

The following is a summary of the consolidated and nonconsolidated financial statements for the year ended March 31, 2002. Figures for the year ended March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Financial Review (Consolidated)

1. Operating Results

Consolidated results for fiscal 2001, the year ended March 31, 2002, include the results of 144 consolidated subsidiaries (98 in Japan and 46 overseas) and 38 subsidiaries and affiliates accounted for by the equity method (10 in Japan and 28 overseas). Compared with fiscal 2000, the number of consolidated subsidiaries declined by five and that of affiliates by three.

Consolidated gross profit posted a year-on-year increase of ¥239.8 billion, to ¥2,077.7 billion. The deduction of general and administrative expenses, total credit cost, and other items resulted in an operating loss of ¥580.6 billion, a ¥1,075.2 billion decrease compared with the figure for the previous fiscal year. This loss was chiefly the result of lower nonconsolidated earnings due to an increase in credit cost, including off-balancing, or the removal of nonperforming loans from the balance sheet. Extraordinary losses, income taxes, and minority interests resulted in a net loss of ¥463.9 billion, a ¥596.3 billion decrease compared with the figure for the previous fiscal year.

Deposits (excluding negotiable certificates of deposit) as of March 31, 2002, were ¥64,986.0 billion, a ¥1,936.9 billion

increase over the figure as of March 31, 2001. Loans and bills discounted as of March 31, 2002, declined ¥1,891.5 billion from the figure at the previous fiscal year-end, to ¥63,645.6 billion, and securities decreased ¥6,617.9 billion, to ¥20,694.6 billion.

For fiscal 2001, the Bank newly adopted mark-to-market accounting for other securities and other money held in trust. (Please refer to Note 29, beginning on page 75 of the “Notes to Consolidated Financial Statements,” for more information.) As a result, other securities are valued at the market prices on the consolidated balance sheet, and the difference between acquisition costs and market values (unrealized gains or losses) is itemized as “Net unrealized losses on other securities” under “Stockholders’ equity” on the consolidated balance sheet. As of March 31, 2002, net unrealized losses on other securities and other money held in trust totaled ¥499.3 billion, and net unrealized losses on other securities was ¥304.8 billion.

Consequently, total assets as of March 31, 2002, declined ¥11,237.7 billion from the previous fiscal year-end, to ¥108,005.0 billion.

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

March 31	2002 (A)	2001 (B)	Increase (decrease) (A)–(B)
Consolidated subsidiaries.....	144	149	(5)
Subsidiaries and affiliates accounted for by the equity method.....	38	41	(3)

Income Summary

Year ended March 31	Millions of yen		
	2002 (A)	2001 (B)	Increase (decrease) (A)–(B)
Consolidated gross profit	¥2,077,681	¥1,837,905	¥ 239,776
Net interest income	1,449,783	1,323,534	126,249
Net fees and commissions	319,532	316,315	3,217
Net trading income	129,432	109,036	20,396
Net other operating income	178,932	89,016	89,916
General and administrative expenses	¥ (935,553)	¥ (940,889)	¥ 5,336
Total credit cost	(1,703,363)	(992,909)	(710,454)
Write-off of loans	(391,923)	(814,423)	422,500
Transfer to specific reserve	(681,457)	(258,539)	(422,918)
Transfer to general reserve for possible loan losses	(527,445)	209,539	(736,984)
Others	(102,537)	(129,484)	26,947
Gains (losses) on stocks	¥ (17,808)	¥ 468,467	¥ (486,275)
Equity in earnings of affiliates	2,964	44,362	(41,398)
Other income (expenses)	(4,547)	77,681	(82,228)
Operating profit (loss)	¥ (580,628)	¥ 494,617	¥(1,075,245)
Extraordinary gains (losses)	(23,710)	(89,102)	65,392
Income (loss) before income taxes and minority interests	(604,338)	405,514	(1,009,852)
Income taxes, current	(101,860)	(65,530)	(36,330)
deferred	289,305	(198,227)	487,532
Minority interests in net income	(46,993)	(9,346)	(37,647)
Net income (loss)	¥ (463,887)	¥ 132,408	¥ (596,295)
[Reference]			
Consolidated banking profit (Billions of yen)	¥ 991.9	¥ 833.2	¥ 158.7

