

# 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 .....	<b>¥107,502.0</b>	¥107,323.1	¥119,242.7
Loans and bills discounted .....	<b>64,727.6</b>	66,662.4	65,537.1
Securities .....	<b>20,511.6</b>	19,032.3	27,312.5
Liabilities .....	<b>103,181.9</b>	102,348.8	114,239.1
Deposits (excluding negotiable certificates of deposit) .....	<b>60,533.2</b>	61,085.8	63,049.1
Minority interests .....	<b>967.9</b>	977.4	990.6
Stockholders' equity .....	<b>3,352.2</b>	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

	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 .....	<b>(641.0)</b>	<b>(970.1)</b>	<b>408.9</b>	<b>(1,049.9)</b>	329.2	661.1	(331.9)
Stocks .....	<b>(806.3)</b>	<b>(900.4)</b>	<b>214.2</b>	<b>(1,020.4)</b>	94.1	408.7	(314.6)
Bonds .....	<b>82.0</b>	<b>(28.4)</b>	<b>91.9</b>	<b>(9.9)</b>	110.5	113.7	(3.2)
Others .....	<b>83.3</b>	<b>(41.3)</b>	<b>102.8</b>	<b>(19.5)</b>	124.6	138.7	(14.1)
Other money held in trust .....	<b>(4.0)</b>	<b>(0.4)</b>	<b>0.3</b>	<b>(4.3)</b>	(3.6)	0.8	(4.4)
Total .....	<b>(644.7)</b>	<b>(970.2)</b>	<b>410.0</b>	<b>(1,054.7)</b>	325.5	661.9	(336.5)
Stocks .....	<b>(806.3)</b>	<b>(900.4)</b>	<b>214.2</b>	<b>(1,020.4)</b>	94.1	408.7	(314.6)
Bonds .....	<b>81.7</b>	<b>(28.7)</b>	<b>92.0</b>	<b>(10.2)</b>	110.5	113.7	(3.2)
Others .....	<b>79.8</b>	<b>(41.1)</b>	<b>103.8</b>	<b>(24.0)</b>	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
Tier I capital (A) .....	<b>¥ 4,083.7</b>	¥ 2,481.4	¥ 2,218.3	¥ 2,496.4	¥ 2,258.3
Tier II capital (B) .....	<b>3,300.9</b>	1,646.7	1,981.8	1,351.6	1,995.4
Deductions (C) .....	<b>(89.7)</b>	(1.0)	(2.1)	(13.7)	(103.6)
Total capital (A)+(B)-(C)=(D) .....	<b>¥ 7,294.9</b>	¥ 4,127.0	¥ 4,198.0	¥ 3,834.3	¥ 4,150.0
Risk-adjusted assets (E) .....	<b>¥67,557.4</b>	¥33,543.5	¥37,054.3	¥33,891.4	¥37,925.2
Capital ratio (BIS guidelines) = (D)/(E) x 100 .....	<b>10.79%</b>	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.....	<b>¥101,342.1</b>	¥100,774.2	¥113,727.5
Loans and bills discounted .....	<b>61,071.6</b>	63,023.3	61,747.9
Securities.....	<b>19,988.2</b>	18,596.3	27,060.0
Liabilities.....	<b>97,827.5</b>	96,564.8	109,527.6
Deposits.....	<b>56,611.3</b>	57,560.1	59,041.3
Negotiable certificates of deposit.....	<b>11,152.5</b>	9,241.5	11,688.5
Stockholders' equity .....	<b>3,514.6</b>	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
<b>Assets</b>		
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)
<b>Total assets .....</b>	<b>¥107,502,027</b>	<b>\$900,352</b>
<b>Liabilities, minority interests and stockholders' equity</b>		
<b>Liabilities</b>		
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
<b>Total liabilities .....</b>	<b>¥103,181,928</b>	<b>\$864,170</b>
<b>Minority interests .....</b>	<b>¥ 967,934</b>	<b>\$ 8,107</b>
<b>Stockholders' equity</b>		
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)
<b>Total stockholders' equity.....</b>	<b>¥ 3,352,163</b>	<b>\$ 28,075</b>
<b>Total liabilities, minority interests and stockholders' equity.....</b>	<b>¥107,502,027</b>	<b>\$900,352</b>

