computer system integration in July 2002.

The Brand Strategy

The central theme for consumer banking is *"One's Next,"* helping individuals develop the next step of their financial plans according to life stage. Through this strategy of individualized attention to customers, SMBC aims to build the solid and highly trusted brand value worthy of a leading bank.

Major Accomplishments

- Opening of 21 Money Lifestyle Consulting Desks, raising this service network to 139 locations as of September 30, 2001
- Began offering *Asset Building Package* and *Comprehensive Report Service*, included with monthly newsletter
- *One's Direct* service rated number-one overall among bank online services*

Goals

- Streamline and strengthen the manned branch network
- Build brand value worthy of a leading bank that is highly trusted by its customers

* Based on an online banking survey released on October 2, 2001 by the e-commerce research firm Gomez Japan K.K.

Middle Market Banking Unit

In this banking unit, SMBC is concentrating on building a "solutions business" capable of rapidly addressing the diversifying needs of small and medium-sized businesses, thereby establishing the SMBC brand firmly with this client segment. Accompanying this initiative are actions to further enhance competitiveness.

Solution-Driven Marketing

Our experts at Corporate Business Offices throughout Japan work as a single team with specialists at the head office to offer sophisticated financial services. This arrangement yields speedy responses to a broad spectrum of client needs including derivatives, electronic banking, foreign business, M&A, factoring and securitization, and initial public offerings.

In the first half of the fiscal year, this approach led SMBC to participate in a number of large-scale M&A deals and to provide solutions that utilize sophisticated financial techniques such as derivatives and syndications. In the electronic banking field, SMBC's *Perfect*, a patented reconciliation support service, raised its user base by more than 900 to 3,179 companies as of September 30, 2001.

In another development, SMBC Group members cooperated to launch *SMBC Financial Link* to support the growing need for Internet-based services. *SMBC Financial Link* brings together in a single package all SMBC Group products and services involving settlements, the extension of credit, authorizations and bill collections.

More steps will be taken in the second half of the fiscal year to enhance services for corporate clients. In October, for example, the Business Reengineering Dept. was formed within the Business Promotion Dept. at the head office to provide assistance to customers restructuring their businesses. These actions will provide a strong framework for promoting solution-driven businesses in which branches, the head office and Group companies work in unison to increase corporate value for clients.

Services for Small Businesses

SMBC has established Business Support Offices to function as service locations exclusively for small and medium-sized businesses and sole proprietorships throughout Japan. This framework better enables the provision of services that accurately target the needs of these clients.

In the first half of the fiscal year, emphasis was placed on offering two loan products that can respond quickly to the need among small and medium-sized companies for unsecured funding: the *Business Select Loan* and the *Business Fast Loan*. The balance of such loans at September 30, 2001 was ¥18.3 billion. SMBC also promoted *Value Door*, a product that allows each client using a personal computer to access services that meet its needs. As a result, the user base for electronic banking, a primary component of the content offered by *Value Door*, rose from about 6,000 to 9,000 companies during the first half of the fiscal year.

Our corporate finance experts specializing in small and medium-sized companies will continue to use the Business Support Office network to extend products and services that target actual client needs. Efforts will also focus on augmenting the content and functionality of *Value Door* services. Illustrating this drive was the full-fledged operation of Internet-based *Value Door* services in October 2001.

Another theme is identifying the unique needs of small and medium-sized businesses and businesses of individuals that belong to franchised chains. SMBC offers fund procurement arrangements that are compatible with the business structure of each franchising operation. We will tap this capability to attract more borrowers in this client segment.

Major Accomplishments

- Significant growth of *Perfect*, a reconciliation support service that received a business model patent in February 2000
- Launch of *SMBC Financial Link* for supporting Internet-based services
- High-profile actions to meet the funding needs of small and medium-sized companies
  Provision of loans featuring quick approvals and no need for collateral

Goals

- Conducting solution-driven marketing backed by the collective resources of branches, the head office and Group companies
- Providing products and services that target the needs of small and medium-sized companies
  Enhancing the content of Value Door *services*

Corporate Banking Unit

With the formation of SMBC, the Corporate Banking Unit was created as a unified organization to serve customers. This unit's primary mission is to function as a reliable source, always ready to provide sophisticated solutions to Japan's best-known corporations. To fulfill this mission, we thought it was essential to shift immediately to a more integrated front-office organization eliminating the boundaries between the two founding banks and to use that organization to build a powerful operating base. The new unified structure fulfills both of these goals.

Major Accomplishments

- Unifying front-office operations created a base on which the synergy effect of the expertise of both founding banks can be maximized
  Bolstered non-interest income, a critical management issue amidst Japan's ongoing economic slump
- Eliminated redundancies to establish a more streamlined and efficient operating base
  Reduced costs
- Completed an information management infrastructure
  Immediately after the merger, a new CRM system was launched for instantaneous sharing of information throughout the organization

Goals

- Strengthen ability to offer solutions for corporate restructuring by bolstering ties with Daiwa Securities SMBC Co. Ltd. and enhancing the operations of the Financial Solutions Department
- Strengthen and expand settlement-related businesses, particularly cash management services (CMS)
- Build on the relatively strong market positions of the two founding banks as an arranger in fields such as non-recourse loans, credit line commitments and syndicated loans

Most steps to create the necessary operating base were completed during the first half of the fiscal year. Looking ahead, the Corporate Banking Unit will be moving away from an asset-based profit structure by increasing income from fees and commissions and will continue to cut costs. With the groundwork in place, the unit is positioned to move still faster in molding a business model that will make SMBC more competitive.

Treasury Unit

Since the merger, the Treasury Unit has been operating in a seamless manner with a single dealing room supported by a single computer system and unified risk management.

Major Accomplishments

- More customer transactions, thanks to the establishment of the Treasury Marketing Department
  There were substantial increases in clients with which SMBC deals directly and clients using the unit's online dealing service
- The unit conducted decisive and flexible operations that accurately read trends in domestic and overseas markets
  This yielded a major improvement in foreign currency asset liability management (ALM) earnings, while earnings from yen-based ALM and trading operations remained high

The Treasury Marketing Department was formed to enhance our services and sales capabilities for customer transactions. Doing so provided a single department to specialize in customer transactions involving marketable products. In addition, the number of treasury officers specializing in foreign exchange-related services was increased, creating an even more powerful 24-hour foreign exchange dealing structure. The result was sharp growth in direct and online dealing clients, leading immediately to an increase in customer transactions.

In dealing operations, the unit was able to capitalize on market trends while holding market and liquidity risk within prudent parameters. Particularly noteworthy was the taking of new positions early in the fiscal year in anticipation of falling interest rates in Japan and overseas. A shift from yen to foreign currency positions during the year's first half also contributed to earnings. The overall result was a year-on-year increase of more than ¥100 billion in treasury earnings.

Goals

- Enhance convenience for clients and sharply increase the volume of customer transactions
- Enact a variety of risk controls in response to the difficult market conditions prevailing in Japan

The Treasury Unit is committed to doing whatever is needed to cater to the increasingly diversified and sophisticated demands of clients. One major advance has been to offer even more useful assistance by adding new products and bolstering the unit's ability to handle a broad array of transactions. Another has been to conduct operations that address market and liquidity risk in view of the considerable credit risk concerns about Japan on the part of market participants.

International Banking Unit

Since the April inception of SMBC, the International Banking Unit has been undertaking actions to firmly establish the SMBC brand. The unit is capitalizing on the Bank's global network to assist Japanese companies to grow in overseas markets and multi-national companies to succeed in Japan. It is promoting and upgrading global CMS so as to become more competitive in overseas markets. A realignment of overseas offices is giving SMBC a stronger presence in Asia. Progress is being made in generating more fees that are not linked to asset volume.

Major Accomplishments

- Expanded CMS business with multi-national corporations by forming alliances with prominent overseas financial institutions to offer clients local-currency settlement services and expanded CMS capabilities
  We were the first Japanese bank to develop and begin sales of a Chinese-language CMS product
- SMBC's yen custody services were awarded "top-rated" status in a survey conducted by the highly-respected industry periodical *Global Custodian*
- A strategic review was conducted for Asian offices and investments, resulting in the closing and consolidation of some subsidiaries and the finalization of a plan to establish a branch in Taipei
- The Global Client Business Dept. provided solutions to multi-national companies trying to establish themselves in Japan

Goals

- Restructure the portfolio to maximize *SMVA* (*Sumitomo Mitsui Value Added*, an internal measure of shareholder value added) and increase the volume of value-added transactions
- Utilize the network to form more global client relationships
- Further upgrade settlement-related services and other fee-based businesses

The mission of the International Banking Unit is to meet accurately and quickly the requirements of clients operating on a global scale. While making full use of the existing network, the unit will continue to enter into strategic alliances with prominent overseas financial institutions. This will produce an operating base that can meet on a real time basis the global needs of clients in Japan and overseas. In the Americas and Europe, financial services will be further refined, a move underpinned by a more sophisticated and detailed risk management system. These initiatives will all contribute to establishing a distinctive business model for SMBC. Finally, the unit aims to generate a high level of *SMVA* by emphasizing high value-added transactions and by conducting an exhaustive portfolio restructuring.

Investment Banking Unit

This unit offers a broad array of sophisticated financial products supported by a staff of skilled professionals. Able to extend financial services of the highest caliber, this unit scored a number of notable accomplishments during the first half of the fiscal year.

Major Accomplishments

- Financial solutions to customers
  Led by the newly established Financial Solutions Department, the unit presented financial solutions to a wide range of customers
- Outstanding performance by Daiwa Securities SMBC
  Ranked number-one in the IPO and corporate bond underwriting league tables in the first half of the current fiscal year
- Progress in arranging syndicated loans
  Participated in REIT, M&A fund raising and other large-scale deals

Goals

- Respond to clients' needs for business restructuring and securitization
- Develop debt capital markets
- Work in closer cooperation with Daiwa Securities SMBC
- Expand defined contribution pension plan business

The Investment Banking Unit is focusing on needs linked to clients' business restructuring programs and securitization. Particular areas of interest are financing for management buyouts, securitization of receivables and real estate, and lease financing. Daiwa Securities SMBC and other SMBC Group members in Japan and overseas will combine their resources to propose and supply a broad range of services worldwide.

To offer customers an even larger selection of solutions, the unit is developing fields with growth potential, such as debt capital markets, particularly the syndicated loan market. These initiatives will allow SMBC to meet a wider range of clients' fund raising requirements.

Daiwa Securities SMBC will be deepening its cooperation with SMBC in M&A, structured finance and other fields. By providing superior services to clients, Daiwa Securities SMBC aims to be a leading investment bank.

Defined contribution pension plans were introduced in Japan in October 2001. SMBC offers consulting, plan management services, and employee investment education related to this new pension system through Japan Pension Navigator Co., Ltd. Established in September 2000, Japan Pension Navigator is capitalized by SMBC and five other financial services companies belonging to the Mitsui and Sumitomo groups.

Corporate History

1876	Mitsui Bank is established.
1893	Mitsui Bank reorganizes itself as an unlimited partnership.
1895	Sumitomo Bank is established.
1909	Mitsui Bank reorganizes into a limited company.
1912	Sumitomo Bank reorganizes into a limited company.
1936	The seven major banks of Hyogo Prefecture are merged into Kobe Bank.
1940	Dai Nihon Mujin is established.
1943	Mitsui Bank merges with Dai-Ichi Bank to form Teikoku Bank.
1944	Teikoku Bank merges with Jugo Bank.
1945	Sumitomo Bank merges with Hannan and Ikeda Jitsugyo Banks. Kobe Bank begins trust business.
1948	Dai Nihon Mujin is renamed Nihon Mujin. Teikoku Bank splits off Dai-Ichi Bank. Sumitomo Bank is renamed Osaka Bank.
1949	Teikoku Bank's shares are listed on the Tokyo and Osaka stock exchanges. Osaka Bank's shares are listed on the Tokyo and Osaka stock exchanges.
1951	Nihon Mujin is renamed Nihon Sogo Bank.
1952	Osaka Bank's name is restored to Sumitomo Bank.
1954	Teikoku Bank's name is restored to Mitsui Bank.
1960	Kobe Bank's trust division is transferred to Toyo Trust and Banking.
1965	Sumitomo Bank merges with Kawachi Bank.
1968	Mitsui Bank merges with Toto Bank. Nihon Sogo Bank converts to an ordinary bank and is renamed Taiyo Bank.
1973	Kobe Bank and Taiyo Bank merge to form Taiyo Kobe Bank.
1986	Sumitomo Bank merges with Heiwa Sogo Bank.
1990	Mitsui Bank and Taiyo Kobe Bank merge to form Mitsui Taiyo Kobe Bank.
1992	Mitsui Taiyo Kobe Bank is renamed Sakura Bank.
1999	Sakura Bank and Sumitomo Bank develop a strategic alliance leading to future integration of the two banks.
2001	Sakura Bank and Sumitomo Bank merge to form Sumitomo Mitsui Banking Corporation.

Financial Section

Following is a summary of consolidated and nonconsolidated financial statements for the interim period ended September 30, 2001. Figures for the six-month period ended September 30, 2000 and the year ended March 31, 2001 are combined figures for former Sakura Bank and former Sumitomo Bank (with the exception of the figures on pages 27-45).

Financial Review (Consolidated)

1. Operating Results

Consolidated results for the six-month period ended September 30, 2001 include the result of 155 consolidated subsidiaries (101 in Japan and 54 overseas), 5 overseas non-consolidated subsidiaries accounted for by the equity method, and 35 affiliated companies (10 in Japan and 25 overseas) accounted for by the equity method.

Consolidated gross profit posted a year-on-year increase of ¥112.4 billion to ¥974.7 billion and, after general and administrative expenses, total credit cost and other items, the operating profit declined ¥253.8 billion to ¥114.5 billion.

After the extraordinary gains and losses, income taxes and minority interests, net income declined ¥73.0 billion to ¥34.2 billion.

Deposits, excluding NCDs, as of September 30, 2001 were ¥60,533.2 billion, a ¥2,515.9 billion decrease compared with as of March 31, 2001. During the same period, loans and bills discounted declined ¥809.5 billion to ¥64,727.6 billion, and securities declined ¥6,800.9 billion to ¥20,511.6 billion.

As a result, total assets declined ¥11,740.7 billion to ¥107,502.0 billion during the six-month period.

