the sumitomo bank, limited - annual report 2000

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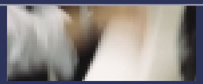

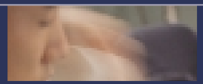

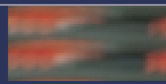

year ended march 31, 2000

the sumitomo bank, limited

annual report 2000

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Established in 1895, The Sumitomo Bank, Limited, has grown to encompass an extensive network of branches and offices with more than 14,000 employees worldwide. Now one of Japan's premier financial institutions, Sumitomo Bank offers sophisticated consumer, corporate and investment banking services. The Bank's success to date reflects its commitment to the fundamentals of banking - effective risk management, superior service, a sound financial base and leadership within an integrated group of specialized subsidiaries and affiliates. Sumitomo Bank is committed to overcoming the challenges posed by the current financial environment and using its accumulated expertise and over a century of experience to capitalize on new opportunities occasioned by deregulation and globalization. The Bank is confident that its efforts will enable it to create value for its customers and reward its shareholders, while strengthening its position in the top echelon of the international financial service industry.

http://www.sumitomobank.co.jp/

02 Profile of the Sumitomo Bank, Limited
03 Consolidated Financial Highlights
05 Message to Shareholders
09 Review of 1999

15 Strategic Intent and Sumitomo Mitsui Banking Corporation
20 Corporate Governance
23 Asset Quality
32 Risk Management
44 Compliance
46 Contributing to Society
48 Environmental Activities

49 Divisional Review
54 Consumer Banking Group
58 Middle Market Banking Group
62 Corporate Banking Group
66 International Banking Group
70 Treasury Group
72 Capital Markets Group

74 Financial Statements


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SUMITOMO BA

MESSAGE TO SHAREHOLDERS

yoshifumi nishikawa
President and CEO

On behalf of Sumitomo Bank, our affiliates and, most of all, our employees around the world, we would like to express our gratitude for the support and trust that you, our shareholders, have shown to us during the past year. This support has been indispensable during the harsh economic climate of the past decade. It has inspired us as we have forced the pace of restructuring during the past two years. It will matter even more now that Sumitomo has agreed on a date for its historic merger with The Sakura Bank, Limited.

Plans for this great commercial marriage are now moving ahead rapidly in preparation for the advent of the Sumitomo Mitsui Banking Corporation (SMBC), in April 2001. We are convinced that our shareholders will benefit from the shareholder value creation that this banking alliance embodies, building, as it does, on the solid foundations we have laid during the past two years.

Three Initiatives

Three initiatives stand at the heart of our efforts to strengthen our performance: the radical overhaul of our business operations, our merger with Sakura Bank, and our long crusade to improve the quality of our assets. These three targets dominated the agenda of Sumitomo Bank during the past year, just as they will in the new fiscal year.

Our Performance in Fiscal 1999

I am very gratified to inform you that fiscal 1999 was a rewarding year for Sumitomo Bank. During the past 12 months, we have pursued these three strategic initiatives. Our new organizational structure is firmly in place and beginning to show impressive results. Fiscal 1999 was designated as the year we wanted to put the keystone of our future growth strategy in place. I believe that we have succeeded in the goals we set ourselves.

In the overhaul of our business structure, the key concept has been market segmentation. Domestic consumer banking, domestic middle market banking, and our capital markets business define the strategic cores of our business reforms. Consistent with this new strategic focus, we have reallocated our management and operational resources among these three broad market areas.

This kind of strategic thinking has informed the major initiatives that we have undertaken since fiscal 1998. Breaking with conventional banking practice, we split and segmented our consumer and middle market banking operations. We then concentrated our energies on specialist services, upgrading our armory of financial products and advisory capabilities.

The results of this overhaul are already apparent. By shrinking our cost base we were able to offset substantially the impact of low margins in our Consumer Banking Group due to near zero deposit spreads and remain poised to benefit from any return to a more normal interest environment. Meanwhile, we have established ourselves at the forefront of new, high value-added innovations in consumer banking including on-line banking and tele-banking, and retail marketing of investment trusts. In the meantime, because of the strength of our new, more focused services for corporate customers, commission revenues from remittances, electronic banking and other transactions have expanded, thus enhancing our profit margins.

In addition, it should be noted that we do not intend to rely wholly on internally generated growth. We are also open to forming relationships by collaborating with or acquiring companies whose strengths complement our own. The most important example of this strategy to date, after the merger with Sakura Bank, although by no means the only one, is the alliance that we have formed with the Daiwa Securities Group Inc.

Our joint venture with Daiwa Securities Group Inc. has met with great success. Indeed, the excellent business results already being achieved by Daiwa Securities SB Capital Markets Co., Ltd. (Daiwa SBCM) offer further proof of the efficacy of our program of strategically reallocating our business resources.

In a parallel move, we also initiated a major cost-cutting drive, and this, too, is proceeding well. The overall result is that the income of our four marketing groups - the Consumer Banking, Middle Market Banking, Corporate Banking, and International Banking groups - has dramatically improved.

As the above examples illustrate, the Bank has made great strides over the last several years and can afford to contemplate the future more positively than in any year in recent memory. Structurally, we are now very much where we want to be. The clear separation of responsibility between our marketing groups allows us to benefit from a combination of focus and managerial efficiency at the operating level, an approach that is already producing tangible results.

Our relationship with the Daiwa Securities Group Inc. is driving our capital markets business forward, allowing us to gain exposure to one of the most exciting branches of contemporary investment banking while leapfrogging our competition among other Japanese commercial banks.

Additionally, while the bad loan overhang from the bubble years will, I am afraid, be a continuing burden for the Japanese economy, we at Sumitomo Bank, by taking aggressive pre-emptive action, have succeeded in making the problem far more manageable than seemed possible only a few short years ago.

The Rationale for the Merger

I would like now to comment on the merger with Sakura Bank.

This merger is a natural one for Sumitomo Bank. It complements our radical restructuring effort by giving us the opportunity to pursue efficiencies on a grander scale with a partner possessing a highly compatible franchise both in terms of customer base and product line-up. As the current wave of banking mergers, both here in Japan and abroad, has indicated, there is an impeccable logic to the consolidation in the industry. This logic is grounded in the ability to fund necessary investment in information technology (IT) and other areas, and the role of size in promoting operational efficiency.

Of course, our relationship with Sakura Bank was not created overnight; the logic of an alliance had been clear for some time. Once the foundations for substantive internal reform had been laid, our longer-term needs dictated that we act sooner rather than later. As a general rule, increasing scale has now become a pre-requisite for achieving greater operating and capital efficiency. In addition, by fortifying our position in our home market, we are also simultaneously strengthening our reach in the global marketplace.

Seen in this light, the benefits of the merger between Sumitomo Bank and Sakura Bank are compelling. First and foremost, the customer bases of the two banks are highly complementary, in both the retail and corporate sectors. In addition, Sakura Bank is possessed of a formidable customer network and an impressive command of the new technologies that are indispensable to the financial services that will characterize the high-tech banking of the future. Moreover, SMBC will also be able to achieve significant economies through the rationalization of its balance sheet and its branch network, as well as through systems integration.

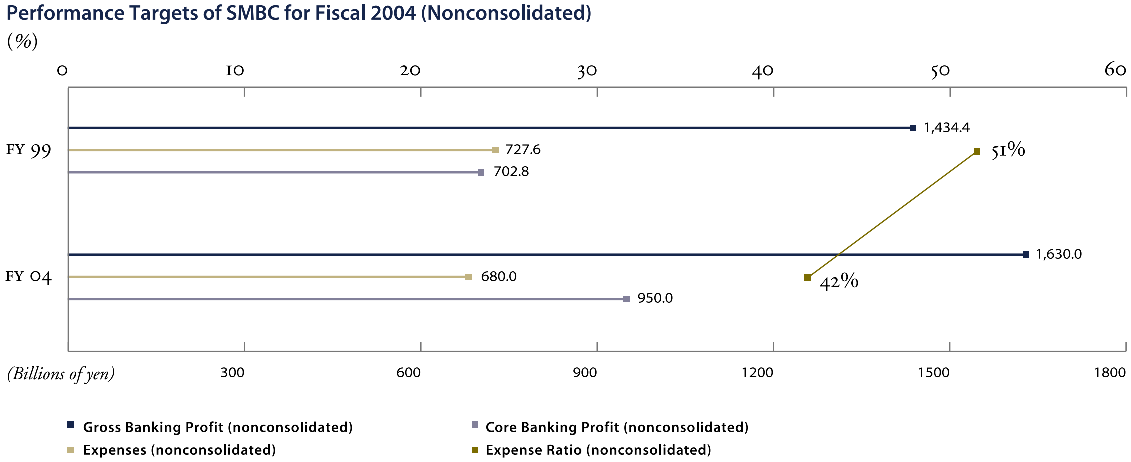
To achieve this vision, it was necessary, above all, that the merger be an uncomplicated, indeed simple, affair. We felt the holding company option to be an unwieldy compromise with limited promise of gain in operational efficiency. In order to unlock the full potential of the alliance, it was clear that only a full merger would do. Of course, we are fully aware that the history of big bank mergers, in Japan as well as overseas, is not a universally happy one. In our own case, we have been careful to set specific milestones for the merged company and a business plan, which has been jointly agreed to and is being jointly executed. Concrete planning, not vague aspiration, defines our merger and so, for all of the reasons given above, we are confident that we will achieve the following benefits:

1- Improved profitability in consumer banking.
2- Higher asset efficiency in corporate banking.
3- Strengthening our position in international banking.
4- Enhancement of our ability to finance a massive investment program in IT.
5- Strategic market positioning to allow us to assert leadership in Internet and high-tech banking in this country.

Although SMBC will rank as one of the world's largest banking groups in terms of assets, I wish to make it clear that we do not regard the size of the asset base as a particularly important indicator of banking strength. Indeed, shrinking the new bank's balance sheet while improving its quality will be our primary goal.

In 1999, we predicted that SMBC would achieve a consolidated Return on Equity (ROE) of 10% or more by fiscal 2004. Today, we are even more confident that we will reach this ambitious target. From next April, when our merger takes effect, the successful exploitation of the resulting merits of scale will be vital to our emergence as one of the world's strongest banking concerns.

Performance Targets of SMBC for Fiscal 2004 (Nonconsolidated)



Getting Things Done

As one illustration of the pro-active steps being taken, I would like to note that both banks are determined that SMBC should begin life unshackled by the legacy of bad debt from the bubble era. To ensure, therefore, that the new bank realizes the full potential of the merger, both banks pledged themselves, in a major pre-commitment agreement, to tackle their respective debt burdens before the April 2001 launch.

In the case of Sumitomo Bank, we decided to address our problem during fiscal 1999 by bringing forward a massive program of write-offs to ensure that we met our pre-commitment schedule well before the date of the merger. We have achieved this goal. Sakura Bank has done the same. Emboldened by this success, both banks confidently agreed to accelerate the time schedule for their merger by bringing the date for the new bank's opening forward 12 months to April 2001.

Thus, the good news is clear. Our overhaul strategy is resulting in increased core banking profit from our marketing groups, and we have taken decisive action to secure a sound future with our planned merger, while our asset problem is finally in the process of being resolved.

In spite of all these gains, I would like to stress that we are at the beginning of a long journey, not at its end. For example, although we have slashed our expenses by well over 10% over the past two years, there remains, I believe, ample scope for still greater operational efficiency particularly in our consumer banking operations. Building a corporate culture devoid of complacency and committed to relentless improvement matters as much as the achievement of any given level of profitability.

Sharing the Fruits of Our Success

The tasks facing Sumitomo Bank now are the same ones facing our successor: addressing the opportunities and challenges of the new age of globalized banking and the fiercely competitive financial world that it is spawning.

Our merger will bring us the benefits of size and scale, and our vigorous program of organizational reform will make us more competitive. Both should combine to give us the ability to maximize business opportunities. Our commitment to achieving a ROE of at least 10% remains solid. We look forward to sharing the fruits of our success with our shareholders.

Y. Nishikawa

During Fiscal 1999, the bank focused on three areas of strategic importance - consumer banking, banking for the middle markets and capital markets / investment banking - in order to concentrate on areas in which it can achieve higher returns. The four marketing groups - the consumer banking group, the middle market banking group, the corporate banking group and the international banking group - collectively recorded healthy increases in profits. The treasury group, by contrast, posted a major profit decline.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LOOKING BACK AT FISCAL 1999

Last year, Sumitomo Bank built on the initiatives launched in fiscal 1998. Two goals drove these reforms: the need to increase profit and to rationalize the balance sheet. Significant progress can be reported on both fronts.

Strategic Initiatives

The Bank has overhauled its business to focus on three areas of strategic importance: consumer banking, banking for the middle markets and capital markets/investment banking. This focus was dictated by the imperatives of capital efficiency and profitability, which imply increasing concentration of managerial and other resources on those areas in which the Bank can achieve higher returns.

Since April 1999, the Bank has embraced a profit-driven, market-segmentation strategy in its consumer and middle market banking operations with a clean separation between retail and corporate services in the domestic market.

This separation of capacity has helped the Bank to improve service to customers, both retail and corporate, by allowing it to address the specific needs of each market segment. At the same time, the Bank has restructured its range of products and services with an eye to promoting a steady stream of higher value-added, fee-based income.

In consumer banking, these include the distribution of investment products and investment advisory services where Sumitomo ranks among the market leaders. Distribution of investment trusts is an important strategic focus for the Bank. A secondary area of interest is the retail securities market in light of the synergies achievable with its other operations. In the on-line brokerage field, the Bank, in concert with a group of major Japanese companies, agreed to form a joint venture with DLJ, one of America's most successful providers of on-line discount brokerage services, to create DLJ*direct* SFG Securities.

In the middle markets, the Bank is building on its traditional businesses to offer its corporate customers practical solutions to their financial and operating requirements. As discussed later in the divisional reviews, this approach has already had a measurable effect on the Bank's performance.

Major Investment Projects Since Fiscal 1999

Consumer Banking Group	New branch terminal system (WIT), enhancement of telephone banking functions and establishment of additional centers, enhancement of Internet banking functions, enhancement of customer information file system, updating of ATMs
Middle Market Banking Group	Establishment of additional branches that specialize in receiving income fund transfers (virtual branches) only
International Banking Group	New international account system
Treasury Group	Systems for yen-denominated securities and money, currency dealing support system
Others	Settlement risk reduction system, credit risk management system, Internet settlement service, on-line debit service, adaptation to the Japanese version of 401K

One further strategic initiative introduced into the Bank's consumer and middle market banking operations was realized when the new E-Business Department was launched in October 1999. This Department has the mission of exploiting the full potential of new banking technologies, including the electronic settlement of accounts, as well as the organization of Sumitomo's response to all the main forms of e-business. The Bank's campaign to offer its customers high value-added in this area takes several forms.

For small and medium-sized corporate customers, the Bank focuses on helping them improve their sales activities and rationalize their administrative tasks. With this market in mind, it launched a portal site named "NETdeBIZ." For larger corporate customers, the Bank's mission is to help in providing e-banking services, such as electronic banking and account settlements. Meanwhile, for consumers, Sumitomo Bank has established its own electronic debit service, with plans for launching smart cards and electronic money well advanced. The Bank's goal is to provide consumers with banking services that satisfy their needs across all main demographic groups. To this end, it is pursuing appropriate business alliances and partnerships with companies in non-banking sectors, which can assist in the delivery of total Internet banking services.

Meanwhile, the establishment of Daiwa SBCM in April 1999 means that the Bank is now better positioned to offer services to the largest corporations in Japan with a powerful hybrid product range, drawing on strengths ranging from commercial to investment banking. Daiwa SBCM is now the principal platform for the Bank's capital market business. It offers assistance with conventional equity and debt transactions, while also giving the Bank access to superior services in such fields as M&A advisory services, IPOs, derivatives and structured finance.

The growth potential for the Bank's capital markets operations is very large and, consequently, promotion of these operations, with Daiwa SBCM as the flagship of this effort, is regarded as a priority. The Bank transferred the assets of its pre-existing securities subsidiary to Daiwa SBCM on the formation of that company. This allowed it to reallocate its capital in a more efficient way. In addition, several overseas operations were liquidated and the capital used therein recovered. The result has been a spectacular improvement in the return on investment of the capital markets business.

In April 2000, all the shares in SB Trust Bank Co., Ltd. (SB Trust), a wholly-owned trust banking subsidiary of Sumitomo Bank, were sold to the Sumitomo Trust and Banking Company Ltd. SB Trust will later be merged with Sumitomo Trust and Banking, which leads the trust banking industry in terms of scale and profitability. By concentrating trust-banking activities under the Sumitomo Trust and Banking roof, Sumitomo Bank will ensure that its customers have access to the huge resources of Japan's most successful and efficient trust bank.

Business Results

Reflecting the above initiatives, the Bank's business results improved during the past year. True, the Treasury Group found it difficult to maintain the high level of profits recorded in recent years, primarily because benefits accruing in the Japanese Government Bond (JGB) market from the low interest regime began to diminish. However, the four marketing groups - the Consumer Banking Group, the Middle Market Banking Group, the Corporate Banking Group, and the International Banking Group - collectively recorded healthy increases in profits.

In March 1999, Sumitomo Bank applied to the Financial Reconstruction Commission for approval to issue convertible preferred shares underwritten with public funds by the Resolution and Collection Bank, Ltd. Approval was granted for the Bank to issue 501 billion yen in convertible preferred shares. This was the second flotation by the Bank. In March of 1998, 100 billion yen in perpetual subordinated bonds were issued.

In connection with this application, Sumitomo Bank submitted a detailed recovery plan to the public authorities. At the close of fiscal 1999, almost all of the various interim goals that were set in the plan had been achieved.

Initial targets called for the achievement of core banking profits, excluding net transfer to general reserves, of 310 billion yen and net income of 75 billion yen in fiscal 1999. In the event, total core banking profits emerged at 389.4 billion yen and net income at 48.8 billion yen. The more or less sudden imposition of what is regarded by many observers as a tax on banking by the Tokyo Metropolitan Government is the main reason for the shortfall in net profits as the Bank was forced to incur a deferred tax charge of some 34.3 billion yen. But for the untimely imposition of this unprecedented tax measure, Sumitomo Bank would have amply exceeded its recovery-plan target for net profit in fiscal 1999.

By March 2000, the Bank intended, under the terms of its recovery plan, to reduce employee numbers to 14,400, the number of domestic branches to 276 and the number of overseas branches to 16. The outturn was that employee numbers were cut to 14,394, domestic branches to 277 and overseas branches to 18.

In addition to these reductions in staffing levels and branch numbers, employee bonuses have been reduced, operating and general (non-personnel) expenses have been squeezed, and a program of widespread cost reductions imposed. A program of business process re-engineering has yielded several benefits, including a fall in procurement costs from outside vendors. As a result, total expenses fell to 329.8 billion yen. This means that the Bank's commitment to shrink total expenses to 340 billion yen by fiscal 2002 has already been exceeded.

The above improvements to the Bank's cost-structure reduced its expenses to revenues ratio (excluding net transfer to the general reserves and gains/losses from the bond portfolio) by a full 5 percentage points to 45.4%.

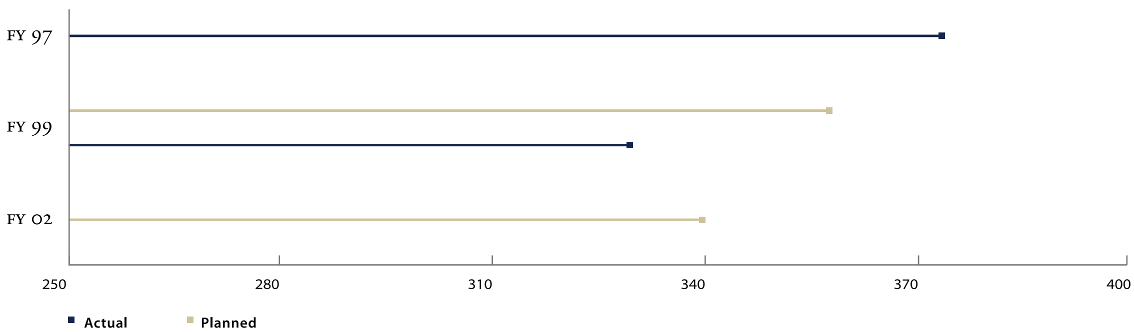
This was complemented by a stronger performance by consolidated companies, which increased their contribution to consolidated operating profits to more than 60 billion yen.

Sumitomo Bank pledged to increase its loans on an actual basis (that is, after adjustment for write-offs, loan sales and other special factors) to the small and medium-sized company sector by 300 billion yen during fiscal 1999. In reality, the Bank managed to increase lending to this sector by 437 billion yen and thus exceeded the expectations of the public authorities in meeting the loan needs of financially sound small and medium-sized companies.

Asset Quality

To ensure that the new bank begins life with the lowest possible credit costs, Sumitomo Bank and Sakura Bank decided simultaneously to proceed to apply a tough new approach to problem assets. Sumitomo Bank decided on a two-year program with the main cuts to come in the first year, during fiscal 1999. The disposal of doubtful loans was accelerated through a program of aggressive write-offs. At the same time, in a further move designed to improve the quality of its balance sheet, the Bank took the precautionary move of reclassifying certain customers previously recorded as “requiring caution” to “potentially bankrupt.” As a consequence, 681 billion yen in credit costs were incurred during fiscal 1999, a figure greatly in excess of initial forecasts.

Progress under Financial Restructuring Plan - Total Expenses
(*Billions of yen*)



Sumitomo Mitsui Banking Corporation will start life building on strong foundations. The Bank has taken active steps to improve the quality of its Assets, Risk Management, Corporate Governance and Compliance. Meanwhile, social and environmental activities continue to play an important role in the life of the Bank.

STRATEGIC INTENT AND SUMITOMO MITSUI BANKING CORPORATION

When SMBC comes into being next April as the result of the merger between Sumitomo Bank and Sakura Bank, it will be able to boast a huge domestic market share as well as ample resources to exploit the continuing IT banking revolution. In addition, although size per se is not one of the new bank's goals, the merged company will be able to achieve significant cost savings beyond that achievable by either bank individually, as well as address emerging global opportunities only available to the largest banking groups.

The decision to merge with Sakura was the most important development of fiscal 1999. Shareholders approved this decision at the Annual General Meeting in June 2000, with the new bank due to be launched on April 1, 2001.

The integration with Sakura Bank is highly complementary in many respects. Sakura, for example, has strength in eastern Japan, with its economic anchor in Tokyo. Sumitomo, of course, is historically an Osaka bank, based in western Japan. A marriage with Sakura, therefore, offers the possibility of a huge but regionally balanced nationwide clientele. In addition, for large corporate customers, there is minimal overlap, giving the two banks much room for cross-selling. Among those listed companies, which have business with either of the two banks, for example, only one quarter have significant relationships with both Sumitomo Bank and Sakura Bank. The decision to merge will thus yield SMBC the best customer base in Japanese banking today.

This complementary nature of the relationship is also evident in the product lines of the two companies. Sumitomo Bank brings to the table market-leading strengths in capital markets expertise and operational efficiency. In sales of investment trusts, Sakura and Sumitomo rank numbers one and two, respectively, while Sakura ranks first in housing loans, a profitable product, and also brings substantial expertise in virtual banking and other areas to strengthen Sumitomo's already substantial presence in this area.

As mentioned above, the bank is determined to make a clean break with past practices, which tended to equate the size of the balance sheet with fundamental strength. In fact, Sumitomo's goals both before and after the merger stress rationalization of the asset base. However, it remains true that size still remains a potent factor in the international banking community. Increasing scale will allow SMBC to amortize large IT investments more efficiently. It will also allow it to achieve greater economies of scale particularly in the domestic branch network.

Basic Information about the Merger

Merger Date	April 1, 2001
Corporate Name	Sumitomo Mitsui Banking Corporation
Chairman of the Board	Akishige Okada (Currently President, Sakura Bank)
President & CEO	Yoshifumi Nishikawa (Currently President & CEO, Sumitomo Bank)
Merger Ratio	1 share of Sakura Bank's Common Stock will be exchanged for 0.6 shares of Sumitomo Bank's Common Stock

Benefits

In general terms, the benefits of the merger fall into three broad categories:

Firstly, the customer bases of the two companies are highly complementary as has already been noted.

Secondly, as detailed below, the product lines of the two banks are such that each bank will bring significant strengths to the merger. The product line, which can be fielded by the merged bank, will be the strongest of any of the new banking groups.

Thirdly, SMBC will have ample room to cut its cost base, eliminate duplicate overheads and fund aggressive investment in information technology, while at the same time improving the composition of its asset base.

Goals

Firm goals have been agreed for SMBC to be achieved by fiscal 2004. The most important quantitative goal for SMBC is the achievement of ROE of at least 10% as discussed earlier. These goals are both definite and quantitatively verifiable. They have been agreed to by both banks and form the basis of the merger agreement.

In the first place, as of March 2000, Sumitomo Bank and Sakura Bank employed a total of 29,324 staff and sported a combined network of 653 domestic and 36 overseas branches. By March 2004, it is intended that SMBC employ 23,200 employees and have 484 domestic and 22 overseas branches. These figures are substantially more aggressive than the commitments made under the restructuring plans submitted to the government and should yield correspondingly greater reductions in the cost base of the new bank.

Other targets applicable to SMBC include the achievement of core banking profit of 1,150 billion yen (a 46% increase from that achieved in fiscal 1999), a reduction in the expense ratio from 51% to 42%, a BIS capital ratio of at least 11%, a Tier 1 ratio of at least 7% and a reduction by one half of the outstanding public fund holdings. Moreover, the bank is committed to achieving these goals without excessive use of the balance sheet. Indeed, over the period in question, it is the bank's intention to reduce its risk-weighted assets by a full 2 trillion yen, replacing less strategic and less profitable assets with more strategic and more profitable ones.

Methods

The bulk of the above improvements is slated to be realized in consumer banking and middle market activities, although all of the marketing groups should realize healthy increases in profits. A return to a more normal interest rate environment in the domestic market will, on balance, be positive for the bank as better deposit margins and loan spreads in the marketing groups are partially offset by continued pressure on returns available to the treasury operations.

In consumer banking operations, SMBC will benefit not only from an improvement in deposit margins and a sweeping reduction in the cost base, but also from new income streams both at the parent company level and from affiliates. Foremost among these will be greater income related to investment trust sales and related initiatives for customers, expansion in housing loans and income from such new ventures as virtual banking and the bank's entry into the consumer loan market.

It should be noted that the existing product strengths of Sakura Bank and Sumitomo Bank reinforce each other in this respect. For example, SMBC will start life with as the leading "mega-bank" in both of the key areas of distribution of investment products to the retail market and of housing loans.

New initiatives being undertaken to improve profitability at the consolidated level include rapid expansion in the area of on-line financial service provision in Japan where the two banks already command market-leading positions in telephone and on-line banking. Further advances will build on innovations currently in progress including the Japan Net Bank (JNB), a “virtual bank” with no physical presence except for the main head office, which will exploit the potential of the Internet to offer low-cost and highly convenient on-line services to customers. In addition, SMBC will actively promote the “@Loan” service, which marks the bank’s entry into the unsecured consumer loan market. This latter innovation is aimed squarely at the medium-risk, medium-return segment of the consumer loan market, which nonetheless enjoys highly attractive margins and risk-adjusted returns. More generally, the bank will promote the “@Bank,” offering a 24-hour-a-day service drawing on a network of 1,000 ATMs strategically located in convenience stores.

Given the size of the deposit and loan books, the bulk of the improvement expected in middle market operations, serving small and medium-sized corporations, is slated to come from improvements in loan spreads where a small improvement can have a major impact on income. Keys to improving loan spreads will include a superior level of service provided, a factor which has already yielded tangible benefits for Sumitomo Bank as discussed in the Divisional Review. However, expansion of fee income from such sources as loan syndication arrangement and electronic banking as well as investment banking income drawing on the strong capital markets capability of the merged bank will also provide added momentum to the bank’s improvement in profits from this segment.

In its corporate finance and capital markets activities, the new bank will continue to operate according to a strategy of “market-based intermediation” drawing on the capital markets strengths that Sumitomo Bank brings to the merger. This will allow SMBC to actively exploit the trend to capital market and structured financing among large corporations in Japan. The bank will also actively promote loan syndication and the emergence of a Japanese “loan trading market.” This will allow it to build on its market presence to generate a stable stream of arrangement fee income, while minimizing use of the balance sheet.