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
<b>Income</b>		
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
<b>Total income</b> .....	<b>¥1,807,669</b>	<b>\$15,139</b>
<b>Expenses</b>		
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
<b>Total expenses</b> .....	<b>¥1,709,004</b>	<b>\$14,313</b>
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
<b>Net income</b> .....	<b>¥ 34,196</b>	<b>\$ 286</b>
	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
<b>Balance as of September 30, 2001 .....</b>	<b>¥650,500</b>	<b>¥676,246</b>	<b>¥1,684,361</b>	<b>¥230,153</b>	<b>¥541,424</b>	<b>¥(394,819)</b>	<b>¥(18,479)</b>	<b>¥(17,222)</b>	<b>¥3,352,163</b>

	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
<b>Balance as of September 30, 2001 .....</b>	<b>\$5,448</b>	<b>\$5,664</b>	<b>\$14,107</b>	<b>\$1,928</b>	<b>\$4,534</b>	<b>\$(3,307)</b>	<b>\$(155)</b>	<b>\$(144)</b>	<b>\$28,075</b>

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
<b>1. Cash flows from operating activities</b>		
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)
<b>Net cash used in operating activities .....</b>	<b>¥(5,698,288)</b>	<b>\$(47,724)</b>

(Continued)

	Millions of yen	Millions of U.S. dollars
<b>2. Cash flows from investing activities</b>		
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
<b>Net cash provided by investing activities</b> .....	<b>¥ 5,509,649</b>	<b>\$ 46,144</b>
<b>3. Cash flows from financing activities</b>		
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
<b>Net cash used in financing activities</b> .....	<b>¥ (88,511)</b>	<b>\$ (741)</b>
<b>4. Effects of exchange rate changes on cash and due from banks</b> .....	<b>¥ (1,320)</b>	<b>\$ (11)</b>
<b>5. Net change in cash and due from banks</b> .....	<b>¥ (278,471)</b>	<b>\$ (2,332)</b>
<b>6. Cash and due from banks at beginning of reporting period</b> .....	<b>¥ 868,132</b>	<b>\$ 7,271</b>
<b>7. Change in cash and due from banks due to merger</b> .....	<b>¥ 1,075,527</b>	<b>\$ 9,007</b>
<b>8. Change in cash and due from banks due to merger of consolidated subsidiaries</b> .....	<b>¥ 2,401</b>	<b>\$ 20</b>
<b>9. Change in cash and due from banks due to consolidation of new subsidiaries</b> .....	<b>¥ 96,459</b>	<b>\$ 808</b>
<b>10. Cash and due from banks at end of reporting period</b> .....	<b>¥ 1,764,049</b>	<b>\$ 14,774</b>

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 non-consolidated 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 non-consolidated 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.**

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

- Securities include ¥181,701 million (\$1,522 million) of stocks of nonconsolidated subsidiaries and affiliates and ¥983 million (\$8 million) of investments.
- "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.
- 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.
- 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.
- 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).
- 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.

- The total face value of Bank acceptance bought, Commercial bills discounted and Documentary bills is ¥1,249,030 million (\$10,461 million).
- 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).

- 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

September 30, 2001	Millions of yen		
	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

September 30, 2001	Millions of U.S. dollars		
	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 U.S. dollars	
	Millions of yen	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

September 30, 2001	Millions of yen		
	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

September 30, 2001	Millions of U.S. dollars		
	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
<b>Total .....</b>	<b>¥114,971</b>	<b>¥115,256</b>	<b>¥ 284</b>	<b>¥783</b>	<b>¥498</b>

  

	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
<b>Total .....</b>	<b>\$963</b>	<b>\$965</b>	<b>\$ 2</b>	<b>\$6</b>	<b>\$4</b>

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
<b>Total .....</b>	<b>¥19,658,804</b>	<b>¥19,017,821</b>	<b>¥(640,983)</b>	<b>¥408,906</b>	<b>¥1,049,890</b>