Number of Consolidated Subsidiaries and Affiliates Accounted for by the Equity Method

As of September 30, 2001 and 2000, and March 31, 2001

	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Consolidated subsidiaries	**155**	134	149
Subsidiaries and affiliates accounted for by the equity method	**40**	72	41

Income Summary

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Consolidated gross profit	**¥ 974.7**	¥ 862.3	¥1,837.9
Net interest income	**674.7**	610.5	1,323.5
Net fees and commissions	**153.5**	154.0	316.3
Net trading income	**73.7**	43.3	109.0
Net other operating income	**72.8**	54.5	89.0
General and administrative expenses	**¥(468.4)**	¥(448.6)	¥ (940.9)
Total credit cost	**(356.7)**	(384.0)	(992.9)
Write-off of loans	**(196.8)**	(164.0)	(814.4)
Transfer to specific reserve	**(62.3)**	(349.4)	(258.5)
Transfer to general reserve for possible loan losses	**(62.8)**	164.4	209.5
Others	**(34.8)**	(35.1)	(129.5)
Gains (losses) on stocks	**¥ (18.9)**	¥ 243.2	¥ 468.5
Net income (loss) from nonconsolidated entities accounted for by the equity method	**(0.4)**	24.1	44.4
Other income (expenses)	**(15.9)**	71.3	77.7
Operating profit	**¥ 114.5**	¥ 368.3	¥ 494.6
Extraordinary losses	**(15.8)**	(37.1)	(89.1)
Income before income taxes and minority interests	**98.7**	331.3	405.5
Income taxes, current	**(37.7)**	(75.2)	(65.5)
deferred	**(3.6)**	(136.9)	(198.2)
Minority interests in net income	**(23.1)**	(12.0)	(9.3)
Net income	**¥ 34.2**	¥ 107.2	¥ 132.4
<Reference>			
Consolidated banking profit	**¥ 447.8**	¥ 411.9	¥ 833.2

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)
2. Consolidated banking profit = Nonconsolidated banking profit (excluding transfer to general reserve for possible loan losses) + Subsidiaries' operating profit (excluding temporary factors) + Affiliates' operating profit x Ownership ratio – Internal transactions (dividends, etc.)

Assets, Liabilities and Stockholders' Equity

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Assets	**¥107,502.0**	¥107,323.1	¥119,242.7
Loans and bills discounted	**64,727.6**	66,662.4	65,537.1
Securities	**20,511.6**	19,032.3	27,312.5
Liabilities	**103,181.9**	102,348.8	114,239.1
Deposits (excluding negotiable certificates of deposit)	**60,533.2**	61,085.8	63,049.1
Minority interests	**967.9**	977.4	990.6
Stockholders' equity	**3,352.2**	3,996.9	4,013.0

2. Unrealized Gains (Losses) on Securities

As of September 30, 2001, net unrealized losses on securities were ¥644.7 billion, a decline of ¥970.2 billion compared with April 1, 2001 at the time of the merger. Net unrealized losses on other securities (including other money held in trust), which are deducted from equity beginning with the current fiscal year due to the adoption of mark-to-market accounting, amounted to ¥645.0 billion, a decline of ¥970.5 billion compared with the net unrealized gains in April 1, 2001.

The large increase in unrealized losses on other securities was attributable to a decline of ¥900.4 billion in the book value of stocks, compared with April 1, 2001. This decline was caused by Japan's persistent economic downturn as well as a fall in stock prices sparked by global economic uncertainty in the wake of the terrorist attacks in the U.S.

The primary reason for the difference between this figure and the figure for nonconsolidated net unrealized gains (losses) is unrealized gains (losses) on foreign stocks held by subsidiaries (see page 26).

Unrealized Gains (Losses) on Securities

As of September 30, 2001, and April 1, 2001

	Billions of yen						
	Sept. 30, 2001				Apr. 1, 2001*		
	Net unrealized gains (losses) (a)	(a)–(b)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (b)	Unrealized gains	Unrealized losses
Held-to-maturity securities	**¥ 0.3**	**¥ 0.4**	**¥ 0.8**	**¥ (0.5)**	¥ (0.1)	¥ 0.0	¥ (0.1)
Other securities	**(641.0)**	**(970.1)**	**408.9**	**(1,049.9)**	329.2	661.1	(331.9)
Stocks	**(806.3)**	**(900.4)**	**214.2**	**(1,020.4)**	94.1	408.7	(314.6)
Bonds	**82.0**	**(28.4)**	**91.9**	**(9.9)**	110.5	113.7	(3.2)
Others	**83.3**	**(41.3)**	**102.8**	**(19.5)**	124.6	138.7	(14.1)
Other money held in trust	**(4.0)**	**(0.4)**	**0.3**	**(4.3)**	(3.6)	0.8	(4.4)
Total	**(644.7)**	**(970.2)**	**410.0**	**(1,054.7)**	325.5	661.9	(336.5)
Stocks	**(806.3)**	**(900.4)**	**214.2**	**(1,020.4)**	94.1	408.7	(314.6)
Bonds	**81.7**	**(28.7)**	**92.0**	**(10.2)**	110.5	113.7	(3.2)
Others	**79.8**	**(41.1)**	**103.8**	**(24.0)**	120.9	139.5	(18.6)

Notes:
1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "deposits with banks" and commercial papers as well as claims on loan trust in "commercial paper and other debt purchased."
2. In principle, the values of stocks as of September 30, 2001 are calculated using the average market price during the final month of the six-month period ended September 30, 2001. The values of bonds and others are calculated using market prices as of September 30, 2001.
3. Unrealized gains (losses) as of April 1, 2001 (at the time of the merger) use market values as of March 31, 2001 as the basis for calculating unrealized gains (losses) on "other securities" of the former Sakura Bank that had unrealized losses.
4. "Other securities" as of September 30, 2001 are valued at market price. Consequently, figures in the above table show the differences between the acquisition cost (or amortized cost) and the balance sheet amounts.

* Figures in these columns show results after adjustments for the merger accounting.

3. Consolidated Capital Ratio (BIS Guidelines)

As of September 30, 2001, the consolidated capital ratio (BIS guidelines) was 10.79%.

Total capital, which constitutes the numerator in the capital ratio calculation equation, decreased ¥689.4 billion compared with the end of the previous term to ¥7,294.9 billion as a result of the adjustment for merger accounting and inclusion of unrealized gains (losses) on "other securities" in Tier I capital. The denominator, risk-adjusted assets, declined ¥4,259.2 billion compared with the end of the previous term to ¥67,557.4 billion. This decline was mainly attributable to the adjustment for merger accounting and a decline in balance sheet assets due mainly to the introduction of mark-to-market accounting for other securities.

Consolidated Capital Ratio (BIS Guidelines)

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen				
	Sept. 30, 2001	Sept. 30, 2000		Mar. 31, 2001	
		Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
Tier I capital (A)	**¥ 4,083.7**	¥ 2,481.4	¥ 2,218.3	¥ 2,496.4	¥ 2,258.3
Tier II capital (B)	**3,300.9**	1,646.7	1,981.8	1,351.6	1,995.4
Deductions (C)	**(89.7)**	(1.0)	(2.1)	(13.7)	(103.6)
Total capital (A)+(B)–(C)=(D)	**¥ 7,294.9**	¥ 4,127.0	¥ 4,198.0	¥ 3,834.3	¥ 4,150.0
Risk-adjusted assets (E)	**¥67,557.4**	¥33,543.5	¥37,054.3	¥33,891.4	¥37,925.2
Capital ratio (BIS guidelines) = (D)/(E) x 100	**10.79%**	12.30%	11.32%	11.31%	10.94%

Financial Review (Nonconsolidated)

1. Operating Results

As a result of a ¥131.8 billion year-on-year increase in gross banking profit and a ¥13.5 billion decrease in expenses (excluding non-recurring losses), banking profit (excluding transfer to general reserve for possible loan losses) increased ¥145.3 billion compared with the same period in the previous fiscal year to ¥515.8 billion.

Operating profit, which is computed by adjusting banking profit (excluding transfer to general reserve for possible loan losses) for non-recurring items including total credit cost and losses on stocks was ¥127.1 billion. Total credit cost amounted to ¥305.4 billion, resulting from the stagnant financial performance of corporate customers and deterioration of collateral values amid the prolonged recession. At the same time, SMBC is accelerating the work-out of problem assets by writing them off.

After adjusting operating profit for extraordinary losses of ¥16.1 billion and income taxes of ¥31.3 billion, interim net income amounted to ¥79.8 billion, a ¥20.5 billion decrease compared with the same period in the previous fiscal year.

2. Income Analysis

Gross Banking Profit

Gross banking profit increased ¥131.8 billion compared with the first half of the previous fiscal year to ¥849.3 billion. Gross banking profit from domestic operations decreased ¥16.1 billion compared with the same period in the previous fiscal year, mainly attributable to a ¥16.8 billion decline in interest income with the loan balance falling due to a downturn in demand for loans among corporate borrowers. Gross banking profit from international operations increased ¥105.6 billion from the same period in the previous fiscal year to ¥147.9 billion. This was the result of trading gains on treasury earnings due to falling U.S. dollar interest rates, and also dividends from subsidiaries.

Expenses

Expenses (excluding non-recurring losses) decreased ¥13.5 billion compared with the first half of the previous fiscal year to ¥333.5 billion. This was mainly attributable to a ¥7.2 billion decline in personnel expenses and a ¥5.3 billion decrease in non-personnel expenses, a result of enhanced efficiency of marketing channels, through integrations and closures of branches including the ATM network.

Banking Profit

Banking profit (excluding transfer to general reserve for possible loan losses) increased ¥145.3 billion compared with the first half of the previous fiscal year to ¥515.8 billion.

Banking Profit

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Gross banking profit	**¥ 849.3**	¥ 717.5	¥ 1,503.2
Gross banking profit (excluding gains/losses on bonds)	**819.2**	719.7	1,494.4
Net interest income	**674.6**	585.8	1,240.7
Net fees and commissions	**73.3**	74.6	150.7
Net trading income	**70.9**	34.1	95.4
Net other operating income	**30.5**	23.0	16.4
Gross domestic banking profit	**616.0**	632.1	1,259.2
Gross international banking profit	**233.3**	85.4	244.0
Transfer to general reserve for possible loan losses	**¥ (37.4)**	¥ 144.6	¥ 188.6
Expenses (excluding non-recurring losses)	**(333.5)**	(347.0)	(700.1)
Personnel expenses	**(140.1)**	(147.3)	(294.0)
Non-personnel expenses	**(177.7)**	(183.0)	(370.6)
Taxes	**(15.7)**	(16.7)	(35.5)
Banking Profit	**¥ 478.4**	¥ 515.1	¥ 991.7
Banking profit (excluding transfer to general reserve for possible loan losses)	**515.8**	370.5	803.1
Banking profit (excluding transfer to general reserve for possible loan losses and gains/losses on bonds)	**485.7**	372.7	794.3

<Reference>

Financial Results by Business Unit

Six-month period ended September 30, 2001

	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking Profit (excluding transfer to general reserve for possible loan losses)	¥15.4	¥185.5	¥62.3	¥12.2	¥204.8	¥35.6	¥515.8
Year-on-year change	8.3	5.4	2.0	(5.8)	101.9	33.5	145.3

Notes: 1. Year-on-year comparison excludes changes due to interest rate and foreign exchange fluctuation.
2. Others consist of: 1) financing costs on preferred securities and subordinated debt, 2) dividend income from overseas subsidiaries, 3) profit earned from investing the Bank's own capital, 4) adjustment of inter-group transactions, 5) headquarter expenses, etc.

Non-recurring Losses

Non-recurring losses amounted to ¥351.3 billion with a total credit cost of ¥305.4 billion as the main component. Other non-recurring items include a net gain of ¥16.3 billion on sales of stocks and a charge of ¥68.9 billion resulting from devaluation of stocks.

Operating Profit

As a result, operating profit amounted to ¥127.1 billion, a ¥128.0 billion decrease compared with the first half of the previous fiscal year.

Extraordinary Gains (Losses)

There was a net extraordinary loss of ¥16.1 billion. The major components were a loss of ¥4.6 billion in gains (losses) on disposition of premises and equipment including branches, company housing and other real estate as a part of restructuring, and the amortization of ¥10.1 billion in net transition obligations resulting from the adoption of the new accounting standard for employee retirement benefits.

Net Income

Income taxes totaled ¥9.8 billion as the current portion and ¥21.5 billion as the deferred portion under tax-effect accounting. As a result, interim net income was ¥79.8 billion, a ¥20.5 billion decrease compared with the first half of the previous fiscal year.

Operating Profit and Net Income

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Banking profit (excluding transfer to general reserve for possible loan losses)	**¥ 515.8**	¥ 370.5	¥ 803.1
Transfer to general reserve for possible loan losses	**(37.4)**	144.6	188.6
Banking profit	**¥ 478.4**	¥ 515.1	¥ 991.7
Non-recurring losses	**(351.3)**	(260.0)	(632.5)
Total credit cost	**(305.4)**	(297.9)	(819.1)
Write-off of loans	**(138.7)**	(129.3)	(741.4)
Transfer to specific reserve	**(98.4)**	(279.6)	(156.5)
Transfer to reserve for losses on loans sold	**(23.6)**	(22.2)	(52.9)
Losses on loans sold to CCPC	**(2.2)**	(5.6)	(31.7)
Losses on sale of delinquent loans	**(13.4)**	(3.3)	(25.1)
Transfer to loan loss reserve for specific overseas countries	**8.3**	(2.5)	0.0
Gains (losses) on stocks	**(52.6)**	123.0	311.4
Gains on sale of stocks	**28.2**	180.1	496.2
Losses on sale of stocks	**(11.9)**	(14.0)	(66.8)
Losses on devaluation of stocks	**(68.9)**	(43.1)	(118.1)
Operating profit	**¥ 127.1**	¥ 255.1	¥ 359.2
Extraordinary losses	**(16.1)**	(38.3)	(86.1)
Losses on disposition of premises and equipment	**(4.6)**	(10.2)	(30.5)
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	**(10.1)**	(28.3)	(56.5)
Income taxes, current	**(9.8)**	(22.7)	(9.5)
Income taxes, deferred	**(21.5)**	(93.9)	(125.7)
Effect of introduction of enterprise taxes on the banking industry by the Osaka Prefectural Government	**—**	(32.4)	(32.0)
Net income	**¥ 79.8**	¥ 100.3	¥ 137.8

Note: Total credit cost includes transfer to general reserve for possible loan losses.