The performance and capabilities of Daiwa SBCM will continue to be important to the capital markets activities of the merged bank. During fiscal 1999, this company took a one-time charge for amortization of goodwill of 208 billion yen. Consequently, in spite of an outstanding year, the company recorded a deficit at the net profit level of 85 billion yen. This equated to a negative contribution of 34 billion yen to Sumitomo Bank. In future years, the bank’s 40% holding in Daiwa SBCM can be expected to generate a significant contribution given its already strong performance and the scale of the opportunities available in the wholesale securities markets.

In the international markets, SMBC will give increased attention to overseas opportunities once it has established a solid foundation in its own home market. However, in the meantime, a modest improvement in profitability can be achieved through rationalization of the overseas branch network of the merged bank, an increase in overseas assets held, and an increase in fee income from areas such as loan syndication.

CORPORATE GOVERNANCE

Sumitomo Bank has embraced the doctrine that the key to enhancing shareholder value is the pursuit of enlightened corporate governance. This view will also be a hallmark of SMBC.

As the result of changes introduced in June 1999, the division of responsibility between policy-making and policy implementation is now clearly defined. The Management Committee is responsible for the day-to-day running of the Bank, while the Board of Directors is charged with providing strategic direction and oversight for its operations.

Under the new reforms, the Board of Directors now oversees the operations of the Bank and promotes the interests of shareholders. As a result of the reform, the size of the Board has been reduced to 18 members, as of the end of June 2000. Nevertheless the number of independent directors from outside the Bank has been increased to three. In addition, committees to address matters such as personnel appointments, compensation and risk management have been constituted from within the Board. The membership of these committees includes, as its core group, the Chairman and the independent directors, as well as other members of the Board of Directors who concurrently serve on the Management Committee. The areas of responsibility of these committees are as follows:

Risk Management Committee: responsible for risk management, compliance and crisis management.

Compensation Committee: responsible for the salaries of members of the Board of Directors and Executive Officers as well as for the Bank's stock option program.

Personnel Committee: responsible for the selection of nominees to the Board of Directors.

The Management Committee, presided over by the President in his capacity as Chief Executive Officer is responsible, as the supreme organ of decision-making, for day-to-day operations of the Bank. The President is charged with the selection of the members (Executive Officers) of the Management Committee. Important operational decisions are to be taken by the President after due discussion by the Management Committee.

A significant number of Executive Officers also sit on the Board of Directors (as of the end of June 2000, for example, 14 of the 33 Executive Officers also served on the Board of Directors). However, the Chairman of the Board is expected to exercise his oversight responsibilities independently and, therefore, is neither a member of the Management Committee nor an Executive Officer.

To strengthen the Bank's system of risk management, and its role in deciding policy in this area, the Management Committee has created two committees, composed of members of the Management Committee as well as the heads of the relevant departments: one responsible for credit risk, and the other for market risk.

Market Risk Committee: responsible for basic market-risk policy and setting market-risk limits.

Credit Risk Committee: responsible for basic credit risk policy, standards of self-assessment, and write-off and reserve standards.

The lines of decision-making in these two areas of risk management are as follows:

The relevant departments (for market risk, the Market Risk Management Department; for credit risk, the Credit Policy Department) are responsible for raising matters for discussion by the Management Committee. After either the

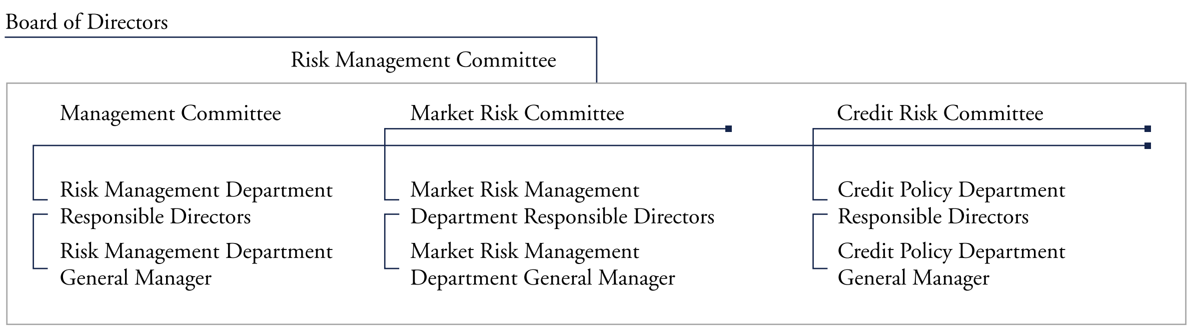
Market Risk Committee or the Credit Risk Committee reviews an issue, the Management Committee will take a decision on it. This decision will then be subject to review by the Risk Management Committee of the Board of Directors. Any final decision must then win the approval of the Board of Directors itself. The Management Committee, the relevant Executive Officers, and the heads of the relevant departments will then execute the risk management policy that has been authorized in this manner.

Corporate governance is about promoting the interests of shareholders in the setting and implementing of bank policy. Since fiscal 1998, the Bank has operated a system of performance-related promotion and compensation, as well as a stock option program for senior managers including Board members. The goal of this system is two-fold:

1- To ingrain a commitment to shareholder value in the making of management policy.

2- To improve the motivation of senior managers with performance-related incentives. Since fiscal 1999, this system of incentives has been extended to Executive Officers.

Decision Making System for Risk Management



Management and Organization of Sumitomo Mitsui Banking Corporation

Corporate Governance

Corporate governance for the new bank will be based on an executive officer system that separates the management of the day-to-day operations of the bank from the strategic oversight of those functions.

The management committee will be composed of executive officers specifically selected by the president, who will preside over the committee in his capacity as chief executive officer. The committee will be responsible for the day-to-day operations of the bank. In addition, a performance-related promotion and compensation system as well as a stock option system will be instituted as incentives linking compensation of the bank's most senior executives to the increase in shareholder value achieved.

Complementing the activities of the management committee, the board of directors will oversee the operations of the bank and promote the interests of shareholders. The new bank will adopt current Sumitomo policy, which prohibits the same person from serving simultaneously as an executive officer and the chairman of the board. At the same time, several non-executive independent directors from outside the bank will be appointed. Committees to address matters such as personal appointments, compensation and risk management will be constituted from within the board of directors.

Operational Divisions

SMBC will have six main operational divisions: the Consumer, the Middle Market, the Corporate Finance, International Finance, Treasury and Investment Banking divisions. The organizational structure of the new bank will be flattened to streamline the decision-making process. Outside talent will also be recruited where necessary.

ASSET QUALITY

1. The Impact of Self-Assessment

The System of Self-Assessment

Along with the implementation of Prompt Corrective Action legislation by the Japanese Government in April 1998, financial institutions started “Self-Assessment,” which requires individual banks to take responsibility for analyzing the quality of the assets of each of their borrowers based upon each bank’s criteria, and to classify their borrowers into five categories: “Normal Customers,” “Customers Requiring Caution,” “Potentially Bankrupt Customers,” “Virtually Bankrupt Customers” and “Bankrupt Customers.” Banks are further required to assess, on a scale of I to IV, the degree to which collection or value is compromised for each credit, to classify them accordingly and to make the appropriate write-offs and loan-loss provisions.

Implementation

Since the system of self-assessment was introduced in April 1998, Sumitomo Bank has systematically applied these criteria both to its credit assets and to other assets, including securities, movables, real estate, etc. As of the end of fiscal 1999, Sumitomo Bank’s total nonconsolidated assets totaled 51 trillion yen. Of this total, 3 trillion yen was in cash, deposits and other assets deemed to be immune to loss. The remaining sum of 48 trillion yen was subject to self-assessment.

In a refinement to the self-assessment system, a variety of broad risk classifications or categories has been designed in which borrowers can be assessed on the basis of their size, soundness and creditworthiness. The initial application of these criteria is conducted by a branch or business unit. These assessments are then subject to thorough review by the Credit Supervision Department (or the Credit Department in charge). The results of the assessment process are audited by the Credit Review Department, a wholly independent unit, to verify that assessment is in accordance with the criteria.

Also, in view of the Bank’s desire to strengthen the total risk management position of the Sumitomo Bank Group, the self-assessment process has also been basically applied to the Bank’s consolidated subsidiaries from fiscal 1998.

2. Write-offs and Reserves

Write-offs and reserves are based on the results of semi-annual self-assessments in accordance with the Financial Services Agency’s Financial Inspection Manual, guidelines issued by the Japan Institute of Certified Public Accountants, and guidelines by the Financial Reconstruction Commission. In order to strengthen the group basis of the risk management for the Bank, appropriate rules for write-offs and reserves are set for our consolidated domestic subsidiaries in accordance with the Bank’s rules.

Bankrupt Customers and Virtually Bankrupt Customers

Basically, the Bank fully writes-off individual borrowers classified as IV (considered to be uncollectible or to have become valueless). In addition to such measures, reserves have been established for possible loan losses against all Classification III credit assets.

Potentially Bankrupt Customers

The Bank establishes specific reserves for possible loan losses that are needed on the portion of Classification III credit assets unsecured by collateral or guarantees, as classified according to individual borrowers.

Customers Requiring Caution and Normal Customers

The Bank establishes lump-sum general reserves for possible loan losses against the credit balance of each credit group based on historical credit loss ratios, rather than executing write-offs and reserves according to each borrower.

Specifically, Customers Requiring Caution, except for those whose full credit amount is not classified under any other categories, are further sub-divided into groups according to default risk, and reserves are allocated on the basis of each group's reserve ratios. Borrowers are divided into credit groups, either "Substandard Assets" (Note) or "Others" which is further sub-divided into three sub-groups based on such factors as the borrower's financial condition and credit rating.

The reserve ratio for "Substandard Assets" is 15% of the total amount of claims, including the portion secured by collateral or guarantees. Then, reserve ratios for the other three sub-groups are calculated by factorizing delinquency, based on the actual historical credit loss ratio of each group. The average reserve ratio of the three sub-groups is 3.0%.

For the Customers Requiring Caution category with no classification and Normal Customers, the Bank accounts for anticipated losses over a 12-month period, based on the credit loss ratio determined from actual historical credit loss amount and other factors, under the general reserves for possible loan losses. The reserve ratio for this category is 0.3%.

Note: "Loans Past Due for Three Months or More" or "Restructured Loans" are individually classed as "Substandard Loans," one of the definitions stipulated by the "The Law Concerning Emergency Measures for the Revitalization of the Functions of the Financial System." The full or part amounts of all loans to "Substandard Loans" are regarded as "Substandard Assets" and are subject to provisions.

3. Write-offs and Provisions for Fiscal 1999

As of March 31, 2000, the total balance of credit cost was 680.7 billion yen. In addition to write-offs and reserve provisions in response to asset deterioration resulting from the ongoing economic downturn and the decline in land prices, the total also reflects the Bank's accelerated disposal process in preparation for the merger with Sakura Bank.

The total credit cost consists of 347.4 billion yen in write-offs, 253.0 billion yen in net provisions for specific reserves, and 38.8 billion yen in net provision for general reserves, together with a 25.0 billion yen loss on loans sold to the Cooperative Credit Purchase Corporation, a 19.6 billion yen loss on sale of delinquent credit assets, and a 3.1 billion yen reversal from the loan reserve for specific overseas countries. As a result of these measures, the total balance of loan-loss reserves was 909.0 billion yen.

The direct reduction, as of March 31, 2000, totaled 731.0 billion yen, which is a large increase from the 385.6 billion yen of the preceding fiscal year. The increase reflects an accelerated disposal process by the inclusion of customers with high credit risk in Virtually Bankrupt Customers.

Total credit costs on a consolidated base amounted to 733.5 billion yen, as of March 31, 2000. This brought the total balance of loan-loss reserves to 950.5 billion yen.

Credit Costs Including General Reserves

(*Billions of yen*)

Write-off of Loans	347.4
Net Provision for Specific Reserve	253.0
Net Provision for General Reserve (Note)	38.8
Others	41.5
Total Credit Cost (Nonconsolidated)	**680.7**
Total Credit Cost (Consolidated)	**733.5**

Note: As shown under core banking profit

4. Disclosure of Problem Assets

Under "The Law Concerning Emergency Measures for the Revitalization of the Functions of the Financial System" (the Revitalization Law), banks are to classify assets into one of four categories, and to disclose the corresponding total under each category. The four categories are Bankrupt and Quasi-bankrupt Assets, Doubtful Assets, Substandard Assets, and Normal Assets.

As of March 31, 2000, total disclosed assets of the Bank, other than Normal Assets, amounted to 1,917 billion yen. Although there were negative factors such as an increase in customers who went bankrupt or suffered financial difficulties, there was a 96.7 billion yen reduction compared with March 31, 1999, achieved by accelerating problem asset resolution in preparation for the merger with Sakura Bank.

In order to minimize credit costs following the merger, the Bank categorized customers who have a relatively high risk of future losses as Virtually Bankrupt Customers, made full reserve for the portion of loans not secured by collateral or guarantees, and made application of direct reductions. On the other hand, the Bank evaluated customer business plans more conservatively in view of the ongoing economic recession, and categorized, as a precautionary measure, such customers as Potentially Bankrupt Customers.

The average reserve ratio for disclosed loans, which were not secured by collateral or guarantees, etc., was 45.5%, a 15.3% reduction compared with the position as of March 31, 1999. This is because the ratio of customers with relatively low risk of default increased. The Bank considers this reserve level to be adequate.

Bankrupt and Quasi-bankrupt Assets: 190.8 billion yen (a 26.5 billion yen decrease from March 31, 1999)
This category is defined as the sum of credits to Bankrupt and Virtually Bankrupt Customers as categorized by self-assessment, minus fully written-off Classification IV credits. In addition, as all Classification III credits are fully covered by reserves, the remainder consists of the collective portion of credits secured by collateral or guarantees.

Note: All Classification IV credits are directly written-off using the direct reduction method even if the credits were not classified as tax-free write-offs.
This amount was 731.0 billion yen as of March 31, 2000.

Doubtful Assets: 1,351.2 billion yen (a 125.1 billion yen decrease from March 31, 1999)
This is the sum of Doubtful Assets extended to customers classified as Potentially Bankrupt under the self-assessment system. Since the sum includes credits that are secured by collateral or guarantees, and considered to be collectible assets, specific reserves are set aside for the unsecured portions under Classification III. The average reserve ratio for Classification III assets is 55.1%.

Substandard Loans: 375 billion yen (a 54.9 billion yen increase from March 31, 1999)
This is the sum of the loans extended to those customers classified as Requiring Caution under the self-assessment system. This figure includes loans that are already past due by three months or more, or that have been restructured.

Normal Assets: 32,849.8 billion yen
This amount is the sum, as of March 31, 2000, of loans, securities lending, foreign exchange, accrued interest, advanced payments and customer liabilities for acceptances and guarantees that is not included in the other three asset categories. Normal Assets thus represent the sum of loans to Normal Customers and that portion of loans identified through self-assessment as Requiring Caution, but not classified as Substandard, and on which the risk of loan-losses is deemed relatively small.

Classification of Customers, Disclosure of Problem Assets, and Reserve Policy (Nonconsolidated)

(Billions of yen) (Year-on-year change)

Classification of Customers under Self-Assessment	"Revitalization Law" Standard	Secured / Unsecured	Assessment/Reserve Policy (Second Half of Fiscal1999)	Reserve (Reserve Ratio) (1)
Bankrupt Customers	Bankrupt & Quasi Bankrupt	Secured 185.5.7	Assessment Policy: Assessment aiming at acceleration of disposal had resulted in upward shift of some borrowers from Potentially Bankrupt Customers to Virtually Bankrupt Customers. As result, direct reductions has increased. (Mar. 2000: 731.0 billion yen; Mar 99: 385.6 billion yen) Reserve Policy: 100% reserves provided for the unsecured portion.	8.3 (2) **(100%)**
Virtually Bankrupt Customers	190.8 (①) Change from Mar. 99 -26.5	Unsecured 5.1		Specific Reserve
Potentially Bankrupt Customers	Doubtful 1,351.2 (②) Change from Mar. 99 - 125.1	Secured 388.6 Unsecured 962.6	Assessment Policy: By stricter assessment of restructuring plan of borrowers, precautionary shifts occurred among borrowers who may need long time to recover, i.e. from Customers Requiring Caution to Potentially Bankrupt Customers. Reserve Policy: Various reserve ratio applied to respective assets, based on their credit risk. As a result, assets with lower risks (which means lower reserve ratio) increased, mainly due to aforementioned factor.	530.8 (2) **(55.1%)**
Customers Requiring Caution	Substandard Loans 375.0 (③) Change from Mar. 99 + 54.9 Substandard Assets(3)	Portion secured by Guarantees and Collateral 33.4	Reserve Policy: 15% of entire exposure is covered by general reserves.	Reserve for Substandard Loans 56.3 **(15.0%)**
	Normal Assets		Reserve Policy: Reserve based on historical credit loss ratio according to the classification in Self-Assessment. Three reserve categories are applied to Customers Requiring Caution, considering each customer's financial position, credit history, and credit ratings.	Average **(3.0%)**
Normal Customers	32,849.8			**(0.3%)** Total General Reserve 357.6
			Loan Loss Reserve for Specific Overseas Countries	12.3
	Total **34,766.8**		**Total Reserve for Possible Loan Losses**	**909.0**
			Ⓑ Reserve for "Revitalization Law" Assets (4)	595.4

Ⓐ = ① + ② + ③

1,917.0
Change from Mar. 99
- 96.7

Ⓒ Portion secured by Guarantees and Collateral
607.7

Ⓓ Unsecured Portion
1,309.3

(Ⓑ/Ⓓ) 45.5%
Change from 3/99
-15.3%

1 The reserve ratio shows the degree of reserve coverage against the total amount of each classification, except the reserve ratio with respect to "Bankrupt and Quasi-Bankrupt" and "Doubtful," which provide reserve coverage against the unsecured portion of those classifications.

2 Includes reserves for on-balance and off-balance sheet assets, which do not fall under the "Revitalization Law" disclosure standards. (Bankrupt/Virtually Bankrupt Customers: 3.2 billion yen. Potentially Bankrupt Customers: 5.7 billion yen)

3 "Substandard Loans" are classified on a loan by loan basis. If loans to a customer are classified as "Substandard Loans," the customer is categorized as "Substandard Assets." 15% of entire exposure to "Substandard Assets" is covered by General Reserve.

4 Sum of specific reserves and general reserve for Substandard Loans.

5. Disclosure of Risk-Monitored Loans

In addition to the problem assets disclosed under the Revitalization Law, the Bank also discloses problem assets classified as "Risk-Monitored Loans" under a proprietary standard based on U.S. disclosure criteria. As of March 31, 2000, Risk-Monitored Loans totaled 1,884.1 billion yen, a decrease of 75.8 billion yen compared with the figure for March 31, 1999.

The Bank accounts for accrued interest in real terms based on self-assessment results, rather than under the Tax Law standard. This approach shows more clearly how self-assessment results relate to assets disclosed under the Revitalization Law and Risk-Monitored Loans. Risk-Monitored Loans are basically the same as problem assets disclosed under the Revitalization Law, except that the items disclosed as Risk-Monitored Loans do not include credits other than loans, such as foreign exchange or advanced payments, etc. (32.9 billion yen).

On a consolidated basis, Risk-Monitored Loans totaled 2,203.3 billion yen, a decrease of 137.3 billion yen from the total as of March 31, 1999.

Notes: The Risk-Monitored Loans classification is based on Banking Law Implementation Regulations.
Refer to charts on pages 28, 29 and 30.

6. Credit and Reserve Policy in Overseas Exposure

As of March 31, 2000, Sumitomo Bank's exposure on a transfer risk basis to overseas countries and territories stood at $31.9 billion (3,386.9 billion yen). Of this amount, exposure in North America and Western Europe accounted for two-thirds, while that in emerging markets made up the balance. The fact that nearly 70% of our exposure in emerging markets was in Asia demonstrates the continuing strategic importance of this market to the Bank.

Since fiscal 1997, reserves have been set aside in respect of both regional credit risk and individual country risk in response to recent Asian economic crisis. Both self-assessment of asset quality and probable reserve needs influenced this calculation. However, with the recovery of Asia's economies, including a broad return to growth, the need for special reserve requirements all but disappeared by the end of fiscal 1999. At the same time, the necessary cycle of problem asset assessment has also been satisfactorily completed.

Total reserves committed to cover the Bank's Asian exposure stand at $460 million. As total exposure is $9.3 billion, the average reserve ratio is 4.9%, roughly the same as last year. However, it should be noted that, in addition to this general provision, the Bank maintains a reserve ratio of 33.2% in the case of Indonesia.

Note: Refer to chart on page 31.

Differences Between the "Revitalization Law" and "Risk-Monitored Loans"

(Billions of yen)

Self-Assessment Standard	"Revitalization Law" Standard (Total Loans)	(Other Credits)	"Risk-Monitored Loans" (Percentage of Total Loans) (Total Loans)	(Other Credits)
Bankrupt Customers	Bankrupt & Quasi-Bankrupt Assets 190.8		Bankrupt Loans 73.0 (0.2%)	
Virtually Bankrupt Customers			Nonaccrual Loans 1,436.1 (4.6%)	
Potentially Bankrupt Customers	Doubtful Assets 1,351.2			**32.9**
Customers Requiring Caution	Substandard Loans 375.0		Past Due for Three Months or More 40.3 (0.1%)	
			Restructured Loans 334.7 (1.1%)	
Normal Customers	(Normal Assets)			
	Total (Excluding Normal Assets)	**-**	**Total =**	**Difference**
	1,917.0		**1,884.1 (6.0%)**	**32.9**

Each amount has been subject to direct reduction as described below.
Assets disclosed under "Revitalization Law": 731.0 billion yen, Risk-Monitored Loans: 705.8 billion yen

Significant Difference between "Revitalization Law" Standard and "Risk-Monitored Loans"

1 Disclosed amounts under the "Revitalization Law" standard include loans, securities lending, foreign exchange, accrued interest, and customers liabilities for acceptances and guarantees. (As an exception, amounts of "Substandard Loans" are only loans.) Disclosed amounts of "Risk-Monitored Loans" represent only loan.

2 Problem assets under the "Revitalization Law" standard are categorized by each borrower. (As an exception, "Substandard Loans" are assessed by each lending project.) "Risk-monitored Loans" are categorized through assessment by each lending project. However, from March 31, 1999, the Bank changed the accounting method for nonaccrual loans. Consequently, disclosed amount of "Risk-Monitored Loans," excluding "Past Due for Three Months or More" and "Restructured Loans" which are correspondents to "Substandard Loans" based on the "Revitalization Law" standard is equal to the amount through assessment by each borrowers. Therefore, major difference between the "Revitalization" standard and "Risk-Monitored Loans" are those mentioned above in 1.

Additional Notes for "Risk-Monitored Loans"

1 As a result, the Bank classified loans to "Bankrupt Customers" , "Virtually Bankrupt Customers" and "Potentially Bankrupt Customers" under the self-assessment standard as nonaccrual loans. Therefore, amounts of "Bankrupt Loans" and "Nonaccrual Loans," under the "Risk-Monitored Loans" standard, are equal to the amounts of loans to "Bankrupt Customers," "Virtually Bankrupt Customers" and "Potentially Bankrupt Customers" under the self-assessment standard. Amounts of Past Due for Three Months or More and "Restructured Loans" classified as "Risk-Monitored Loans" are equal to the amounts of "Substandard Loans" under the "Revitalization Law" standard, and is also, a portion of the loans to "Customers Requiring Caution" under the self-assessment standard.

Comparison Between Consolidated and Nonconsolidated Basis

1- "Risk -Monitored Loans"

(Billions of yen, %)

	Consolidated			Nonconsolidated		
	Total	Percentage of Total Loans	Change from Mar. 31, 1999	Total	Percentage of Total Loans	Change from Mar. 31, 1999
Bankrupt Loans	87.3	(0.3%)	- 121.0	73.0	(0.2%)	- 42.5
Nonacrual Loans	1,661.9	(5.0%)	- 16.5	14,36.1	(4.6%)	- 88.2
Past Due for Three Months or More	79.2	(0.2%)	- 91.7	40.3	(0.1%)	- 42.1
Restructured Loans	374.9	(1.1%)	91.9	334.7	(1.1%)	97.0
Total Risk-Monitored Loans (a)	**2,203.3** (1)	**(6.7%)**	**- 137.3**	**1,884.1** (2)	**(6.0%)**	**- 75.8**

1 After direct reduction of 931.1 billion yen.
2 After direct reduction of 705.8 billion.

2- Reserves for Possible Loan Losses

(Billions of yen, %)

	Consolidated	Nonconsolidated
General Reserves	365.4	357.6
Specific Reserves	572.7	539.1
Loan Loss Reserve for Specific Overseas Countries	12.4	12.3
Reserve for Possible Loan Losses (b)	**950.5**	**909.0**
Reserve Ratio (b)/(a)	**43.1%**	**48.2%**

Problem Assets by Domicile of Borrower (Nonconsolidated)

(Billions of yen, %)

	"Revitalization Law" Standard (Percentage of the Total)		"Risk Monitored Loans" (Percentage of the Total)	
Domestic	1,824.8	(95.2%)	1,801.2	(95.6%)
Overseas	92.2	(4.8%)	82.9	(4.4%)
Asia	72.0	(3.8%)	67.1	(3.6%)
Indonesia	25.8	(1.4%)	25.1	(1.3%)
China	14.7	(0.8%)	13.8	(0.7%)
Thailand	9.9	(0.5%)	8.4	(0.5%)
Hong Kong	14.1	(0.7%)	12.4	(0.7%)
Other	7.5	(0.4%)	7.4	(0.4%)
North America	16.3	(0.8%)	12.5	(0.6%)
Central and South America	1.3	(0.1%)	1.3	(0.1%)
Western Europe	0.4	(0.0%)	0.4	(0.0%)
Eastern Europe	2.2	(0.1%)	1.6	(0.1%)
Middle East/Africa	-	(-)	-	(-)
Total	**1,917.0**	**(100.0%)**	**1,884.1**	**(100.0%)**

The above countries and territories are categorized by the obligor's domicile.

Problem Assets by Domicile and Type of Borrower (Nonconsolidated)

(Billions of yen, %)

	"Revitalization Law" Standard (Percentage of the Total)		"Risk Monitored Loans" (Percentage of the Total)	
Domestic	1,824.8	(100.0%)	1,801.2	(100.0%)
Manufacturing	58.8	(3.2%)	58.3	(3.2%)
Agriculture, Forestry and Fishery	1.9	(0.1%)	1.9	(0.1%)
Construction	265.1	(14.5%)	265.0	(14.7%)
Wholesale and Retail Trade	167.6	(9.2%)	164.4	(9.1%)
Financial Institutions	101.8	(5.6%)	92.8	(5.2%)
Real Estate	578.8	(31.7%)	577.8	(32.1%)
Transportation, Communications and Other Public Enterprises	13.5	(0.8%)	13.5	(0.8%)
Services	604.5	(33.1%)	594.8	(33.0%)
Municipalities	-	(-)	-	(-)
Other	32.8	(1.8%)	32.7	(1.8%)
Overseas	92.2		82.9	
Public Sector	-		-	
Financial Institutions	2.8		2.6	
Commerce and Industry	89.4		80.3	
Other	-		-	
Total	**1,917.0**		**1,884.1**	

Overseas Exposure and Reserves (Nonconsolidated) *(Millions of U.S. dollars, %)*

	Total Exposure (Transfer Risk Basis) ①	Sovereign	Japanese Institutions	Non-Japanese Institutions	Financial Institutions	Reserves ②	Reserve Ratio ②/①
Total	**3,1907**	**4,305**	**8,838**	**14,340**	**4,424**	**565**	**1.8**
Asia	**9,286**	**1,457**	**1,942**	**4,853**	**1,034**	**456**	**4.9**
Hong Kong	2,247	87	332	1,794	34	26	1.2
China	1,433	696	527	196	14	87	6.1
South Korea	1,364	0	4	764	596	6	0.4
Singapore	1,212	215	551	369	77	5	0.4
Thailand	990	140	273	477	100	40	4.0
Indonesia	771	83	121	475	92	256	33.2
Malaysia	517	123	121	266	7	16	3.1
Taiwan	396	7	0	303	86	10	2.5
India	286	92	12	175	7	5	1.7
Philippines	65	13	1	34	17	0	0.0
Central and South America	**833**	**95**	**354**	**140**	**244**	**6**	**0.7**
Brazil	527	1	314	12	200	1	0.2
Mexico	75	20	0	28	27	4	5.3
Eastern Europe	**377**	**151**	**0**	**190**	**36**	**19**	**5.0**
Slovakia	107	69	0	37	1	11	10.3
Hungary	42	4	0	28	10	0	0.0
Russia	6	0	0	6	0	6	100.0
North America	**10,688**	**929**	**3,192**	**5,638**	**929**	**48**	**0.4**
Western Europe	**8,572**	**1,331**	**2,472**	**3,053**	**1,716**	**21**	**0.2**
Others	**2,151**	**342**	**878**	**466**	**465**	**15**	**0.7**

1 "Transfer Risk" is defined as exposures classified by region based on the place where the risks are actually taken.
For example, exposures guaranteed by the Japanese parent company are considered as exposures to Japan.
2 The figures include loans, bonds, call loans and customer's liabilities for acceptances and guarantees. Outstanding balance of exposures is counted.
3 "Reserves" consist of specific reserve, loan loss reserve for specified countries and general reserve (including additional loan loss reserve for Asian countries).
4 All of the figures are after direct reduction (US$323 million in total).