- 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

March 31	Millions of yen		
	2002 (A)	2001 (B)	Increase (decrease) (A)–(B)
Assets	¥108,005,001	¥119,242,661	¥(11,237,660)
Loans and bills discounted	63,645,586	65,537,091	(1,891,505)
Securities	20,694,632	27,312,498	(6,617,866)
Liabilities	104,108,534	114,239,104	(10,130,570)
Deposits (excluding negotiable certificates of deposit)	64,985,976	63,049,051	1,936,925
Minority interests	983,847	990,595	(6,748)
Stockholders' equity	2,912,619	4,012,960	(1,100,341)

2. Unrealized Gains (Losses) on Securities

As of March 31, 2002, net unrealized losses on securities were ¥498.4 billion, an ¥823.9 billion decline compared with the figure as of April 1, 2001, at the time of the merger. Net unrealized losses on other securities and other money held in trust amounted to ¥499.3 billion as of March 31, 2002, an ¥824.9 billion decline compared with the figure as of April 1, 2001. This significant amount of unrealized losses

on other securities is attributable to a ¥603.4 billion decline in the March 31, 2002, market value of stocks compared with their April 1, 2001, market value. This drop reflects Japan's persistent economic downturn as well as the fall in stock prices sparked by global economic uncertainty in the wake of the September 2001 terrorist attacks in the United States.

Unrealized Gains (Losses) on Securities

March 31, 2002, and April 1, 2001	Millions of yen						
	March 31, 2002				April 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.....	¥ 892	¥ 972	¥ 1,262	¥ (370)	¥ (80)	¥ 49	¥ (130)
Other securities	(495,507)	(824,657)	260,042	(755,549)	329,150	661,071	(331,920)
Stocks.....	(509,305)	(603,394)	192,620	(701,926)	94,089	408,737	(314,648)
Bonds	36,459	(73,994)	58,810	(22,351)	110,453	113,651	(3,195)
Others.....	(22,661)	(147,266)	8,610	(31,271)	124,605	138,680	(14,074)
Other money held in trust	(3,825)	(211)	135	(3,960)	(3,614)	811	(4,426)
Total.....	(498,440)	(823,894)	261,440	(759,881)	325,454	661,931	(336,478)
Stocks.....	(509,305)	(603,394)	192,620	(701,926)	94,089	408,737	(314,648)
Bonds	36,634	(73,822)	59,303	(22,669)	110,456	113,654	(3,196)
Others.....	(25,769)	(146,676)	9,515	(35,284)	120,907	139,538	(18,630)

- 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 March 31, 2002, are calculated using the average market prices during the final month of the year ended March 31, 2002. The values of bonds and others are calculated using market prices as of March 31, 2002.
3. Unrealized gains (losses) as of April 1, 2001 (after the merger), are calculated by evaluating the book values of the former Sakura Bank's other securities that had unrealized losses at the market prices as of March 31, 2001.
4. "Other securities" and "other money held in trust" as of March 31, 2002, are valued at market price. Consequently, the figures in the above table indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

* Figures reflect adjustments for merger accounting.

3. Consolidated Capital Ratio (BIS Guidelines)

As of March 31, 2002, the Bank's consolidated capital ratio (BIS guidelines) was 10.45%. (Please refer to the "Capital Ratio" section on page 110 for more information.)

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥7,060.8 billion as of March 31, 2002. This decline resulted from the adjustment for merger accounting and the inclusion of unrealized losses

on other securities in Tier I capital. Risk-adjusted assets, the denominator in the equation used to calculate the capital ratio, stood at ¥67,548.0 billion. This decline is mainly attributable to the adjustment for merger accounting and a decline in balance sheet assets resulting chiefly from the Bank's adoption of mark-to-market accounting for other securities.

Consolidated Capital Ratio (BIS Guidelines)

March 31	Millions of yen		
	2002	2001	
		Sakura Bank	Sumitomo Bank
Tier I capital (A).....	¥ 3,719,366	¥ 2,496,449	¥ 2,258,261
Tier II capital (B).....	3,504,772	1,351,627	1,995,364
Deductions (C)	(163,331)	(13,752)	(103,632)
Total capital (D) = (A) + (B) – (C).....	¥ 7,060,807	¥ 3,834,324	¥ 4,149,993
Risk-adjusted assets (E)	¥67,548,012	¥33,891,414	¥37,925,221
Capital ratio (BIS guidelines) = (D)/(E) × 100.....	10.45%	11.31%	10.94%