  

	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
<b>Total .....</b>	<b>\$164,646</b>	<b>\$159,278</b>	<b>\$(5,368)</b>	<b>\$3,424</b>	<b>\$8,792</b>

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 Consolidated balance sheet amount	Millions of U.S. dollars 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 valued 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 valued 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	Millions of U.S. dollars
	Contract amount	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 valued 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 valued 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 valued 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 valued 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
<b>Assets</b>		
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)
<b>Total assets</b> .....	<b>¥101,342,107</b>	<b>\$848,761</b>
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
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
<b>Total liabilities</b> .....	<b>¥ 97,827,465</b>	<b>\$819,325</b>
<b>Stockholders' equity</b>		
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)
<b>Total stockholders' equity</b> .....	<b>¥ 3,514,642</b>	<b>\$ 29,436</b>
<b>Total liabilities and stockholders' equity</b> .....	<b>¥101,342,107</b>	<b>\$848,761</b>

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
<b>Income</b>		
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
<b>Total income</b> .....	<b>¥1,337,459</b>	<b>\$11,201</b>
<b>Expenses</b>		
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
<b>Total expenses</b> .....	<b>¥1,226,403</b>	<b>\$10,271</b>
Income before income taxes .....	¥ 111,055	\$ 930
Income taxes:		
Current .....	¥ 9,762	\$ 82
Deferred .....	21,499	180
<b>Net income</b> .....	<b>¥ 79,794</b>	<b>\$ 668</b>