RISK MANAGEMENT

The liberalization and globalization of financial markets, as well as rapid advances in information technology, are enabling financial institutions to expand business opportunities. At the same time, risks arising from these new business opportunities are growing rapidly and becoming more diverse and complex.

Sumitomo Bank recognizes risk management as the cornerstone of the Bank's operations and strikes a balance between "sound practices" and "profitability." Such equilibrium is achieved by first applying strict controls and limits, then maximizing returns.

Since the modification of the Bank's governance structure in June 1999, the roles of the Board of Directors in the risk management have been clearly defined, and the major principles of the risk management were set up. The Bank established the Risk Management Committee within the Board of Directors. Risk management at Sumitomo Bank is governed by the following set of principles:

1- Risk is to be managed on a consolidated basis.
2- The relevant department and the individual business units are to be mutually checked
3- Risk is to be assessed on the basis of quantitative standards.
4- Risk is to be managed by departments staffed with appropriately trained personnel and appropriately selected information systems.
5- The implementation of the Bank's risk management policies and procedures by the relevant departments as well as day-to-day business operations are to be subject to ex post supervision and investigation of the independent internal audit departments.

Risk management at Sumitomo Bank is deemed to include credit risk, market risk, liquidity risk and operational risk. With every type of risk, both the relevant departments and internal audit departments are specified.

At Sumitomo Bank, the process of decision-making in risk management is as follows. The relevant departments are responsible for raising matters for discussion by the Management Committee. The Management Committee takes a decision on such items. This decision is then subject to review by the Risk Management Committee of the Board of Directors. Any final decision must then win the approval of the Board of Directors itself.

The Bank intends to continue strengthening its overall business management system as well as improving the efficacy of its risk management.

Principal Types of Risk

Credit Risk: risk that a deterioration in the financial condition of a borrower will cause the asset value to decrease or be nullified. Country risk and settlement risk are included in this category.

Country Risk: risk of losses arising from foreign exchange rate, and economic or political changes that affect the country in which the loan is booked.

Settlement Risk: risk of losses through the failure of the counterparty to be able to pay on the settlement date due to bankruptcy or other causes.

Market Risk: risk of losses arising from unfavorable changes in the level or volatility of interest rates, foreign exchange rates or stock prices.

Liquidity Risk: includes market (product) liquidity risk and funding liquidity risk.

(a) Market (Product) Liquidity Risk: risk of losses incurred due to difficulty in accessing markets or products at the required time, price or volume.

(b) Funding Liquidity Risk: risk of the failure of the bank to settle at the settlement date or of the necessity of the bank to raise the funds at a higher rate than usual because of cash flow mismatches or unexpected fund outflows.

Operational Risk: risk relating to operating risk, system risk, compliance risk and other forms of associated risk.

Operating Risk: risk of losses arising due to staff mistakes, negligence or fraud.

System Risk: risk of losses due to failure, damage or improper use of systems.

Compliance Risk: risk of losses arising from inadvertent or purposeful/intentional non-compliance with laws, regulations and guidelines.

Other Risks: risk of losses arising from damage to the Bank’s reputation in the market or among customers, natural disasters, crime, civil disorder or resignation of skilled staff.

CREDIT RISK MANAGEMENT

1. Credit Risk

Credit risk refers to the risk of default on loans (one of the Bank's principal assets) and off-balance sheet transactions due to deterioration in customer credit position(s). In October 1999, Sumitomo Bank introduced new basic guidelines for credit risk management that clarified the following issues:

1- Organization of credit risk management.
2- Basic principles of portfolio management to avoid excessive portfolio concentration and to enhance the risk/return profile.
3- Key factors for credit risk management such as quantitative measurement of risk, grading system(s), standards for portfolio management and a risk-return index.
4- Rules for reporting to the management concerning the current status of credit risk.

2. Organization for Credit Risk Management

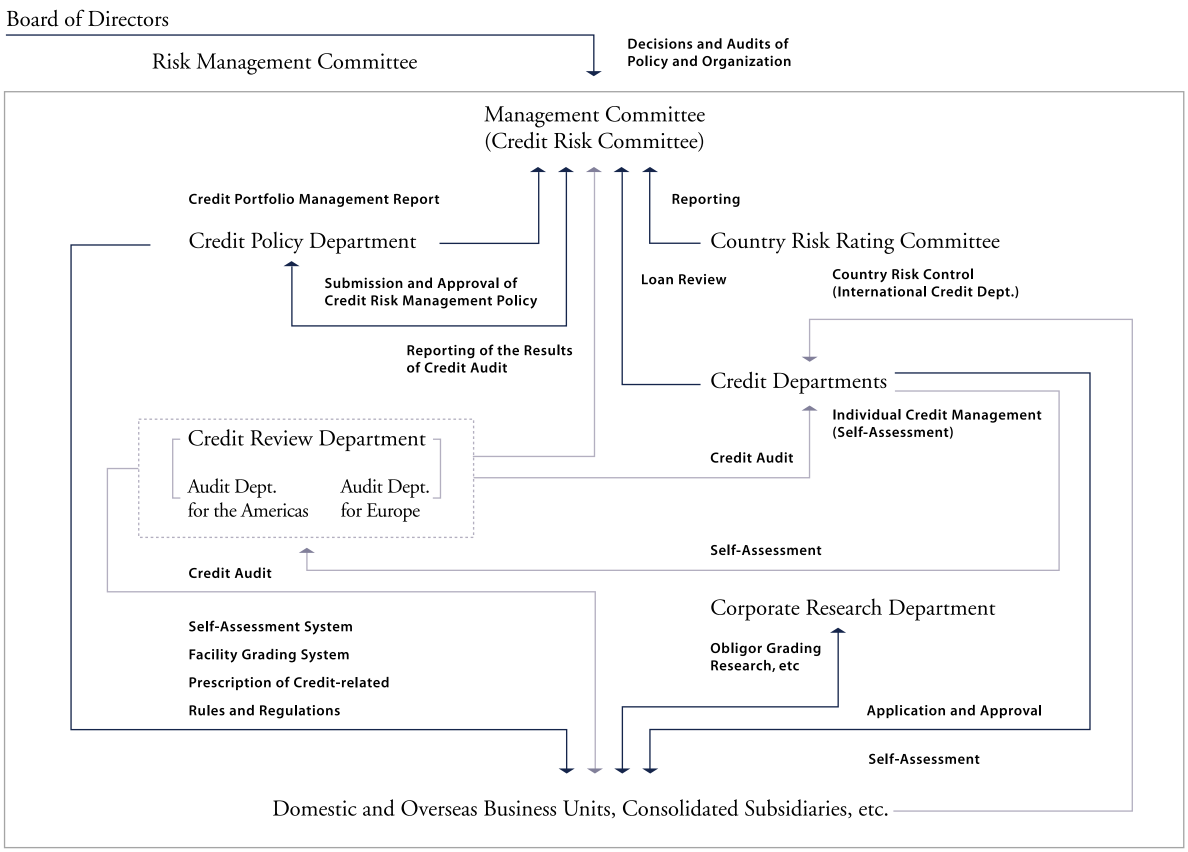
Sumitomo Bank's Credit Policy Department (CPD) has the responsibility for credit risk management. CPD monitors portfolio exposure by industry, obligor/facility grading, corporate size, product type and other characteristics in order to avoid excessive credit risk concentration. CPD also sets the basic rules for credit management, including the regulation of credit policy, credit-approval authority and other credit-related rules and regulations.

In addition to developing and establishing the obligor grading system, the Bank's Corporate Research Department (CRD) assigns a consistent and objective risk grade to every customer to which it has large-scale exposure. For each credit transaction, the business unit(s) responsible as well as the credit department in charge conduct a strict examination of the customer's creditworthiness and determine a facility grade. The relevant department(s) is then responsible for maintaining or altering this grade by adjusting the obligor grade upwards or downwards to reflect the risk associated with the characteristics of the facility. These characteristics include its purpose, tenor, guarantees, the level of collateral, and availability of other repayment sources. Credit department responsibilities for credit risk are segmented into the following categories: major corporations, small and medium-sized corporations, consumers in the domestic Japanese market, or the Americas, Europe and Asia for overseas business.

To manage country risk, the International Credit Department (ICD) analyzes the latest political, economic and financial conditions of a country on a regular basis with information collected through the Bank's global network. Thereafter, a rating is assigned to each country by the Country Risk Rating Committee and global portfolio management is subject to lending limits for each country based on its particular rating.

In April 2000, the Bank reorganized its credit audit system, greatly expanding the authority of the Credit Review Department (CRRD). The CRRD conducts regular audits of self-assessment(s) as well as of the setting of facility grades and the resultant process for facility grades in order to validate the soundness of credit management by each of the Bank's business groups.

Credit Risk Management Organization



3. Internal Grading System (Obligor Grade/ Facility Grade)

When extending credit, the Bank examines: (1) the customer's business, and (2) the financial and operational purpose of the facility as well as the level and availability of collateral. Sumitomo Bank believes that it is its mission as a financial intermediary to extend appropriate advice to customers. This advice is designed to aid the customer's well-being and development through the objective analysis of the above-mentioned factors.

The Bank's Internal Grading System reflects this situation by assigning an objective risk grade to each customer in accordance with each credit risk considered. Used in the management of credit portfolios and in the quantitative measurement of credit risk, this system provides an objective index that enables the Bank to manage credit risk effectively.

The Bank renovated the previous obligor grading system in 1996 and introduced the facility grading system in January 1999. Moreover, in April 2000, the Bank modified this system to include a more refined cash-flow analysis, thereby substantially enhancing the precision of individual decisions taken under the system.

4. Loan Review

Credits that might have a negative impact on the Bank's portfolio and profitability are strictly monitored. The Loan Review System ensures that the Bank's management is fully aware of the current status of such credits. CRRD designates the obligors to be reviewed, and the results of such reviews are periodically reported to the Management Committee by the relevant credit department(s).

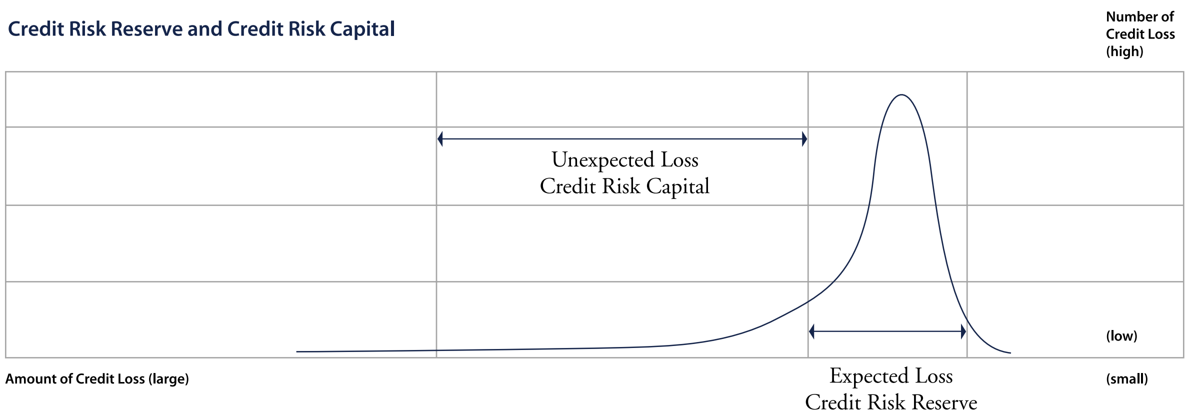
5. Quantitative Measurement of Credit Risk

Since fiscal 1998, the Bank has conducted quantitative measurements of credit risk in its lending portfolio. The point of such measurements is to grasp the changes in the quantitative value of the Bank's assets as the credit risk of borrowers fluctuates. The figure below demonstrates an asset value simulation. This computer model uses 10,000 simulations of the evolution of the Bank's asset value incorporating scenarios for loans, guarantees, bonds and other forms of exposure.

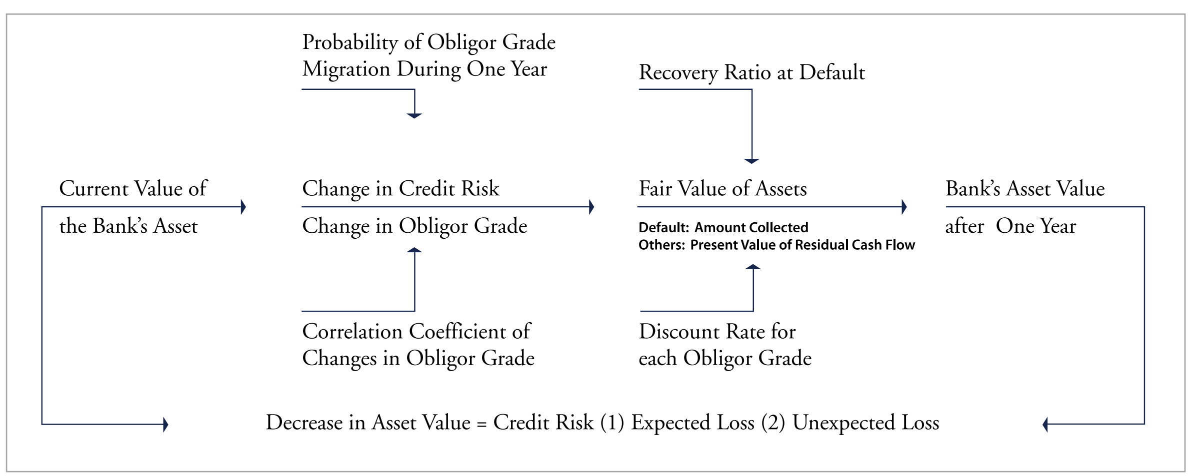
The graph below shows the distribution of asset values based on these 10,000 simulations. Two types of risk indicators can be obtained from the results of such simulations. One is "Expected Loss." This shows the amount of risk generated on average. Earnings (also known as the "Credit Risk Premium") should be such as to permit the absorption of such risk.

However, there is also a possibility that actual losses could be higher than in the past. For example, excessive losses were incurred in the case of loans made during the so-called "Bubble Economy." This highlights the importance of "Unexpected Loss," the second indicator. The Bank must hold sufficient capital to cover such unexpected losses and the amount of capital required for this is called "Credit Risk Capital." This is a very powerful tool for managing portfolio quality and enhancing the Bank's overall financial performance.

Credit Risk Reserve and Credit Risk Capital



Asset Value Simulation



6. Proper Risk/Return Profile

Financial institutions have to maintain adequate loan loss reserves for assets that contain inherent credit risks. Risk Adjusted Return on Assets (RAROA) is used in the Bank's credit risk management process to evaluate each customer's risk/return profile. RAROA considers not only the operational expenses related to the transaction, but also the probable losses that can be expected for each credit risk category. The expected loss for each transaction is a function of two major factors: the estimated default rate and the recovery rate which are derived from an analysis of data obtained from the Bank's historical records and external credit agencies.

7. Credit Application Control System

The Bank's "New Credit Pipeline System" (an integrated information system for credit control) has been introduced to shorten the decision-making process and streamline operations related to credit applications. It also enables the calculation of a facility grade, as well as storage of an obligor's general/collateral information electronically.

8. Off-Balance Sheet Transactions

For off-balance sheet transactions, the Bank calculates a credit risk equivalent amount. This represents the current replacement cost, or the cost to the Bank of restructuring future cash flows in the event of default. While the Bank calculates the potential risk, or the future change of the replacement cost of off-balance sheet transactions according to market fluctuations, it also makes every effort to implement advanced credit risk management of off-balance sheet transactions.

The Bank's basic approach to managing this type of exposure is to set counterparty credit lines denominated by the credit risk equivalent amount. By doing so, the Bank can measure and monitor credit risk for both on-balance- and off-balance-sheet assets on a unified basis. Sumitomo Bank periodically values the outstanding credit risk exposure to each counterparty - on a daily basis for general business corporations, and on a real-time basis for financial institutions. Should the Bank's exposure to any one counterparty exceed a certain percentage of the approved limit, the account is automatically flagged and control measures are implemented before the limit is breached.

MARKET RISK AND LIQUIDITY RISK

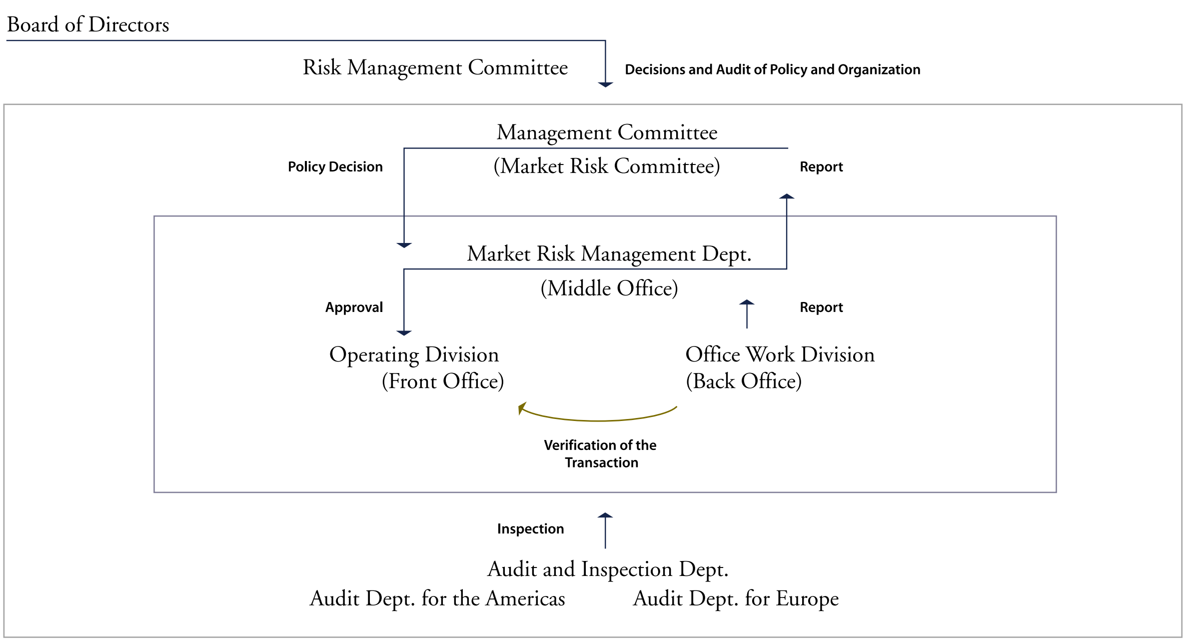
1. Organization of Market Risk and Liquidity Risk Management

The Market Risk Management Department (MRMD) manages market risk at the Bank and operates independently of the treasury departments. To ensure effective management of market risk, Bank executives at the highest level are involved in the decision-making process. Risk management policy is determined at the Market Risk Management Meeting (formed from within the Management Committee), deliberated by the Risk Management Committee (formed from within the Board of Directors) and approved by the Board of Directors. In addition, executives receive daily reports from MRMD.

To prevent operating errors and the potential manipulation of transaction data, it is vital for a system of checks and balances to be in place in the front office. The Bank's system is organized so that checks are conducted by both the back and middle offices. Furthermore, the independent Audit and Inspection Department conducts comprehensive audits regularly.

To provide advanced services and to exercise adequate control over risk, staff are trained in the latest financial techniques and technologies. The Bank invests in training and development programs to ensure that its staff have a professional understanding of derivatives, diversified portfolio management and other sophisticated financial management tools.

Market Risk - Liquidity Risk Management Organization



2. Market Risk Management Methods

Market risk arises from unanticipated changes in market prices or volatility. To consolidate and manage risk, the Bank uses the Value at Risk (VaR) method, which calculates the largest estimated loss that could occur with a specific probability. These values are calculated based on a one-day holding period and a 99.0% confidence interval.

Market risk can be broken down into various types of risk, including exchange rate risk, interest rate risk, stock price risk and option risk. To complement the VaR method, the Bank manages each of these risk categories with Basis Point Value (BPV, or the change in profit/loss given an interest rate change of 0.01%) and other indicators used in daily operations to provide still more detailed analysis to enhance risk management.

Market fluctuations may occasionally exceed predicted levels. To ensure its ability to manage and respond to these fluctuations, the Bank regularly conducts simulations of radical market movements (stress tests). Such stress tests ensure that the Bank is prepared to respond should similar situations occur in future.

Sumitomo Bank policy sets the total VaR at a conservative level based on its capital ratios (the amount of risk capital allocated to each department). When the possibility of total VaR exceeding established guidelines arises because of sudden market movements, the Bank convenes its ALM (Asset Liability Management) Committee to revise risk targets. In addition, market risk borne by departments other than the treasury departments, such as that associated with cross-shareholdings, and market risk borne by principal subsidiaries are controlled by calculating VaR regularly and reporting the results to the Management Committee and the Board of Directors.

Banking Account

a. Market Risk from April 1, 1999 to March 31, 2000

The following chart states the banking account's exposure to market risk over fiscal 1999 assuming a one-day holding period and a confidence interval of 99.0%.

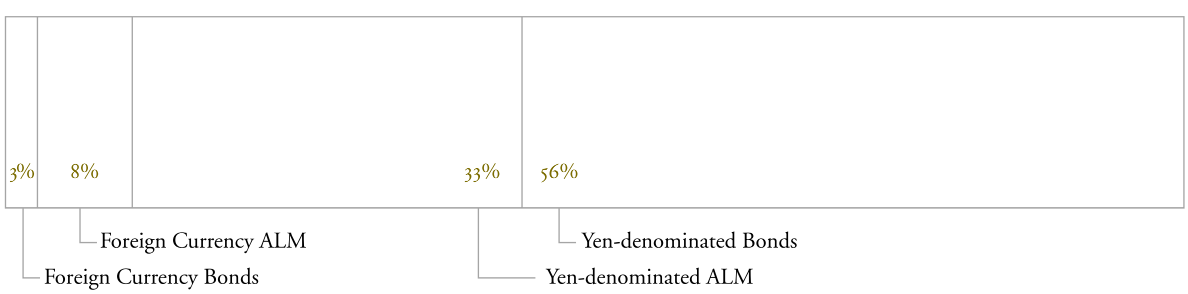
(*Billions of yen*)	Maximum	Minimum	Daily Average	Last Day of Term
Banking Account	**28.49**	**15.73**	**20.93**	**17.40**

b. Market Risk by Financial Product

The following chart illustrates the composition of VaR as of March 31, 2000.

Proportion of VaR by Product

As of March 31, 2000



c. Calculation of Earnings at Risk (EaR)

In addition to managing consolidated market risk with the VaR method, Sumitomo Bank also analyzes and calculates the EaR of its yen-denominated banking accounts. The measurement of the potential earnings impact of a specific movement in interest rates over a given period and for a given probability interval allows the Bank to formulate policies and budgets based on earnings for the period in question. This also means that the EaR method may be used to supplement VaR analysis. In this way, the Bank gains a better understanding of the potential impact that new deposits and loans may have on its earnings. Approximately 1,000 interest rate scenarios are generated by Monte Carlo simulation to measure the EaR for a given period.

In fiscal 2000, the EaR of yen-denominated banking accounts has been estimated, with a confidence interval of 99.0%, to be at the 11% level with regard to estimated earnings for the period based on market interest rates, as of March 31, 2000.

Trading Account

a. Market Risk between April 1, 1999 and March 31, 2000

The following chart states the exposure to market risk of the trading accounts of Sumitomo Bank and Sumitomo Bank Capital Markets, Inc. (SBCM) over fiscal 1999. It assumes a one-day holding period and a confidence interval of 99.0%.

(*Billions of yen*)	Maximum	Minimum	Daily Average	Last Day of Term
Trading Account	**2.71**	**0.48**	**1.18**	**0.76**

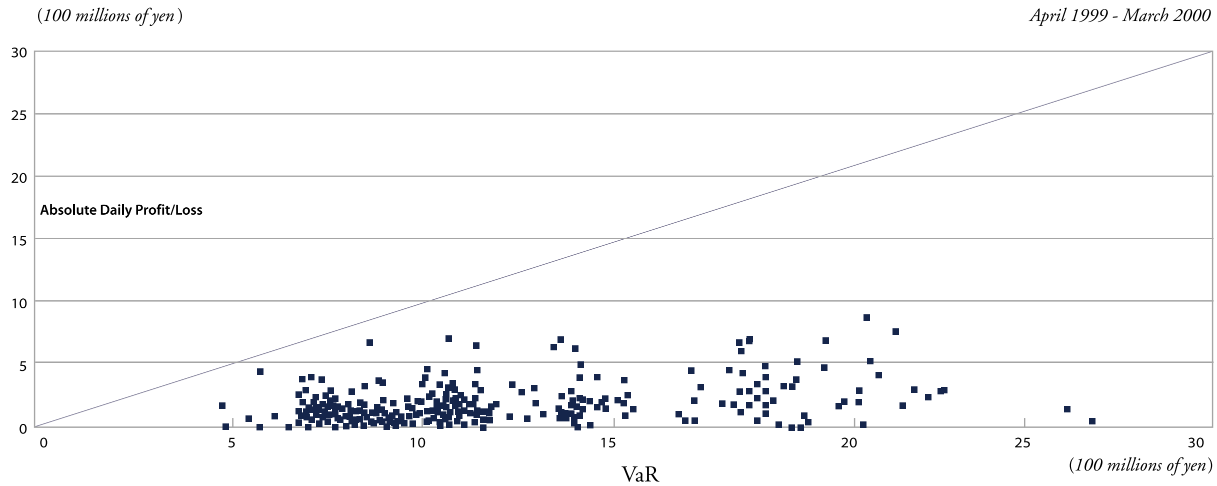
b. VaR Calculation Model

To calculate VaR, the Bank estimates the maximum loss amount by performing a Monte Carlo simulation of profit/loss changes in which 10,000 market fluctuation scenarios are run based on data for the preceding 12-month period. This method is suitable for measuring the risk of derivative products including options, and is effective for calculating VaR relating to active trading operations.

c. Back Testing

The Bank and SBCM use an internal model to measure VaR and to carry out back testing in order to verify the reliability of the model. The attached chart shows the back testing results for fiscal 1999. The data points above the line indicate the days on which profit/loss (absolute value) exceeded the Bank's predicted VaR. The profit/loss (absolute value) were all within the range predicted by the VaR method, demonstrating the reliability of the Bank's VaR model, based on a confidence interval of 99.0%.

Back Testing Results



d. Stress Tests

The Bank uses the two types of stress tests noted below. The results of these tests are regularly reported to management, and, when necessary, appropriate countermeasures, such as reducing the Bank's positions, are taken.

(i) Tests based on historical scenarios: In this method, a calculation is made of the maximum daily loss generated when patterns of exchange-rate, interest-rate or bond-market values fluctuate at times of stress, such as Black Monday. The resulting values are applied to the current position, and the effect on the Bank's portfolios is measured.

(ii) Tests based on forecast scenarios: In this method, the range of fluctuation of certain specified risk factors (e.g. the yen/dollar exchange rate or interest rates on 10-year government bonds) is determined, and then the most likely fluctuations in other risk factors based on historical data are estimated. The maximum loss generated on a daily basis when these fluctuation patterns are applied to the current position is calculated to ascertain weaknesses in the portfolio.

