

Total Combined Figures of the Former Sakura Bank and Sumitomo Bank

Sumitomo Mitsui Banking Corporation

1. Adjustments for Merger Accounting

Prior to the succession of Sakura's assets, liabilities and capital accompanying the April 1 merger, the Bank applied certain accounting to strengthen the financial base of the bank.

First, the unrealized losses on Sakura's securities classified as 'other securities' (including 'other money held in trust') were revaluated at fair value and transferred to SMBC. The same treatment was applied to land, which had been revaluated at fair value before. Also, Sakura's net transition obligation on

employee retirement benefits was fully provisioned prior to the merger.

Since this accounting treatment increased deferred tax assets, the result was that ¥427.0 billion was deducted from the stockholders' equity of the former Sakura Bank before its transfer to SMBC.

The financial positions of the new bank, SMBC, on the date of the merger were as follows.

SMBC's Assets, Liabilities and Stockholders' Equity (Nonconsolidated)

	Billions of yen				
	Former Sakura Bank			Former Sumitomo Bank (B)	SMBC (A) + (B)
	March 31, 2001	Adjustments for merger accounting	Amounts to be succeeded (A)	March 31, 2001	April 1, 2001
Assets	¥48,461.8	¥(216.8)	¥48,245.0	¥65,265.7	¥113,451.3
Securities	10,199.7	(456.3)	9,743.4	16,860.3	26,603.7
Premises and equipment	286.4	(29.2)	257.2	585.4	842.6
Deferred tax assets	524.1	268.7	792.8	550.5	1,343.3
Liabilities	46,180.6	210.2	46,390.8	63,347.0	109,678.4
Reserve for employee retirement benefit	14.1	210.2	224.3	(59.4)	164.9
Stockholders' equity	2,281.2	(427.0)	1,854.2	1,918.7	3,772.9
Capital stock	1,042.7	(518.8)	523.9	752.8	1,276.7
Capital surplus	899.5	91.8	991.3	643.1	1,634.4
Earned surplus reserve	131.3	—	131.3	107.9	239.2
Land revaluation excess	42.7	—	42.7	166.9	209.6
Retained earnings	165.0	—	165.0	248.0	413.0

SMBC's Unrealized Gains (Losses) (Nonconsolidated)

	Billions of yen									
	Former Sakura Bank March 31, 2001			Disposal of unrealized losses	Former Sumitomo Bank March 31, 2001			SMBC April 1, 2001		
	Unrealized gains (losses)	Gains	Losses		Unrealized gains (losses)	Gains	Losses	Unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	¥ —	¥ —	¥ —	/	¥ (0.1)	¥ 0.0	¥ (0.1)	¥ (0.1)	¥ 0.0	¥ (0.1)
Stocks of subsidiaries and affiliates	4.2	5.7	(1.5)	/	(6.3)	0.5	(6.8)	(2.1)	6.2	(8.3)
Other securities	(251.7)	204.6	(456.3)	¥(456.3)	(4.2)	300.6	(304.8)	200.4	505.2	(304.8)
Stocks	(260.7)	177.1	(437.8)	(437.8)	(83.3)	210.7	(294.0)	93.8	387.8	(294.0)
Bonds	21.4	24.0	(2.6)	(2.6)	80.9	83.5	(2.6)	104.9	107.5	(2.6)
Other	(12.4)	3.5	(15.9)	(15.9)	(1.8)	6.4	(8.2)	1.7	9.9	(8.2)
Total	(247.5)	210.3	(457.8)	(456.3)	(10.6)	301.1	(311.7)	198.2	511.4	(313.2)
Money held in trust	0.5	0.5	(0.0)	(0.0)	(4.1)	0.3	(4.4)	(3.6)	0.8	(4.4)
Land	(29.2)	/	/	(29.2)	(71.4)	/	/	(71.4)	/	/
Unrecognized net obligation on employee retirement benefit	(210.2)	/	/	(210.2)	(130.2)	/	/	(130.2)	/	/
Net obligation from change of accounting standard	(145.4)	/	/	(145.4)	(80.7)	/	/	(80.7)	/	/
Actuarial differences	(64.8)	/	/	(64.8)	(49.5)	/	/	(49.5)	/	/

SMBC's Consolidated Capital Ratio (BIS Guidelines)

10.8%

2. Financial Results and Problem Assets (Combined)

Consolidated

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

March 31	2001	2000	Increase/ decrease
Consolidated subsidiaries	149	126	23
Subsidiaries and affiliates accounted for by the equity method	41	70	(29)

Income Summary

Years ended March 31	Billions of yen		
	2001	2000	Increase/ decrease
Consolidated gross profit	¥1,837.9	¥1,746.7	¥ 91.2
Net interest income	1,323.5	1,307.1	16.4
Net fees and commissions	316.3	265.7	50.6
Net trading income	109.0	63.4	45.6
Net other operating income	89.0	110.6	(21.6)
General and administrative expenses	¥ 940.9	¥ 953.6	¥ (12.7)
Total credit cost	992.9	1,260.2	(267.3)
Write-off of loans	814.4	585.5	228.9
Transfer to specific reserve	258.5	457.5	(199.0)
Transfer to general reserve for possible loan losses	(209.5)	17.5	(227.0)
Other	129.5	199.6	(70.1)
Gains (losses) on stocks	¥ 468.5	¥ 858.5	¥(390.0)
Net income (loss) from unconsolidated entities by the equity method	44.4	(37.0)	81.4
Other income (expenses)	77.7	19.3	58.4
Operating profit	¥ 494.6	¥ 373.8	¥ 120.8
Extraordinary gains (losses)	(89.1)	(31.1)	(58.0)
Income before income taxes and minority interests	405.5	342.6	62.9
Income taxes, current	65.5	58.6	6.9
deferred	198.2	170.6	27.6
Minority interests in net income	(9.3)	11.1	(20.4)
Net Income	132.4	124.5	7.9