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.....	<b>¥86,942.2</b>	<b>¥875.6</b>	<b>2.01%</b>	¥79,528.0	¥935.1	2.35%
Loans and bills discounted.....	<b>57,901.2</b>	<b>597.4</b>	<b>2.06</b>	59,073.4	632.5	2.14
Securities .....	<b>23,461.1</b>	<b>184.7</b>	<b>1.57</b>	17,481.4	140.2	1.60
Call loans and bills bought .....	<b>436.3</b>	<b>1.5</b>	<b>0.67</b>	231.7	2.8	2.37
Receivables under resale agreements .....	<b>1,960.8</b>	<b>1.3</b>	<b>0.13</b>	/	/	/
Deposits with banks .....	<b>2,200.6</b>	<b>42.1</b>	<b>3.83</b>	1,809.6	51.1	5.65
Interest-bearing liabilities .....	<b>¥84,780.6</b>	<b>¥200.7</b>	<b>0.47%</b>	¥76,973.3	¥341.2	0.88%
Deposits .....	<b>53,377.9</b>	<b>77.2</b>	<b>0.29</b>	53,370.8	112.6	0.42
Negotiable certificates of deposit .....	<b>11,544.4</b>	<b>4.2</b>	<b>0.07</b>	7,612.8	5.4	0.14
Call money and bills sold .....	<b>8,909.6</b>	<b>2.7</b>	<b>0.06</b>	5,953.1	6.1	0.20
Payables under repurchase agreements ...	<b>3,524.4</b>	<b>0.8</b>	<b>0.04</b>	/	/	/
Commercial paper.....	<b>1,137.4</b>	<b>0.9</b>	<b>0.15</b>	298.2	0.2	0.14
Borrowed money.....	<b>4,160.5</b>	<b>50.8</b>	<b>2.44</b>	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.....	<b>¥12,304.5</b>	<b>¥307.3</b>	<b>4.99%</b>	¥13,333.7	¥359.8	5.39%
Loans and bills discounted.....	<b>7,490.1</b>	<b>175.2</b>	<b>4.68</b>	8,602.0	202.4	4.70
Securities .....	<b>1,528.4</b>	<b>36.7</b>	<b>4.80</b>	869.2	28.5	6.54
Call loans and bills bought .....	<b>101.7</b>	<b>1.6</b>	<b>3.07</b>	117.4	2.9	5.01
Receivables under resale agreements .....	<b>193.1</b>	<b>3.9</b>	<b>4.04</b>	/	/	/
Deposits with banks .....	<b>2,539.7</b>	<b>60.6</b>	<b>4.77</b>	2,323.9	75.2	6.46
Interest-bearing liabilities .....	<b>¥10,341.6</b>	<b>¥233.6</b>	<b>4.52%</b>	¥11,468.1	¥311.0	5.42%
Deposits .....	<b>7,664.8</b>	<b>116.4</b>	<b>3.04</b>	7,227.2	150.6	4.16
Negotiable certificates of deposit .....	<b>206.1</b>	<b>5.3</b>	<b>5.16</b>	149.1	4.2	5.65
Call money and bills sold .....	<b>209.6</b>	<b>3.4</b>	<b>3.22</b>	154.2	3.0	3.95
Payables under repurchase agreements ...	<b>588.5</b>	<b>13.6</b>	<b>4.60</b>	/	/	/
Commercial paper.....	<b>10.6</b>	<b>0.3</b>	<b>5.32</b>	20.9	0.7	6.48
Borrowed money.....	<b>196.5</b>	<b>4.3</b>	<b>4.33</b>	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.....	<b>¥97,986.5</b>	<b>¥1,067.7</b>	<b>2.18%</b>	¥88,011.7	¥1,185.2	2.69%
Loans and bills discounted.....	<b>64,147.2</b>	<b>731.5</b>	<b>2.28</b>	64,175.5	779.8	2.43
Securities .....	<b>24,985.8</b>	<b>147.9</b>	<b>1.18</b>	18,048.4	136.5	1.51
Call loans and bills bought .....	<b>534.8</b>	<b>3.0</b>	<b>1.11</b>	324.3	5.7	3.50
Receivables under resale agreements .....	<b>2,153.9</b>	<b>5.2</b>	<b>0.48</b>	/	/	/
Deposits with banks .....	<b>4,731.3</b>	<b>102.6</b>	<b>4.34</b>	3,903.5	124.1	6.35
Interest-bearing liabilities .....	<b>¥93,861.1</b>	<b>¥ 392.9</b>	<b>0.84%</b>	¥84,910.6	¥ 574.5	1.35%
Deposits .....	<b>61,032.7</b>	<b>193.4</b>	<b>0.63</b>	60,400.1	261.0	0.86
Negotiable certificates of deposit .....	<b>11,750.5</b>	<b>9.6</b>	<b>0.16</b>	7,726.5	9.6	0.24
Call money and bills sold .....	<b>9,116.2</b>	<b>6.0</b>	<b>0.13</b>	6,079.7	9.1	0.30
Payables under repurchase agreements ...	<b>4,112.9</b>	<b>14.3</b>	<b>0.70</b>	/	/	/
Commercial paper.....	<b>1,147.9</b>	<b>1.2</b>	<b>0.20</b>	319.1	0.9	0.56
Borrowed money.....	<b>3,112.8</b>	<b>13.9</b>	<b>0.89</b>	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
	<b>Domestic operations:</b>		
Fees and commissions (income).....	<b>¥175.4</b>	¥183.4	¥375.0
Remittances and transfers .....	<b>49.2</b>	47.7	97.9
Securities-related business .....	<b>10.9</b>	19.5	31.4