3. Liquidity Risk Management Methods

Market (Product) Liquidity Risk

Market (product) liquidity risk refers to threats to the Bank's access to markets and to financial products. Either makes it difficult for Sumitomo to engage in the desired volume of transactions at appropriate prices. The Bank considers market (product) liquidity risk when establishing limits for the risk-control indicators that it uses for market transactions. When the Bank determines there is danger of market (product) liquidity risk occurring, it convenes a provisional meeting of the ALM Committee. After examining its operating policies and reviewing the risk control framework, the Committee reports promptly to the Board of Directors.

Funding Liquidity Risk

Funding liquidity risk refers to the danger that the Bank might be unable to settle its obligations on settlement dates or be forced to borrow at an unusually high premium, due to cashflow mismatches or because of unexpected fund outflows that make it difficult to raise funds.

Foreign-currency and yen-denominated exposure to liquidity risk is managed by the Management Committee, which determines the Bank's funding policy based on market circumstances and trends in deposits and loans, among other factors. The Committee manages this risk by setting limits and guidelines with respect to its funding requirements, i.e., the money gap.

The Bank has also prepared comprehensive contingency action plans to reduce money-gap limits and guidelines in response to market crises. Moreover, for holdings in highly liquid assets, such as U.S. treasury bonds, the Bank has facilities in place for sourcing daily funding needs even in times of market confusion.

4. System Risk Control

"System risk" in the banking industry refers to the risk that the Bank may be unable to provide services to its customers or may incur losses because of problems such as a computer system failure or malfunction. With recent developments in the computerization of the banking industry, risks arising from computer system failure or similar problems have grown significantly.

In order to maintain the safety, integrity and reliability of its computer systems, the Bank observes, as a matter of policy, a high level of system risk control preparedness in the operation of its computer systems. Such preparedness includes rigorous security policies and concrete control standards. Specifically, the Bank has ensured its computer systems operate safely by building redundancy into the infrastructure of each of its systems and creating a system of mutual back-up between the data centers located in eastern and western Japan. Disaster training drills are regularly carried out. Furthermore, as Internet transactions become more popular, the Bank is making every effort to protect customer privacy and to prevent the disclosure of information by encrypting sensitive and other important information, while taking countermeasures to prevent unauthorized external access.

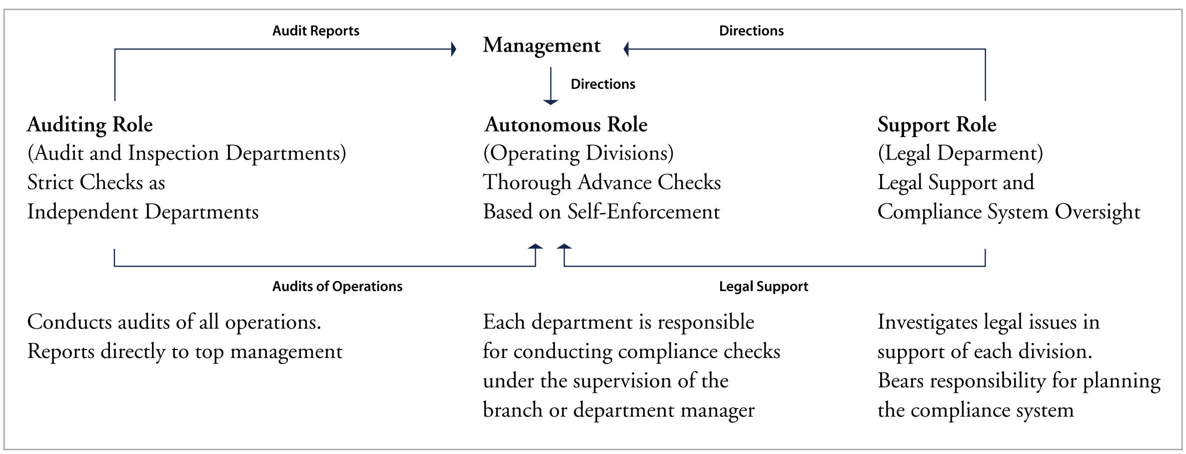
COMPLIANCE

Compliance with the laws of society, and the norms of correct behavior that underwrite the legal system, are widely recognized as the foundation of any sound definition of corporate citizenship. The onus of compliance weighs more heavily on banks than on other companies because of their pivotal role within the financial economy.

Moreover, the acceleration of the current trend towards the deregulation of the Japanese economy and changes accompanying the Big Bang reforms, have increased the responsibility of banks to ensure that their compliance apparatus is adequate to the task at hand. Sumitomo Bank unreservedly accepts its public mission as a responsible global corporate citizen and the axiomatic role of compliance in realizing this mission.

Compliance System

With this imperative in mind, Sumitomo Bank has established its compliance system. The system operates on (1) each department's clear delineation of legal responsibility for the Bank's actions, and (2) rigorous and objective checks on departmental and employee behavior conducted by independent authorities within the Bank.



Compliance Manual

To achieve stringent adherence to its compliance system, the Bank drafted a comprehensive compliance manual. This was distributed to all employees during March 1999. The manual, which contains strict rules of corporate procedures and employee conduct, was drawn up in accordance with an official resolution of the Board of Directors of the Bank in February 1999. Four principles capture the spirit of this important document: (1) pursuing customer satisfaction, (2) contributing to the development of the society, (3) firmly maintaining sound management, and (4) maintaining a liberal and active corporate culture.

Each year, the Board of Directors designates a compliance program for controlling the Bank's operations, based primarily on the compliance manual. Subsequently, appropriate modifications and adjustments to staff training and educational programs as well as to the Bank's auditing system are put in place to ensure full performance of the program.

CONTRIBUTING TO SOCIETY

Sumitomo Bank is committed to contributing to society, at the local, national and global levels, through a wide range of volunteer and donor activities. To promote these efforts, it created the Social Development Department, which coordinates and encourages charity and volunteer work throughout the Bank. In selecting projects, the Bank has tended to concentrate on activities and ventures, which require institutional continuity or which can benefit particularly from the expertise and organization of a bank, or which it feels can contribute to its employees' personal development and human fulfillment.

Since 1992, Sumitomo Bank has been a key promoter of UNICEF Coin Aid in Japan. The Bank places collection boxes in all of its branches to support this charity. As the point of such promotions is to gather unwanted foreign coins from travelers who have returned from abroad, the Bank has a useful role to play in the collection, sorting and remittance of the money collected. During fiscal 1999, nearly 36 tons in currency, worth some 237 million yen, was gathered.

In a parallel initiative, the Bank created a free banking facility, which allows customers to contribute the after-tax interest on their savings and other accounts to UNICEF. It also promotes this United Nations' agency with bulk purchases of UNICEF greeting cards for distribution to customers. This provides wide exposure to the organization's message, with half of the card revenues going to support UNICEF activities.

Every year between October and December, all domestic branches display posters and collection boxes for the "Red Feather Campaign," a nationwide umbrella organization that gathers money for a wide group of charities.

In a more recent initiative, Sumitomo Bank employees have contributed some 200 boxes of used clothing to assist the work of the "Motherland Academy," an overseas aid foundation specializing in sending clothes to African countries such as Mali. Sumitomo Bank has also helped this organization to meet its shipping costs.

Volunteerism is a potent force at Sumitomo Bank. At the local level, employees are involved in a great variety of local charities and other worthy causes. To keep employees fully informed about opportunities for voluntary work in their local communities, the Bank maintains and regularly updates an e-mail bulletin board called "Volunteer Information."

As part of its "Volunteer Staff" initiative, the Bank also plans, organizes and supports additional programs which emphasize employee participation.

Sakura Bank also maintains an active volunteer presence in the local communities it serves. The merger with that bank in April 2001 will further strengthen this important feature of employee life.

The work of the Sumitomo Bank Global Foundation is one of the Bank's most important contributions to global society. Its mission is to fund university scholarships for students from Asia. Since the mid-1990s, more than 2,200 students from Thailand, China, Indonesia and Singapore have received financial support for their studies.

Spurred by the merger with Sakura Bank, the Bank expects to expand the scope of its work in this vital area during the next decade.

ENVIRONMENTAL ACTIVITIES

In response to mounting national and global concern about the environment, Sumitomo Bank started the Sumitomo Advanced Finance for Ecology (SAFE) Program in 1995. Three years later, the Bank set up the Environmental Business Department. SAFE is supported by Sumitomo Bank and three other ecologically-minded Japanese companies. It organizes public seminars on the environment, publishes an eco-journal called SAFE, offers eco-consulting, supports eco-business and provides advice and support in connection with ISO 14001 certification for companies, which meet international standards for environmental best practices.

The Bank makes every effort to use only recycled paper. Every promotional brochure, name card, corporate passbook, form and sheet of photocopy paper is made from recycled paper. Sumitomo Bank, thereby, hopes to contribute to easing pressure on the world’s forests.

THE RESTRUCTURING THE BANK HAS MADE OVER THE LAST TWO YEARS BORE FRUIT DURING FISCAL 1999. THE COST BASE WAS REDUCED ACROSS THE BOARD. THE BANK MADE SOME PROGRESS UNDER ADVERSE CONDITIONS IN REPRICING ITS LOAN PORTFOLIO. IN ADDITION, FEE INCOME ROSE ACROSS THE BOARD AS THE BANK EMPHASIZED PROVISION OF HIGHER VALUE-ADDED SERVICES.

DIVISIONAL REVIEW

During fiscal 1999, the Bank achieved total gross banking profits of 722.5 billion yen, a decline of 27.8 billion yen from the previous fiscal year. Core banking profit for the fiscal year stood at 389.4 billion yen, down 7.1 billion yen. During this period, the domestic and overseas marketing group, consisting of the Consumer Banking Group, Middle Market Banking Group, Corporate Banking Group, and International Banking Group, collectively recorded another year of substantial profits. In contrast, the Treasury Group experienced a major profit decline.

During the period, the BOJ kept to its zero rate policy, while government fiscal policy remained highly expansionary. The low interest rate regime continued to affect the Bank's ability to realize appropriate deposit margins, while oversupply also affected the Bank's ability to reprice its loan portfolio. Nevertheless, some progress was made on this latter front, in spite of the adverse environment, as the Bank built on the superior service provided by the new corporate structure.

The year saw corporations start to address acute needs to rationalize their balance sheets and raise capital efficiency to acceptable levels. Widespread selling of cross-shareholdings, securitization of assets with application to a wider range of asset classes and active merger and acquisition activity were in evidence. Indications are that these trends will continue for an extended period. Sumitomo Bank has positioned itself to enjoy maximum benefit from these trends both in its traditional commercial banking activities and in its capital market activities. Working closely with Daiwa SBCM, the Bank has established itself as a front-runner in asset securitization and has also established strong positions in M&A and underwriting. In its commercial banking businesses, the Bank actively promoted such fee-based services as syndicated loans and the provision of commitment facilities to complement its more traditional loan activities.

Consumer demand for investment products grew during the year, while the deregulation of brokerage commissions in October 1999 allowed companies engaged in the securities markets to price services freely and in line with the level of service provided. This in turn sparked growth in on-line share transactions as the convenience and low-cost offered by Internet-based service providers was warmly received by investors. Since December 1998, commercial banks have been allowed to distribute investment trusts through their branch networks. Sumitomo Bank has already staked a major claim to market leadership among commercial banks in this respect, ranking second in the industry to Sakura Bank as of March 2000.

Strategies and Structures for a New Era

In order to take maximum advantage of the changing landscape, Sumitomo Bank has, over the last two years, completely restructured as described in previous sections of this report. The key components of its present strategy are threefold. Firstly, the Bank has focused and segmented its resources breaking cleanly with the "one size fits all" philosophy of past years. Secondly, it has prioritized the use of its business assets. Thirdly, it has actively sought partners with complementary franchises through an active M&A program.

To these ends, the Bank's branch banking operations in Japan have been split into two separate groups, dedicated to consumer and middle market banking, respectively. In a corresponding move, new capital markets franchises acquired as the result of the Bank's wide-ranging alliance with the Daiwa Securities Group Inc. have been applied across all groups seeking to provide the Bank's customers with high value-added, integrated services that include elements of both commercial and investment banking. In addition, the Bank is paying greater attention to raising the efficiency of its assets by promoting syndicated lending, providing commitment facilities and other measures.

In pursuit of these goals, Sumitomo Bank is now organized as follows:

1- Consumer Banking Group serves individual domestic customers and small local businesses.
2- Middle Market Banking Group serves small and medium-sized domestic companies.
3- Corporate Banking Group serves large domestic companies and their affiliates.
4- International Banking Group continues to provide international banking services to both Japanese and foreign customers.
5- Treasury Group is responsible for Asset Liability Management (ALM), both at home and abroad, equity portfolio management and trading activities.
6- Capital Markets Group is responsible for all capital market business, including securities, derivative instruments, syndication, structured finance and M&A advisory services, across all group lines.

A review of each group follows.

Fiscal 1999 Financial Results:

Consumer Banking Group
(Billions of yen)

GROSS PROFITS

152.3

year-on-year change

-17.3

EXPENSES

150.0

year-on-year change

-7.3

PROFITS AFTER EXPENSES

2.3

year-on-year change

-10.0

CONSUMER BANKING GROUP

The Consumer Banking Group is responsible for servicing individuals and small businesses nationwide. This Group operates through Sumitomo's domestic network, which consisted of 277 branches as of March 31, 2000.

Results in Fiscal 1999

Once again, the Bank was affected by the pressure on deposit margins caused by near-zero short-term interest rates. During the period under review, interest paid on saving deposits, although only 5 bp was, in fact, above the average yield obtainable in the overnight Interbank market of 2 or 3 bp. This caused a fall of over 20 billion yen in earnings from deposits, a figure which was partially offset by increased fee income on healthy sales of investment trusts, which served to boost commission income. This Group is also the focus of the Bank's efforts to streamline operations and reduce costs. Rationalization during fiscal 1999 yielded 7.3 billion yen in cost savings, mainly stemming from reductions in personnel and branch closures. Reflecting the above trends, profit after expenses fell by 10.0 billion yen.

The Group's Business Strategy

The Bank's strategy for this Group encompasses the following elements:

Internal segmentation of the customer base to allow more precise targeting of services. This will be complemented by a re-allocation of human resources to higher value-added activities, particularly advisory and fee-based services.

Provision of a comprehensive range of distribution channels, allowing customers maximum flexibility in dealing with the Bank and promoting greater customer acquisition and retention.

Significant and continuing rationalization of the cost base, stemming from increased automation of routine tasks, more efficient internal workflow, and streamlining of the branch network. This process will also be applied to SMBC.

Over the medium term, a return to a more normal interest rate environment will have a major impact on this Group's profitability. Of course, the scale and timing of this recovery is not under the Bank's control. However, Sumitomo Bank is taking a pro-active stance to business development with a view to boosting the profitability of its operations independently of prevailing macroeconomic factors.

The Bank intends to apply the human resources made available by rationalization measures to the promotion of higher value-added businesses. A key element in this approach is the segmentation of the customer base into homogeneous target markets and the placement of staff with expertise in each segment. Thus, the Group has reorganized along five separate business lines. These are the Family Banking Division, providing services geared to the building of assets; the Investment Services Division, offering services catering to the asset management needs of customers; the Private Banking Division, focusing on the personal needs of owners of promising companies; the Remote Banking Division, specializing in payment and settlement services; and the Business Owner Division, providing financial services to business owners. Through the concentration of resources in these areas, the Bank intends to increase the value-added of its services with an eye to establishing a stable stream of fee income to complement its traditional business. As noted above, this policy has already had a measurable effect on the Group's revenue stream and profits.

An area of particular interest to the Group is the provision of investment advice and products to its customer base. A special emphasis has been placed on investment trusts. As of the end of March 2000, the Bank had outstanding investment trust balances of 450 billion yen. Sumitomo was the first bank in Japan to actively promote sales of investment trusts throughout the branch network, and now employs over 200 qualified financial consultants within the Consumer Banking Group. The secular trend is to greater individual participation in securities markets, a trend in which investment trusts are slated to play a leading role. Sakura Bank and Sumitomo Bank rank numbers one and two, respectively, among city banks in sales of investment trusts to the public. Investment advisory services and products will remain a core priority for SMBC building on its domestic reach, strategic focus and positive brand image.

Cost reduction is a cornerstone of this Group's strategy. During fiscal 1999, branch closures and personnel reductions yielded a significant cost saving as noted above. Looking forward, increased operational efficiency stemming from major investment in automation as well as continuing rationalization of the branch network will provide even greater cost benefits. One particular innovation introduced recently, which holds out the possibility of a very significant improvement in the Group's operational efficiency, is the WIT (Work-flow Innovation Terminal) automated teller terminal, which automates many functions currently requiring manual input. This innovation alone could eliminate many hundreds of positions.

Other examples of measures taken to date in support of the Group's business strategy include the following:

To establish strong relationships with heads of households in the Family Banking Division, the Group had established MC Desks (Money-life Consulting Desks) at 55 branches, as of March 31, 2000. These desks are dedicated to providing a variety of services geared to the financial needs of households. In addition, the Bank has also extended its hours of operation in certain cases to accommodate the needs of financial decision-makers.

While many other financial institutions offer private banking services targeting the needs of high net-worth individuals in general, the Private Banking Division focuses on owners of high-growth companies and offers long-term asset management advice and financial solutions. This includes IPO-related advice for their companies, as well as personal advice related to inheritance and other matters. In a little over one year, this business has grown to the point where assets held with the Division total over 100 billion yen.

In addition to the service innovations mentioned above, the Bank is committed to exploiting the potential of non-traditional delivery channels including telephone banking, mobile banking using cellular telephones, and the Internet. This is reflected in the aggregate number of remote banking contracts held, which totaled over 1.6 million as of the end of March 2000, placing Sumitomo first among all city banks. Experience indicates that offering a mix of distribution channels is effective in promoting customer retention and that the demographic profile of customers using the newer channels is attractive in terms of potential demand for higher value-added services. The Bank believes that thorough preparation and synergies with the existing branch network, especially sharing the MCIF (Marketing Customer Information File) database, will yield a competitive advantage.

Finally, the Bank addresses certain market opportunities through affiliated companies. The Sumitomo Credit Service Company Limited, the second largest credit card issuer in Japan, has moved to revamp its credit card services in light of recent technological innovations and shifts in consumer spending patterns, while QUOQ Inc. will bring a unified nationwide approach to the Bank's consumer loan operations.

Fiscal 1999 Financial Results:

Middle Market Banking Group

(Billions of yen)

GROSS PROFITS

213.6

year-on-year change

16.2

EXPENSES

87.9

year-on-year change

-4.5

PROFITS AFTER EXPENSES

125.7

year-on-year change

20.7

MIDDLE MARKET BANKING GROUP

The Middle Market Banking Group is responsible for the Bank's business with Japan's vast army of small and medium-sized corporations. The Group operates from a network of 14 Middle Market Banking Divisions and 121 Middle Market Banking Departments, as of March 31, 2000.

Results in Fiscal 1999

Demand for corporate loans remained sluggish during 1999 due to the difficult economic conditions prevailing during the period. In addition, there was continuing pricing pressure on loans, partly due to the fact that city banks were obligated, under prevailing accords with the government to increase lending to this sector. Nevertheless, while meeting its commitments under the government restructuring plans, the Group also made headway in pricing loans at more rational levels. Loan margins improved by an average of 16 bp over fiscal 1998, primarily reflecting a higher level of service, which itself is attributable to the Group's concentration on corporate business following the restructuring. In addition, fee income also increased as the Bank promoted its solutions business. Gross profits consequently rose by 16.2 billion yen to 213.6 billion yen, while expenses fell by 4.5 billion yen to 87.9 billion yen. Profits after expenses surged to 125.7 billion yen, up 20.7 billion yen over the previous year.

The Group's Business Strategy

The core of this Group's business strategy is as follows:

To build a dedicated network of specialists providing a high level of service to small and medium-sized corporations in Japan.

To promote rational pricing throughout its loan portfolio with loan rates being set at levels consistent with the level of risk incurred.

To supplement the traditional lending business with a range of value-added services with an eye to promoting a stable stream of fee income.

Traditionally, Japanese banking staff have been responsible for the provision of services to all entities physically located in their particular local area. Since this could, and often did, involve servicing all sizes of corporations as well as consumers, the ability of such staff to respond to individual needs was limited. A major objective underlying the formation of the Middle Market Banking Group has been to rectify this situation and promote a richer variety of products and services directed specifically to the needs of financially sound small and medium-sized enterprises. The Bank believes that its ability to achieve its other goals for this segment of the market can only be achieved through specialization and focus. The new approach has been met with a warm reception as evidenced by the Group's improved profitability during fiscal 1999.

Provision of loans is, and will remain, the principal activity of this Group. As of March 31, 2000, the Group maintained a loan book of approximately 12 trillion yen. Central to its long-term health is the ability to earn adequate risk-adjusted returns on these loan assets. To this end, the Bank has made major improvements to its ability to price loans at appropriate levels and to manage loan portfolios as described in the section on risk management earlier in this report. It remains the case, however, that oversupply continues to depress pricing. The Bank will continue to support its repricing efforts by exploiting its ability to provide superior services.

In this context, the provision of new value-added services is key to achievement of future earnings growth in this Group.

One such innovation is the introduction of a range of services drawing on the capital markets skills of the Bank. Thus, the Group has assigned full-time specialists in derivatives, foreign exchange transactions, international services and electronic banking to its 14 Middle Market Banking Divisions. It has also placed specialists in fields including M&A, MBO, securitization, syndication and IPO advisory as well as asset management services into head office's Specialized Finance Department. The Bank is, therefore, well positioned to offer the widest possible range of financial services to its corporate customers drawing both on its traditional commercial bank strengths as well as the investment banking skills deriving from its Capital Markets Group and Daiwa SBCM.

A notable example of the value-added "solution business" being promoted by the Bank is a patented electronic banking product named "PERFECT." This service provides a means of simplifying and streamlining customers' remittance receipt confirmation procedures by applying the revolutionary concept of "virtual branches," of which it now has 8, and "virtual accounts." The Bank started offering this service in August 1998, and presently has more than 900 corporate customers, utilizing 80 million virtual accounts to receive incoming remittances. Of these 900 customers, only roughly 35% maintain a main bank relationship with the Bank. PERFECT improves customers' operational efficiency, while at the same time yielding increased fee income as customers' remittances are concentrated in the Bank.

Sumitomo Bank was granted a patent for this business model in February 2000 by the Japanese Patent Office, thereby providing it with a competitive edge vis-a-vis other banks seeking to offer similar services.

The Bank also sees opportunities to add value by leveraging its advanced technological capability. For example, the Bank has established "Value Net" to provide comprehensive support to small and medium-sized corporations in response to the explosive growth in Internet business. Specific functions include not only settlement operations but also remote one-to-one communication with customers, access to SMC Net, the provision of information and consulting services, and "i-sourcing," which allows customers to quickly and easily select companies for outsourcing projects via the Internet.

Finally, the Bank is committed to adding value to its service line by exploiting the synergies and the strength of affiliated companies wherever possible. Affiliates with key roles in this respect include SB Investment Co., Ltd., which provides venture capital to growth companies, SB Leasing Co., Ltd., which conducts leasing operations and is the second largest company in the industry, Sumigin General Finance Company Limited, which handles factoring and mortgages, and The JRI Business Consulting Limited, which provides corporate management information and consulting services.

Fiscal 1999 Financial Results:

Corporate Banking Group

(Billions of yen)

GROSS PROFITS

71.9

year-on-year change

10.1

EXPENSES

10.4

year-on-year change

-0.3

PROFITS AFTER EXPENSES

61.5

year-on-year change

10.4

CORPORATE BANKING GROUP

This Group is responsible for meeting the financial needs of large corporate customers and their affiliates, both at home and abroad. Consistent with its commitment to addressing the entirety of its customers' banking requirements, the Group also provides financial services and products for their employees and business affiliates.

Results in Fiscal 1999

Due to success in adjusting loan interest rates to more appropriate levels and a good operating performance from new businesses such as loan syndication and commitment facilities, gross profit rose by an impressive 10.1 billion yen to 71.9 billion yen, while expenses remained nearly unchanged at 10.4 billion yen. Profit after expenses, thereby, increased to 61.5 billion yen from 51.1 billion yen in fiscal 1998.

The Group's Business Strategy

The strategy for this Group is as follows:

To provide a range of value-added solutions conforming to the Group's "Market-Driven Intermediation Model" utilizing the entire resources of the Bank.

To strengthen its ability to provide proposal-based and investment-banking oriented solutions to customers, thereby generating a stable stream of fee income.

As a major commercial bank with a long history, Sumitomo Bank remains a major force in traditional commercial banking, extending short, medium, and long-term loans to large corporations nationwide. The Bank also provides such customers with access to the commercial paper and bond markets. The weight that loans occupy in the Group's business is high. While continuing to provide a high level of service in this traditional mainstay, the Bank intends to increase the proportion of the higher value-added, fee-based services it provides.

Given the above, the importance of the capital markets in providing services to the major corporations that form this Group's customer base has risen dramatically. This trend has been accelerated by the wave of corporate restructuring, both financial and operational, being undertaken in Japan. The mission of the Corporate Banking Group is to exploit these opportunities by drawing on all of the strengths of the Bank.

In this respect, the Bank is in a fortunate position with strength in commercial banking and, by being able to draw on the capabilities of the Capital Markets Group including Daiwa SBCM, in investment banking. It aims to exploit this competitive edge to offer a complete range of advanced, value-added products and to become the financial service provider of choice. This model, dubbed "Market-Driven Intermediation" includes elements of traditional investment banking such as M&A advisory services, securitization and derivative transactions. In these activities, the Bank works closely with Daiwa SBCM, which has established a strong position in these markets. It also includes innovations applied to the Bank's traditional businesses such as the provision of commitment facilities, non-recourse loans and the active promotion of syndication in Japan. Such products, which stress fee rather than interest income, are attractive to the Bank due to their high capital efficiency.

The Group's involvement with corporations does not involve only the liability side of the balance sheet. It also provides a range of services applicable to asset management, for example customized deposit accounts incorporating derivatives, asset-backed securities and other innovations, which can be tailored to the risk-tolerance, preferences and time horizons of its customers.

The Group also seeks profitable opportunities, created by the increasing globalization of business, which has led to a need not only for advanced risk management solutions, but also for the application of advanced technology in promoting operational efficiency.

Risk management services offered by the Group include the use of derivatives such as swaps, options and caps to limit interest rate and foreign exchange risk, as well as letter of credit confirmation and credit derivatives to limit country or individual company risk. The Group offers a wide range of other risk management services, which can be configured to the particular needs of each individual customer.

Services offered by the Group to promote operational efficiency include the PERFECT system, described in the previous section, as well as a multi-currency, multi-netting, global cash management system (global CMS) that allows customers to manage their multi-currency cash portfolios efficiently by cutting across national and corporate boundaries. In addition, the Group opened a department within the Tokyo Corporate Banking Division in October 1999. This Department offers wide-ranging advice concerning the application of, and strategies for, acquiring advanced IT capabilities.

Relationship management must, of course, be an integral element of any strategy which seeks to satisfy a wide range of customer needs. To this end, the Group maintains sales divisions in Tokyo and in Osaka. In order to promote institutional memory concerning customer needs, each customer in this Group is allocated one or more dedicated relationship managers. The sales divisions are also able to call on the resources of Sumitomo Bank's global network to facilitate relationship management on a worldwide scale. A global relationship management system facilitates this process.

Fiscal 1999 Financial Results:

International Banking Group

(Billions of yen)

GROSS PROFITS

53.4

year-on-year change

-1.6

EXPENSES

30.6

year-on-year change

-9.6

PROFITS AFTER EXPENSES

22.8

year-on-year change

8.0

INTERNATIONAL BANKING GROUP

Sumitomo Bank offers advanced services, including project finance, loan syndication, trade finance and new services such as forfaiting and global CMS made possible by technological advances, to customers worldwide. The International Banking Group takes responsibility for the Bank's international banking operations and maintains a network of 38 branches and representative offices located around the world.