3. Assets, Liabilities and Stockholders’ Equity

Assets

Nonconsolidated bank assets were ¥101,342.1 billion, a ¥12,385.4 billion decrease compared with March 31, 2001. This was mainly attributable to a decline of ¥7,071.8 billion in securities. A large volume of short-term Japanese government bonds was redeemed upon maturity, and the Bank posted substantial net unrealized losses on stocks as a result of the application of mark-to-market accounting on “other securities” during the period. In addition, there was a ¥676.3 billion decline in loans and bills discounted because of a further downturn in demand for loans among corporate borrowers amid Japan’s prolonged economic difficulties.

Liabilities

Liabilities were ¥97,827.5 billion, a ¥11,700.1 billion decrease compared with March 31, 2001. Deposits, the largest component of liabilities, decreased ¥2,430.0 billion to ¥56,611.3 billion during the same period.

Stockholders' Equity

Stockholders' equity was ¥3,514.6 billion, a ¥685.3 billion decrease compared with March 31, 2001. One reason for the decline was the reduction of ¥427.0 billion in the equity of Sakura Bank prior to the transfer of its equity to SMBC upon the merger. This reduction represents two items: charges resulting from the revaluation of land used for business operations and application of mark-to-market accounting on securities where unrealized losses existed, and the provision of a reserve for unrecognized obligations for payments of employees' prior service retirement benefits. Also contributing to the decline in stockholders' equity of the Bank was a deduction of ¥425.7 billion in unrealized gains (losses) account on "other securities" after adjusting the tax-effect accounting in accordance with a newly adopted accounting standard. Stockholders' equity increased ¥100.0 billion as a result of the conversion of yen-denominated convertible bonds matured in 2001 to common stock.

As of September 30, 2001, there were 5,709 million common stocks and 967 million preferred stocks outstanding. Excluding preferred stock, stockholders' equity per share was ¥387.72.

Assets, Liabilities and Stockholders' Equity

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Assets	**¥101,342.1**	¥100,774.2	¥113,727.5
Loans and bills discounted	**61,071.6**	63,023.3	61,747.9
Securities	**19,988.2**	18,596.3	27,060.0
Liabilities	**97,827.5**	96,564.8	109,527.6
Deposits	**56,611.3**	57,560.1	59,041.3
Negotiable certificates of deposit	**11,152.5**	9,241.5	11,688.5
Stockholders' equity	**3,514.6**	4,209.4	4,199.9

4. Unrealized Gains (Losses) on Securities

As of September 30, 2001, net unrealized losses on securities were ¥689.4 billion, a decline of ¥884.0 billion compared with April 1, 2001 at the time of the merger. Net unrealized losses on "other securities" (including "other money held in trust"), which are deducted from equity beginning with the current fiscal year due to the adoption of mark-to-market accounting, amounted to ¥693.5 billion, a decline of ¥890.3 billion compared with the net unrealized gains in April 1, 2001 at the time of the merger.

The large increase in unrealized losses on "other securities" was attributable to a decline of ¥892.5 billion in the net unrealized gains (losses) of stocks compared with April 1, 2001. This decline was caused by Japan's persistent economic downturn as well as a fall in stock prices sparked by global economic uncertainty in the wake of the terrorist attacks in the U.S.

Unrealized Gains (Losses) on Securities

As of September 30, 2001 and April 1, 2001

	Billions of yen						
	Sept. 30, 2001				Apr. 1, 2001*		
	Net unrealized gains (losses) (a)	(a)–(b)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (b)	Unrealized gains	Unrealized losses
Held-to-maturity securities	**¥ 0.6**	**¥ 0.7**	**¥ 0.7**	**¥ (0.1)**	¥ 0.1	¥ 0.0	¥ (0.1)
Stocks of subsidiaries and affiliates	**3.6**	**5.7**	**19.2**	**(15.6)**	(2.1)	6.2	(8.3)
Other securities	**(689.5)**	**(889.9)**	**327.5**	**(1,017.0)**	200.4	505.2	(304.8)
Stocks	**(798.7)**	**(892.5)**	**196.5**	**(995.2)**	93.8	387.8	(294.0)
Bonds	**79.2**	**(25.7)**	**87.3**	**(8.1)**	104.9	107.5	(2.6)
Others	**30.0**	**28.3**	**43.7**	**(13.7)**	1.7	9.9	(8.2)
Other money held in trust	**(4.0)**	**(0.4)**	**0.3**	**(4.3)**	(3.6)	0.8	(4.4)
Total	**(689.4)**	**(884.0)**	**347.6**	**(1,037.0)**	194.6	512.3	(317.7)
Stocks	**(795.1)**	**(886.8)**	**215.7**	**(1,010.8)**	91.7	394.1	(302.4)
Bonds	**79.2**	**(25.7)**	**87.3**	**(8.1)**	104.9	107.5	(2.6)
Others	**26.5**	**28.5**	**44.6**	**(18.1)**	(2.0)	10.7	(12.7)

Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "deposits with banks" and commercial papers as well as claims on loan trust in "commercial paper and other debt purchased."
2. The values of stocks as of September 30, 2001 are calculated using average market price during the final month of the six-month period ended September 30, 2001. The values of bonds and others are calculated using market prices at September 30, 2001.
3. Unrealized gains (losses) as of April 1, 2001 (at the time of the merger) use market values as of March 31, 2001 as the basis for calculating unrealized gains (losses) on "other securities" of the former Sakura Bank that had unrealized losses.
4. "Other securities" as of September 30, 2001 are valued at market price. Consequently, figures in the above table show the differences between the acquisition cost (or amortized cost) and the balance sheet amounts.

* Figures in these columns show results after adjustments for the merger accounting.

Consolidated Interim Balance Sheet (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
As of September 30, 2001

	Millions of yen	Millions of U.S. dollars
Assets		
Cash and due from banks	¥ 1,764,049	$ 14,774
Deposits with banks	3,972,206	33,268
Call loans and bills bought	425,289	3,562
Receivables under resale agreements	981,216	8,218
Commercial paper and other debt purchased	330,214	2,766
Trading assets	3,225,015	27,010
Money held in trust	63,622	533
Securities	20,511,560	171,789
Loans and bills discounted	64,727,609	542,107
Foreign exchanges	644,896	5,401
Other assets	4,362,508	36,537
Premises and equipment	1,414,607	11,848
Lease assets	939,746	7,870
Deferred tax assets	1,696,347	14,207
Goodwill	5,446	46
Customers' liabilities for acceptances and guarantees	3,601,158	30,160
Reserve for possible loan losses	(1,163,469)	(9,744)
Total assets	**¥107,502,027**	**$900,352**
Liabilities, minority interests and stockholders' equity		
Liabilities		
Deposits	¥ 71,825,070	$601,550
Call money and bills sold	8,541,814	71,540
Payables under repurchase agreements	1,808,365	15,145
Commercial paper	1,274,071	10,671
Trading liabilities	2,163,173	18,117
Borrowed money	2,938,927	24,614
Foreign exchanges	251,403	2,106
Bonds	3,398,674	28,465
Convertible bonds	1,106	9
Pledged money for securities lending transactions	3,906,531	32,718
Other liabilities	2,943,028	24,649
Reserve for employee bonuses	22,385	187
Reserve for employee retirement benefits	180,457	1,511
Reserve for possible losses on loans sold	126,538	1,060
Other reserves	637	5
Deferred tax liabilities	53,352	447
Deferred tax liabilities for land revaluation	145,229	1,216
Acceptances and guarantees	3,601,158	30,160
Total liabilities	**¥103,181,928**	**$864,170**
Minority interests	**¥ 967,934**	**$ 8,107**
Stockholders' equity		
Preferred stock	¥ 650,500	$ 5,448
Common stock	676,246	5,664
Capital surplus	1,684,361	14,107
Land revaluation excess	230,153	1,928
Retained earnings	541,424	4,534
Net unrealized losses on other securities	(394,819)	(3,307)
Foreign currency translation adjustments	(18,479)	(155)
Subtotal	¥ 3,369,386	$ 28,219
Treasury stock	¥ (33)	$ (0)
Parent bank stock held by subsidiaries	(17,189)	(144)
Total stockholders' equity	**¥ 3,352,163**	**$ 28,075**
Total liabilities, minority interests and stockholders' equity	**¥107,502,027**	**$900,352**

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statement of Income (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six-month period ended September 30, 2001

	Millions of yen	Millions of U.S. dollars
Income		
Interest income:	¥1,067,744	$ 8,942
Interest on loans and discounts	734,419	6,151
Interest and dividends on securities	147,883	1,239
Fees and commissions	189,936	1,591
Trading profits	73,656	617
Other operating income	394,199	3,301
Other income	82,132	688
Total income	**¥1,807,669**	**$15,139**
Expenses		
Interest expenses:	¥ 393,013	$ 3,291
Interest on deposits	202,980	1,700
Fees and commissions	36,388	305
Other operating expenses	321,415	2,692
General and administrative expenses	468,382	3,923
Transfer to reserve for possible loan losses	116,760	978
Other expenses	373,043	3,124
Total expenses	**¥1,709,004**	**$14,313**
Income before income taxes and minority interests	¥ 98,665	$ 826
Income taxes:		
Current	¥ 37,746	$ 316
Deferred	3,605	30
Minority interests in net income	23,116	194
Net income	**¥ 34,196**	**$ 286**

	Yen	U.S. dollars
Per share data:		
Net income	¥6.02	$0.05
Net income — diluted	6.01	0.05
Declared dividends on preferred stock (First series Type 1)*	—	—
Declared dividends on preferred stock (Second series Type 1)*	—	—
Declared dividends on preferred stock (Type 5)*	—	—
Declared dividends on common stock*	—	—

*The dividends for fiscal 2001 will be paid in lump-sum without an interim dividend payment.

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statement of Stockholders' Equity (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six-month period ended September 30, 2001

	Millions of yen								
	Preferred stock	Common stock	Capital surplus	Land revaluation excess	Retained earnings	Net unrealized losses on securities	Foreign currency translation adjustments	Deduction	Total
Balance as of March 31, 2001	¥250,500	¥502,348	¥643,080	¥167,613	¥319,924	¥ —	¥(32,171)	¥(14,144)	¥1,837,151
Merger with The Sakura Bank, Limited	400,309	123,542	991,326	42,690	296,313			(42)	1,854,139
Change due to increase/decrease of subsidiaries and affiliates				20,366	(97,396)		(20,939)	(4,552)	(102,522)
Conversion of preferred stock to common stock	(309)	309							—
Conversion of convertible bonds to common stock		50,045	49,954						100,000
Change of effective tax rates and others				(929)					(929)
Cash dividends paid					(11,199)				(11,199)
Transfer from land revaluation excess to retained earnings				413	(413)				—
Net income					34,196				34,196
Adoption of accounting standards for financial instruments						(394,819)			(394,819)
Change of foreign currency translation adjustments							34,631		34,631
Change of treasury stock and parent bank stock held by subsidiaries								1,518	1,518
Balance as of September 30, 2001	**¥650,500**	**¥676,246**	**¥1,684,361**	**¥230,153**	**¥541,424**	**¥(394,819)**	**¥(18,479)**	**¥(17,222)**	**¥3,352,163**

	Millions of U.S. dollars								
	Preferred stock	Common stock	Capital surplus	Land revaluation excess	Retained earnings	Net unrealized losses on securities	Foreign currency translation adjustments	Deduction	Total
Balance as of March 31, 2001	$2,098	$4,207	$5,386	$1,404	$2,679	$ —	$(270)	$(118)	$15,386
Merger with The Sakura Bank, Limited	3,353	1,035	8,302	358	2,481			(0)	15,529
Change due to increase/decrease of subsidiaries and affiliates				171	(816)		(175)	(39)	(859)
Conversion of preferred stock to common stock	(3)	3							—
Conversion of convertible bonds to common stock		419	419						838
Change of effective tax rates and others				(8)					(8)
Cash dividends paid					(93)				(93)
Transfer from land revaluation excess to retained earnings				3	(3)				—
Net income					286				286
Adoption of accounting standards for financial instruments						(3,307)			(3,307)
Change of foreign currency translation adjustments							290		290
Change of treasury stock and parent bank stock held by subsidiaries								13	13
Balance as of September 30, 2001	**$5,448**	**$5,664**	**$14,107**	**$1,928**	**$4,534**	**$(3,307)**	**$(155)**	**$(144)**	**$28,075**

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six-month period ended September 30, 2001

	Millions of yen	Millions of U.S. dollars
1. Cash flows from operating activities		
Income before income taxes and minority interests	¥ 98,665	$ 826
Depreciation of premises, equipment and others	46,712	391
Depreciation of lease assets	153,718	1,287
Amortization of goodwill	1,827	15
Net loss from nonconsolidated entities accounted for by the equity method	364	3
Net change in reserve for possible loan losses	(104,836)	(878)
Net change in reserve for possible losses on loans sold	(18,728)	(157)
Net change in reserve for employee bonuses	22,385	187
Net change in reserve for employee retirement benefits	(9,984)	(84)
Interest income	(1,067,744)	(8,942)
Interest expenses	393,013	3,291
Net gains on securities	(17,951)	(150)
Net loss from money held in trust	349	3
Net exchange losses	9,313	78
Net losses from disposition of premises and equipment	8,309	70
Net losses from disposition of lease assets	885	7
Gain on sale of business operation	(5,000)	(42)
Net change in trading assets	(727,177)	(6,090)
Net change in trading liabilities	880,170	7,372
Net change in loans and bills discounted	658,132	5,512
Net change in deposits	(2,512,450)	(21,042)
Net change in negotiable certificates of deposit	(355,050)	(2,974)
Net change in borrowed money (excluding subordinated debt)	(430,281)	(3,604)
Net change in deposits with banks	1,525,833	12,779
Net change in call loans, bills bought and receivables under resale agreements	2,113,527	17,701
Net change in pledged money for securities borrowing transactions	(223,111)	(1,869)
Net change in call money, bills sold and payables under repurchase agreements	(4,881,493)	(40,883)
Net change in commercial paper	(462,749)	(3,876)
Net change in pledged money for securities lending transactions	(984,252)	(8,243)
Net change in foreign exchanges (assets)	93,962	787
Net change in foreign exchanges (liabilities)	655	6
Net change in bonds (excluding subordinated bonds)	200,293	1,678
Interest received	1,154,603	9,670
Interest paid	(475,110)	(3,979)
Other, net	(753,281)	(6,308)
Subtotal	¥(5,666,480)	$(47,458)
Income taxes paid	(31,808)	(266)
Net cash used in operating activities	**¥(5,698,288)**	**$(47,724)**