Fees and commissions (expenses).....	<b>34.2</b>	42.3	87.0
Remittances and transfers .....	<b>9.4</b>	10.3	20.9
<b>Overseas operations:</b>			
Fees and commissions (income).....	<b>¥ 14.7</b>	¥ 17.2	¥ 37.2
Remittances and transfers .....	<b>2.6</b>	2.8	6.1
Deposits and loans .....	<b>7.7</b>	9.3	20.2
Fees and commissions (expenses).....	<b>2.3</b>	4.2	8.9
Remittances and transfers .....	<b>0.8</b>	1.0	2.4
<b>Net fees and commissions</b> .....	<b>¥153.5</b>	¥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
	<b>Domestic operations:</b>		
Trading profits.....	<b>¥49.7</b>	¥22.3	¥ 66.5
Gains on trading securities .....	<b>1.5</b>	3.3	8.0
Gains on financial derivatives.....	<b>48.0</b>	18.0	53.5
Trading losses .....	<b>—</b>	—	4.7
Losses on financial derivatives.....	<b>—</b>	—	4.7
<b>Overseas operations:</b>			
Trading profits.....	<b>¥25.1</b>	¥24.5	¥ 49.5
Gains on trading securities .....	<b>2.4</b>	6.8	9.7
Gains on financial derivatives.....	<b>22.7</b>	16.9	37.7
Trading losses .....	<b>1.1</b>	3.5	2.1
Losses on financial derivatives.....	<b>1.1</b>	3.0	1.2
<b>Net trading income</b> .....	<b>¥73.7</b>	¥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
	<b>Domestic operations:</b>		
Income from other operations.....	<b>¥386.0</b>	¥312.0	¥627.8
Expenses from other operations.....	<b>297.9</b>	246.8	522.9
<b>Overseas operations:</b>			
Income from other operations.....	<b>¥ 8.7</b>	¥ 10.9	¥ 22.1
Expenses from other operations.....	<b>23.5</b>	21.5	37.9
<b>Net other operating income</b> .....	<b>¥ 72.8</b>	¥ 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.....	<b>¥77,863.6</b>	<b>¥604.6</b>	<b>1.54%</b>	¥71,694.0	¥634.6	1.76%
	[695.3]	[0.5]		[138.7]	[6.9]	
Loans and bills discounted.....	<b>53,552.7</b>	<b>504.9</b>	<b>1.88</b>	55,179.5	545.3	1.97
Securities .....	<b>21,343.7</b>	<b>92.0</b>	<b>0.85</b>	15,989.5	80.0	0.99
Call loans .....	<b>188.8</b>	<b>0.1</b>	<b>0.07</b>	32.8	0.0	0.17
Receivables under resale agreements .....	<b>1,919.2</b>	<b>0.9</b>	<b>0.08</b>	23.5	0.3	2.31
Bills bought .....	<b>147.8</b>	<b>0.0</b>	<b>0.03</b>	78.4	0.0	0.10
Deposits with banks .....	<b>11.9</b>	<b>0.0</b>	<b>0.00</b>	11.9	0.0	0.24
Interest-bearing liabilities .....	<b>¥74,222.0</b>	<b>¥ 67.4</b>	<b>0.18%</b>	¥68,393.1	¥ 80.6	0.23%
				[391.2]	[0.4]	
Deposits .....	<b>46,268.0</b>	<b>25.8</b>	<b>0.11</b>	48,816.1	36.8	0.15
Negotiable certificates of deposit .....	<b>11,565.2</b>	<b>4.2</b>	<b>0.07</b>	7,586.3	5.3	0.14
Call money .....	<b>3,833.4</b>	<b>0.9</b>	<b>0.04</b>	5,646.1	3.0	0.10
Payables under repurchase agreements ...	<b>3,539.2</b>	<b>0.8</b>	<b>0.04</b>	2,268.8	1.3	0.11
Bills sold .....	<b>5,062.3</b>	<b>0.8</b>	<b>0.03</b>	162.5	0.1	0.08
Commercial paper.....	<b>1,023.9</b>	<b>0.8</b>	<b>0.15</b>	238.5	0.2	0.13
Borrowed money.....	<b>1,226.2</b>	<b>17.0</b>	<b>2.77</b>	2,025.6	21.9	2.15
Bonds .....	<b>1,682.1</b>	<b>14.2</b>	<b>1.68</b>	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.....	<b>¥15,945.7</b>	<b>¥457.2</b>	<b>5.71%</b>	¥14,381.6	¥418.3	5.80%
	[695.3]	[0.5]		[391.2]	[0.4]	
Loans and bills discounted.....	<b>6,806.1</b>	<b>146.5</b>	<b>4.29</b>	7,090.4	178.4	5.01
Securities .....	<b>3,130.1</b>	<b>132.0</b>	<b>8.41</b>	1,987.2	70.4	7.06
Call loans .....	<b>123.7</b>	<b>2.5</b>	<b>4.09</b>	160.2	4.8	6.01
Receivables under resale agreements .....	<b>53.1</b>	<b>0.5</b>	<b>1.91</b>	35.6	—	—
Bills bought .....	—	—	—	—	—	—
Deposits with banks .....	<b>4,669.6</b>	<b>102.3</b>	<b>4.37</b>	3,796.1	119.6	6.28
Interest-bearing liabilities .....	<b>¥15,111.4</b>	<b>¥319.8</b>	<b>4.22%</b>	¥13,453.8	¥386.5	5.72%
	[695.3]	[0.5]		[138.7]	[6.9]	