Results in Fiscal 1999

The international activities of Japanese banks generally have been badly affected in recent years by factors such as the Asian economic crisis, the strength of the Japanese yen and the downgrading of the credit standing of Japanese Banks as a whole. The Bank has responded to these conditions by implementing a stringent regime of cost control, including rationalization of the overseas branch network and by attempting to improve the value-added of services offered, in a similar manner to its strategy in domestic markets.

During fiscal 1999, although the Asian economic crisis dissipated to the benefit of the International Banking Group, it was still difficult to expand revenues because of a move to reduce assets and a lower credit rating. However, a small 1.6 billion yen fall in revenues was offset by a 9.6 billion yen reduction in expenses, reflecting the success of a rationalization program, which has reduced the number of overseas branches and representative offices from 66 to 38 over 3 years, to yield a healthy 8.0 billion yen increase in profits after expenses to 22.8 billion yen.

The Group's Business Strategy

The Group has refocused management resources, both financial and human, on the provision of a wide range of solutions to companies operating globally and has placed particular stress on wholesale and investment banking as a part of this process. The core of this Group's business strategy is as follows:

Development of proposal-based solutions businesses with corporate customers.
Promotion of loan syndication and non-recourse financing fee income.
Promotion of new services made possible by technological advances.

The Group boasts a strong customer base embracing blue-chip customers, both Japanese and foreign. In keeping with general Bank policy, the International Banking Group is making efforts to increase the amount of fee income, for example, fees arising from the arrangement of non-recourse financing or loan syndication. In traditional commercial banking fields, the Group offers a range of IT-intensive services including custody services and advanced cash management systems (CMS).

As with all dealings with multi-national entities, relationship management is a key issue. In January 1999, the Group strengthened its capability in this regard when it established the Global Client Management Department to cater to the needs of the Japanese operations of non-Japanese global corporations.

Examples of successful projects undertaken by the Bank during fiscal 1999 include the following:

Project Finance: Osaka Universal Studios Japan (total 125 billion yen)

Sumitomo Bank scored a success with this significant project finance deal. The Bank's efforts were instrumental in helping to establish this method of financing in Japan. The deal attracted many accolades, and was named "1999 Deal of the Year" by the magazine Project Finance.

Loan Syndication: Telecom Polska (total 400 million euro)

Sumitomo Bank acted as sole arranger for this deal, the largest ever syndicated guarantee facility in favor of the European Investment Bank in Central and Eastern Europe. The deal was awarded "1999 Best Emerging Markets Loan" by Euroweek magazine.

Project Finance: N3 Highway, Johannesburg to Durban section, South Africa (total 2 billion rand, equivalent to approx. US$350 million)

Sumitomo Bank acted as international financial advisor on the largest ever project financing deal for infrastructure in South Africa's history. It was awarded "1999 African Deal of the Year" by Project Finance.

In addition to the above, the Group continued to develop innovative solutions and made a full-scale entry into the forfaiting business in order to expand the range of services it offers to corporations operating in the global markets. Under this system, the Bank will purchase letters of credit or export bills on a non-recourse basis thus relieving customers of a portion of the risk they face in dealing in international markets, while also allowing them to streamline their balance sheets.

The Group also offers the most advanced custodial services available in Japan today and has been ranked top Japanese custodian in terms of IT repeatedly by Global Custodian. The strategic allocation of human and other management resources to this area have ensured the competitive edge of the Custody Services Department. Reflecting this, in 1998, Sumitomo became the first Japanese bank to be awarded ISO 9002 accreditation in the custody area. In addition, the Department provides customers with regular and timely updates of important market news through a diversity of channels including the Bank's homepage, e-mail and other traditional means such as telefax and telephone.

A final illustration of the Bank's service to global accounts can be found in its global CMS, which is currently used by over 1,000 companies worldwide. In addition to its headline function of improving the efficiency of the global cash management operations of its customers, the service also boasts advanced information provision capabilities. One of the major roles for this and similar services is to bind the Bank more closely to its customers and facilitate the building of strong, long-term relationships with major accounts.

Fiscal 1999 Financial Results:

Treasury Group

(Billions of yen)

GROSS PROFITS

189.7

year-on-year change

-72.8

EXPENSES

13.1

year-on-year change

-2.1

PROFITS AFTER EXPENSES

176.6

year-on-year change

-70.7

TREASURY GROUP

This Group is active both in managing the assets and liabilities of the Bank and in trading operations. It has responsibility for controlling the market and liquidity risks that arise as a consequence of transactions conducted by other groups. It also takes a pro-active approach in seeking profitable proprietary trading and arbitrage opportunities. The Group maintains an active, global trading presence in foreign exchange, securities and derivatives markets.

Results in Fiscal 1999

Over recent years, the Group has greatly benefited from the low interest rate policy applying in Japan. However, the magnitude of the benefit started to diminish in fiscal 1999 and earnings fell from the record high of the previous year. Gross profit declined by 72.8 billion yen to 189.7 billion yen, while expenses contracted by 2.1 billion yen to 13.1 billion yen. The end result was a 70.7 billion yen decrease in profits after expenses to 176.6 billion yen.

The Group's Business Strategy

Asset Liability Management

During fiscal 1999, Sumitomo Bank became the first major Japanese bank to issue domestic straight bonds when it launched its "Sumigin Benchmark Notes" program in October. The Treasury Group also cooperated with the marketing groups to improve access to the foreign currency holdings of customers.

In fiscal 2000, the Group will continue to closely monitor market developments in order to conduct optimal ALM operations, while seeking to improve profitability further. In addition, the Group will also be fully prepared for renovations to settlement systems in several major countries, such as the new Real Time Gross Settlement (RTGS) system to be implemented in Japan.

Trading Operations

The Treasury Group trades actively in foreign exchange, securities and derivatives markets. Trading rooms in Tokyo, Singapore, London, Paris and New York allow it to conduct smooth execution of customer orders, together with proprietary trading and arbitrage operations. In fiscal 2000, it will take further measures to enhance service to customers. The Group has already set up a new team specializing in customer sales of currency options and related products. Another team will introduce a variety of unconventional derivative products to customers. The customer desk in Tokyo is now working on a shift basis to offer foreign exchange quotations 24 hours a day.

CAPITAL MARKETS GROUP

The Capital Markets Group is the focus of Sumitomo Bank's activities in the capital markets, providing customers with products and services through each of the Bank's operating groups. The three main components of the Bank's capital markets operations comprise investment banking, asset management and retail securities.

This Group was extensively restructured during 1999. The wholesale securities operations were merged with those of the Daiwa Securities Group Inc. to form Daiwa SBCM, a 40%-owned affiliate of the Bank. The Group also includes Daiwa SB Investments Ltd., an asset management company formed as a joint venture with the Daiwa Securities Group, the US fund manager T. Rowe Price Associates, Inc., and The Sumitomo Trust & Banking Co., Ltd. Meiko National Securities Co., Ltd. is a retail-oriented brokerage, owned 19.86% by the Bank and 23.51% by Matsushita Electric Industrial Co., Ltd., while DLJ*direct* SFG Securities Inc., in which Sumitomo Bank has an 11.25% interest and Sakura Bank a 10% interest, is a leading provider of on-line discount brokerage services.

In addition to the products offered through its affiliates, the Bank itself offers such services as syndicated loans, asset securitization and derivatives sales, commitment facilities and other capital markets-related products.

The Group's Business Strategy

The Bank's strategy in this Group encompasses the following:

To provide world-class investment banking services to the Bank's customers and others, drawing on the Bank's own resources as well as those of Daiwa SBCM.

To establish a leading-edge presence in the asset management business by addressing new business opportunities, including the advent of defined contribution pensions.

To provide retail brokerage services with an emphasis on information provision and the use of advanced IT.

Investment Banking

Investment banking forms the core of the Bank's capital markets business. This Group provides products and services to the marketing groups. By taking advantage of the opportunity to link with one of Japan's foremost securities companies, Sumitomo has been able to obtain immediate access to a large pool of high-level capital market skills. Compared with the capital markets operations of other commercial banks, which mainly consist of home-grown securities subsidiaries set up originally to address opportunities in the bond markets, the capabilities provided by Daiwa SBCM are far superior both in breadth and in depth. Access to the investment banking capabilities of this Group, therefore, represents a key competitive advantage for the Bank in providing higher value-added services to its customers.

Daiwa SBCM had an extremely successful first year, recording 73 billion yen in recurring profit. Following the final deregulation of equity brokerage commissions in October 1999, the company quickly established itself as the leader in OTC market transactions with institutional investors.

The inherent synergies of its parentage were additionally reflected in the fact that Daiwa SBCM won an 18.3% share in the market for the underwriting of domestic straight bonds during the year. This stands very well against the 3.3% market share that Sumitomo's home-grown securities subsidiary, which has been integrated with Daiwa SBCM, had managed in its best year. In addition, the success of the Structured Finance Division was confirmed when Daiwa SBCM was voted “1999 Asset-Backed Securities House of the Year” by Thomson DealWatch.

The third leg of the new business divisions of that company, the Strategic Advisory Department, which offers M&A advisory services, also saw revenues rise sharply reflecting the natural synergies with the Bank’s customer base. The strength of this Department has been further reinforced by the strategic alliance in Japan that Daiwa SBCM has formed with Lazard, a worldwide private investment bank with offices in the United States, Europe, Asia and Australia.

Separately, during fiscal 1999, Sumitomo Bank continued to develop its internal capability for highly-specialized securitization services embracing a wide variety of asset classes. The Bank arranged the first real estate securitization program to be launched under Japan’s new SPC (Special Purpose Company) Law and established a track record in this area, by collaborating with Daiwa SBCM.

Asset Management

Daiwa SB Investments Ltd. also got off to a good start. The company is well-positioned to handle diversified long-term investment portfolios. By drawing both on its own strengths in the domestic market and those of T. Rowe Price in overseas markets, the company is in reach of achieving its goal of becoming a leading asset management company for both retail and institutional investors in Japan. One area of particular interest for this company is the introduction of defined contribution - 401(K) - pensions into the Japanese market.

In another move aimed at preparing the company for the advent of the defined contribution pension business, Sumitomo Bank, in concert with a number of financial services firms, participated in the formation of Nippon Record Keeping System Co., Ltd. to develop systems for managing defined contribution pension customer accounts. The Bank also participated in a second consortium, Nippon Record Keeping Network Co., Ltd. to develop customer account management services.

Retail Securities

Currently, Japanese households maintain only around 15% of total financial assets in securities compared with figures of 56% or so in the U.S. for example. However, over the next several years, retail-level participation in the securities markets is expected to increase, making this sector attractive to the Bank and complementing its traditional consumer banking activities. In addition to exploiting the power of the branch network in the Consumer Banking Group, the Bank maintains exposure to this promising market through Meiko National Securities and DLJ*direct* SFG Securities to address opportunities in traditional and on-line securities brokerage.

FINANCIAL SECTION

75 CONSOLIDATED FIVE-YEAR FINANCIAL SUMMARY
76 CONSOLIDATED FINANCIAL REVIEW
81 NONCONSOLIDATED FINANCIAL REVIEW
88 CONSOLIDATED BALANCE SHEETS
89 CONSOLIDATED STATEMENTS OF INCOME
90 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
91 CONSOLIDATED STATEMENTS OF CASH FLOWS
94 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
113 REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
114 SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN JAPANESE GAAP AND U.S. GAAP

SUPPLEMENTAL DATA (CONSOLIDATED)

116 INCOME ANALYSIS
119 DEPOSITS
119 LOANS
120 SECURITIES
121 TRADING ASSETS AND LIABILITIES
122 MARKET VALUE INFORMATION

SUPPLEMENTAL DATA (NONCONSOLIDATED)

133 INCOME ANALYSIS
138 DEPOSITS
141 LOANS
148 SECURITIES
151 CAPITAL RATIO
152 RATIOS
155 CAPITAL
160 OTHERS

consolidated five-year financial summary

the sumitomo bank, limited and subsidiaries

Years ended March 31

	2000	1999	1998	1997	1996	**2000**
income statement data *(Millions)*						
Income						
Interest income	**¥1,528,031**	¥1,705,261	¥1,993,193	¥2,141,331	¥2,318,417	**$ 14,395**
Fees and commissions	**182,637**	212,090	152,036	121,955	112,438	**1,721**
Trading profits	**69,760**	107,402	131,608	–	–	**657**
Other operating income	**589,638**	615,925	77,904	74,946	167,472	**5,555**
Other income	**643,550**	188,119	307,760	234,619	102,770	**6,062**
Total income	**¥3,013,618**	¥2,828,799	¥2,662,503	¥2,572,853	¥2,701,099	**$ 28,390**
Expenses						
Interest expenses	**¥ 874,315**	¥1,049,017	¥1,324,009	¥1,499,751	¥1,661,996	**$ 8,237**
Fees and commissions	**36,775**	33,634	60,537	50,823	45,252	**346**
Trading losses	**22,853**	81,847	148,427	–	–	**215**
Other operating expenses	**510,433**	466,419	63,309	36,754	70,176	**4,809**
General and administrative expenses	**466,140**	523,937	443,646	432,820	417,073	**4,391**
Transfer to reserve for possible loan losses	**245,182**	654,245	839,723	96,235	126,385	**2,310**
Other expenses	**641,414**	778,729	252,178	395,020	352,260	**6,042**
Total expenses	**¥2,797,115**	¥3,587,829	¥3,131,832	¥2,511,407	¥2,673,144	**$ 26,350**
Income (loss) before income taxes and minority interests	**¥ 216,503**	¥ (759,030)	¥ (469,328)	¥ 61,446	¥ 27,954	**$ 2,040**
Net income (loss)	**¥ 61,875**	¥ (568,889)	¥ (251,296)	¥ 34,048	¥ 37,539	**$ 583**
balance sheet data *(Billions)*						
Total assets	**¥ 53,767**	¥ 54,973	¥ 64,369	¥ 60,229	¥ 56,139	**$ 506**
Total liabilities	**51,383**	52,618	62,407	58,232	54,148	**484**
Minority interests	**579**	598	290	47	48	**5**
Total shareholders' equity	**1,804**	1,757	1,671	1,949	1,942	**17**
Deposits	**35,231**	33,908	38,506	40,895	40,115	**332**
Loans and bills discounted	**32,940**	35,589	36,928	38,843	37,045	**310**
Securities	**8,968**	6,642	7,096	5,888	5,907	**84**
Reserve for possible loan losses	**950**	1,267	1,278	554	640	**9**
per share data *(Yen and U.S. Dollars)*						
Net income (loss)	**¥ 18.61**	¥ (181.48)	¥ (80.00)	¥ 10.84	¥ 11.95	**$ 0.18**
Net income-diluted	**18.17**	–	–	10.77	11.95	**0.17**
Shareholders' equity	**415.77**	400.71	532.18	620.71	618.36	**3.92**
Declared dividend on common stocks	**6.00**	6.00	8.50	8.50	8.50	**0.06**
Declared dividend on preferred stocks (first series type1)	**10.50**	0.03	–	–	–	**0.10**
Declared dividend on preferred stocks (second series type1)	**28.50**	0.08	–	–	–	**0.27**

All dollar figures herein refer to U.S. currency. Dollar amounts are translated from Japanese yen, for convenience only, at ¥106.15= US $1, the exchange rate prevailing at March 31, 2000.

consolidated financial review

The consolidated operating results include the Sumitomo Bank, Limited (the Bank), 75 consolidated subsidiaries and 38 affiliates, to which the equity method is applied, of the Sumitomo Bank Group. Significant subsidiaries include The Sumitomo Credit Service Company, Limited, SB Leasing Company, Limited, Sumigin General Finance Company Limited, Sumigin Guarantee Company, Limited, SB Investment Co., Ltd., The Bank of Kansai, Ltd., and Sumitomo Bank Capital Markets, Inc. The affiliates accounted for under the equity method include Daiwa Securities SB Capital Markets Co., Ltd., QUOQ Inc., and The Japan Research Institute, Limited.

statement of income analysis

Net interest income for fiscal year 1999 amounted to ¥653.7 billion ($6,158.4 million), a decline of 0.4% from the previous year. Net fees and commissions decreased by 18.3%, to ¥145.8 billion ($1,374.1 million). The decrease was mainly attributable to the decline of net fees and commissions earned by Banca del Gottardo, which the Bank sold in fiscal year 1998.

Net trading profits increased by ¥21.3 billion, to ¥46.9 billion ($441.9 million), principally due to the increase of profits on trading securities.

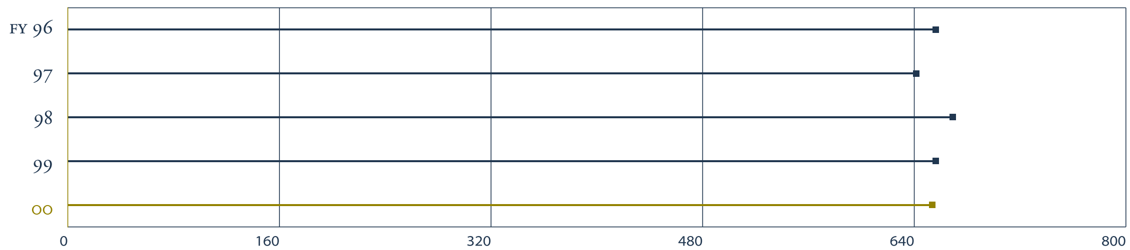
Net other operating income decreased to ¥79.2 billion ($746.1 million), due to losses on sales of bonds at the Bank.

income summary

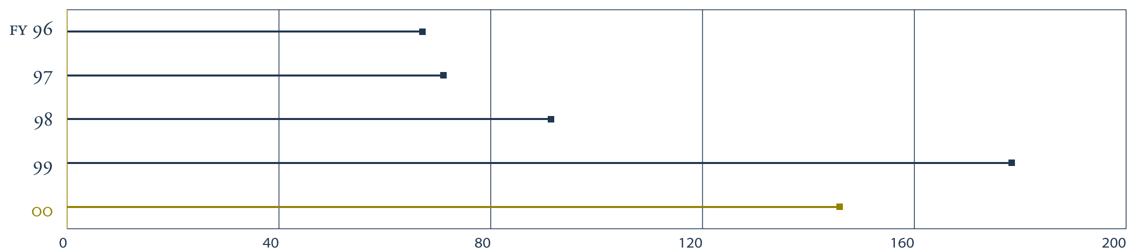
Years ended March 31

	Millions of Yen		
	2000	1999	1998
Interest income	**¥ 1,528,031**	¥ 1,705,261	¥ 1,993, 193
Interest expenses	**874,315**	1,049,017	1,324,009
Net interest income	**¥ 653,715**	¥ 656,243	¥ 669,184
Fees and commissions (income)	**¥ 182,637**	¥ 212,090	¥ 152,036
Fees and commissions (expenses)	**36,775**	33,634	60,537
Net fees and commissions	**¥ 145,861**	¥ 178,456	¥ 91,499
Trading profits	**¥ 69,760**	¥ 107,402	¥ 131,608
Trading losses	**22,853**	81,847	148,427
Net trading income (loss)	**¥ 46,907**	¥ 25,555	¥ (16,819)
Other operating income	**¥ 589,638**	¥ 615,925	¥ 77,904
Other operating expenses	**510,433**	466,419	63,309
Net other operating income	**¥ 79,204**	¥ 149,506	¥ 14,594
Other income	**¥ 643,550**	¥ 188,119	¥ 307,760
Other expenses	**641,414**	778,729	252,178
General and administrative expenses	**466,140**	523,937	443,646
Transfer to reserve for possible loan losses	**245,182**	654,245	839,723
Income (loss) before income taxes and minority interests	**¥ 216,503**	¥ (759,030)	¥ (469,328)
Net income (loss)	**¥ 61,875**	¥ (568,889)	¥ (251,296)
Net income (loss) per share (Yen)	**¥ 18.61**	¥ (181.48)	¥ (80.00)

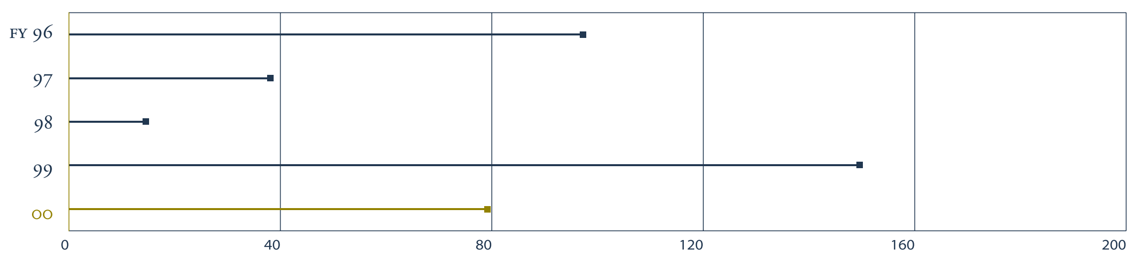
NET INTEREST INCOME
(Billions of yen)



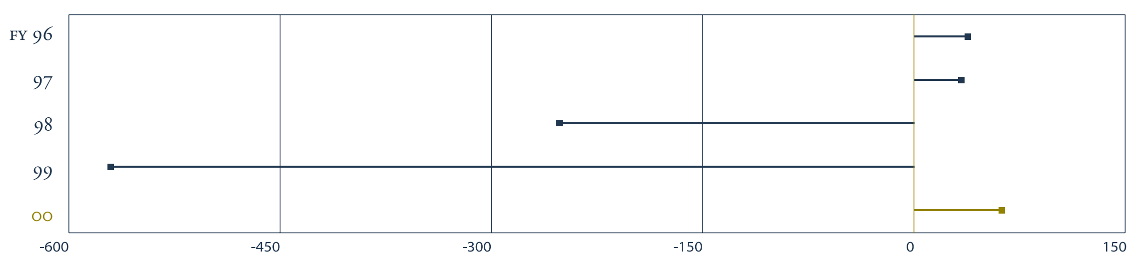
NET FEES AND COMMISSIONS
(Billions of yen)



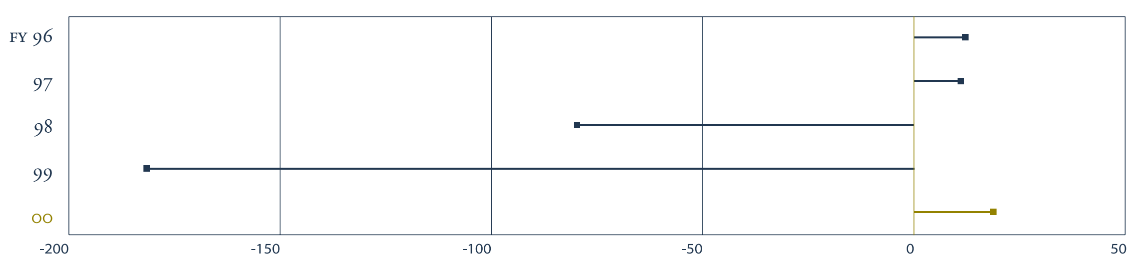
NET OTHER OPERATING INCOME
(Billions of yen)



NET INCOME (LOSS)
(Billions of yen)



NET INCOME (LOSS) PER COMMON SHARE
(Yen)



General and administrative expenses fell by 11.0%, to ¥466.1 billion ($4,391.3 million). Continuance of the Bank's restructuring and the sale of Banca del Gottardo resulted in a decrease of general and administrative expenses in the consolidated statements of income.

Transfer to reserve for possible loan losses declined by 62.5%, to ¥245.1 billion ($2,309.7 million). This drastic decrease was due to the decrease of total credit cost of the Bank.

Other income totaled ¥643.5 billion ($6,062.6 million), a drastic increase of ¥455.4 billion, or 242.1%, over a year earlier, chiefly reflecting an increase in gains on sales of corporate stocks. Other expenses totaled ¥641.4 billion ($6,042.5 million), a decrease of ¥137.3 billion, or 17.6%, over a year earlier. This was caused by a decrease in loss on sale of loans to the Cooperative Credit Purchasing Co., Ltd. and loss on delinquent loans sold.

income summary

Income before income taxes and minority interests amounted to ¥216.5 billion ($2,039.5 million), yielding a net income of ¥61.8 billion ($582.9 million) after two consecutive years of net losses. Net income per share was ¥18.61 ($0.18).

balance-sheet analysis

Total Assets

As of March 31, 2000, the balance of total assets was ¥53,767.5 billion ($506.5 billion). Compared to the previous year-end, the balance decreased by ¥1,206.3 billion, or 2.2%. This decrease was caused primarily by the appreciation of the yen against the U.S. dollar and other major foreign currencies and the change in presentation of reserve for possible loan losses from an account of liabilities to a contra account of assets. Nonconsolidated assets amounted to ¥51,089.3 billion ($481.2 billion) and accounted for 95.0% of the consolidated total assets.

Loans and Bills Discounted

The balance of loans and bills discounted totaled ¥32,940.8 billion ($310.3 billion) at the end of the fiscal year. Compared to the previous fiscal year-end, the balance decreased by ¥2,648.8 billion, or 7.4%. This was principally attributable to an increase in write-off of loans and a decrease in overseas offices.

The Japanese Banking Law requires disclosure of problem loans (Risk-monitored Loans), which are classified as follows:

a) Loans to borrowers under legal bankruptcy procedures,

b) Nonaccrual loans, including loans to virtually bankrupt and potentially bankrupt borrowers,

c) Loans past-due for more than three months, excluding a) and b) above, and

d) Restructured loans (loans for financial assistance and loans for which the Bank and subsidiaries have adjusted the terms in favor of borrowers), excluding a), b) and c) above.