(Continued)

	Millions of yen	Millions of U.S. dollars
2. Cash flows from investing activities		
Purchases of securities	¥(20,323,863)	$(170,217)
Proceeds from sale of securities	16,412,440	137,458
Proceeds from maturity of securities	9,595,326	80,363
Purchases of money held in trust	(1,677)	(14)
Proceeds from sale of money held in trust	8,653	72
Purchases of premises and equipment	(24,814)	(208)
Proceeds from sale of premises and equipment	4,469	37
Purchase of lease assets	(182,574)	(1,529)
Proceeds from sale of lease assets	17,289	145
Purchases of subsidiaries' stocks	(599)	(5)
Proceeds from sale of business operation	5,000	42
Net cash provided by investing activities	**¥ 5,509,649**	**$ 46,144**
3. Cash flows from financing activities		
Proceeds from issuance of subordinated debt	¥ 45,000	$ 377
Repayment of subordinated debt	(146,000)	(1,223)
Proceeds from issuance of subordinated bonds, convertible bonds and notes	151,000	1,265
Repayment of subordinated bonds, convertible bonds and notes	(89,045)	(746)
Dividends paid	(11,084)	(93)
Payment of delivered money due to merger	(17,834)	(149)
Dividends paid to minority stockholders	(22,153)	(186)
Purchases of treasury stock	(8,288)	(69)
Proceeds from sale of treasury stock	8,286	69
Proceeds from sale of parent bank stock held by subsidiaries	1,607	14
Net cash used in financing activities	**¥ (88,511)**	**$ (741)**
4. Effects of exchange rate changes on cash and due from banks	**¥ (1,320)**	**$ (11)**
5. Net change in cash and due from banks	**¥ (278,471)**	**$ (2,332)**
6. Cash and due from banks at beginning of reporting period	**¥ 868,132**	**$ 7,271**
7. Change in cash and due from banks due to merger	**¥ 1,075,527**	**$ 9,007**
8. Change in cash and due from banks due to merger of consolidated subsidiaries	**¥ 2,401**	**$ 20**
9. Change in cash and due from banks due to consolidation of new subsidiaries	**¥ 96,459**	**$ 808**
10. Cash and due from banks at end of reporting period	**¥ 1,764,049**	**$ 14,774**

See accompanying notes to consolidated interim financial statements.

Notes to Consolidated Interim Financial Statements

Sumitomo Mitsui Banking Corporation and Subsidiaries
Six-month period ended September 30, 2001

1. Accounting policies

1. Scope of consolidation

(1) Consolidated subsidiaries: 155 companies
Principal companies:
THE MINATO BANK, LTD.
The Bank of Kansai, Ltd.
Manufacturers Bank
SMBC Leasing Company, Limited
Sumitomo Mitsui Card Company, Limited
SMBC Capital Co., Ltd.
SMBC Finance Co., Ltd.
Sakura Friend Securities Co., Ltd.
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Seventy-three companies such as THE MINATO BANK, LTD., and two companies, including Sansei Guarantee Co., Ltd., are consolidated from this fiscal year, due to merger with The Sakura Bank, Limited and acquisition of shares, respectively. Four companies, such as Izumi Center Service Co., Ltd., are excluded from consolidation due to liquidation effective April 1, 2001.

(2) Nonconsolidated subsidiaries
Principal company:
SBCS Co., Ltd.

One hundred-seven 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 Consolidated Interim Financial Statements Regulation, they were not treated as consolidated subsidiaries. The total assets, total income, net income (adjusted for equity held) and retained earnings (adjusted for equity held) of other nonconsolidated subsidiaries have no significant impact, within reasonable judgment, on the consolidated financial statements.

2. Application of the equity method

(1) Nonconsolidated subsidiaries accounted for by the equity method: 5 companies
Principal company:
SBCS Co., Ltd.

Five companies, such as SBCS Co., Ltd., are newly included in subsidiaries accounted for by the equity method due to merger with The Sakura Bank, Limited.

(2) Affiliates accounted for by the equity method: 35 companies
Principal companies
Daiwa Securities SMBC Co. Ltd.
QUOQ Inc.

Two companies, such as Sony Bank Inc., and five companies, such as Bangkok SMBC Leasing Co., Ltd., are from this fiscal year newly included in affiliates accounted for by the equity method, due to acquisition of shares and merger with The Sakura Bank, Limited, respectively.

Daiwa Securities SMBC Capital Markets Europe Investment Services (Jersey) Ltd. (former name: Daiwa Securities SB Capital Markets Europe Investment Services (Jersey) Ltd.) is excluded from affiliates accounted for by the equity method due to liquidation.

(3) Nonconsolidated subsidiaries that are not accounted for by the equity method

One hundred-seven 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 Consolidated Interim Financial Statements Regulation, they were not accounted for by the equity method.

(4) Affiliates that are not accounted for by the equity method
Principal company:
Daiwa SB Investments (USA) Ltd.

Net income and retained earnings of nonconsolidated subsidiaries and affiliates that are not accounted for by the equity method have no significant impact on the consolidated financial statements.

3. The interim balance sheet dates of consolidated subsidiaries

(1) The interim balance sheet dates of consolidated subsidiaries are as follows:

March 31:	5 companies
April 30:	1 company
June 30:	60 companies
July 31:	1 company
September 30:	88 companies

(2) As for the companies whose interim balance sheet date is March 31 or April 30, the account closing for consolidation was done provisionally as of September 30 or July 31, respectively. The other companies are consolidated on the basis of their respective interim balance sheet dates.

Appropriate adjustment was made for any significant transactions during the periods from their respective interim balance sheet dates.

4. Accounting methods

(1) **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 transactions 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 or Trading liabilities on the consolidated 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 balance sheet 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.

(2) Standard for recognition and measurement of securities

(a) As for securities other than those in trading portfolio, debt securities which Sumitomo Mitsui Banking Corporation ("the Bank") and consolidated subsidiaries have the positive intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost, using the moving-average method.

Investments in nonconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost, using the moving-average method.

Securities excluding those classified as trading securities, held-to-maturity securities or investments in nonconsolidated subsidiaries and affiliates that are not accounted for by the equity method are defined as *other securities*.

Other securities that have market value are carried at fair value and *other securities* that do not have market value are carried at cost or amortized cost, using the moving-average method. Net unrealized gains (losses) on *other securities* are recognized, net of applicable income taxes, as a separate component of stockholders' equity.

(b) Securities included in money held in trust account are carried in the same way as mentioned in Notes 1. 4. (1) and (2) (a).

(3) 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.

(4) Depreciation

(a) Depreciation of premises, equipment and lease assets

Depreciation of premises and equipment owned by the Bank is computed by the straight-line method (the declining-balance method is used for equipment). For the six-month period ended September 30, 2001, the Bank charges 50% of the estimated annual depreciation costs to its income. The estimated useful lives of major items are as follows:

Buildings:	7 to 50 years
Equipment:	3 to 20 years

As for consolidated domestic subsidiaries, depreciation for premises and equipment is computed mainly using the straight-line method over the estimated useful lives of the respective assets and depreciation of lease assets is computed mainly using the straight-line method over the lease term based on the residual value of lease assets.

(b) Capitalized software

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

(5) Reserve for possible loan losses

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

For claims on borrowers that are legally bankrupt ("bankrupt borrowers") or borrowers that are regarded as substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the amount of claims net of the expected amount of recoveries from collateral and guarantees net of the deducted amount mentioned below.

For claims on borrowers that are not currently in the status of bankrupt but are likely to become bankrupt in future, 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 Paragraph 2 of Specific Taxation Measures Law) is provided by the amount deemed necessary based on assessment of political and economic conditions in such countries under the name of "loan loss reserve for specific overseas countries" as a component of reserve for possible loan losses.

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

Reserve for possible loan losses of other consolidated subsidiaries is provided for general claims by the amount deemed necessary based on the historical loan-loss ratio, and for doubtful claims by the amount deemed uncollectible based on respective assessment.

For claims on “bankrupt borrowers” and “effectively bankrupt borrowers,” the amount exceeding the estimated value of collateral and guarantees, is deducted, as deemed uncollectible directly from those claims. The deducted amount is ¥2,038,535 million ($17,073 million).

(6) **Reserve for employee bonuses**

Reserve for employee bonuses is provided, in provision for payment of bonuses to employees, by the amount of estimated bonuses, which are attributable to this consolidated interim term.

(7) **Reserve for employee retirement benefits**

Reserve for employee retirement benefits (or prepaid pension cost) is recorded, in provision for payment of retirement benefits to employees, by the amount accrued at end of the six-month period, based on an actuarial computation, which uses the present value of the projected benefit obligation and plan assets, due to employee’s credited years of service at March 31, 2002.

Prior service cost is amortized using the straight-line method over 10 years.

Unrecognized net actuarial loss is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence.

Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefits is amortized using the straight-line method over 5 years and 50% of annual amortization was charged to income for the six-month period ended September 30, 2001.

(8) **Reserve for possible losses on loans sold**

Reserve for possible losses 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 (CCPC). This reserve is provided in accordance with Article 287 Paragraph 2 of the Commercial Code.

(9) **“Other reserves” required by Special Law**

“Other reserves” required by Special Law is stated as follows:

Reserve for contingent liabilities from financial futures transaction that was provided in accordance with Article 82 of the Financial Futures Transaction Law and Article 29 of the relevant enforcement regulation is recorded in the amount of ¥18 million ($0.2 million).

Reserve for contingent liabilities from securities transaction that was provided in accordance with Article 51 of the Securities Exchange Law is recorded at ¥618 million ($5 million).

(10) **Translation of foreign currency assets and liabilities**

The Bank’s assets and liabilities denominated in foreign currencies or overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the end of the six-month period, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Consolidated subsidiaries’ assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their interim balance sheet date.

(11) **Accounting method for lease transactions**

Financing leases without transfer of ownership are accounted for in the same manner as operating leases.

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

(a) Recognition of rental revenue of lease transaction
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.

(b) Recognition of revenue and cost of installment sales
Basically, revenue and cost of installment sales are recognized on a due-basis over the full term of the installment.

(12) **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, the Bank applies “the risk adjustment approach” as a hedge accounting (macro hedge), abiding by the following requirements:

(a) Loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole shall be recognized as the hedged portfolio.

(b) Derivatives as the hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.

(c) Eligibility of hedging activities shall be evaluated on a quarterly basis.

The Bank applies deferred hedge accounting.

Certain derivatives managed by some overseas branches are recorded on a cost basis under the exceptional treatment for interest rate swaps in view of consistency with the method of risk management.

Domestic subsidiaries use the deferred hedge accounting or under the exceptional treatment for interest rate swaps. One of the consolidated subsidiaries in the leasing industry applies hedge accounting 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.

(13) **Consumption tax**

With respect to the Bank and its domestic consolidated subsidiaries, all amounts are stated exclusive of consumption tax and local consumption tax.

(14) **Tax effect accounting**

On the premise that transfer to and from the reserve for losses on overseas investments 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 statements of cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represents cash and due from banks.

2. Change of presentation

1. Consolidated balance sheet

In the consolidated balance sheet as of September 30, 2000, "Pledged money for securities lending transactions" was included in "Other liabilities." From this fiscal year, it is reported on the consolidated balance sheet separately.

The amount of pledged money for securities lending transactions that was included in "Other liabilities" on the consolidated balance sheet of former Sumitomo Bank as of September 30, 2000 was ¥2,520,615 million ($21,111 million).

2. Consolidated statement of cash flows

"Depreciation of premises and equipment" of ¥28,992 million ($243 million) for the six-month period ended September 30, 2001 that was separately reported and "Depreciation of other assets" of ¥17,719 million ($148 million) that was included in "Other, net" on the consolidated statement of cash flows of former Sumitomo Bank for the six-month period ended September 30, 2000 are included in "Depreciation of premises, equipment and others" as for the interim period ended September 30, 2001.

3. Additional information

1. Accounting standards for financial instruments

In accordance with the application of accounting standards for financial instruments ("Opinion Concerning the Establishment of Accounting Standard for Financial Instruments" issued by Business Accounting Deliberation Council on January 22, 1999), the Bank treats on financial instruments as follows effective April 1, 2001.

(1) Unsecured loans of securities and securities under repurchase agreements were recognized as "Securities in custody" as a sub-account of "Other assets" and "Trading account securities borrowed" or "Securities borrowed" as a sub-account of "Other liabilities" by the same amounts. From this fiscal year, they are not reported on balance sheet in accordance with the revision of the accounting standards for financial instruments. Consequently, Other assets and Other liabilities decreased by ¥1,283,943 million ($10,753 million) as compared with the former manner.

(2) "Net unrealized losses on *other securities*" is reported by the amount of valuation losses, net of taxes, which arises from evaluating *other securities* and other money held in trust at fair value. Consequently, the total amount of "Securities" and "Money held in trust" decreased by ¥645,402 million ($5,405 million), and ¥(394,819) million ($(3,307) million) of "Net unrealized losses on *other securities*" is reported on the consolidated balance sheet.

2. Accounting standards for foreign currency transactions

Formerly, the Bank and its domestic consolidated subsidiaries applied "the accounting standards for foreign currency transactions in banking industry" introduced in 1990. From this fiscal year, they apply 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), with the exception of when "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 20) is adopted.

In order to hedge the risk arising from the valuation of exchange rate, for the securities denominated in foreign currency, the Bank and its consolidated subsidiaries apply deferred hedge accounting in relation to stocks of subsidiaries and affiliates, and fair value hedge accounting to "other securities" other than debt securities.

Pursuant to the JICPA Industry Audit Committee Report No. 20, the above accountings are applied 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.

Financial swap transactions are accounted for pursuant to the Industry Audit Committee Report No. 20 as follows:

(1) Initial exchange cash flows are assumed as principal of claim and debt and are reported on the balance sheet at the exchange rate prevailing at the interim balance sheet date in the net amount.