Deposits .....	<b>10,763.8</b>	<b>165.0</b>	<b>3.05</b>	10,198.2	220.4	4.31
Negotiable certificates of deposit .....	<b>151.4</b>	<b>3.5</b>	<b>4.62</b>	148.6	4.2	5.58
Call money .....	<b>253.2</b>	<b>4.3</b>	<b>3.40</b>	235.6	5.9	4.96
Payables under repurchase agreements ...	<b>432.7</b>	<b>7.1</b>	<b>3.24</b>	5.3	—	—
Bills sold .....	—	—	—	3.0	0.0	2.38
Commercial paper.....	—	—	—	—	—	—
Borrowed money.....	<b>2,483.8</b>	<b>52.6</b>	<b>4.22</b>	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.....	<b>¥93,114.0</b>	<b>¥1,061.4</b>	<b>2.27%</b>	¥85,545.6	¥1,045.6	2.43%
Loans and bills discounted.....	<b>60,358.8</b>	<b>651.5</b>	<b>2.15</b>	62,269.9	723.6	2.31
Securities .....	<b>24,473.8</b>	<b>224.0</b>	<b>1.82</b>	17,976.7	150.3	1.66
Call loans .....	<b>312.5</b>	<b>2.6</b>	<b>1.66</b>	193.0	4.9	5.02
Receivables under resale agreements .....	<b>1,972.3</b>	<b>1.4</b>	<b>0.13</b>	59.1	0.3	0.92
Bills bought .....	<b>147.8</b>	<b>0.0</b>	<b>0.03</b>	78.4	0.0	0.10
Deposits with banks .....	<b>4,681.6</b>	<b>102.3</b>	<b>4.36</b>	3,808.0	119.6	6.26
Interest-bearing liabilities .....	<b>¥88,638.2</b>	<b>¥386.8</b>	<b>0.87%</b>	¥81,316.9	¥459.8	1.12%
Deposits .....	<b>57,031.8</b>	<b>190.8</b>	<b>0.66</b>	59,014.3	257.2	0.86
Negotiable certificates of deposit .....	<b>11,716.6</b>	<b>7.7</b>	<b>0.13</b>	7,734.9	9.5	0.24
Call money .....	<b>4,086.6</b>	<b>5.2</b>	<b>0.25</b>	5,881.7	8.9	0.30
Payables under repurchase agreements ...	<b>3,971.9</b>	<b>7.8</b>	<b>0.39</b>	2,274.1	1.3	0.11
Bills sold.....	<b>5,062.3</b>	<b>0.8</b>	<b>0.03</b>	165.5	0.1	0.13
Commercial paper.....	<b>1,023.9</b>	<b>0.8</b>	<b>0.15</b>	238.5	0.2	0.13
Borrowed money.....	<b>3,710.0</b>	<b>69.7</b>	<b>3.74</b>	4,398.6	86.0	3.89
Bonds .....	<b>1,682.1</b>	<b>14.2</b>	<b>1.68</b>	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.....	<b>¥52.8</b>	¥56.8	¥113.0
Fees and commissions (income).....	<b>87.8</b>	89.5	179.0
Remittances and transfers .....	<b>39.4</b>	39.6	80.2
Securities-related business .....	<b>4.9</b>	6.8	14.5
Agency .....	<b>7.0</b>	5.0	9.8
Fees and commissions (expenses).....	<b>35.0</b>	32.7	66.0
Remittances and transfers .....	<b>¥ 7.4</b>	¥ 7.6	¥ 15.5
International operations .....	<b>¥20.5</b>	¥17.8	¥ 37.7
Fees and commissions (income).....	<b>26.0</b>	24.8	52.7
Remittances and transfers .....	<b>9.9</b>	10.4	21.4
Deposits and loans.....	<b>8.0</b>	10.3	22.7
Fees and commissions (expenses).....	<b>5.5</b>	7.0	15.0
Remittances and transfers .....	<b>¥ 2.7</b>	¥ 3.1	¥ 7.0
Net fees and commissions .....	<b>¥73.3</b>	¥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.....	<b>¥ 1.1</b>	¥ 1.5	¥ 9.2
Gains on trading securities .....	<b>0.7</b>	0.9	5.3
Others.....	<b>0.4</b>	0.6	3.9
International operations .....	<b>¥69.8</b>	¥32.6	¥86.2
Gains on securities related to trading transactions.....	<b>0.0</b>	0.2	0.6
Gains on trading-related financial derivatives.....	<b>69.8</b>	32.4	85.6
Net trading income .....	<b>¥70.9</b>	¥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.....	<b>¥24.9</b>	¥19.8	¥ 27.8
Gains (losses) on bonds.....	<b>26.0</b>	1.8	8.4
International operations .....	<b>¥ 5.6</b>	¥ 3.2	¥(11.4)
Gains (losses) on foreign exchange transactions.....	<b>(7.7)</b>	11.1	(10.3)
Gains (losses) on bonds.....	<b>4.1</b>	(4.0)	0.4
Net other operating income .....	<b>¥30.5</b>	¥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
<b>Domestic operations:</b>			
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
<b>Overseas operations:</b>			
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
<b>Total.....</b>	<b>¥64,727.6</b>	<b>¥66,662.4</b>	<b>¥65,537.1</b>