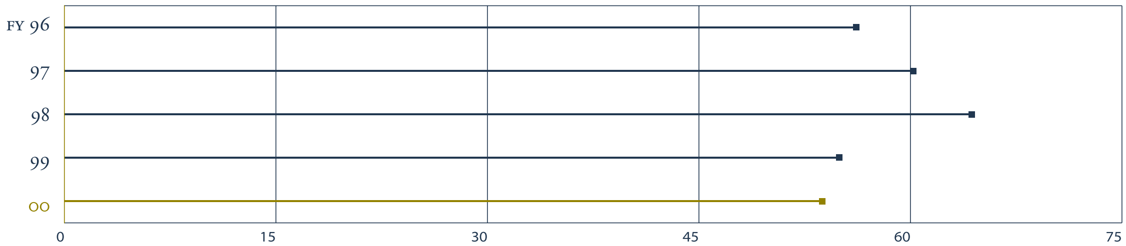
The total of the above loans was ¥2,203.3 billion, and 6.7% of the total loans and bills discounted at the fiscal year-end.

total balance

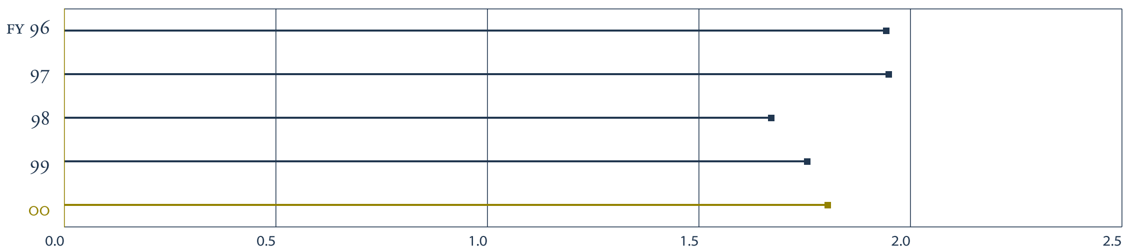
As of March 31

	Billions of Yen		
	2000	1999	1998
Total assets	**¥ 53,767**	¥ 54,973	¥ 64,369
Total liabilities	**51,383**	52,618	62,407
Minority interests	**579**	598	290
Total shareholders' equity	**1,804**	1,757	1,671
Exchange rate at March 31 (Yen per U.S. Dollar)	**¥ 106.15**	¥ 120.55	¥ 132.10

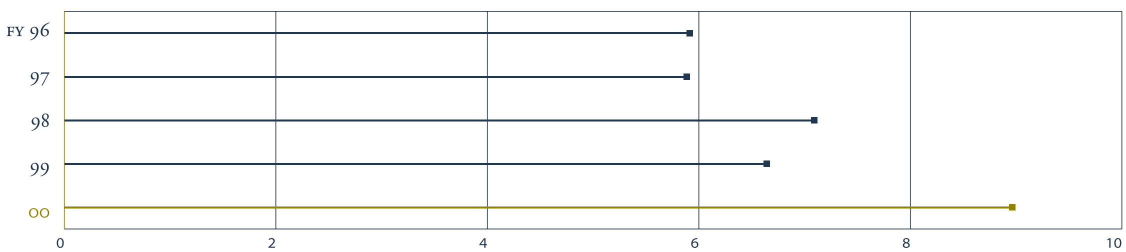
TOTAL ASSETS
(*Trillions of yen*)



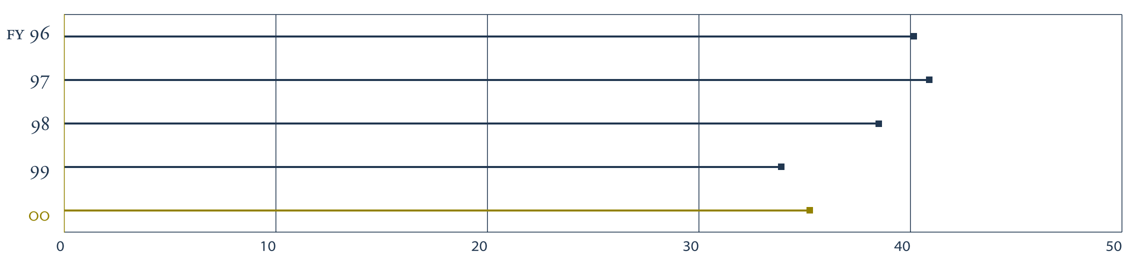
TOTAL SHAREHOLDER'S EQUITY
(*Trillions of yen*)



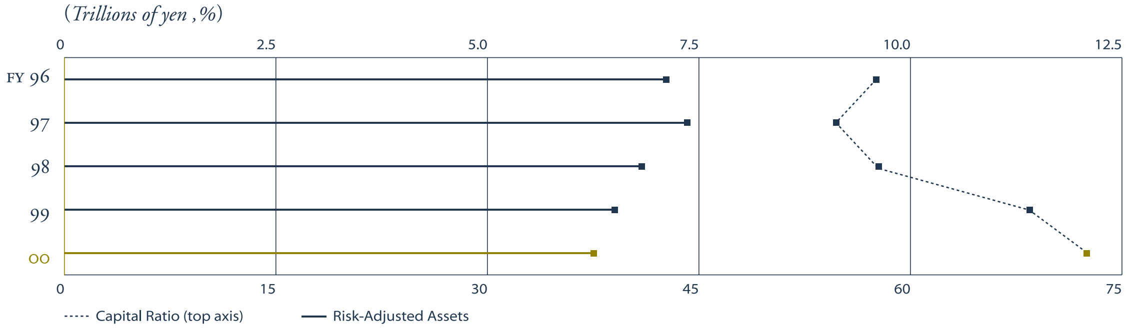
SECURITIES
(*Trillions of yen*)



DEPOSITS
(*Trillions of yen*)



RISK-ADJUSTED ASSETS CAPITAL RATIO
(*Trillions of yen ,%*)



Securities

At the end of fiscal year 1999, securities amounted to ¥8,968.8 billion ($84.5 billion), an increase of ¥2,325.9 billion, or 35.0%, from the previous year. This is primarily due to the increase of government securities, such as treasury bills and financing bills.

Deposits

Deposits stood at ¥35,231.3 billion ($331.9 billion) as of March 31, 2000, an increase of ¥1,322.5 billion, or 3.9%, from the previous year.

total shareholders' equity

As of March 31, 2000, total shareholders' equity was ¥1,804.3 billion ($17.0 billion), up ¥47.2 billion, or 2.7%, from the preceding year-end.

Capital Adequacy

The Bank's risk-based capital adequacy ratio, calculated in accordance with the BIS guidelines, was 11.60% at March 31, 2000, an increase of 0.65% from the prior year.

Capital increased by ¥66.0 billion, or 1.5%, to ¥4,348.3 billion. Of this, Tier I capital, including equity and minority interests, rose by ¥23.6 billion, or 1.1%, to ¥2,203.9 billion.

Tier II capital, which includes subordinated debt and other forms of capital, grew ¥42.4 billion, or 2.0%, to ¥2,144.4 billion.

Total risk assets fell by ¥1,607.1 billion, or 4.1%, to ¥37,476.7 billion. The decrease was due to the translation effect of the strong yen diminishing the value of foreign-currency-denominated risk assets in yen terms and reducing our portfolios of overseas assets.

capital ratio (consolidated)

As of March 31

		Billions of Yen		
		2000	1999	1998
Tier I capital:	Common shareholders' equity	¥ **1,625.0**	¥ 1,582.4	¥ 1,658.2
	Minority interests*	**578.8**	597.8	290.3
	Subtotal (A)	¥ **2,203.9**	¥ 2,180.2	¥ 1,948.6
Tier II capital:	45% of unrealized gains on land	¥ **126.1**	¥ 128.5	¥ 168.5
	General reserve for possible loan losses	**365.4**	348.0	176.8
	Qualifying subordinated debt	**1,652.8**	1,625.3	1,495.8
	Subtotal (B)	¥ **2,144.4**	¥ 2,102.0	¥ 1,841.2
Deductions	Holdings of domestic banking subsidiaries' capital instruments(C)	¥ **–**	¥ –	¥ 10.0
Total capital:	(A) + (B) - (C) = (D)	¥ **4,348.3**	¥ 4,282.2	¥ 3,779.9
Risk-adjusted assets:	On-balance-sheet	¥ **34,744.7**	¥ 35,546.5	¥ 36,066.3
	Off-balance-sheet	**2,510.8**	3,180.2	4,347.7
	Asset equivalent of market risk	**221.1**	357.0	518.5
	Subtotal (E)	¥ **37,476.7**	¥ 39,083.8	¥ 40,932.6
	capital ratio (BIS guidelines) = (d) / (e) x 100	**11.60%**	10.95%	9.23%

* The Bank issued preferred securities through its subsidiaries, which constituted minority interest in Tier I (see Note 18).

nonconsolidated financial review

In fiscal 1999 core banking profit (excluding transfer to general reserve for possible loan losses) declined by ¥7.1 billion relative to the previous year's result, to ¥389.4 billion ($3,668.4 million). The main reason for the lower figure was a ¥53.4 billion decrease in profit on government bonds and other bonds due to the effects of the price environment. Without this factor, core banking profit (excluding transfer to general reserve for possible loan losses) would have increased by ¥46.3 billion to ¥393.4 billion. This figure is based on the fact that gross banking profit (excluding gains and losses on government bonds and other bonds) rose by ¥25.6 billion over the previous year's result, to ¥726.5 billion, while expenses (excluding other operating loss) decreased by ¥24.0 billion. On the domestic banking side, the increase in gross banking profit is attributable to higher net interest income, as well as to higher commission income resulting from the aggressive development of new fee business, including over-the-counter sales of investment trusts. Earnings from international operations also rose. The expense reductions reflect progress under a restructuring plan designed to improve the cost structure. Both personnel expenses and general expenses were reduced.

Operating profit which consists of core banking profit (excluding transfer to general reserve for possible loan losses) plus other operating loss (including credit cost and gains on stocks) amounted to ¥176.5 billion ($1,662.7 million). This result reflects the accelerated disposal of bad loans in line with the Bank's commitment to achieving a final settlement of the problem in

major management indices for the past five fiscal years

Years ended March 31	Billions of Yen				
	2000	1999	1998	1997	1996
Operating income	¥ **2,182.3**	¥ 1,923.7	¥ 2,331.5	¥ 2,359.3	¥ 2,542.4
Core banking profit	**350.6**	220.2	308.0	338.2	414.3
Core banking profit (excluding transfer to general reserve)	**389.4**	396.5	337.5	342.2	420.2
Operating profit (loss)	**176.5**	(741.0)	(617.3)	51.5	39.6
Net income (loss)	**48.8**	(374.1)	(621.6)	35.3	42.1
Preferred stocks	**250.5**	250.5	–	–	–
Common stocks	**502.3**	502.3	502.3	502.3	502.3
Total number of preferred stocks issued *(Million Shares)*	**167**	167	–	–	–
Total number of common stocks issued *(Million Shares)*	**3,141**	3,141	3,141	3,141	3,141
Total shareholders' equity	**1,880.6**	1,846.4	1,138.0	1,786.4	1,777.7
Total assets	**51,089.3**	51,531.2	58,076.7	57,149.2	54,179.7
Deposits	**34,229.8**	33,001.3	37,390.0	39,833.8	39,082.0
Loans and bills discounted	**31,358.5**	33,716.8	35,930.3	36,600.1	35,499.6
Securities	**8,982.2**	6,679.8	7,256.9	6,004.3	6,115.4
per share data *(Yen)*					
Shareholders' equity	¥ **439.23**	¥ 428.35	¥ 362.30	¥ 568.73	¥ 565.98
Declared dividend on common stocks	**6.00**	6.00	8.50	8.50	8.50
(Interim dividend)	**3.00**	3.00	4.25	4.25	4.25
Net income (loss)	**14.41**	(119.11)	(197.93)	11.24	13.41
Net income-diluted	**14.12**	–	–	11.17	–
Payout ratio (percent)	**41.63**	–	–	75.59	63.37
Number of employees	**14,394**	14,995	15,111	15,563	16,455

preparation for integration with Sakura Bank. Operating profit was also affected by the posting of a ¥680.7 billion ($6,412.6 million) loss resulting from the preventive provision of a reserve covering the entire cost of bad loan disposal (including transfer to general reserve, hereinafter referred to as “total credit cost”). There was also a ¥486.7 billion ($4,585.0 million) profit on sale of stocks.

Net income, which is calculated by deducting extraordinary profit and loss items and taxes, including corporate income taxes, from operating profit, amounted to ¥48.8 billion ($459.7 million). The fact that net income is ¥127.7 billion lower than operating profit is explained in part by the fact that the Bank contributed an addition ¥21.5 billion to strengthen the financial base of the pension fund, as in the previous year. The other major reason for the reduction was the posting of ¥93.1 billion (including a ¥34.3 billion cost resulting from the Tokyo Metropolitan Government’s introduction of an enterprise tax system based on external standards for the banking industry) in expenses relating to adjustments of corporate income taxes, etc., due to the introduction of deferred tax accounting method. Without this factor, net income would have amounted to ¥83.1 billion, which is above the ¥75.0 billion target set down in the financial reconstruction plan adopted when public funds were introduced.

statement of income analysis

Core Banking Profit

Core banking profit, which is calculated by deducting transfer to general reserve for possible loan losses and expenses, etc., from gross banking profit increased by ¥130.4 billion to ¥350.6 billion in fiscal 1999. The main reason for the growth was a ¥137.5 billion reduction in transfer to general reserve for possible loan losses. Core banking profit (excluding transfer to general reserve for possible loan losses) was ¥7.1 billion lower than in the previous year, at ¥389.4 billion. This was primarily attributable to the effect of the price environment on the profit and loss from government and other bonds. Net other operating income decreased by ¥30.2 billion to ¥15.3 billion ($144.1 million).

Breakdown of Gross Banking Profit

Net interest income amounted to ¥604.7 billion ($5,696.7 million), a decline of ¥2.3 billion from the previous year’s level. Net interest income relating to domestic operations increased by ¥2.7 billion, mainly because of an improvement in interest spreads due to a reduction in the interest expenses. Positive factors affecting the contribution from international operations included the elimination of the Japan premium and improvements in interest spreads and returns from fund dealing. However, the

core banking profit

Years ended March 31	Billions of Yen **2000**	Increase/ Decrease	1999	1998	1997	1996
Gross banking profit						
Net interest income	**¥ 604.7**	¥ (2.3)	¥ 607.0	¥ 589.7	¥ 598.4	¥ 628.0
Net fees and commissions(income)	**69.2**	8.1	61.1	68.8	65.8	56.1
Net trading profit	**33.2**	(3.4)	36.6	15.0	–	–
Net other operating income	**15.3**	(30.2)	45.5	37.7	47.2	89.1
Total	**¥ 722.5**	¥ (27.8)	¥ 750.3	¥ 711.3	¥ 711.5	¥ 773.3
Provision for general reserve for possible loan losses	**(38.8)**	137.5	(176.3)	(29.5)	(4.0)	(5.9)
Bond issue costs	**(3.3)**	(3.3)	–	–	–	–
Expenses (excluding other operating loss)	**(329.8)**	24.0	(353.8)	(373.7)	(369.3)	(353. 1)
Core banking profit	**¥ 350.6**	¥ 130.4	¥ 220.2	¥ 308.0	¥ 338.2	¥ 414.3
Core banking profit (excluding transfer to general reserve)	**¥ 389.4**	¥ (7.1)	¥ 396.5	¥ 337.5	¥ 342.2	¥ 420.2

overseas contribution declined by ¥5.1 billion to ¥89.4 billion because of a number of factors that included reduced dividends from overseas subsidiaries.

Net fees and commissions rose by ¥8.1 billion to ¥69.2 billion ($651.9 million). The contribution from domestic operations was ¥9.7 billion higher at ¥48.1 billion ($453.1 million). The increase reflects the development of new fee businesses, such as over-the-counter sales of investment trusts. However, the figure for international operations showed a ¥1.6 billion decline to ¥21.1 billion ($198.8 million), mainly because of a reduction in loan-related commissions due to the reduction in assets.

Net trading profit declined by ¥3.4 billion to ¥33.2 billion ($312.8 million).

Other operating income amounted to ¥15.3 billion ($144.1 million), a reduction of ¥30.2 billion from the previous year's level. A breakdown of this total shows that the contribution from domestic operations declined by ¥52.3 billion to produce a loss of ¥2.3 billion ($21.7 million). This reflects the reduced effect of the price environment on profit and loss on government bonds and other bonds. The contribution from international operations was ¥22.2 billion higher at ¥17.7 billion ($166.7 million). This was primarily attributable to an improvement in profit on foreign exchange trading, due in part to profit on hedging used to protect income from foreign currency investments against the risk of exchange rate fluctuations.

net interest income

	Billions of Yen						Percent		
	Average Balance			Interest			Earnings Yield		
Years ended March 31	**2000**	Increase/ Decrease	1999	**2000**	Increase/ Decrease	1999	**2000**	Increase/ Decrease	1999
domestic operations	¥ /	¥ /	¥ /	¥ **515.2**	¥ 2.7	¥ 512.5	**1.45%**	(0.02)%	1.47%
Interest income	**35,397.4**	643.6	34,753.8	**757.2**	(116.9)	874.1	**2.13**	(0.38)	2.51
Loans	**28,019.7**	(830.4)	28,850.1	**537.9**	(56.0)	593.9	**1.91**	(0.14)	2.05
Dividends on securities	**7,199.3**	1,411.0	5,788.3	**89.3**	(19.8)	109.1	**1.24**	(0.64)	1.88
Due from banks and others	**3.7**	(3.9)	7.6	**0.0**	(0.0)	0.0	**1.05**	0.24	0.81
Interest expenses	**32,504.9**	1,160.2	31,344.7	**242.0**	(119.6)	361.6	**0.74**	(0.41)	1.15
Deposits	**21,958.3**	1,604.1	20,354.2	**44.1**	(31.0)	75.1	**0.20**	(0.16)	0.36
Certificate of deposits	**5,651.2**	(129.7)	5,780.9	**8.7**	(24.6)	33.3	**0.15**	(0.42)	0.57
Borrowed money	**4,318.5**	(597.4)	4,915.9	**27.9**	(16.6)	44.5	**0.64**	(0.26)	0.90
Bonds	**242.3**	126.0	116.3	**5.0**	3.2	1.8	**2.07**	0.51	1.56
international operations	¥ /	¥ /	¥ /	¥ **89.4**	¥ (5.1)	¥ 94.5	**1.02%**	0.20%	0.82%
Interest income	**8,713.1**	(2,722.3)	11,435.4	**659.3**	(113.2)	772.5	**7.56**	0.81	6.75
Loans	**4,965.2**	(2,393.2)	7,358.4	**223.2**	(142.0)	365.2	**4.49**	(0.47)	4.96
Dividends on securities	**1,167.2**	(234.1)	1,401.3	**53.3**	(12.7)	66.0	**4.57**	(0.14)	4.71
Due from banks and others	**2,016.6**	289.6	1,727.0	**89.4**	0.8	88.6	**4.43**	(0.70)	5.13
Interest expenses	**8,687.3**	(2,859.2)	11,546.5	**569.8**	(108.2)	678.0	**6.56**	0.69	5.87
Deposits	**6,536.6**	(2,967.9)	9,504.5	**220.2**	(150.4)	370.6	**3.36**	(0.53)	3.89
Certificate of deposits	**173.7**	(272.5)	446.2	**8.9**	(18.2)	27.1	**5.15**	(0.92)	6.07
Borrowed money	**1,820.1**	353.4	1,466.7	**81.7**	4.4	77.3	**4.49**	(0.78)	5.27
Bonds	**–**	–	–	**–**	–	–	**–**	–	–
total	¥ /	¥ /	¥ /	¥ **604.7**	¥ (2.3)	¥ 607.0	**1.37%**	0.06 %	1.31%

Notes: 1. Due from banks, others include call loans.
2. Borrowings and rediscounts include call money and bills bought.
3. Interest expenses are shown after deduction of expenses for money held in trust.
4. Bond interest includes amortization of discounts of bonds.

General and Administrative Expenses

General and administrative expenses (excluding other operating loss) declined by ¥24.0 billion to ¥329.8 billion ($3,106.9 million). Personnel expenses were reduced by ¥11.0 billion to ¥142.0 billion ($1,337.7 million), thanks to the curbing of employee numbers, lower bonuses and other factors. Wide-ranging efforts to minimize general expenses resulted in a ¥10.1 billion reduction, to ¥170.2 billion ($1,603.4 million).

Operating Profit

After two consecutive years of negative results, operating profit moved into the black, emerging at ¥176.5 billion ($1,662.7 million). Operating profit is computed by deducting ¥38.8 billion ($365.5 million) in transfer to general reserve for possible loan losses and ¥174.1 billion ($1,640.1 million) in other operating loss from core banking profit (excluding transfer to general reserve for possible loan losses), which amounted to ¥389.4 billion ($3,668.4 million).

Other Operating Profit/Loss

Other operating profit and loss items induced to a loss of ¥174.1 billion ($1,640.1 million). One reason for this result is the disposal of bad loans totaling ¥641.9 billion. (Total credit cost amounted to ¥680.7 billion ($6,412.6 million) with the inclusion of transfer to general reserve for possible loan losses.) On the positive side, there was a ¥486.7 billion ($4,585.0 million) gains on sales of stocks.

The large amount of credit cost resulted in part from asset deterioration resulting from a further worsening of the financial environment because of factors that included an increase in the number of bankrupt borrowers, economic stagnation, and falling land prices. In addition, the Bank moved to accelerate the disposal of bad loans ahead of its integration with Sakura Bank. Loans to borrowers likely to cause losses in the future were disposed of in an effort to minimize post-integration losses.

Total credit cost consists of ¥645.0 billion ($6,076.3 million) in credit cost for specific problem loans, including provision for specific reserve and write-off of loans , ¥3.1 billion ($29.2 million) in loan loss reserve for specific overseas countries, which is provided to cover country risk, and ¥38.8 billion ($365.5 million) in transfer to general reserve for possible loan losses. Credit cost for specific loans consisted of ¥253.0 billion ($2,383.4 million) in transfer to specific problem reserve, ¥347.4 billion ($3,272.7 million) in write-off of loans, ¥17.3 billion ($163.0 million) in transfer to reserve for loss on loans sold, a ¥19.6 billion ($184.6 million) losses on problem loans sold, and a ¥7.7 billion ($72.5 million) losses on sale of loans to the Cooperative Credit Purchase Corporation.

Stock-related gains and losses items added up to gains of ¥486.7 billion ($4,585.0 million). This result reflects the recovery of the stock market. The figure breaks down into ¥551.2 billion ($5,192.7 million) in gains on sale, ¥35.1 billion ($330.7 million) in losses on sale, and ¥29.4 billion ($277.0 million) in devaluation.

net fees and commissions

	Billions of Yen		
	2000		1999
Years ended March 31		Increase/Decrease	
domestic operations	¥ **48.1**	¥ 9.7	¥ 38.4
Income	**75.8**	9.3	66.5
Remittance and transfers	**35.3**	2.1	33.2
Securities related business	**6.1**	(0.8)	6.9
Expenses	**27.7**	(0.4)	28.1
Remittance and transfers	**7.6**	0.6	7.0
international operations	¥ **21.1**	¥ (1.6)	¥ 22.7
Income	**30.7**	(7.0)	37.7
Remittance and transfers	**11.4**	(0.4)	11.8
Securities related business	**15.0**	(3.6)	18.6
Expenses	**9.6**	(5.4)	15.0
Remittance and transfers	**4.1**	(3.1)	7.2
total	¥ **69.2**	¥ 8.1	¥ 61.1

Extraordinary Profit/Loss

Extraordinary profit/loss was a loss of ¥28.0 billion ($263.8 million). This consists in part of a ¥21.5 billion ($202.5 million) additional contribution to pension plans to cover a shortfall resulting from a reduction in the projected yield (discount rate) on the fund compared with the previous year, and to strengthen the financial base of the pension fund. There was also a ¥6.9 billion ($65.0 million) losses on disposition of premises and equipment due to the sale of branches, company housing and other properties, and the demolition of branches as part of the restructuring process.

Net Income/Loss

Corporate income taxes, resident taxes and enterprise taxes amounted to ¥6.6 billion ($62.2 million). This consists mainly of overseas withholding taxes and foreign corporate income taxes, etc., paid in other countries. The introduction of the deferred tax accounting method resulted in the posting of ¥93.1 billion (including ¥34.3 billion cost resulting from the Tokyo Metropolitan Government's introduction of an enterprise tax system based on external standards for the banking industry) in adjustment costs relating to corporate income taxes, etc. As a result, net income amounted to ¥48.8 billion ($459.7 million).Without the enterprise tax, net income would have amounted to ¥83.1 billion.

net trading profit

Years ended March 31	Billions of Yen 2000	Increase/Decrease	1999
domestic operations	¥ **4.1**	¥ (1.1)	¥ 5.2
Trading securities	**2.7**	3.2	(0.5)
Other income	**1.3**	(4.4)	5.7
international operations	¥ **29.1**	¥ (2.2)	¥ 31.3
Securities	**(0.9)**	(1.7)	0.8
Trading related financial derivatives	**30.0**	(0.5)	30.5
total	¥ **33.2**	¥ (3.4)	¥ 36.6

other operating income

Years ended March 31	Billions of Yen 2000	Increase/Decrease	1999
domestic operations	¥ **(2.3)**	¥ (52.3)	¥ 50.0
Gains on sale of bonds	**(2.9)**	(52.2)	49.3
international operations	¥ **17.7**	¥ 22.2	¥ (4.5)
Gains on foreign exchange transactions	**18.9**	21.3	(2.4)
Gains on sale of bonds	**(1.1)**	(1.1)	0.0
total	¥ **15.3**	¥ (30.2)	¥ 45.5

general and administrative expenses (excluding other operating loss)

Years ended March 31	Billions of Yen 2000	Increase/Decrease	1999
personnel expenses	¥ **142.0**	¥ (11.0)	¥ 153.0
Salary and allowance	**117.3**	(9.9)	127.2
general expenses	¥ **170.2**	¥ (10.1)	¥ 180.3
Rent and lease expenses	**38.3**	(2.2)	40.5
Depreciation	**15.8**	(0.9)	16.7
taxes, other than income taxes	¥ **17.6**	¥ (2.9)	¥ 20.5
total	¥ **329.8**	¥ (24.0)	¥ 353.8

core banking profit, net income (loss) and unappropriated retained earnings

Years ended March 31	Billions of Yen 2000	Increase/Decrease	1999
core banking profit (excluding transfer to general reserve)	¥ **389.4**	¥ (7.1)	¥ 396.5
provision for general reserve for possible loan losses	**(38.8)**	137.5	(176.3)
other operating profit (loss)	**(174.1)**	787.1	(961.2)
Credit cost for specific problem loans	**(645.0)**	236.4	(881.4)
Provision for specific reserve	**(253.0)**	118.8	(371.8)
Write-off of loans	**(347.4)**	(42.4)	(305.0)
Provision for reserve for loss on loans sold	**(17.3)**	61.9	(79.2)
Losses on problem loans sold	**(19.6)**	45.5	(65.1)
Losses on sale of loans to the Cooperative Credit Purchasing Co., Ltd.	**(7.7)**	52.6	(60.3)
Provision for loan loss reserve for specific overseas countries	**3.1**	17.8	(14.7)
total credit cost (note)	**(680.7)**	(391.7)	(1,072.4)
Gains (losses) on sale of stocks	**486.7**	524.3	(37.6)
Gains on sale	**551.2**	541.6	9.6
Losses on sale	**(35.1)**	(8.3)	(26.8)
Losses on devaluation	**(29.4)**	(9.0)	(20.4)
operating profit (loss)	**176.5**	917.5	(741.0)
extraordinary profit (loss)	**(28.0)**	(135.6)	107.6
Gains (losses) on disposition of premises and equipment	**(6.9)**	(68.1)	61 .2
Gains from sale of subsidiaries and losses from disposition of subsidiaries	**–**	(67.3)	67.3
Additional contribution to pension plans	**(21.5)**	1.2	(22.7)
income (loss) before income taxes	¥ **148.5**	¥ 781.9	¥ (633.4)
Income taxes			
Current	**(6.6)**	14.2	(20.8)
Deferred	**(93.1)**	(373.2)	280.1
net income (loss)	¥ **48.8**	¥ 422.9	¥ (374.1)
Unappropriated retained earnings brought forward	**29.9**	13.1	16.8
Transfer from revaluation reserve for land	**3.1**	3.1	–
Cumulative effect of initial application of deferred income tax accounting	**–**	(439.8)	439.8
Transfer from reserve for losses on overseas investments	**–**	(0.0)	0.0
Declared interim dividends	**(11.2)**	(1.8)	(9.4)
Transfer to legal reserve	**(2.2)**	(0.4)	(1.8)
unappropriated retained earnings	¥ **68.4**	¥ (2.8)	¥ 71.2

Note: Total credit cost = Provision for general reserve for possible loan losses + Credit cost for specific problem loans + Provision for loan loss reserve for specific overseas countries.

assets and liabilities

Total Assets

Total assets declined by ¥441.9 billion when compared with the previous year's level, to ¥51,089.3 billion ($481,293.5 million). The decline reflects the reduced yen value of foreign currency assets due to the 12% appreciation of the yen, which rose by approximately ¥14 against the dollar (from ¥120.55 to ¥106.15). This factor produced an approximately ¥1 trillion impact. In addition, the balance sheet format stipulated in the Banking Law Enforcement Regulations was amended to require the deduction of all assets covered by reserve for possible loan losses at the end of the asset section. This factor reduced assets by ¥909.0 billion. Without the interplay of these factors, total assets would have increased.

Loans and Bills Discounted

Loans declined by ¥2,358.4 billion to ¥31,358.5 billion ($295,417.4 million). In addition to approximately ¥340 billion in direct reductions of credit cost for specific problem loans and loans, yen appreciation reduced the yen value of loans by approximately ¥480 billion. Another factor was major companies' efforts to reduce interest-bearing liabilities in Japan and overseas. The balance of loans to small and medium-sized enterprises increased, reflecting the Bank's positive response to the financing needs of sound companies in this category.

Deposits and Certificates of Deposit

Deposits increased by ¥164.6 billion over the previous year's level, to ¥27,388.2 billion. Domestic deposits were ¥641.1 billion higher, mainly because of a ¥485.5 billion rise in individual deposits. However, foreign deposits shrank by ¥476.5 billion due to a decline in their yen value because of yen strength.

Certificates of deposit rose by ¥1,064.0 billion to ¥6,841.6 billion. This reflects a ¥152.1 billion decline in foreign deposits, and a ¥1,216.1 billion increase in domestic deposits.

shareholders' equity

The capital account (net assets) increased by ¥34.1 billion to ¥1,880.6 billion ($17,716.8 million). The total number of shares issued at the end of the financial year was 3,141 million common stocks, and 167 million preferred stocks. If preferred stocks are excluded, net assets per share amount to ¥439.23, an increase of ¥10.88.

dividend policy

Financial institutions now operate in a competitive environment of unprecedented ferocity. This reflects changes in the financial services sector, including mergers and integration among major financial institutions, an upsurge of business partnerships spanning traditional business sector boundaries, the emergence of on-line securities trading and the stated intention of non-banking companies to move into banking. The Bank's policy in this environment calls for a profit distribution stance that conforms with international standards and gives priority to shareholder interests. In fiscal 1998, the dividend per common stock was reduced from ¥8.5 to ¥6.0. The dividend for the current year has also been set at ¥6.0 after a comprehensive analysis taking into account such factors as performance trends and the level of internal reserves.