(2) The difference of the initial and final exchange cash flows by currency, which is the reflection of the difference in the yield between the currencies, is assumed as interest and is accounted for on an accrual basis on the balance sheet and the statement of income.

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 equivalent of the fund. The forward foreign exchange bought or sold is the swap transaction of the foreign currency equivalent including the principal and corresponding interest to be paid or received, the amount and due date of which are predetermined.

This change has no significant impact on the consolidated financial statements.

3. Reserve for employee bonuses

Reserve for employee bonuses was recognized on accrued expenses in "Other liabilities." From this fiscal year, "Reserve for employee bonuses" is reported in accordance with "Concerning Financial Statement Titles to be Used for Accrued Bonuses for Employees" (Research Center Review Information No. 15 issued by JICPA). This change of treatment decreased "Other liabilities" by ¥22,385 million ($187 million) and increased "Reserve for employee bonuses" by the same amount.

As for the consolidated statement of cash flows, accrued bonuses to employees were formerly included in "Other, net." From this fiscal year, they are reported as "Net change in reserve for employee bonuses." Consequently, "Other, net" decreased by ¥22,385 million ($187 million) and "Net change in reserve for employee bonuses" increased by the same amount as compared with the former manner.

4. Notes to consolidated balance sheet

1. Securities include ¥181,701 million ($1,522 million) of stocks of nonconsolidated subsidiaries and affiliates and ¥983 million ($8 million) of investments.
2. "Japanese government bonds" as a sub-account of "Securities" includes ¥999 million ($8 million) of unsecured loans of securities without restrictions as to disposal and includes ¥1,665 million ($14 million) of securities loaned without transfer of legal title.

   The Bank mortgages ¥1,833,377 million ($15,355 million) and holds in hand ¥187,102 million ($1,567 million) of second-hand securities without restrictions as to disposal which are either borrowed, mortgaged under repurchase agreements or under loans of securities backed by cash. The Bank may pledge leasehold securities as well.
3. Bankrupt loans and Non-accrual loans are ¥248,680 million ($2,083 million) and ¥2,294,807 million ($19,219 million) respectively. "Bankrupt loans" consist of loans on which the Bank and consolidated subsidiaries do not currently accrue interest income due to the nonpayment status or other credit conditions of the borrower and which meet certain conditions defined in Articles 96-1-3 and 96-1-4 of Enforcement Ordinance No. 97 of the Japanese Corporate Tax Law, issued in 1965. "Non-accrual loans" are defined as loans on which the Bank and/or consolidated subsidiaries do not currently accrue interest income but exclude "Bankrupt loans" and loans for which the Bank and/or consolidated subsidiaries are forbearing interest payments to support the borrowers' recovery from financial difficulty.
4. Past due loans (3 months or more) are ¥124,521 million ($1,043 million). "Past due loans (3 months or more)" consist of loans of which principal and/or interest is past due for three months or more but exclude Bankrupt loans and Non-accrual loans.
5. Restructured loans are ¥1,114,939 million ($9,338 million). "Restructured loans" are loans for which the Bank and consolidated subsidiaries relax lending terms, such as reduction of the original interest rate, forbearance of interest payments or principal repayments to support the borrowers' recovery from financial difficulty, but exclude Bankrupt loans, Non-accrual loans and Past due loans (3 months or more).
6. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans is ¥3,782,947 million ($31,683 million) as of the consolidated interim balance sheet date.

   The amounts of loans presented in 3. to 6. above are amounts before reserve for possible loan losses is deducted.
7. The total face value of Bank acceptance bought, Commercial bills discounted and Documentary bills is ¥1,249,030 million ($10,461 million).
8. Assets pledged as collateral as of the consolidated balance sheet date are as follows:

September 30, 2001	Millions of yen	Millions of U.S. dollars
Assets pledged		
Cash and due from banks and Deposits with banks	¥ 57,484	$ 481
Trading assets	920,433	7,709
Securities	9,695,256	81,200
Loans and bills discounted	1,728,781	14,479
Other assets (installment account receivable, etc.)	1,499	13
Premises and equipment	554	5
Liabilities corresponding to assets pledged		
Deposits	4,978	42
Call money and bills sold	6,104,400	51,126
Payables under repurchase agreements	1,760,368	14,743
Trading liabilities	46,349	388
Borrowed money	139,906	1,172
Pledged money for securities lending transactions	3,287,729	27,535
Other liabilities	9,422	79
Acceptances and guarantees	49,312	413

   In addition, Cash and due from banks and Deposits with banks of ¥39,415 million ($330 million), Trading assets of ¥2,566 million ($21 million), Securities of ¥1,646,046 million ($13,786 million), and Loans and bills discounted of ¥859,447 million ($7,198 million) 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 ¥120,305 million ($1,008 million), and other assets include initial margins of futures markets of ¥38,638 million ($324 million).
9. 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 is ¥24,996,885 million ($209,354 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time is ¥22,656,823 million ($189,756 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 change, the Bank and consolidated subsidiaries need to secure claims or others occur. In addition, the Bank and

consolidated subsidiaries request the customers to pledge collateral such as premises and securities at conclusion of the contracts, and take necessary measures such as scrutinizing customers' financial positions, revising contracts when need arises and securing claims after conclusion of the contracts.

10. Net of deferred unrealized gains and losses from hedging instruments is reported in deferred profit on hedge which is included in "Other liabilities." Gross deferred unrealized gains and gross deferred unrealized losses from hedging instruments are ¥1,193,746 million ($9,998 million) and ¥1,038,497 million ($8,698 million) respectively.

11. Pursuant to the Law concerning Land Revaluation (the Law) effective March 31, 1998, the Bank and some of its consolidated domestic subsidiaries revalued their own land for business activities. The income taxes corresponding 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.

Dates of the revaluation:

The Bank:	March 31, 1998
Some of its consolidated domestic subsidiaries:	March 31, 1999

Method of revaluation (provided in Article 3 Paragraph 3 of the Law):

The Bank:

The fair values are determined by applying appropriate adjustments for land shape and timing of appraisal to the values specified in Article 2 Paragraph 3, Article 2 Paragraph 4 or Article 2 Paragraph 5 of the Enforcement Ordinance of the Law concerning Land Revaluation (the Enforcement Ordinance) effective March 31, 1998.

Some of its consolidated domestic subsidiaries:

The fair values are determined based on the values specified in Article 2 Paragraph 5 of the Enforcement Ordinance.

12. Accumulated depreciation of premises and equipment amounts to ¥675,968 million ($5,661 million).

Accumulated depreciation of lease assets amounts to ¥1,412,010 million ($11,826 million).

13. The balance of subordinated debt included in Borrowed money is ¥1,048,130 million ($8,778 million).

14. The balance of subordinated bonds included in Bonds is ¥1,850,604 million ($15,499 million).

5. Notes to consolidated statement of income

1. Other income includes gains on sales of stocks and other securities of ¥69,854 million ($585 million), gain on sale of business operation of ¥5,000 million ($42 million) and gain on collection of written-off claims of ¥705 million ($6 million).
2. Other expenses include write-off of loans of ¥196,816 million ($1,648 million), losses on devaluation of stocks of ¥74,442 million ($623 million), amortization cost of unrecognized net obligation from initial application of the new accounting standard for employee retirement benefits in fiscal 2000 of ¥11,743 million ($98 million) and losses on disposition of premises and equipment of ¥8,456 million ($71 million).

6. Lease transactions

1. Financing leases

Financing leases without transfer of ownership at September 30, 2001, consisted of the following:

(1) Lessee side

	Millions of yen		
September 30, 2001	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥20,257	¥9,205	¥11,052
Other	236	149	86
Total	¥20,494	¥9,355	¥11,138

	Millions of U.S. dollars		
September 30, 2001	Acquisition cost	Accumulated depreciation	Net book value
Equipment	$170	$77	$92
Other	2	1	1
Total	$172	$78	$93

Future minimum lease payments excluding interests at September 30, 2001, were as follows:

September 30, 2001	Millions of yen	Millions of U.S. dollars
Due within one year	¥ 3,666	$31
Due after one year	7,693	64
Total	¥11,359	$95

Total lease expenses for the six-month period ended September 30, 2001 were ¥2,192 million ($18 million).

Depreciation expenses for the six-month period ended September 30, 2001 amounted to ¥2,013 million ($17 million).

Depreciation is calculated using the straight-line method over the lease term of the respective assets.

The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expense. The allocation of such interest expense over the lease term is computed using the effective interest method. Interest expense for the six-month period ended September 30, 2001 amounted to ¥173 million ($1 million).

(2) Lessor side

	Millions of yen		
September 30, 2001	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥2,036,600	¥1,242,771	¥793,829
Other	274,169	141,661	132,508
Total	¥2,310,770	¥1,384,432	¥926,337

	Millions of U.S. dollars		
September 30, 2001	Acquisition cost	Accumulated depreciation	Net book value
Equipment	$17,057	$10,409	$6,648
Other	2,296	1,186	1,110
Total	$19,353	$11,595	$7,758

Future lease payment receivables excluding interest at September 30, 2001 were as follows:

September 30, 2001	Millions of yen	Millions of U.S. dollars
Due within one year	¥291,153	$2,439
Due after one year	668,210	5,596
Total	¥959,363	$8,035

Lease income for the six-month period ended September 30, 2001 was ¥186,474 million ($1,562 million).

Depreciation expense for the six-month period ended September 30, 2001 amounted to ¥153,728 million ($1,288 million).

Interest income equivalent was calculated on the basis of the allocation of excess amount of total lease income and estimated residual value over the acquisition cost of leased assets.

The allocation of such interest income over the lease term is computed using the effective interest method. Interest income for the six months ended September 30, 2001 was ¥34,769 million ($291 million).

2. Operating leases

Operating leases at September 30, 2001 consisted of the following:

(1) Lessee side

Future minimum lease payments at September 30, 2001 were as follows:

September 30, 2001	Millions of yen	Millions of U.S. dollars
Due within one year	¥14,206	$119
Due after one year	70,073	587
Total	¥84,279	$706

(2) Lessor side

Future lease payment receivables at September 30, 2001 were as follows:

September 30, 2001	Millions of yen	Millions of U.S. dollars
Due within one year	¥1,023	$ 8
Due after one year	4,009	34
Total	¥5,033	$42

Future lease payment receivables of ¥120,641 million ($1,010 million) shown above were pledged as collateral for borrowing transactions.

7. Others

Amounts of 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 to U.S.dollar at the rate of ¥119.40 to US$1, the exchange rate prevailing on September 30, 2001.

8. Per share data

September 30, 2001	Yen	U.S. dollars
Stockholders' equity per share	¥359.97	$3.01
Net income per share	6.02	0.05
Net income per share – diluted	6.01	0.05

1. Consolidated stockholders' equity per share is calculated by deducting from stockholders' equity the number of preferred stocks issued as of the end of the interim term multiplied by the issue price, divided by the number of common stocks issued as of the end of the interim term (excluding "treasury stock" and "parent bank stock held by subsidiaries").
2. Consolidated net income per share is calculated by deducting total preferred stock dividends from net income, divided by the average number of common stocks outstanding during the interim term (excluding "treasury stock" and "parent bank stock held by subsidiaries").

9. Subsequent events

At the meeting of the board of directors held on November 21, 2001 the Bank decided to decrease Capital surplus and Earned surplus reserve as follows and transfer them to Retained earnings on condition that the decision is approved at the extraordinary general meeting of shareholders which will be held in January or February 2002 pursuant to Article 289 Paragraph 2 of the Commercial Code and Article 18 Paragraph 2 of the Banking Law.

(1) Amount to be transferred

Capital surplus:	¥357,615 million ($2,995 million)
Earned surplus reserve:	¥241,421 million ($2,022 million)

(2) Schedule

The amount will be transferred after the period regulated by Article 100 Paragraph 1 of the Commercial Code and by March 31, 2002.

Market Value Information (Consolidated)

1. Market Value of Marketable Securities

Note: The figures below include unrealized gains (losses) on negotiable certificates of deposit in "cash and due from banks" and commercial papers as well as claims on loan trust in "commercial paper and other debt purchased."

Bonds Classified as Held-to-Maturity with Market Value

As of September 30, 2001

	Millions of yen				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	¥ 61,564	¥ 61,439	¥(124)	¥ 39	¥164
Japanese local government bonds	23,392	23,224	(168)	—	168
Japanese corporate bonds	—	—	—	—	—
Others	30,015	30,593	577	743	165
Total	¥114,971	¥115,256	¥ 284	¥783	¥498

	Millions of U.S. dollars				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	$516	$515	$(1)	$0	$1
Japanese local government bonds	196	194	(2)	—	2
Japanese corporate bonds	—	—	—	—	—
Others	251	256	5	6	1
Total	$963	$965	$ 2	$6	$4

Notes: 1. Market value is calculated using market prices as of September 30, 2001.
2. Unrealized gains (losses) represent differences between market values and balance sheet amounts.

Other Securities with Market Value

As of September 30, 2001

	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 5,857,733	¥ 5,051,445	¥(806,287)	¥214,158	¥1,020,446
Bonds	10,207,072	10,289,102	82,029	91,936	9,906
Japanese government bonds	8,986,108	9,046,201	60,092	64,990	4,897
Japanese local government bonds	287,439	299,190	11,750	12,080	330
Japanese corporate bonds	933,524	943,710	10,186	14,865	4,678
Others	3,593,998	3,677,273	83,274	102,811	19,537
Total	¥19,658,804	¥19,017,821	¥(640,983)	¥408,906	¥1,049,890

	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	$ 49,060	$ 42,307	$(6,753)	$1,793	$8,546
Bonds	85,486	86,173	687	770	83
Japanese government bonds	75,261	75,764	503	544	41
Japanese local government bonds	2,407	2,506	99	101	2
Japanese corporate bonds	7,818	7,903	85	124	39
Others	30,100	30,798	698	861	163
Total	$164,646	$159,278	$(5,368)	$3,424	$8,792

Notes: 1. In general, balance sheet amount is calculated using the average market price over a month ended September 30, 2001 for stocks and by using the market prices as of September 30, 2001 for bonds and others.
2. Unrealized gains (losses) represent differences between balance sheet amounts and acquisition costs.