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
<b>Domestic offices:</b>			
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
<b>Overseas offices:</b>			
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
<b>Total.....</b>	<b>¥61,071.6</b>	<b>¥63,023.3</b>	<b>¥61,747.9</b>

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 .....	<b>¥13,441.6</b>	¥13,571.7	¥13,484.8
Housing loans.....	<b>11,842.7</b>	11,788.4	11,791.3
Housing loans.....	<b>7,612.0</b>	7,285.0	7,445.2
Others.....	<b>1,598.9</b>	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.....	<b>¥ 248.7</b>	¥ 287.5	¥ 273.1
Non-accrual loans.....	<b>2,294.8</b>	3,308.3	2,577.5
Past due loans (3 months or more) .....	<b>124.5</b>	130.2	125.8
Restructured loans .....	<b>1,114.9</b>	352.6	280.0
Total.....	<b>¥3,782.9</b>	¥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.....	<b>¥ 217.1</b>	¥ 240.6	¥ 235.7
Non-accrual loans.....	<b>1,945.5</b>	2,859.9	2,207.5
Past due loans (3 months or more) .....	<b>105.7</b>	78.4	103.2
Restructured loans .....	<b>1,001.5</b>	280.7	186.2
Total.....	<b>¥3,269.8</b>	¥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 .....	<b>¥ 574.0</b>	¥ 621.7	¥ 589.9
Doubtful assets.....	<b>1,645.7</b>	2,567.9	1,943.1
Substandard loans.....	<b>1,107.2</b>	359.0	289.4
Total of problem assets .....	<b>(3,326.9)</b>	(3,548.6)	(2,822.5)
Normal assets.....	<b>64,039.9</b>	65,745.5	66,157.8
Total.....	<b>¥67,366.8</b>	¥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 .....	<b>¥136.2</b>	¥178.9	¥192.9
Number of countries .....	<b>8</b>	13	9

### Loans, Classified by Country

As of September 30, 2001

#### Loans to Asian Countries

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

Note: Classified by domicile of debtors.

#### Loans to Central and South American Countries

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

Note: Classified by domicile of debtors.

#### Loans to Russia

	Billions of yen	
	Loans	Risk-monitored loans
Russia .....	<b>¥0.5</b>	—

Note: Classified by domicile of debtors.