The dividend on preferred stocks was paid in accordance with the amount determined at the time of issue.

consolidated balance sheets

the sumitomo bank, limited and subsidiaries

As of March 31, 2000 and 1999

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2000	1999	**2000**
assets:			
Cash and due from banks (Note 9)	**¥ 1,323,157**	¥ 846,201	**$ 12,465**
Deposits with banks (Note 9)	**2,642,560**	866,144	**24,895**
Call loans	**252,075**	521,777	**2,375**
Commercial paper and other debt purchased (Note 9)	**178,331**	146,649	**1,680**
Trading assets (Note 3)	**1,745,425**	2,677,442	**16,443**
Money held in trust	**109,039**	85,942	**1,027**
Securities (Note 4, 9)	**8,968,853**	6,642,890	**84,492**
Loans and bills discounted (Note 5, 9)	**32,940,880**	35,589,779	**310,324**
Foreign exchanges	**362,889**	404,760	**3,419**
Other assets (Note 6, 9)	**2,425,278**	2,919,089	**22,848**
Premises and equipment (Note 7, 9)	**680,334**	686,079	**6,409**
Lease assets (Note 8)	**823,859**	834,401	**7,761**
Deferred tax assets	**704,881**	804,870	**6,640**
Customers' liabilities for acceptances and guarantees (Note 16)	**1,560,437**	1,947,843	**14,700**
Reserve for possible loan losses	**(950,499)**	–	**(8,954)**
total assets	**¥53,767,504**	¥54,973,872	**$ 506,524**
liabilities:			
Deposits (Note 9, 10)	**¥35,231,324**	¥33,908,797	**$ 331,901**
Call money (Note 9)	**2,745,132**	3,362,578	**25,861**
Commercial paper	**192,507**	528,229	**1,814**
Trading liabilities (Note 9, 11)	**952,649**	1,379,903	**8,975**
Borrowed money (Note 9, 12)	**2,518,700**	2,817,809	**23,728**
Foreign exchanges	**163,951**	155,485	**1,545**
Bonds (Note 13)	**1,566,242**	1,049,102	**14,755**
Convertible bonds (Note 14)	**101,106**	101,106	**952**
Other liabilities (Note 15)	**6,070,477**	5,782,119	**57,188**
Reserve for possible loan losses	**–**	1,267,935	**–**
Reserve for retirement allowances	**49,715**	52,433	**468**
Reserve for loss on loans sold	**116,240**	139,785	**1,095**
Other reserves	**8**	14	**0**
Deferred tax liabilities	**3,585**	5,322	**34**
Deferred tax liabilities for revaluation reserve for land (Note 17)	**111,692**	119,954	**1,052**
Acceptances and guarantees (Note 9, 16)	**1,560,437**	1,947,843	**14,700**
total liabilities	**¥51,383,774**	¥52,618,423	**$ 484,068**
minority interests (Note 18)	**¥ 579,371**	¥ 598,324	**$ 5,458**
shareholders' Equity (Note 19):			
Preferred stock, no par value; Authorized 500,000 thousand shares and issued 167,000 thousand shares in 2000 and 1999	**¥ 250,500**	¥ 250,500	**$ 2,360**
Common stock, par value ¥50; Authorized 7,500,000 thousand shares and issued 3,141,062 thousand shares in 2000 and 1999	**502,348**	502,348	**4,732**
Capital surplus	**643,080**	643,080	**6,058**
Revaluation reserve for land, net of tax (Note 17)	**168,119**	165,289	**1,584**
Retained earnings	**253,573**	209,178	**2,389**
Common stock in treasury	**(16)**	(25)	**(0)**
Parent bank's stock held by subsidiaries	**(13,247)**	(13,247)	**(125)**
total shareholders' equity	**¥ 1,804,358**	¥ 1,757,123	**$ 16,998**
total liabilities, minority interests and shareholders' equity	**¥53,767,504**	¥54,973,872	**$ 506,524**

See accompanying notes.

consolidated statements of income

the sumitomo bank, limited and subsidiaries

Years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2000	1999	1998	**2000**
income:				
Interest income				
Interest on loans and discounts	**¥ 844,865**	¥ I,044,429	¥ 1,166,877	**$ 7,959**
Interest and dividends on securities	**162,129**	185,039	195,623	**1,527**
Other interest income	**521,036**	475,792	630,693	**4,909**
Fees and commissions (Note 20)	**182,637**	212,090	152,036	**1,721**
Trading profits (Note 21)	**69,760**	107,402	131,608	**657**
Other operating income (Note 22)	**589,638**	615,925	77,904	**5,555**
Other income (Note 23)	**643,550**	188,119	307,760	**6,062**
total income	**¥ 3,013,618**	¥ 2,828,799	¥ 2,662,503	**$ 28,390**
expenses:				
Interest expenses				
Interest on deposits	**¥ 288,363**	¥ 537,301	¥ 874,393	**$ 2,717**
Interest on borrowings and rediscounts	**79,239**	118,313	106,436	**746**
Other interest expenses	**506,712**	393,401	343,180	**4,774**
Fees and commissions (Note 20)	**36,775**	33,634	60,537	**346**
Trading losses (Note 21)	**22,853**	81,847	148,427	**215**
Other operating expenses (Note 24)	**510,433**	466,419	63,309	**4,809**
General and administrative expenses	**466,140**	523,937	443,646	**4,391**
Transfer to reserve for possible loan losses	**245,182**	654,245	839,723	**2,310**
Other expenses (Note 25)	**641,414**	778,729	252,178	**6,042**
total expenses	**¥ 2,797,115**	¥ 3,587,829	¥ 3,131,832	**$ 26,350**
Income (loss) before income taxes and minority interests	**¥ 216,503**	¥ (759,030)	¥ (469,328)	**$ 2,040**
Income taxes (Note 26)				
Current	**¥ 50,794**	¥ 43,048	¥ 55,492	**$ 479**
Deferred	**96,387**	(231,468)	(278,495)	**908**
	¥ 147,182	¥ (188,419)	¥ (223,002)	**$ 1,387**
Minority interests in net income of consolidated subsidiaries	**7,444**	1,721	4,970	**70**
net income (loss)	**¥ 61,875**	¥ (568,889)	¥ (251,296)	**$ 583**

	Yen			U.S. Dollars (Note 1)
	2000	1999	1998	**2000**
per share data:				
Net income (loss)	**¥ 18.61**	¥ (181.48)	¥ (80.00)	**$ 0.18**
Net income-diluted	**18.17**	–	–	**0.17**
Declared dividend on common stocks	**6.00**	6.00	8.50	**0.06**
Declared dividend on preferred stocks (first series type1)	**10.50**	0.03	–	**0.10**
Declared dividend on preferred stocks (second series type1)	**28.50**	0.08	–	**0.27**

See accompanying notes.

consolidated statements of shareholders' equity

the sumitomo bank, limited and subsidiaries

Years ended March 31, 2000, 1999 and 1998

	Millions of Yen							
	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Revaluation Reserve for Land, Net of Tax	Retained Earnings	Deduction*	Total
balance at march 31, 1997	¥ –	¥ 502,348	¥ 392,580	¥ 89,225	¥ –	¥ 965,529	¥ (9)	¥1,949,674
Cash dividends paid	–	–	–	–	–	(26,698)	–	(26,698)
Transfer to legal reserve	–	–	–	5,369	–	(5,369)	–	–
Reduction due to excluding a subsidiary	–	–	–	–	–	(88)	–	(88)
Net Income	–	–	–	–	–	(251,296)	–	(251,296)
Change of common stock in treasury	–	–	–	–	–	–	3	3
balance at march 31, 1998	¥ –	¥ 502,348	¥ 392,580	¥ 94,595	¥ –	¥ 682,075	¥ (5)	¥1,671,593
Preferred stock issued	250,500	–	250,500	–	–	–	–	501,000
Reclassification (Notes 16 and 18)	–	–	–	(94,595)	165,289	94,595	–	165,289
Increase due to change of consolidation policy	–	–	–	–	–	24,170	–	24,170
Cash dividends paid	–	–	–	–	–	(22,772)	–	(22,772)
Net income	–	–	–	–	–	(568,889)	–	(568,889)
Change of common stock in treasury and parent bank's stock held by its subsidiaries	–	–	–	–	–		(13,267)	(13,267)
balance at march 31, 1999	¥ 250,500	¥ 502,348	¥ 643,080	¥ –	¥ 165,289	¥ 209,178	¥ (13,272)	¥1,757,123
Transfer from revaluation reserve for land to retained earnings	–	–	–	–	(3,152)	3,152	–	–
Change of effective tax rates & others	–	–	–	–	5,983	–	–	5,983
Cash dividends paid	–	–	–	–	–	(20,633)	–	(20,633)
Net Income	–	–	–	–	–	61,875	–	61,875
Change of common stock in treasury and parent bank's stock held by its subsidiaries	–	–	–	–	–	–	9	9
balance at march 31, 2000	**¥ 250,500**	**¥502,348**	**¥ 643,080**	**¥ –**	**¥ 168,119**	**¥ 253,573**	**¥ (13,263)**	**¥1,804,358**

	Millions of U.S. Dollars							
	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Revaluation Reserve for Land, Net of Tax	Retained Earnings	Deduction *	Total
balance at march 31, 1999	$ 2,360	$ 4,732	$ 6,058	$ –	$ 1,557	$ 1,971	$ (125)	$ 16,553
Transfer from revaluation reserve for land to retained earnings	–	–	–	–	(29)	29	–	–
Change of effective tax rates & others	–	–	–	–	56	–	–	56
Cash dividends paid	–	–	–	–	–	(194)	–	(194)
Net Income	–	–	–	–	–	583	–	583
Change of common stock in treasury and parent bank's stock held by its subsidiaries	–	–	–	–	–	–	0	0
balance at march 31, 2000	**$ 2,360**	**$ 4,732**	**$ 6,058**	**$ –**	**$ 1,584**	**$ 2,389**	**$ (125)**	**$ 16,998**

* Deduction includes common stock in treasury and parent bank's stock held by its subsidiaries.

See accompanying notes.

consolidated statements of cash flows

the sumitomo bank, limited and subsidiaries

Year ended March 31, 2000

	Millions of Yen	Millions of U.S. Dollars (Note 1)
	2000	
1. cash flows from operating activities:		
Income before income taxes and minority interests	¥ 216,503	$ 2,040
Depreciation of premises and equipment	24,070	227
Depreciation of lease assets	272,031	2,563
Amortization of goodwill	1	0
Net (income) loss from unconsolidated entities by equity method	35,549	335
Net change in reserve for possible loan losses	(315,850)	(2,976)
Net change in reserve for loss on loans sold	(23,545)	(222)
Net change in reserve for retirement allowances	(2,715)	(26)
Interest income	(1,528,031)	(14,395)
Interest expenses	874,315	8,237
Net (gain) loss related to securities transactions	(508,327)	(4,789)
Net (income) loss from money held in trust	760	7
Net exchange (gain) loss	73,864	696
Net (gain) loss from disposition of premises and equipment	8,306	78
Net (gain) loss from disposition of lease assets	33,342	314
Gain on sale of business operation	(8,000)	(75)
Loss from additional payment for pension liabilities	21,460	202
Net change in trading assets	826,416	7,785
Net change in trading liabilities	(351,166)	(3,308)
Net change in loans and bills discounted	2,514,357	23,687
Net change in deposits	271,528	2,558
Net change in certificates of deposit	1,061,647	10,001
Net change in borrowed money (excluding subordinated debt obligation)	(200,617)	(1,890)
Net change in deposits with banks	(1,875,746)	(17,671)
Net change in call loans	235,178	2,216
Net change in pledged money for securities borrowing transactions	137,396	1,294
Net change in call money	(615,238)	(5,796)
Net change in commercial paper	(321,851)	(3,032)
Net change in pledged money for securities lending transactions	1,154,362	10,875
Net change in foreign exchanges (asset account)	30,430	287
Net change in foreign exchanges (liability account)	22,124	208
Net change in bonds (excluding subordinated bonds)	524,910	4,945
Interest received	1,430,203	13,473
Interest paid	(894,663)	(8,428)
Other, net	(429,627)	(4,047)
Subtotal	¥ 2,693,381	$ 25,373
Additional payment for pension liabilities	(21,578)	(203)
Income taxes paid	(41,659)	(392)
Net cash provided by (used in) operating activities	¥ 2,630,143	$ 24,778

(Continued)

	Millions of Yen	Millions of U.S. Dollars (Note 1)
	2000	
2. cash flows from investing activities:		
Purchases of securities	**¥(38,223,957)**	**$ (360,093)**
Proceeds from sale of securities	**29,463,927**	**277,569**
Proceeds from maturity of securities	**6,821,306**	**64,261**
Purchases of money held in trust	**(59,516)**	**(561)**
Proceeds from sale of money held in trust	**34,750**	**327**
Purchases of premises and equipment	**(36,175)**	**(341)**
Proceeds from sale of premises and equipment	**11,365**	**107**
Purchases of lease assets	**(325,621)**	**(3,068)**
Proceeds from sale of lease assets	**16,304**	**154**
Proceeds from sale of business operation	**8,000**	**75**
Net cash provided by (used in) investing activities	**¥(2,289,615)**	**$ (21,570)**
3. cash flows from financing activities:		
Proceeds from issuance of subordinated debt	**¥ 5,000**	**$ 47**
Repayment of subordinated debt	**(47,000)**	**(443)**
Proceeds from issuance of subordinated bonds and convertible bonds and notes	**149,150**	**1,405**
Repayment of subordinated bonds and convertible bonds and notes	**(23,000)**	**(217)**
Dividends paid	**(20,640)**	**(194)**
Dividends paid for minority	**(333)**	**(3)**
Purchases of treasury stock	**(714)**	**(7)**
Proceeds from sale of treasury stock	**717**	**7**
Net cash provided by (used in) financing activities	**¥ 63,179**	**$ 595**
4. foreign currency translation adjustments	**¥ (9,226)**	**$ (87)**
5. net change in cash and due from banks	**¥ 394,481**	**$ 3,716**
6. cash and due from banks at beginning of year	**¥ 928,701**	**$ 8,749**
7. decrease of cash and due from banks caused from exception of consolidation	**¥ (25)**	**$ (0)**
8. cash and due from banks at end of year	**¥ 1,323,157**	**$ 12,465**

consolidated statements of cash flows

the sumitomo bank, limited and subsidiaries

Years ended March 31, 1999 and 1998

	Millions of Yen	
	1999	1998
cash flows from operating activities:		
Net income (loss)	¥ (568,889)	¥ (251,296)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	299,820	31,517
Transfer to reserve for possible loan losses	654,245	839,723
Write-off of loans	369,481	66,373
Losses on sale of loans and loans sold	179,204	237,885
Securities (gains), net	(87,778)	(171,840)
Deferred income taxes	(237,489)	(368,716)
Minority interests in net income	1,721	4,970
Net change in trading assets and liabilities	150,384	(1,461,613)
Net change in trading account securities	–	1,049,020
Net change in accrual and other, net	539,138	2,383,985
Net cash provided by (used in) operating activities	¥ 1,299,837	¥ 2,360,008
cash flows from investing activities:		
Net change in deposits with banks	¥ 1,608,594	¥ 2,767,417
Net change in call loans	587,175	(571,567)
Net change in commercial paper and other debt purchased	55,801	(68,147)
Net change in money held in trust	131,564	(10,873)
Net change in loans and bills discounted	1,748,431	1,534,203
Proceeds from sale of securities	7,290,157	5,109,820
Proceeds from maturities of securities	654,920	278,399
Purchases of securities	(7,229,552)	(6,424,143)
Purchases of premises and equipment	(64,249)	(42,018)
Purchases of lease assets	(278,528)	(3,286)
Other, net	218,901	14,253
Net cash provided by (used in) investing activities	¥ 4,723,214	¥ 2,584,058
cash flows from financing activities:		
Net change in deposits	¥(4,246,208)	¥ (2,388,869)
Net change in call money	(1,442,174)	(322,439)
Net change in commercial paper and borrowed money	(1,891,537)	(1,964,492)
Proceeds from issuance of preferred stock	501,000	–
Proceeds from issuance of subordinated debt	150,829	127,765
Proceeds from issuance of convertible bonds and notes	–	–
Proceeds from issuance of preferred securities	340,000	237,780
Repayment of convertible bonds and notes	–	(42)
Dividends paid	(22,772)	(26,698)
Other, net	(101,110)	20,569
Net cash provided by (used in) financing activities	¥(6,711,972)	¥ (4,316,426)
Effect of increase in consolidated subsidiaries	¥ 2,699	¥ –
Foreign currency translation adjustments	¥ (44,549)	¥ 36,852
Net change in cash and due from banks	¥ (730,771)	¥ 664,492
Cash and due from banks at beginning of year	¥ 1,576,972	¥ 912,480
Cash and due from banks at end of year	¥ 846,201	¥ 1,576,972

See accompanying notes.

notes to consolidated financial statements

the sumitomo bank, limited and subsidiaries

March 31, 2000, 1999 and 1998

1. basis of financial statements

The Sumitomo Bank, Limited (the "Bank"), a Japanese corporation, maintains its records and prepares its financial statements in Japanese yen.

The Bank and its consolidated domestic subsidiaries maintain their accounts and records in accordance with accounting principles and prevailing practices generally accepted in Japan, which are different from accounting and disclosure requirements of the International Accounting Standards.

The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and the practices prevailing in the respective countries of domicile.

In preparing the accompanying consolidated financial statements, certain re-classifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated statements of shareholders' equity have been prepared for the purpose of inclusion of such statements in the consolidated financial statements, although such statements are not required in Japan. The consolidated statements of cash flows for 1999 and 1998 have been prepared for the purpose of inclusion in the consolidated financial statements although such statements were not required in Japan prior to 2000.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥106.15 to US$1, the exchange rate prevailing at March 31, 2000. The translations should not be construed as a representation that Japanese yen have been or could have been converted into U.S. dollars at that rate.

2. significant accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of the Bank and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated.

Effective April 1, 1998, a new accounting standard on consolidated financial statements (the "New Standard") has been adopted in Japan. The New Standard required a company to consolidate any subsidiaries of which the company substantially controls the operations, even if it is not a majority owned subsidiary. Control exists where the company has (a) a power to appoint or remove the majority of the numbers of the board of directors or equivalent governing body; or (b) a power to cast the majority votes at meetings of the board of directors or equivalent governing body, etc.

The consolidated financial statements include the accounts of consolidated subsidiaries, of which the fiscal year ends on or after December 31. In case that these subsidiaries have a significant transaction during the period from their fiscal year-end to March 31, the Bank makes an adjustment to the consolidated financial statements to be comprehensive.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiaries.

The difference at the time of acquisition between the cost of an investment in a consolidated subsidiary and the underlying equity in its net assets is, in general, charged or credited to income directly.

Investments in major affiliated companies are accounted for by the equity method. Net losses from such investments, recorded as other expenses, were ¥35,549 million and ¥3,456 million for 2000 and 1999, respectively.

(b) Statements of cash flows

For the purposes of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

Starting from fiscal 1999, the definition of due from banks has been changed to include all the non-interest bearing deposits.

The Bank prepared the 2000 consolidated statements of cash flows as required by and in accordance with the "Standards for Preparation of Consolidated Cash Flow Statements, etc." effective from the year ended March 31, 2000. The 1999 and 1998 consolidated statements of cash flows, which were voluntarily prepared for the purpose of inclusion in the consolidated financial statements in a form familiar to readers outside Japan, have not been restated. One of the significant differences between the consolidated statements of cash flows in 2000 and the previous years is the use of pretax income in 2000 instead of net income in 1999 and 1998.

Additionally, some of the classification of activities, such as loans (previously classified as investing) and deposits (previously classified as financing), have been changed to the operating activities.

(c) Trading assets and liabilities

Financial instruments, such as derivatives and trading securities, which are held for the short term in anticipation of market gains, are recorded at fair value. Such gains and losses are included in trading profits or losses on the consolidated statements of income.

Trading assets and liabilities are accounted for based on a trading date .

(d) Securities

Securities, including stocks, corporate bonds, Japanese national and local government bonds, are stated at cost, basis of which is calculated using the moving-average method.

Securities included in money held in trust account are also recorded at moving-average cost.

Securities held by the consolidated overseas subsidiaries are carried at cost using primarily the specific identification method.

(e) Nonaccrual loans

Prior to April 1, 1998, loans which were overdue for more than six months were generally placed on nonaccrual status based on the Corporate Tax Law.

Effective April 1, 1998, the Bank changed the above policy and loans are generally placed on nonaccrual status when such loans are classified as, “Bankrupt and Quasi-Bankrupt” and “Doubtful (potentially bankrupt)” by the self-assessment rule (see “Reserve for possible loan losses”).

(f) Premises and equipment

Premises and equipment are generally stated at cost less accumulated depreciation. The Bank computes depreciation for premises other than buildings and equipment using the declining-balance method over the estimated useful lives of the respective assets. The depreciation for buildings and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

Prior to April 1, 1998, the Bank computed depreciation for buildings by the declining-balance method. Effective April 1, 1998, the Corporate Tax Law requires the adoption of the straight-line method of depreciation for newly obtained buildings. Accordingly, the Bank decided to use the same depreciation method for all of its existing buildings as well as the newly obtained ones.

Due to the change in depreciation method for the year ended March 31, 1999, loss before income taxes and minority interests decreased by ¥3,982 million.

Depreciation of premises and equipment owned by consolidated domestic subsidiaries is mainly computed using the declining-balance method, while depreciation of those owned by consolidated overseas subsidiaries is mainly computed using the straight-line method, over the estimated useful lives of respective assets.

(g) Software costs

In accordance with the provisional rule of the Japanese Institute of Certified Public Accountants' Accounting Committee Report, the Bank depreciates software using the straight-line method over the estimated useful lives (five years).

The Bank includes software in other assets.

(h) Reserve for possible loan losses

Based on the self-assessment rule for the credit quality of assets (“self-assessment rule”), the Bank and its major subsidiaries classify a loan into the following four risk categories according to the borrower’s credit risk: “Bankrupt and Quasi-Bankrupt”, “Doubtful (potentially bankrupt)”, “Substandard”, and “Normal”. Classification is determined at first by loan officers; subsequently the Credit Review Department evaluates the classification independently.

During fiscal 1998, the Bank started writing off the unsecured portion of Bankrupt and Quasi-Bankrupt loans rather than recording reserves. For the year ended March 31, 2000 and 1999, the Bank and the consolidated subsidiaries wrote off ¥978,443 million and ¥508,906 million, respectively.

The Bank provides specific reserves individually for Doubtful loans. A reserve amount for a Doubtful loan is generally determined considering the collateral and other pertinent indicators specific to the borrower.

The Bank also provides general reserve for Substandard and Normal loans collectively. The ratio of the general reserve is determined based on the Bank's loan loss experience and current economic condition.

The Bank provides additional reserve for the loans originated in certain countries based on management's assessment of economic or political conditions of such countries.

The other consolidated subsidiaries have been providing reserves for possible loan losses in the amounts considered adequate to provide for losses that can be reasonably anticipated on the basis of management's assessment of loan portfolios.

Due to the revision of accounting rules, the Bank has changed presentation of reserve for possible loan losses from on account of liabilities to a contra account of assets in fiscal 1999.

Due to this change, total assets and total liabilities decreased by ¥950,499 million.

(i) Reserve for loss on loans sold

Reserve for loss 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.

(j) Reserve for retirement allowances and pension plans

Under the terms of the Bank's retirement plan, substantially all employees are entitled to a lump-sum payment at the time of retirement. The amount of the retirement allowance is, in general, based on length of service, basic salary at the time of retirement and reason for retirement. The liability for lump-sum payments is stated, at the amount which would be required to be paid by the Bank if all eligible employees voluntarily retired at the balance sheet date.

In addition, the Bank has defined benefit pension plans which substantially cover all employees. Annual contributions, which consist of normal costs and amortization of prior service costs, are included in general and administrative expenses. Unamortized prior service costs of the Bank amounting to ¥88,609 million ($835 million) at March 31, 1999 (the most recent valuation date), are to be amortized over a period of 3 years and 11 month.

Several consolidated subsidiaries have pension plans for employees.

(k) Translation of foreign currencies

(i) The foreign currency financial statements are translated into Japanese yen at the exchange rate prevailing at respective year-ends, except for the shareholders' equity accounts which are translated at historical rates.

(ii) (a) Foreign currency assets and liabilities of the Bank are translated into Japanese yen at the exchange rate prevailing at the date of the consolidated balance sheets, except for certain special investment accounts, as approved by the Japanese regulatory authorities which are translated at their historical rates.

(b) Foreign currency accounts held by the consolidated subsidiaries are translated into the currency of the subsidiary at the exchange rate prevailing at the respective year-ends.

(l) Lease transactions

Finance leases where the ownership of the property is deemed to be transferred to the lessee are capitalized, while other finance leases are allowed to be accounted for in the same manner as operating leases.

Lease assets are depreciated using the straight-line method over the lease term with estimated salvage value.

(m) Income taxes

Effective April 1, 1998, a new accounting standard for income tax accounting has been adopted in Japan. According to this new standard, deferred tax assets and liabilities are recognized for the future tax effects derived from temporary differences and carry-forwards with appropriate valuation reserve, if necessary. The cumulative effect of this accounting change was included in the "Income taxes–Deferred" in the consolidated statements of income for the year ended March 31, 1999, and decreased the net loss by ¥27,234 million.

(n) Amounts per share

Net income (loss) per share is computed by deducting dividends for preferred stock from net income (loss), divided by the weighted average number of shares of common stock, excluding treasury shares and parent company's shares held by subsidiaries, outstanding during each fiscal year.

Declared dividends represent the cash dividends declared applicable to respective years, including dividends to be paid after the end of the year.

(o) Re-classifications

Certain prior year amounts have been reclassified in conformity with the 2000 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

3. trading assets

Trading assets at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Trading securities	**¥ 301,522**	¥ 722,726	**$ 2,840**
Derivatives on trading securities	**18**	655	**0**
Derivatives on securities related to trading transactions	**57**	25	**1**
Trading-related financial derivatives	**591,008**	777,476	**5,568**
Other trading assets*	**852,817**	1,176,559	**8,034**
	¥ 1,745,425	¥ 2,677,442	**$ 16,443**

* Other trading assets include certificates of deposit and commercial paper in trading account.

4. securities

Securities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Japanese government bonds	**¥ 3,488,594**	¥ 1,425,259	**$ 32,865**
Japanese local government bonds	**358,977**	361,144	**3,382**
Japanese corporate bonds	**714,032**	619,953	**6,727**
Japanese stocks	**3,396,547**	2,950,536	**31,997**
Other securities	**1,010,700**	1,285,995	**9,521**
	¥ 8,968,853	¥ 6,642,890	**$ 84,492**

5. loans and bills discounted

Loans and bills discounted at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Bills discounted	**¥ 448,000**	¥ 509,122	**$ 4,220**
Loans on notes and deeds	**24,414,229**	26,672,490	**229,998**
Overdrafts	**8,078,649**	8,408,167	**76,106**
	¥32,940,880	¥35,589,779	**$ 310,324**

The following summarizes the nonaccrual loans of the Bank and consolidated subsidiaries at March 31, 2000 and 1999.

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Loans to borrower under legal bankruptcy procedure	**¥ 87,296**	¥ 208,327	**$ 823**
Other nonaccrual loans	**1,661,933**	1,678,401	**15,656**
Total nonaccrual loans	**¥ 1,749,230**	¥ 1,886,728	**$ 16,479**

In addition to the nonaccrual loans, the Bank and consolidated subsidiaries also classify loans overdue by three months or longer as substandard loans, and such loan balances as of March 31, 2000 and 1999, were ¥79,208 million and ¥170,936 million respectively.