Securities with No Available Market Value

As of September 30, 2001

	Millions of yen	Millions of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount
Bonds classified as held-to-maturity		
Nonlisted foreign securities	¥ 20,422	$ 171
Others	35,226	295
Other securities		
Nonlisted foreign securities	378,823	3,173
Nonlisted bonds	573,781	4,806
Nonlisted stocks (excluding OTC stocks)	211,742	1,773
Others	110,167	923

2. Money Held in Trust

Money Held in Trust Classified as Held-to-Maturity

There is no corresponding transaction as of September 30, 2001.

Other Money Held in Trust (money held in trust which is not classified neither as trading nor as held-to-maturity)

As of September 30, 2001

	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized losses	Unrealized gains	Unrealized losses
Other money held in trust	¥64,173	¥60,155	¥(4,017)	¥278	¥(4,296)

	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized losses	Unrealized gains	Unrealized losses
Other money held in trust	$538	$504	$(34)	$2	$(36)

Notes: 1. Balance sheet amount is calculated using market prices as of September 30, 2001.
2. Unrealized gains (losses) represent differences between balance sheet amounts and acquisition costs.

3. Net Unrealized Losses on Other Securities

Net unrealized losses on other securities included in the consolidated balance sheet are as follows:

Net Unrealized Losses on Other Securities

As of September 30, 2001

	Millions of yen	Millions of U.S. dollars
Net unrealized losses	¥(644,972)	$(5,402)
Other securities	(640,955)	(5,368)
Other money held in trust	(4,017)	(34)
(+) Deferred tax assets	246,909	2,068
Net unrealized losses on other securities, net of taxes (before adjustment)	¥(398,063)	$(3,334)
(–) Minority interests	¥ (3,517)	$ (29)
(+) Parent company's equity in net unrealized losses on other securities held by affiliates accounted for by the equity method	(273)	(2)
Net unrealized losses on other securities, net of taxes	¥(394,819)	$(3,307)

Note: Net unrealized losses on other securities include foreign currency translation adjustments on securities without market value, excluding amounts directly charged to income.

4. Market Value Information on Derivative Transactions

Interest Rate Derivatives

As of September 30, 2001

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Net valuated gains (losses)	Contract amount	Market value	Net valuated gains (losses)
Transactions listed on exchange:						
Interest rate futures	¥ 15,784,133	¥12,301	¥12,301	$ 132,195	$103	$103
Interest rate options	2,071,050	(74)	(74)	17,345	(1)	(1)
Over-the-counter transactions:						
Forward rate agreements	10,511,217	(409)	(409)	88,034	(3)	(3)
Interest rate swaps	225,489,844	38,406	38,406	1,888,525	322	322
Swaptions	2,354,919	(6,084)	(6,084)	19,723	(51)	(51)
Caps	8,653,370	2,877	2,877	72,474	24	24
Floors	1,115,479	4,701	4,701	9,342	39	39
Others	402,087	(3,620)	(3,620)	3,368	30	30
Total	/	¥48,096	¥48,096	/	$403	$403

Note: The above derivatives are valuated at market value and the valuated gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which the hedge accounting method is applied are not included in the figures above.
Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards. Such transactions are not included in the figures above, net unrealized gains of which amount to ¥2,544 million ($21 million).

Currency Derivatives

As of September 30, 2001

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Net valuated gains (losses)	Contract amount	Market value	Net valuated gains (losses)
Over-the-counter transactions:						
Currency swaps	¥25,097,961	¥(49,795)	¥(49,795)	$210,201	$(417)	$(417)
Forward foreign exchange	961,549	(13,461)	(13,461)	8,053	(113)	(113)
Currency options	92,163	207	207	772	2	2
Total	/	¥(63,049)	¥(63,049)	/	$(528)	$(528)

Notes: 1. The above derivatives are valuated by market value and the valuated gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which the hedge accounting method is applied and the transactions covered in Note 2. below are not included in the figures above.
Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the figures above, net unrealized gains of which amount to ¥708 million ($6 million).
2. Forward foreign exchange and currency options that fall into the following categories are not included in the figures above:
1) Those that are revaluated as of September 30, 2001 and the unrealized gains (losses) are accounted for in the consolidated statements of income.
2) Those that are 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.
3) Those that are allotted to financial assets/liabilities by foreign currency and the financial assets/liabilities which are eliminated in the process of consolidation.
The contract amount of currency derivatives which are revaluated at the consolidated balance sheet date are as follows:

As of September 30, 2001	Millions of yen Contract amount	Millions of U.S. dollars Contract amount
Transactions listed on exchange:		
Currency futures	—	—
Currency options	—	—
Over-the-counter transactions:		
Forward foreign exchange	¥46,447,828	$389,010
Currency options	5,587,019	46,792

Stock Derivatives

As of September 30, 2001

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Net valuated gains (losses)	Contract amount	Market value	Net valuated gains (losses)
Transactions listed on exchange:						
Stock price index futures	**¥ 17,038**	**¥ 7**	**¥ 7**	**$ 143**	**$ 0**	**$ 0**
Stock price index options	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter transactions:						
Equity options	**—**	**—**	**—**	**—**	**—**	**—**
Stock price index swaps	**14,827**	**503**	**503**	**124**	**4**	**4**
Others	**143,751**	**(917)**	**(917)**	**1,204**	**(7)**	**(7)**
Total	**/**	**¥(406)**	**¥(406)**	**/**	**$(3)**	**$(3)**

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

Bond Derivatives

As of September 30, 2001

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Net valuated gains (losses)	Contract amount	Market value	Net valuated gains (losses)
Transactions listed on exchange:						
Bond futures	**¥61,742**	**¥(36)**	**¥(36)**	**$517**	**$(0)**	**$(0)**
Bond futures options	**8,400**	**24**	**24**	**70**	**0**	**0**
Over-the-counter transactions:						
Bond options	**47,117**	**43**	**43**	**395**	**0**	**0**
Total	**/**	**¥ 31**	**¥ 31**	**/**	**$ 0**	**$ 0**

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

Commodity Derivatives

As of September 30, 2001

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Net valuated gains	Contract amount	Market value	Net valuated gains
Over-the-counter transactions:						
Commodity options	**¥10,338**	**¥43**	**¥43**	**$87**	**$0**	**$0**
Total	**/**	**¥43**	**¥43**	**/**	**$0**	**$0**

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

Credit Derivative Transactions

As of September 30, 2001

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Net valuated gains (losses)	Contract amount	Market value	Net valuated gains (losses)
Over-the-counter transactions:						
Credit default options	**¥ 97,556**	**¥ 92**	**¥ 92**	**$ 817**	**$ 1**	**$ 1**
Others	**230,325**	**(4,940)**	**(4,940)**	**1,929**	**(42)**	**(42)**
Total	**/**	**¥(4,848)**	**¥(4,848)**	**/**	**$(41)**	**$(41)**

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

Segment Information

1. Business Segment Information

Six-month period ended September 30, 2001

	Millions of yen					
	Banking business	Leasing	Others	Total	Elimination	Consolidated
Operating income						
(1) External customers	¥1,310,269	¥280,323	¥211,210	¥1,801,802	¥ —	¥1,801,802
(2) Intersegment	110,892	3,115	123,142	237,149	(237,149)	—
Total	¥1,421,161	¥283,438	¥334,352	¥2,038,952	¥(237,149)	¥1,801,802
Operating expenses	1,290,830	273,254	264,286	1,828,371	(141,019)	1,687,351
Operating profit	¥ 130,330	¥ 10,184	¥ 70,066	¥ 210,580	¥ (96,129)	¥ 114,450

	Millions of U.S. dollars					
	Banking business	Leasing	Others	Total	Elimination	Consolidated
Operating income						
(1) External customers	$10,974	$2,348	$1,768	$15,090	$ —	$15,090
(2) Intersegment	929	26	1,031	1,986	(1,986)	—
Total	$11,903	$2,374	$2,799	$17,076	$(1,986)	$15,090
Operating expenses	10,811	2,289	2,213	15,313	(1,181)	14,132
Operating profit	$ 1,092	$ 85	$ 586	$ 1,763	$ (805)	$ 958

Notes: 1. The business segmentation is determined based on the Bank's internal administrative purpose.
2. "Others" includes securities, credit card, investment banking, loans, mortgage securities, venture capital, systems development and information processing.
3. Operating income represents total income excluding gains on disposition of premises and equipment, collection of written-off claims, gain on sale of business operation and reversals of other reserves.
Operating expenses represent total expenses excluding losses on disposition of premises and equipment, amortized cost of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

2. Geographic Segment Information

Six-month period ended September 30, 2001

	Millions of yen						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Operating income							
(1) External customers	¥1,391,513	¥185,708	¥101,692	¥122,887	¥1,801,802	¥ —	¥1,801,802
(2) Intersegment	106,595	64,894	68,183	43,734	283,408	(283,408)	—
Total	¥1,498,109	¥250,602	¥169,876	¥166,622	¥2,085,211	¥(283,408)	¥1,801,802
Operating expenses	1,426,948	164,291	160,091	147,213	1,898,544	(211,192)	1,687,351
Operating profit	¥ 71,160	¥ 86,311	¥ 9,784	¥ 19,409	¥ 186,666	¥ (72,215)	¥ 114,450

	Millions of U.S. dollars						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Operating income							
(1) External customers	$11,654	$1,555	$ 852	$1,029	$15,090	$ —	$15,090
(2) Intersegment	893	544	571	366	2,374	(2,374)	—
Total	$12,547	$2,099	$1,423	$1,395	$17,464	$(2,374)	$15,090
Operating expenses	11,951	1,376	1,341	1,233	15,901	(1,769)	14,132
Operating profit	$ 596	$ 723	$ 82	$ 162	$ 1,563	$ (605)	$ 958

Notes: 1. The geographic segmentation is determined based on the degrees of following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions.
2. The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.
3. Operating income represents total income excluding gains on disposition of premises and equipment, collection of written-off claims, gain on sale of business operation and reversals of other reserves.
Operating expenses represent total expenses excluding losses on disposition of premises and equipment, amortized cost of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

3. Operating Income from Overseas Operations

Six-month period ended September 30, 2001

	Millions of yen	Millions of U.S. dollars
Consolidated operating income from overseas operations (A)	¥ 410,289	$ 3,436
Consolidated operating income (B)	1,801,802	15,090
(A)/(B)	22.8%	22.8%

Notes: 1. Overseas sales of companies in other industries are treated as the Bank's operating income from overseas operations.
2. The above table shows operating income from transactions of the Bank's overseas branches and transactions of overseas consolidated subsidiaries, excluding operating income from internal transactions. The composition of this substantial volume of transactions is not broken down by counterparty, and therefore, data by region and country have not been included.

Nonconsolidated Interim Balance Sheet (Unaudited)

Sumitomo Mitsui Banking Corporation
As of September 30, 2001

	Millions of yen	Millions of U.S. dollars
Assets		
Cash and due from banks	¥ 1,667,942	$ 13,969
Deposits with banks	3,937,154	32,975
Call loans and bills bought	399,742	3,348
Receivables under resale agreements	774,471	6,486
Commercial paper and other debt purchased	78,848	660
Trading assets	2,689,363	22,524
Money held in trust	63,611	533
Securities	19,988,203	167,405
Loans and bills discounted	61,071,591	511,487
Foreign exchanges	631,330	5,288
Other assets	3,197,681	26,781
Premises and equipment	820,719	6,874
Deferred tax assets	1,589,941	13,316
Customers' liabilities for acceptances and guarantees	5,440,396	45,565
Reserve for possible loan losses	(1,008,891)	(8,450)
Total assets	**¥101,342,107**	**$848,761**
Liabilities and stockholders' equity		
Liabilities		
Deposits	¥ 67,763,782	$567,536
Call money and bills sold	8,497,133	71,165
Payables under repurchase agreements	1,459,293	12,222
Commercial paper	1,082,000	9,062
Trading liabilities	1,704,180	14,273
Borrowed money	3,555,666	29,779
Foreign exchanges	246,872	2,068
Bonds	1,865,205	15,621
Convertible bonds	1,106	9
Other liabilities	5,796,331	48,545
Reserve for employee bonuses	12,790	107
Reserve for employee retirement benefits	152,131	1,274
Reserve for possible losses on loans sold	119,143	998
Other reserves	18	0
Deferred tax liabilities for land revaluation	131,412	1,101
Acceptances and guarantees	5,440,396	45,565
Total liabilities	**¥ 97,827,465**	**$819,325**
Stockholders' equity		
Preferred stock	¥ 650,500	$ 5,448
Common stock	676,246	5,664
Capital surplus	1,684,361	14,107
Earned surplus reserve	241,421	2,022
Land revaluation excess	208,857	1,749
Retained earnings	478,958	4,011
Net unrealized losses on other securities	(425,669)	(3,565)
Treasury stock	(33)	(0)
Total stockholders' equity	**¥ 3,514,642**	**$ 29,436**
Total liabilities and stockholders' equity	**¥101,342,107**	**$848,761**

Notes: 1. Amounts less than one million yen are omitted.
2. The accompanying financial statements are presented, for convenience only, in U.S. dollars by arithmetically translating all Japanese yen amounts at ¥119.40 = U.S.$1.00, the exchange rate in effect on September 30, 2001.

Nonconsolidated Interim Statement of Income (Unaudited)

Sumitomo Mitsui Banking Corporation
Six-month period ended September 30, 2001

	Millions of yen	Millions of U.S. dollars
Income		
Interest income:	¥1,061,396	$ 8,889
Interest on loans and discounts	654,099	5,478
Interest and dividends on securities	224,002	1,876
Fees and commissions	113,779	953
Trading profits	70,906	594
Other operating income	56,889	476
Other income	34,488	289
Total income	**¥1,337,459**	**$11,201**
Expenses		
Interest expenses:	¥ 386,960	$ 3,241
Interest on deposits	198,509	1,663
Fees and commissions	40,494	339
Other operating expenses	26,379	221
General and administrative expenses	348,545	2,919
Transfer to reserve for possible loan losses	129,325	1,083
Other expenses	294,697	2,468
Total expenses	**¥1,226,403**	**$10,271**
Income before income taxes	¥ 111,055	$ 930
Income taxes:		
Current	¥ 9,762	$ 82
Deferred	21,499	180
Net income	**¥ 79,794**	**$ 668**

Notes: 1. Amounts less than one million yen are omitted.
2. The accompanying financial statements are presented, for convenience only, in U.S. dollars by arithmetically translating all Japanese yen amounts at ¥119.40 = U.S.$1.00, the exchange rate in effect on September 30, 2001.