Note: 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)

Assets, Liabilities and Stockholders' Equity

March 31	Billions of yen		
	2001	2000	Increase/ decrease
Assets	¥119,242.7	¥102,263.1	¥16,979.6
Loans and bills discounted	65,537.1	65,274.1	263.0
Securities	27,312.5	15,897.6	11,414.9
Liabilities	114,239.1	97,351.6	16,887.5
Deposits (excluding negotiable certificates of deposit)	63,049.1	58,588.0	4,461.1
Minority interests	990.6	898.6	92.0
Stockholders' equity	4,013.0	4,012.9	0.1

Note: For figures after adjustments for the merger accounting, see page 68.

Problem Assets, Risk-Monitored Loans and Reserve for Possible Loan Losses

March 31	Billions of yen		
	2001	2000	Increase/ decrease
Total of problem assets (based on Financial Reconstruction Law)	¥3,355.0	¥ /	¥ /
Bankrupt and quasi-bankrupt assets (<i>Hatan kousei tou saiken</i>)	777.3	/	/
Doubtful assets (<i>Kiken saiken</i>)	2,166.4	/	/
Substandard assets (<i>Youkanri saiken</i>)	411.2	/	/
Risk-monitored loans	¥3,256.4	¥3,864.8	¥(608.4)
Reserve for possible loan losses	¥1,268.9	¥1,632.7	¥(363.8)
General reserve	395.9	592.7	(196.8)
Specific reserve	853.0	1,019.2	(166.2)
Loan loss reserve for specific overseas countries	20.0	20.8	(0.8)

Nonconsolidated**Operating Profit and Net Income**

Years ended March 31	Billions of yen		
	2001	2000	Increase/ decrease
Banking profit (excluding transfer to general reserve for possible loan losses)	¥803.1	¥ 702.9	¥ 100.2
Transfer to general reserve for possible loan losses	(188.6)	24.2	(212.8)
Banking profit (including transfer to general reserve for possible loan losses)	¥991.7	¥ 678.7	¥ 313.0
Non-recurring gains (losses)	(632.5)	(342.3)	(290.2)
Total credit cost	819.1	1,130.6	(311.5)
Write-off of loans	741.4	477.8	263.6
Transfer to specific reserve	156.5	447.8	(291.3)
Transfer to reserve for losses on loans sold	52.9	72.8	(19.9)
Losses on loans sold to CCPC	31.7	44.8	(13.1)
Losses on sale of delinquent loans	25.1	33.8	(8.7)
Losses on financial support for associated companies	—	35.2	(35.2)
Transfer to loan loss reserve for specific overseas countries	0	(5.8)	5.8
Gains (Losses) on stocks	311.4	828.4	(517.0)
Gains on sale of stocks	496.2	957.5	(461.3)
Losses on sale of stocks	66.8	65.1	1.7
Losses on devaluation of stocks	118.1	64.0	54.1
Operating profit	¥359.2	¥ 336.4	¥ 22.8
Extraordinary gains (losses)	(86.1)	(33.8)	(52.3)
Gains (Losses) on disposition of premises and equipment	(30.5)	(13.1)	(17.4)
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	56.5	—	56.5
Income taxes, current	9.5	10.6	(1.1)
Income taxes, deferred	125.7	186.0	(60.3)
Effect of introduction of enterprise taxes to banking industries by Tokyo Metropolitan Government	—	70.1	(70.1)
Effect of introduction of enterprise taxes to banking industries by Osaka Prefectural Government	32.0	—	32.0
Net income	137.8	105.9	31.9

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

Assets, Liabilities and Stockholders' Equity

March 31	Billions of yen		
	2001	2000	Increase/ decrease
Assets	¥113,727.5	¥97,648.8	¥16,078.7
Loans and bills discounted	61,747.9	63,298.5	(1,550.6)
Securities	27,060.0	15,893.8	11,166.2
Liabilities	109,527.6	93,515.9	16,011.7
Deposits	59,041.3	57,191.9	1,849.4
Negotiable certificates of deposit	11,688.5	10,380.6	1,307.9
Stockholders' equity	4,199.9	4,132.9	67.0

Note: For figures after adjustments for the merger accounting, see page 68.

Problem Assets, Risk-Monitored Loans and Reserve for Possible Loan Losses

March 31	Billions of yen		
	2001	2000	Increase/ decrease
Total of problem assets (based on Financial Reconstruction Law)	¥2,822.5	¥3,640.5	¥(818.0)
Bankrupt and quasi-bankrupt assets (<i>Hatan kousei tou saiken</i>)	589.9	585.5	4.4
Doubtful assets (<i>Kiken saiken</i>)	1,943.1	2,232.0	(288.9)
Substandard assets (<i>Youkanri saiken</i>)	289.4	823.0	(533.6)
Risk-monitored loans	¥2,732.6	¥3,556.5	¥(823.9)
Reserve for possible loan losses	¥1,095.8	¥1,569.5	¥(473.7)
General reserve	367.8	556.4	(188.6)
Specific reserve	708.1	993.1	(285.0)
Loan loss reserve for specific overseas countries	20.0	20.0	(0.0)