Income Analysis (Consolidated)

Average Balance of Interest-Earning Assets and Interest-Bearing Liabilities, Interest and Yields

Six-month periods ended September 30, 2001 and 2000

Domestic Operations

	Billions of yen					
	Sept. 30, 2001			Sept. 30, 2000		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	**¥86,942.2**	**¥875.6**	**2.01%**	¥79,528.0	¥935.1	2.35%
Loans and bills discounted	**57,901.2**	**597.4**	**2.06**	59,073.4	632.5	2.14
Securities	**23,461.1**	**184.7**	**1.57**	17,481.4	140.2	1.60
Call loans and bills bought	**436.3**	**1.5**	**0.67**	231.7	2.8	2.37
Receivables under resale agreements	**1,960.8**	**1.3**	**0.13**	/	/	/
Deposits with banks	**2,200.6**	**42.1**	**3.83**	1,809.6	51.1	5.65
Interest-bearing liabilities	**¥84,780.6**	**¥200.7**	**0.47%**	¥76,973.3	¥341.2	0.88%
Deposits	**53,377.9**	**77.2**	**0.29**	53,370.8	112.6	0.42
Negotiable certificates of deposit	**11,544.4**	**4.2**	**0.07**	7,612.8	5.4	0.14
Call money and bills sold	**8,909.6**	**2.7**	**0.06**	5,953.1	6.1	0.20
Payables under repurchase agreements	**3,524.4**	**0.8**	**0.04**	/	/	/
Commercial paper	**1,137.4**	**0.9**	**0.15**	298.2	0.2	0.14
Borrowed money	**4,160.5**	**50.8**	**2.44**	5,755.8	72.8	2.53

Notes:
1. Domestic operations represent the operations of the Bank (excluding overseas branches) and domestic consolidated subsidiaries.
2. As a rule, average balances are computed by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. Interest-earning assets are shown after deduction of the average balances of non-interest earning deposits (first half of fiscal 2001, ¥736.0 billion; first half of fiscal 2000, ¥655.7 billion).
4. Income and expenses resulting from money held in trust are included in “other income” and “other expenses.” Therefore, interest-earning assets are shown after deduction of the average balances of money held in trust (first half of fiscal 2001, ¥73.9 billion; first half of fiscal 2000, ¥166.0 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (first half of fiscal 2001, ¥73.9 billion; first half of fiscal 2000, ¥166.0 billion) and interest (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.4 billion).

Overseas Operations

	Billions of yen					
	Sept. 30, 2001			Sept. 30, 2000		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	**¥12,304.5**	**¥307.3**	**4.99%**	¥13,333.7	¥359.8	5.39%
Loans and bills discounted	**7,490.1**	**175.2**	**4.68**	8,602.0	202.4	4.70
Securities	**1,528.4**	**36.7**	**4.80**	869.2	28.5	6.54
Call loans and bills bought	**101.7**	**1.6**	**3.07**	117.4	2.9	5.01
Receivables under resale agreements	**193.1**	**3.9**	**4.04**	/	/	/
Deposits with banks	**2,539.7**	**60.6**	**4.77**	2,323.9	75.2	6.46
Interest-bearing liabilities	**¥10,341.6**	**¥233.6**	**4.52%**	¥11,468.1	¥311.0	5.42%
Deposits	**7,664.8**	**116.4**	**3.04**	7,227.2	150.6	4.16
Negotiable certificates of deposit	**206.1**	**5.3**	**5.16**	149.1	4.2	5.65
Call money and bills sold	**209.6**	**3.4**	**3.22**	154.2	3.0	3.95
Payables under repurchase agreements	**588.5**	**13.6**	**4.60**	/	/	/
Commercial paper	**10.6**	**0.3**	**5.32**	20.9	0.7	6.48
Borrowed money	**196.5**	**4.3**	**4.33**	1,553.5	31.8	4.09

Notes:
1. Overseas operations represent the operations of the Bank’s overseas branches and overseas consolidated subsidiaries.
2. As a rule, average balances are computed by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. Interest-earning assets are shown after deduction of the average balances of non-interest earning deposits (first half of fiscal 2001, ¥19.8 billion; first half of fiscal 2000, ¥23.9 billion).
4. Income and expenses resulting from money held in trust are included in “other income” and “other expenses.” Therefore, interest-earning assets are shown after deduction of the average balances of money held in trust (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.1 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.1 billion) and interest (first half of fiscal 2001, ¥0.0 billion; first half of fiscal 2000, ¥0.0 billion).

Total of Domestic and Overseas operations

	Billions of yen					
	Sept. 30, 2001			Sept. 30, 2000		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	**¥97,986.5**	**¥1,067.7**	**2.18%**	¥88,011.7	¥1,185.2	2.69%
Loans and bills discounted	**64,147.2**	**731.5**	**2.28**	64,175.5	779.8	2.43
Securities	**24,985.8**	**147.9**	**1.18**	18,048.4	136.5	1.51
Call loans and bills bought	**534.8**	**3.0**	**1.11**	324.3	5.7	3.50
Receivables under resale agreements	**2,153.9**	**5.2**	**0.48**	/	/	/
Deposits with banks	**4,731.3**	**102.6**	**4.34**	3,903.5	124.1	6.35
Interest-bearing liabilities	**¥93,861.1**	**¥ 392.9**	**0.84%**	¥84,910.6	¥ 574.5	1.35%
Deposits	**61,032.7**	**193.4**	**0.63**	60,400.1	261.0	0.86
Negotiable certificates of deposit	**11,750.5**	**9.6**	**0.16**	7,726.5	9.6	0.24
Call money and bills sold	**9,116.2**	**6.0**	**0.13**	6,079.7	9.1	0.30
Payables under repurchase agreements	**4,112.9**	**14.3**	**0.70**	/	/	/
Commercial paper	**1,147.9**	**1.2**	**0.20**	319.1	0.9	0.56
Borrowed money	**3,112.8**	**13.9**	**0.89**	4,078.6	49.5	2.42

Notes: 1. The above figures represent totals for domestic and overseas operations after intersegment eliminations.
2. As a rule, average balances are computed by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. Interest-earning assets are shown after deduction of the average balances of non-interest earning deposits (first half of fiscal 2001, ¥754.8 billion; first half of fiscal 2000, ¥679.0 billion).
4. Income and expenses resulting from money held in trust are included in "other income" and "other expenses." Therefore, interest-earning assets are shown after deduction of the average balances of money held in trust (first half of fiscal 2001, ¥74.1 billion; first half of fiscal 2000, ¥166.1 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (first half of fiscal 2001, ¥74.1 billion; first half of fiscal 2000, ¥166.1 billion) and interest (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.4 billion).

Fees and Commissions

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations:			
Fees and commissions (income)	**¥175.4**	¥183.4	¥375.0
Remittances and transfers	**49.2**	47.7	97.9
Securities-related business	**10.9**	19.5	31.4
Fees and commissions (expenses)	**34.2**	42.3	87.0
Remittances and transfers	**9.4**	10.3	20.9
Overseas operations:			
Fees and commissions (income)	**¥ 14.7**	¥ 17.2	¥ 37.2
Remittances and transfers	**2.6**	2.8	6.1
Deposits and loans	**7.7**	9.3	20.2
Fees and commissions (expenses)	**2.3**	4.2	8.9
Remittances and transfers	**0.8**	1.0	2.4
Net fees and commissions	**¥153.5**	¥154.0	¥316.3

Notes: 1. Domestic operations represent the operations of the Bank (excluding overseas branches) and domestic consolidated subsidiaries.
2. Overseas operations represent the operations of the Bank's overseas branches and overseas consolidated subsidiaries.

Trading Income

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations:			
Trading profits	**¥49.7**	¥22.3	¥ 66.5
Gains on trading securities	**1.5**	3.3	8.0
Gains on financial derivatives	**48.0**	18.0	53.5
Trading losses	**—**	—	4.7
Losses on financial derivatives	**—**	—	4.7
Overseas operations:			
Trading profits	**¥25.1**	¥24.5	¥ 49.5
Gains on trading securities	**2.4**	6.8	9.7
Gains on financial derivatives	**22.7**	16.9	37.7
Trading losses	**1.1**	3.5	2.1
Losses on financial derivatives	**1.1**	3.0	1.2
Net trading income	**¥73.7**	¥43.3	¥109.0

Notes: 1. Domestic operations represent the operations of the Bank (excluding overseas branches) and domestic consolidated subsidiaries.
2. Overseas operations represent the operations of the Bank's overseas branches and overseas consolidated subsidiaries.

Net Other Operating Income

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations:			
Income from other operations	**¥386.0**	¥312.0	¥627.8
Expenses from other operations	**297.9**	246.8	522.9
Overseas operations:			
Income from other operations	**¥ 8.7**	¥ 10.9	¥ 22.1
Expenses from other operations	**23.5**	21.5	37.9
Net other operating income	**¥ 72.8**	¥ 54.5	¥ 89.0

Notes: 1. Domestic operations represent the operations of the Bank (excluding overseas branches) and domestic consolidated subsidiaries.
2. Overseas operations represent the operations of the Bank's overseas branches and overseas consolidated subsidiaries.

Income Analysis (Nonconsolidated)

Average Balance, Interest and Earning Yields of Interest-Earning Assets and Interest-Bearing Liabilities

Six-month periods ended September 30, 2001 and 2000

Domestic Operations

	Billions of yen					
	Sept. 30, 2001			Sept. 30, 2000		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	**¥77,863.6**	**¥604.6**	**1.54%**	¥71,694.0	¥634.6	1.76%
	[695.3]	**[0.5]**		[138.7]	[6.9]	
Loans and bills discounted	**53,552.7**	**504.9**	**1.88**	55,179.5	545.3	1.97
Securities	**21,343.7**	**92.0**	**0.85**	15,989.5	80.0	0.99
Call loans	**188.8**	**0.1**	**0.07**	32.8	0.0	0.17
Receivables under resale agreements	**1,919.2**	**0.9**	**0.08**	23.5	0.3	2.31
Bills bought	**147.8**	**0.0**	**0.03**	78.4	0.0	0.10
Deposits with banks	**11.9**	**0.0**	**0.00**	11.9	0.0	0.24
Interest-bearing liabilities	**¥74,222.0**	**¥ 67.4**	**0.18%**	¥68,393.1	¥ 80.6	0.23%
				[391.2]	[0.4]	
Deposits	**46,268.0**	**25.8**	**0.11**	48,816.1	36.8	0.15
Negotiable certificates of deposit	**11,565.2**	**4.2**	**0.07**	7,586.3	5.3	0.14
Call money	**3,833.4**	**0.9**	**0.04**	5,646.1	3.0	0.10
Payables under repurchase agreements	**3,539.2**	**0.8**	**0.04**	2,268.8	1.3	0.11
Bills sold	**5,062.3**	**0.8**	**0.03**	162.5	0.1	0.08
Commercial paper	**1,023.9**	**0.8**	**0.15**	238.5	0.2	0.13
Borrowed money	**1,226.2**	**17.0**	**2.77**	2,025.6	21.9	2.15
Bonds	**1,682.1**	**14.2**	**1.68**	959.4	8.3	1.73

Notes: 1. Interest-earning assets are shown after deduction of the average balance of non-interest earning deposits (first half of fiscal 2001, ¥698.1 billion; first half of fiscal 2000, ¥642.0 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (first half of fiscal 2001, ¥70.5 billion; first half of fiscal 2000, ¥160.0 billion) and interest (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.3 billion).

2. Figures in brackets indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

3. Bond interest includes amortization of discount on bonds.

International Operations

	Billions of yen					
	Sept. 30, 2001			Sept. 30, 2000		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	**¥15,945.7**	**¥457.2**	**5.71%**	¥14,381.6	¥418.3	5.80%
				[391.2]	[0.4]	
Loans and bills discounted	**6,806.1**	**146.5**	**4.29**	7,090.4	178.4	5.01
Securities	**3,130.1**	**132.0**	**8.41**	1,987.2	70.4	7.06
Call loans	**123.7**	**2.5**	**4.09**	160.2	4.8	6.01
Receivables under resale agreements	**53.1**	**0.5**	**1.91**	35.6	—	—
Bills bought	**—**	**—**	**—**	—	—	—
Deposits with banks	**4,669.6**	**102.3**	**4.37**	3,796.1	119.6	6.28
Interest-bearing liabilities	**¥15,111.4**	**¥319.8**	**4.22%**	¥13,453.8	¥386.5	5.72%
	[695.3]	**[0.5]**		[138.7]	[6.9]	
Deposits	**10,763.8**	**165.0**	**3.05**	10,198.2	220.4	4.31
Negotiable certificates of deposit	**151.4**	**3.5**	**4.62**	148.6	4.2	5.58
Call money	**253.2**	**4.3**	**3.40**	235.6	5.9	4.96
Payables under repurchase agreements	**432.7**	**7.1**	**3.24**	5.3	—	—
Bills sold	**—**	**—**	**—**	3.0	0.0	2.38
Commercial paper	**—**	**—**	**—**	—	—	—
Borrowed money	**2,483.8**	**52.6**	**4.22**	2,373.1	64.1	5.38
Bonds	**—**	**—**	**—**	—	—	—

Notes: 1. Interest-earning assets are shown after deduction of the average balance of non-interest earning deposits (first half of fiscal 2001, ¥26.8 billion; first half of fiscal 2000, ¥28.7 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (first half of fiscal 2001, ¥3.5 billion; first half of fiscal 2000, ¥6.1 billion) and interest (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.2 billion).

2. Figures in brackets indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

3. The average balance of foreign currency denominated transactions by domestic branches in international operations is calculated by the monthly current method (under which the TT middle rate at the end of the previous month is applied to non-exchange transactions of the month concerned).

Total of Domestic and International Operations

	Billions of yen					
	Sept. 30, 2001			Sept. 30, 2000		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	**¥93,114.0**	**¥1,061.4**	**2.27%**	¥85,545.6	¥1,045.6	2.43%
Loans and bills discounted	**60,358.8**	**651.5**	**2.15**	62,269.9	723.6	2.31
Securities	**24,473.8**	**224.0**	**1.82**	17,976.7	150.3	1.66
Call loans	**312.5**	**2.6**	**1.66**	193.0	4.9	5.02
Receivables under resale agreements	**1,972.3**	**1.4**	**0.13**	59.1	0.3	0.92
Bills bought	**147.8**	**0.0**	**0.03**	78.4	0.0	0.10
Deposits with banks	**4,681.6**	**102.3**	**4.36**	3,808.0	119.6	6.26
Interest-bearing liabilities	**¥88,638.2**	**¥386.8**	**0.87%**	¥81,316.9	¥459.8	1.12%
Deposits	**57,031.8**	**190.8**	**0.66**	59,014.3	257.2	0.86
Negotiable certificates of deposit	**11,716.6**	**7.7**	**0.13**	7,734.9	9.5	0.24
Call money	**4,086.6**	**5.2**	**0.25**	5,881.7	8.9	0.30
Payables under repurchase agreements	**3,971.9**	**7.8**	**0.39**	2,274.1	1.3	0.11
Bills sold	**5,062.3**	**0.8**	**0.03**	165.5	0.1	0.13
Commercial paper	**1,023.9**	**0.8**	**0.15**	238.5	0.2	0.13
Borrowed money	**3,710.0**	**69.7**	**3.74**	4,398.6	86.0	3.89
Bonds	**1,682.1**	**14.2**	**1.68**	959.4	8.3	1.73

Notes: 1. Interest-earning assets are shown after deduction of the average balance of non-interest earning deposits (first half of fiscal 2001, ¥724.9 billion; first half of fiscal 2000, ¥670.6 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (first half of fiscal 2001, ¥74.0 billion; first half of fiscal 2000, ¥166.1 billion) and interest (first half of fiscal 2001, ¥0.1 billion; first half of fiscal 2000, ¥0.4 billion).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.
3. Bond interest includes amortization of discount on bonds.

Fees and Commissions

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations	**¥52.8**	¥56.8	¥113.0
Fees and commissions (income)	**87.8**	89.5	179.0
Remittances and transfers	**39.4**	39.6	80.2
Securities-related business	**4.9**	6.8	14.5
Agency	**7.0**	5.0	9.8
Fees and commissions (expenses)	**35.0**	32.7	66.0
Remittances and transfers	**¥ 7.4**	¥ 7.6	¥ 15.5
International operations	**¥20.5**	¥17.8	¥ 37.7
Fees and commissions (income)	**26.0**	24.8	52.7
Remittances and transfers	**9.9**	10.4	21.4
Deposits and loans	**8.0**	10.3	22.7
Fees and commissions (expenses)	**5.5**	7.0	15.0
Remittances and transfers	**¥ 2.7**	¥ 3.1	¥ 7.0
Net fees and commissions	**¥73.3**	¥74.6	¥150.7

Trading Income

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations	**¥ 1.1**	¥ 1.5	¥ 9.2
Gains on trading securities	**0.7**	0.9	5.3
Others	**0.4**	0.6	3.9
International operations	**¥69.8**	¥32.6	¥86.2
Gains on securities related to trading transactions	**0.0**	0.2	0.6
Gains on trading-related financial derivatives	**69.8**	32.4	85.6
Net trading income	**¥70.9**	¥34.1	¥95.4

Note: Figures represent net gains after offsetting income against expenses.

Net Other Operating Income

Six-month periods ended September 30, 2001 and 2000, and year ended March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations	**¥24.9**	¥19.8	¥ 27.8
Gains (losses) on bonds	**26.0**	1.8	8.4
International operations	**¥ 5.6**	¥ 3.2	¥(11.4)
Gains (losses) on foreign exchange transactions	**(7.7)**	11.1	(10.3)
Gains (losses) on bonds	**4.1**	(4.0)	0.4
Net other operating income	**¥30.5**	¥23.0	¥ 16.4

Loans

Loan Portfolio, Classified by Industry

Consolidated

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic operations:			
Manufacturing	**¥ 7,525.6**	¥ 7,890.0	¥ 7,842.0
Agriculture, forestry, fisheries and mining	**193.6**	218.2	211.6
Construction	**3,175.3**	3,547.0	3,279.6
Transportation, communications and other public enterprises	**2,907.9**	3,094.3	3,084.0
Wholesale and retail	**7,704.9**	8,366.9	8,198.4
Finance and insurance	**3,630.1**	4,034.4	4,240.8
Real estate	**9,403.6**	9,725.8	9,841.5
Services	**7,125.7**	8,315.2	7,427.7
Municipalities	**317.7**	333.8	356.4
Others	**16,735.5**	15,077.8	14,629.2
Subtotal	**¥58,719.9**	¥60,603.4	¥59,111.2
Overseas operations:			
Public sector	**¥ 234.2**	¥ 250.9	¥ 267.5
Financial institutions	**316.5**	310.1	305.4
Commerce and industry	**5,219.7**	5,389.1	5,739.0
Others	**237.3**	108.9	114.0
Subtotal	**¥ 6,007.7**	¥ 6,059.0	¥ 6,425.9
Total	**¥64,727.6**	¥66,662.4	¥65,537.1

Notes: 1. “Domestic operations” represent the operations of the Bank (excluding overseas branches) and domestic consolidated subsidiaries.
2. “Overseas operations” represent the operations of the Bank’s overseas branches and overseas consolidated subsidiaries.
3. Japan offshore banking accounts are included in overseas offices’ accounts.

Nonconsolidated

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Domestic offices:			
Manufacturing	**¥ 7,157.9**	¥ 7,552.5	¥ 7,455.4
Agriculture, forestry, fisheries and mining	**172.5**	200.7	188.8
Construction	**2,841.6**	3,214.8	2,929.2
Transportation, communications and other public enterprises	**2,806.8**	3,005.4	2,982.2
Wholesale and retail	**7,151.9**	7,816.3	7,631.1
Finance and insurance	**4,370.5**	4,592.4	4,850.2
Real estate	**8,839.7**	9,046.4	9,222.2
Services	**6,446.6**	7,537.5	6,720.4
Municipalities	**250.2**	308.5	304.2
Others	**15,339.9**	13,847.0	13,267.5
Subtotal	**¥55,377.6**	¥57,121.5	¥55,551.2
Overseas offices:			
Public sector	**¥ 233.3**	¥ 248.0	¥ 264.0
Financial institutions	**332.9**	397.8	378.8
Commerce and industry	**4,906.9**	5,193.1	5,488.2
Others	**220.9**	62.9	65.7
Subtotal	**¥ 5,694.0**	¥ 5,901.8	¥ 6,196.7
Total	**¥61,071.6**	¥63,023.3	¥61,747.9

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

Loans to Individuals/Small and Medium-Sized Corporations (Nonconsolidated)

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Outstanding balance	**¥38,427.0**	¥41,039.8	¥40,471.3
Ratio to total loans	**69.4%**	71.8%	72.9%

Notes: 1. The figures above exclude outstanding balance of loans at overseas branches and of Japan offshore banking accounts.
2. Small and medium-sized businesses are companies with capital stock of ¥300 million or less, or with an operating staff complement of 300 or fewer employees (exceptions to these capital stock and staff restrictions include wholesalers— ¥100 million, 100 employees; retailers— ¥50 million, 50 employees; and service industry companies— ¥50 million, 100 employees).

Consumer Loans Outstanding (Nonconsolidated)

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Consumer loans	**¥13,441.6**	¥13,571.7	¥13,484.8
Housing loans	**11,842.7**	11,788.4	11,791.3
Housing loans	**7,612.0**	7,285.0	7,445.2
Others	**1,598.9**	1,783.3	1,693.5

Note: Housing loans include general-purpose loans used for housing purposes, as well as housing loans, and apartment house acquisition loans.

Risk-Monitored Loans

Consolidated

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Bankrupt loans	**¥ 248.7**	¥ 287.5	¥ 273.1
Non-accrual loans	**2,294.8**	3,308.3	2,577.5
Past due loans (3 months or more)	**124.5**	130.2	125.8
Restructured loans	**1,114.9**	352.6	280.0
Total	**¥3,782.9**	¥4,078.6	¥3,256.4

Nonconsolidated

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Bankrupt loans	**¥ 217.1**	¥ 240.6	¥ 235.7
Non-accrual loans	**1,945.5**	2,859.9	2,207.5
Past due loans (3 months or more)	**105.7**	78.4	103.2
Restructured loans	**1,001.5**	280.7	186.2
Total	**¥3,269.8**	¥3,459.6	¥2,732.6

Notes: Definition of loans

1. Bankrupt Loans: credits for which accrued interest is not accounted in revenue, credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearing houses
2. Non-Accrual Loans: credits for which accrued interest is not accounted in revenue, credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past Due Loans (3 months or more): loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured Loans: loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or support business, excluding borrowers in categories 1. through 3.

Disclosed Assets under the Financial Reconstruction Law (Nonconsolidated)

As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Bankrupt and quasi-bankrupt assets	**¥ 574.0**	¥ 621.7	¥ 589.9
Doubtful assets	**1,645.7**	2,567.9	1,943.1
Substandard loans	**1,107.2**	359.0	289.4
Total of problem assets	**(3,326.9)**	(3,548.6)	(2,822.5)
Normal assets	**64,039.9**	65,745.5	66,157.8
Total	**¥67,366.8**	¥69,294.1	¥68,980.3

Notes: Definition of disclosed assets

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include loans and bills discounted, foreign exchanges, accrued interest, and advance payment in “other assets,” customers’ liabilities for acceptance and guarantees and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and Quasi-Bankrupt Assets: credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful Assets: credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard Loans: past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal Assets: credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Overseas Loans (Nonconsolidated)

Loans to Specific Overseas Countries
As of September 30, 2001 and 2000, and March 31, 2001

	Billions of yen		
	Sept. 30, 2001	Sept. 30, 2000	Mar. 31, 2001
Loan balance	**¥136.2**	¥178.9	¥192.9
Number of countries	**8**	13	9

Loans, Classified by Country
As of September 30, 2001

Loans to Asian Countries

	Billions of yen	
	Loans	Risk-monitored loans
Indonesia	**¥ 156.2**	**¥40.0**
Thailand	**264.7**	**10.5**
Korea	**172.1**	**1.7**
Hong Kong	**342.2**	**17.4**
China	**150.3**	**3.6**
Singapore	**224.5**	**0.6**
India	**53.5**	**5.2**
Malaysia	**69.0**	**9.8**
Pakistan	**4.9**	**2.0**
Others	**50.8**	**4.5**
Total	**¥1,488.2**	**¥95.3**

Note: Classified by domicile of debtors.

Loans to Central and South American Countries

	Billions of yen	
	Loans	Risk-monitored loans
Chile	**¥ 5.1**	**—**
Colombia	**18.8**	**¥0.9**
Mexico	**20.3**	**—**
Argentina	**2.3**	**—**
Brazil	**66.6**	**—**
Venezuela	**10.0**	**—**
Panama	**191.5**	**—**
Others	**1.0**	**—**
Total	**¥315.6**	**¥0.9**

Note: Classified by domicile of debtors.

Loans to Russia

	Billions of yen	
	Loans	Risk-monitored loans
Russia	**¥0.5**	**—**

Note: Classified by domicile of debtors.

Board of Directors and Corporate Auditors

(As of December 31, 2001)

Chairman of the Board

Akishige Okada

President and Chief Executive Officer

Yoshifumi Nishikawa

Deputy Presidents

Youhei Shiraga*
Akio Asuke*
Hirokazu Ishikawa*

Senior Managing Directors

Shunichi Okuyama*
Tsutomu Sakuma*
Hidemitsu Nakao*
Michiyoshi Kuriyama*
Takeharu Nagata*
Hidenori Hiramatsu*
Tadashi Inoue*
Keizo Ogawa*
Masayuki Oku*
Hideharu Kadowaki*
Takemasa Tsukamoto*

Managing Directors

Teisuke Kitayama*
Ryuzo Kodama*
Shigetada Takahashi*
Kenjiro Noda*
Tadashi Hirota*
Mutsuhiko Matsumoto*
Toichiro Mizushima*
Kakuei Miyagi*

Directors

Yoshiaki Yamauchi
Yoichiro Yamakawa

*Also acting as Executive Officer

Corporate Auditors

Hiroshi Kii
Toyosaburo Hirano
Tomoyuki Watanabe
Gaishi Hiraiwa
Katsuya Onishi
Josei Itoh
Yasutaka Okamura

International Directory

(As of December 31, 2001)

Asia and Oceania

Hong Kong Branch
Shanghai Branch
Tianjin Branch
Guangzhou Branch
Yangpu Branch
Suzhou Branch
General Representative Office in China (Beijing)
Dalian Representative Office
Chongqing Representative Office
Shenyang Representative Office
Taipei Representative Office
Seoul Branch
Singapore Branch
Labuan Branch
Labuan Branch Kuala Lumpur Marketing Office
Kuala Lumpur Representative Office
PT Bank Sumitomo Mitsui Indonesia
Jakarta Representative Office
Ho Chi Minh Representative Office
Yangon Representative Office
Bangkok Branch
Ayudhya Branch
Chonburi Branch
Manila Representative Office
Mumbai Branch
New Delhi Branch
SMBC Capital India Limited
Sumitomo Mitsui Finance Australia Limited

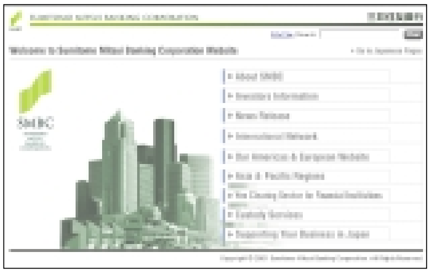
Americas

New York Branch
Cayman Branch
Chicago Branch
Los Angeles Branch
San Francisco Branch
Seattle Representative Office
Manufacturers Bank
SMBC Capital Markets, Inc.
SMBC Securities, Inc.
SMBC Leasing and Finance, Inc.
Sumitomo Mitsui Banking Corporation of Canada
Banco Sumitomo Mitsui Brasileiro S.A.

Europe, Middle-East and Africa

London Branch
SMBC Capital Markets Limited
Düsseldorf Branch
Brussels Branch
Paris Branch
Madrid Representative Office
Sumitomo Mitsui Finance Dublin Limited
Bahrain Representative Office
Tehran Representative Office
Tashkent Representative Office
Cairo Representative Office
Johannesburg Representative Office

SMBC Website



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