Restructured loans are loans for which the Bank and the consolidated subsidiaries have adjusted the terms of the loans in favor of borrowers as a means of financial assistance. These restructured loans are also classified as substandard, which amounted to ¥374,880 million and ¥282,965 million at March 31, 2000 and 1999, respectively.

6. other assets

Other assets at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Accrued income and prepaid expenses	**¥ 501,086**	¥ 420,997	**$ 4,721**
Other	**1,924,191**	2,498,091	**18,127**
	¥ 2,425,278	¥ 2,919,089	**$ 22,848**

7. premises and equipment

Premises and equipment at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Land*	**¥ 428,300**	¥ 451,421	**$ 4,035**
Buildings	**282,938**	277,712	**2,665**
Equipment and others	**331,076**	281,650	**3,119**
	¥ 1,042,315	¥ 1,010,783	**$ 9,819**
Accumulated depreciation	**(361,980)**	(324,704)	**(3,410)**
	¥ 680,334	¥ 686,079	**$ 6,409**

* Land included revaluation reserve for land referred to in Note 17.

8. lease assets

Lease assets at March 31, 2000 and 1999 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Equipment and others	**¥ 2,148,685**	¥ 2,182,991	**$ 20,242**
Accumulated depreciation	**(1,324,826)**	(1,348,590)	**(12,481)**
	¥ 823,859	¥ 834,401	**$ 7,761**

9. assets pledged

Assets pledged as collateral at March 31, 2000 are as follows:

	Millions of Yen	Millions of U.S. Dollars
	2000	**2000**
Assets pledged		
Commercial paper and other debt purchased	**¥ 10,615**	**$ 100**
Securities	**803,881**	**7,573**
Loans and bills discounted	**1,532,634**	**14,438**
Premises and equipment	**471**	**4**
Liabilities corresponding to assets pledged		
Deposits	**168,240**	**1,585**
Call money	**1,495,300**	**14,087**
Trading liabilities	**5,473**	**52**
Borrowed money	**24,354**	**229**
Acceptances and guarantees	**36,303**	**342**

In addition, deposits of ¥52,799 million, securities of ¥799,307 million and other assets (securities in custody) of ¥26,115 million were pledged as collateral for foreign exchange settlements, derivative transactions and certain other purpose.

Premises and equipment include surety deposits and intangible of ¥72,244 million, and other assets include initial margins of futures markets of ¥7,301 million and pledged money for securities borrowing transactions of ¥170,826 million.

10. deposits

Deposits at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Current deposits	**¥ 1,750,499**	¥ 1,825,084	**$ 16,491**
Savings deposits	**7,721,902**	6,132,728	**72,745**
Deposits at notice	**4,397,254**	3,912,643	**41,425**
Time deposits	**12,666,726**	13,254,186	**119,328**
Other deposits	**1,825,681**	2,973,222	**17,199**
Certificates of deposit	**6,869,258**	5,810,931	**64,713**
	¥35,231,324	¥33,908,797	**$ 331,901**

11. trading liabilities

Trading liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Trading securities sold for short sales	**¥ 327,165**	¥ 702,061	**$ 3,082**
Derivatives on trading securities	**17**	4	**0**
Derivatives on securities related to trading transactions	**26**	68	**1**
Trading-related financial derivatives	**625,440**	677,768	**5,892**
	¥ 952,649	¥ 1,379,903	**$ 8,975**

12. borrowed money

Borrowed money at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Bills rediscounted	**¥ 22,027**	¥ 36,064	**$ 208**
Subordinated debt obligation	**684,151**	726,000	**6,445**
Borrowings from The Bank of Japan and other financial institutions	**1,812,521**	2,055,744	**17,075**
	¥ 2,518,700	¥ 2,817,809	**$ 23,728**

13. bonds

Bonds included subordinated bonds of ¥1,067,255 million ($10,054 million) and ¥971,165 million at March 31, 2000 and 1999 respectively.

14. convertible bonds

Convertible bonds at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Convertible bond payable in U.S. dollars:			
3 1/8% due 2004, convertible into common stock at ¥3,606.90 per share	**¥ 1,106**	¥ 1,106	**$ 10**
Convertible bond payable in Japanese yen:			
3/8% due 2001, convertible into common stock at ¥1,239.00 per share	**100,000**	100,000	**942**
	¥ 101,106	¥ 101,106	**$ 952**

15. other liabilities

Other liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Accrued expenses and unearned income	**¥ 283,443**	¥ 324,632	**$ 2,670**
Income taxes	**17,206**	10,362	**162**
Employees' deposits	**43,832**	43,459	**413**
Cash collateral on bonds lent	**3,288,365**	2,122,487	**30,979**
Trading-related accounts payable	**607,318**	1,138,321	**5,721**
Other	**1,830,310**	2,142,858	**17,243**
	¥ 6,070,477	¥ 5,782,119	**$ 57,188**

16. acceptances and guarantees

Acceptances and guarantees at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Guarantees	**¥ 1,016,059**	¥ 1,276,730	**$ 9,568**
Letters of credit	**525,101**	651,040	**4,952**
Acceptances	**19,276**	20,073	**180**
	¥ 1,560,437	¥ 1,947,843	**$ 14,700**

Guarantees and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The Bank is obliged to pay the third party upon presentation of a claim that meets the conditions of the commitment. The Bank also issues letters of credit for import transactions in international operations. These contingent liabilities are accounted for in "Acceptances and guarantees," with a corresponding amount recorded in the customers' account for contingent claim of a guarantor's right of indemnity in "Customers' liabilities for acceptances and guarantees."

17. revaluation reserve for land

Pursuant to the Enforcement Ordinance for the Law concerning Revaluation Reserve for Land (the "Law"), effective March 31, 1998, the Bank and one of its domestic banking subsidiaries recorded their own land at the fair value at March 31, 1998 and March 31, 1999, respectively. According to the Law, net unrealized gains are reported in a separate component of shareholders' equity net of applicable income taxes as "Revaluation reserve for land, net of tax", and the related deferred tax liabilities are reported in liabilities as "Deferred tax liabilities for revaluation reserve for land". According to the Law, the Bank is not permitted to revalue the land at any time, even in case the fair value of the land declines. Such unrecorded revaluation loss as of March 31, 2000 and 1999 were ¥56,692 million and ¥25,025 million, respectively.

18. minority interests

SB Treasury Company, L.L.C., a subsidiary of the Bank, issued noncumulative preferred securities, totaling $1.8 billion in February 1998. SB Equity Securities (Cayman), Limited, a subsidiary of the Bank, issued floating noncumulative preferred securities, totaling ¥340 billion in March 1999. Both subsidiaries are consolidated and the preferred securities are accounted for as minority interests.

19. shareholders' equity

Under the Banking Law of Japan, the Bank is required to appropriate as a legal reserve an amount equal to at least 20 percent of cash disbursements in each period until the legal reserve equals 100 percent of the common stock. The capital surplus and legal reserve are not available for distribution as dividends but may be used to reduce a deficit by resolution of the shareholders or may be capitalized by resolution of the Board of Directors.

In accordance with the new disclosure requirements effective from the year ended March 31, 1999, legal reserve is included in retained earnings.

The Commercial Code of Japan provides that at least one-half of the proceeds from shares issued at prices in excess of par value be included in common stock. In conformity therewith, the Bank has divided the paid-in amount of the stock issued upon conversion of bonds and notes into common stock equally between common stock and capital surplus.

In accordance with the law concerning Emergency Measures for the Early Strengthening of the Functions of the Financial System, the Bank issued a series of noncumulative preferred stock in the aggregate amount of ¥501 billion (the first issuance of 67 million shares at ¥201 billion and the second issuance of 100 million shares at ¥300 billion). All of the preferred stocks were subscribed by The Resolution and Collection Bank, Limited, on March 30, 1999. The noncumulative preferred stocks are redeemable at the option of the Bank at any time. The initial ¥201 billion in Preferred Shares is convertible into common stock of the Bank at any time from May 1, 2002, until February 26, 2009, while the subsequent ¥300 billion in Preferred Shares is convertible into common stock of the Bank at any time from August 1, 2005, until February 26, 2009, in each case subject to certain adjustments to the conversion period.

20. fees and commissions

Fees and commissions in the period ended March 31, 2000 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2000	**2000**
Fees and commissions (income)	**¥ 182,637**	**$ 1,721**
Deposits and loans	**20,013**	**189**
Remittances and transfers	**47,162**	**444**
Securities-related business	**6,639**	**63**
Agency	**8,351**	**79**
Safe deposits	**2,820**	**27**
Guarantees	**12,175**	**115**
Credit card business	**62,499**	**589**
Fees and commissions (expenses)	**¥ 36,775**	**$ 346**
Remittances and transfers	**12,033**	**113**

21. trading income

Trading income in the period ended March 31, 2000 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2000	**2000**
Trading profits	**¥ 69,760**	**$ 657**
Gains on trading securities	**36,460**	**343**
Gains on securities related to trading transactions	**–**	**–**
Gains on trading-related financial derivatives	**30,063**	**283**
Other	**3,235**	**31**
Trading losses	**¥ 22,853**	**$ 215**
Losses on trading account securities	**6,839**	**64**
Losses on securities related to trading transactions	**944**	**9**
Losses on trading-related financial derivatives	**14,590**	**137**
Other	**479**	**5**

22. other operating income

Other operating income for each of the three years in the period ended March 31, 2000 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2000	1999	1998	**2000**
Gains on foreign exchange transactions	**¥ 27,854**	¥ 11,588	¥ 12,988	**$ 262**
Gains on sale of bonds	**38,202**	110,753	60,405	**360**
Gains on redemption of bonds	**4,565**	3,803	2,955	**43**
Lease-related income	**483,612**	467,129	450	**4,556**
Other	**35,403**	22,651	1,105	**334**
	¥ 589,638	¥ 615,925	¥ 77,904	**$ 5,555**

23. other income

Other income for each of the three years in the period ended March 31, 2000 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2000	1999	1998	**2000**
Gains on sale of stocks and other securities	**¥ 589,185**	¥ 13,265	¥ 202,757	**$ 5,551**
Gains on money held in trust	**1,528**	1,716	3,768	**14**
Gains on dispositions of premises and equipment	**1,710**	69,168	19,197	**16**
Recoveries of written-off claims	**979**	2,453	506	**9**
Gains on sales of majority interest of the Sumitomo Bank of California and Banca del Gottardo	**–**	78,440	–	**–**
Gain on sale of business operation	**8,000**	–	–	**75**
Other	**42,146**	23,074	81,530	**397**
	¥ 643,550	¥ 188,119	¥ 307,760	**$ 6,062**

24. other operating expenses

Other operating expenses for each of the three years in the period ended March 31, 2000 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2000	1999	1998	**2000**
Losses on sale of bonds	¥ **33,793**	¥ 30,654	¥ 28,018	$ **319**
Losses on redemption of bonds	**15,251**	8,593	10,146	**144**
Losses on devaluation of bonds	**986**	5,661	813	**9**
Lease-related expenses	**421,338**	402,818	88	**3,969**
Other	**39,063**	18,691	24,243	**368**
	¥ 510,433	¥ 466,419	¥ 63,309	**$ 4,809**

25. other expenses

Other expenses for each of the three years in the period ended March 31, 2000 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2000	1999	1998	**2000**
Write-off of loans	¥ **439,122**	¥ 369,481	¥ 66,373	$ **4,137**
Losses on sale of stocks and other securities	**37,071**	30,336	49,994	**349**
Losses on devaluation of stocks and other securities	**36,522**	33,891	16,076	**344**
Losses on money held in trust	**2,288**	5,253	2,290	**22**
Losses on dispositions of premises and equipment	**10,016**	7,547	8,140	**94**
Transfer to other reserves	**–**	–	2	**–**
Other*	**116,392**	332,221	109,303	**1,096**
	¥ **641,414**	¥ 778,729	¥ 252,178	$ **6,042**

* Other included the following:

	Millions of Yen			Millions of U.S. Dollars
	2000	1999	1998	**2000**
Losses on sale of loans to the Cooperative Credit Purchasing Co., Ltd.	¥ **7,692**	¥ 60,269	¥ 57,591	$ **72**
Transfer to reserve for loss on loans sold	**18,407**	79,169	42,242	**173**
Losses on financial assistance for affiliates	**–**	–	33,400	**–**
Loss on delinquent loans sold	**23,065**	105,293	43,221	**217**
Additional contribution to pension fund	**21,460**	22,660	–	**202**
Tax expense (credit) on enterprise tax	**–**	–	(77,479)	**–**

26. income taxes

Income taxes consisted of corporation and inhabitants' taxes for the year ended March 31, 1998, and the applicable statutory tax rate was approximately 45.3%.

Enterprise tax was also charged on income and is deductible for corporation and inhabitant taxes when paid. The statutory enterprise tax rate for the year ended March 31, 1998 was 12.6%. Enterprise tax expense was included in "Other expenses" in the accompanying consolidated statement of income, and enterprise tax payable was included in "Other liabilities" in the accompanying consolidated balance sheet.

Effective April 1, 1998, a new accounting standard for income tax accounting was adopted in Japan. According to this new standard, income taxes consist of current and deferred corporation, inhabitants' and enterprise taxes.

On March 30, 2000, the Tokyo Metropolitan Government passed and established the Special Ordinance Concerning Taxation Standards for Enterprise Taxes in Relation to Banks in the Tokyo Metropolis (Tokyo Metropolitan Ordinance 145 of April 1, 2000). The measure has changed the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 41.98% in the previous consolidated accounting period to 39.83%. As a result of this change, the deferred tax assets were reduced by ¥34,218 million, and an equivalent increase in the corporate income tax adjustment shown in the accounts for the current accounting period. Further, as deferred tax liabilities for revaluation reserve for land decreased by ¥5,980 million due to this change, revaluation reserve for land increased by the same amount.

Significant components of deferred tax assets and liabilities as of March 31, 2000 and 1999 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Deferred tax assets:			
Reserve for possible loan losses	**¥ 346,890**	¥ 441,701	**$ 3,268**
Write-off of loans	**208,099**	108,607	**1,960**
Net operating loss carryforwards	**59,510**	146,348	**561**
Reserve for loss on loans sold	**46,389**	58,672	**437**
Other	**96,989**	95,190	**914**
Subtotal	**¥ 757,879**	¥ 850,518	**$ 7,140**
Valuation allowance	**(28,744)**	(20,363)	**(271)**
Total deferred tax assets	**¥ 729,135**	¥ 830,155	**$ 6,869**
Deferred tax liabilities:			
Leveraged lease	**¥ 18,705**	¥ 20,790	**$ 176**
Other	**9,134**	9,817	**86**
Total deferred tax liabilities	**¥ 27,839**	¥ 30,607	**$ 262**
Net deferred tax asset	**¥ 701,295**	¥ 799,548	**$ 6,607**

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the effective statutory tax rate for the year ended March 31, 2000 was as follows:

	2000
The effective statutory tax rate	**41.98%**
Change of tax rates	**15.80**
Loss from unconsolidated entities by equity method	**6.89**
Other	**3.31**
The effective income tax rate	**67.98**

On June 9, 2000, the Osaka Prefecture Government promulgated the Special Ordinance Concerning Taxation Standards, for Enterprise Taxes in Relation to Banks, in Osaka Prefecture (Osaka Prefectural Ordinance 131 of June 9, 2000), which will apply in business years starting on or after April 1, 2001. The effect of this measure is to change the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 39.83% to 38.05%.

Due to this change, the deferred tax assets and deferred tax liabilities for revaluation reserves for land might have been reduced by ¥28,331 million and ¥4,951 million respectively.

As the actual amounts of the effect due to the change will be calculated based on the conditions as of March 31, 2001, they may differ from the amounts above.

27. Lease Transactions

Financing leases without transfer of ownership as of March 31, 2000 and 1999 consisted of the following:

(a) Lessee side

	Millions of Yen			Millions of U.S. Dollars		
As of March 31, 2000	Acquisition Cost	Accumulated Depreciation	Net Book Value	Acquisition Cost	Accumulated Depreciation	Net Book Value
Equipment	¥ 6,321	¥ 2,350	¥ 3,970	$ 59	$ 22	$ 37
Other	–	–	–	–	–	–
	¥ 6,321	¥ 2,350	¥ 3,970	$ 59	$ 22	$ 37

	Millions of Yen		
As of March 31, 1999	Acquisition Cost	Accumulated Depreciation	Net Book Value
Equipment	¥ 6,029	¥ 3,217	¥ 2,811
Other	9	1	8
	¥ 6,038	¥ 3,218	¥ 2,819

Future minimum lease payments as of March 31, 2000 and 1999 including interest under such leases, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥ 1,144**	¥ 1,018	**$ 11**
Due after one year	**2,920**	1,878	**27**
	¥ 4,064	¥ 2,897	**$ 38**

The total lease expenses for the year ended March 31, 2000 and 1999 were ¥1,190 million and ¥982 million, respectively.

The depreciation expense for the year ended March 31, 2000 and 1999 amounted to ¥1,106 million and ¥921 million, respectively. The 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 the interest expense. The allocation of such interest expense over the lease term is computed using the effective interest method. The interest expense for the year ended March 31, 2000 and 1999 were ¥78 million and ¥79 million, respectively.

(b) Lessor side

	Millions of Yen			Millions of U.S. Dollars		
As of March 31, 2000	Acquisition Cost	Accumulated Depreciation	Net Book Value	Acquisition Cost	Accumulated Depreciation	Net Book Value $
Equipment	¥1,917,876	¥1,207,576	¥ 710,300	$ 18,068	$ 11,376	$ 6,692
Other	215,680	114,937	100,743	2,032	1,083	949
	¥2,133,557	¥1,322,514	¥ 811,043	$ 20,100	$ 12,459	$ 7,641

	Millions of Yen		
As of March 31, 1999	Acquisition Cost	Accumulated Depreciation	Net Book Value
Equipment	¥1,967,997	¥1,245,549	¥ 722,448
Other	197,390	100,811	96,579
	¥2,165,387	¥1,346,360	¥ 819,027

Future lease payments receivables as of March 31, 2000 and 1999 including interest under such leases were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥ 258,438**	¥ 282,446	**$ 2,434**
Due after one year	**586,246**	633,233	**5,523**
	¥ 844,684	¥ 915,679	**$ 7,957**

The lease income for the year ended March 31, 2000 and 1999 were ¥334,157 million and ¥342,771 million, respectively.

The depreciation expense for the year ended March 31, 2000 and 1999 amounted to ¥270,809 million and ¥274,828 million, respectively. The depreciation is calculated using the straight-line method over the lease term of the respective assets without salvage values.

The difference between the minimum lease payments receivables and the acquisition costs of the lease assets represents the interest income. The allocation of such interest income over the lease term is computed using the effective interest method. The interest income for the year ended March 31, 2000 and 1999 were ¥63,593 million and ¥68,500 million, respectively.

Operating leases at March 31, 2000 and 1999 consisted of the following:

(a) Lessee side

Future minimum lease payments as of March 31, 2000 and 1999 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥ 7,758**	¥ 10,340	**$ 73**
Due after one year	**50,143**	61,537	**472**
	¥ 57,901	¥ 71,878	**$ 545**

(b) Lessor side

Future lease payments receivables as of March 31, 2000 and 1999 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	**2000**
Due within one year	**¥ 207**	¥ 200	**$ 2**
Due after one year	**787**	3,881	**7**
	¥ 994	¥ 4,081	**$ 9**

28. segment information

(a) Business segment information

Year ended March 31, 2000	Millions of Yen Banking Business	Leasing	Other Businesses	Total	Elimination	Consolidated
I. Adjusted operating income						
(1) External customers	¥ 2,208,367	¥ 522,953	¥ 271,602	¥ 3,002,923	¥ –	¥ 3,002,923
(2) Intersegment	36,596	4,869	99,933	141,398	[141,398]	–
Total	¥ 2,244,963	¥ 527,822	¥ 371,535	¥ 3,144,322	¥ [141,398]	¥ 3,002,923
Adjusted operating expenses	2,062,769	506,429	332,282	2,901,481	[135,843]	2,765,637
Adjusted operating profit (loss)	¥ 182,194	¥ 21,393	¥ 39,253	¥ 242,841	¥ [5,555]	¥ 237,285
II. Assets	¥52,348,529	¥1,479,808	¥4,548,267	¥58,376,605	¥[4,609,101]	¥53,767,504
Depreciation	45,077	329,348	4,989	379,415	–	379,415
Capital expenditure	33,033	272,749	4,581	310,363	–	310,363

Year ended March 31, 1999	Millions of Yen Banking Business	Leasing	Other Businesses	Total	Elimination	Consolidated
I. Adjusted operating income						
(1) External customers	¥ 1,928,162	¥ 485,485	¥ 264,273	¥ 2,677,921	¥ –	¥ 2,677,921
(2) Intersegment	118,947	14,327	107,339	240,614	[240,614]	–
Total	¥ 2,047,110	¥ 499,812	¥ 371,612	¥ 2,918,536	¥ [240,614]	¥ 2,677,921
Adjusted operating expenses	2,800,845	483,826	484,590	3,769,261	[214,019]	3,555,242
Adjusted operating profit (loss)	¥ (753,734)	¥ 15,986	¥ (112,977)	¥ (850,725)	¥ [26,595]	¥ (877,321)
II. Assets	¥52,897,384	¥1,438,027	¥5,276,695	¥59,612,107	¥[4,638,235]	¥54,973,872
Depreciation	17,366	280,444	2,009	299,820	–	299,820
Capital expenditure	31,490	303,134	8,152	342,777	–	342,777

Year ended March 31, 2000	Millions of U.S. Dollars Banking Business	Leasing	Other Businesses	Total	Elimination	Consolidated
I. Adjusted operating income						
(1) External customers	$ 20,804	$ 4,926	$ 2,559	$ 28,289	$ –	$ 28,289
(2) Intersegment	345	46	941	1,332	[1,332]	–
Total	$ 21,149	$ 4,972	$ 3,500	$ 29,621	$ [1,332]	$ 28,289
Adjusted operating expenses	19,433	4,771	3,130	27,334	[1,280]	26,054
Adjusted operating profit (loss)	$ 1,716	$ 201	$ 370	$ 2,287	$ [52]	$ 2,235
II. Assets	$ 493,156	$ 13,941	$ 42,847	$ 549,944	$ [43,420]	$ 506,524
Depreciation	424	3,103	47	3,574	–	3,574
Capital expenditure	311	2,570	43	2,924	–	2,924

Notes: 1. The above tables show business segment information on adjusted operating income, adjusted operating expenses, adjusted operating profit (loss) and assets of the Bank and its consolidated subsidiaries.

2. The business segmentation is determined based on the Bank's internal administrative purpose. The primary businesses of each segments are as follows:
"Other Businesses" includes securities, non-bank business and credit card business.

3. Adjusted operating income represents total income excluding "Gains on dispositions of premises and equipment", "Recoveries of written-off claims", "Gains on sales of majority interest of subsidiaries", "Gain on sale of business operation" and reversals of "Other reserves".
Adjusted operating expenses represents total expenses excluding "Losses on dispositions of premises and equipment" and other extraordinary expenses.

(b) Geographic segment information

Year ended March 31, 2000		Millions of Yen Japan		The Americas		Europe		Asia and Oceania		Total		Elimination		Consolidated
I. Adjusted operating income														
(1) External customers	¥	2,388,478	¥	296,813	¥	128,364	¥	189,267	¥	3,002,923	¥	–	¥	3,002,923
(2) Intersegment		86,088		53,410		54,999		28,352		222,851		[222,851]		–
Total	¥	2,474,567	¥	350,224	¥	183,363	¥	217,619	¥	3,225,775	¥	[222,851]	¥	3,002,923
Adjusted operating expenses		2,344,476		264,258		168,449		206,969		2,984,153		[218,516]		2,765,637
Adjusted operating profit (loss)	¥	130,090	¥	85,966	¥	14,914	¥	10,650	¥	241,621	¥	[4,335]	¥	237,285
II. Assets	¥	49,196,165	¥	4,039,567	¥	1,756,961	¥	2,647,550	¥	57,640,245	¥	[3,872,740]	¥	53,767,504

Year ended March 31, 1999		Millions of Yen Japan		The Americas		Europe		Asia and Oceania		Total		Elimination		Consolidated
I. Adjusted operating income														
(1) External customers	¥	1,935,665	¥	275,513	¥	283,885	¥	182,856	¥	2,677,921	¥	–	¥	2,677,921
(2) Intersegment		222,218		63,646		185,815		35,784		507,464		[507,464]		–
Total	¥	2,157,884	¥	339,159	¥	469,701	¥	218,640	¥	3,185,385	¥	[507,464]	¥	2,677,921
Adjusted operating expenses		2,969,212		330,531		477,805		254,077		4,031,626		[476,383]		3,555,242
Adjusted operating profit (loss)	¥	(811,327)	¥	8,627	¥	(8,104)	¥	(35,436)	¥	(846,240)	¥	[31,080]	¥	(877,321)
II. Assets	¥	50,019,620	¥	4,653,637	¥	1,850,022	¥	3,778,091	¥	60,301,370	¥	[5,327,498]	¥	54,973,872

Year ended March 31, 2000		Millions of U.S. Dollars Japan		The Americas		Europe		Asia and Oceania		Total		Elimination		Consolidated
I. Adjusted operating income														
(1) External customers	$	22,501	$	2,796	$	1,209	$	1,783	$	28,289	$	–	$	28,289
(2) Intersegment		811		504		518		267		2,100		[2,100]		–
Total	$	23,312	$	3,300	$	1,727	$	2,050	$	30,389	$	[2,100]	$	28,289
Adjusted operating expenses		22,086		2,490		1,587		1,950		28,113		[2,059]		26,054
Adjusted operating profit (loss)	$	1,226	$	810	$	140	$	100	$	2,276	$	[41]	$	2,235
II. Assets	$	463,459	$	38,055	$	16,552	$	24,942	$	543,008	$	[36,484]	$	506,524

Notes: 1. The above tables show geographic segment information on adjusted operating income, adjusted operating expenses, adjusted operating profit (loss) and assets of the Bank's head office, branches and its consolidated subsidiaries.

2. The geographic segmentation is decided based on the degrees of the following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions.
In the above tables, the Americas includes the United States, Brazil and others; Europe includes the United Kingdom, France and others; and Asia and Oceania includes Hong Kong, Singapore and others except Japan.

3. Adjusted operating income represents total income excluding "Gains on dispositions of premises and equipment", "Recoveries of written-off claims", "Gains on sales of majority interest of subsidiaries", "Gain on sale of business operation" and reversals of "Other reserves."
Adjusted operating expenses represents total expenses excluding "Losses on dispositions of premises and equipment" and other extraordinary expenses.

(c) Adjusted operating income from foreign operations

	Millions of Yen		
	Adjusted Operating Income from Foreign Operations (A)	Consolidated Adjusted Operating Income (B)	(A)/(B)
Year ended March 31, 2000	¥ 614,445	¥ 3,002,923	20.5%

	Millions of U.S. Dollars		
	Adjusted Operating Income from Foreign Operations (A)	Consolidated Adjusted Operating Income (B)	(A)/(B)
Year ended March 31, 2000	$ 5,788	$ 28,289	20.5%

Note: The above table shows operating income from transactions of the Bank's overseas branches and transactions of overseas consolidated subsidiaries, excluding internal income.

29. subsequent events

(a) Appropriations of retained earnings

The following appropriations of retained earnings of the Bank at March 31, 2000, were approved by the ordinary meeting of shareholders held on June 29, 2000.

	Millions of Yen	Millions of U.S. Dollars
Cash dividends, ¥3.00 per share on common stocks	¥ 9,423	$ 89
¥5.25 per share on preferred stocks (first series type1)	351	3
¥14.25 per share on preferred stocks (second series type1)	1,425	13

(b) Contract of Merger between Sakura Bank and Sumitomo Bank

The Sakura Bank, Limited and the Bank have signed a contract of merger on May 22, 2000 and the terms of the merger were approved at the ordinary general meeting of shareholders and the general meetings of class shareholders held on June 29, 2000 and June 28, 2000, respectively.

Pursuant to the terms of the merger, the Sakura Bank will merge with the Bank on April 1, 2001, and the Bank will be the legal surviving entity of the merger. Concurrently, the Bank will change its corporate name to “Sumitomo Mitsui Banking Corporation.”

Each share of Sakura Bank’s common stock, par value ¥50 per share, will be exchanged for 0.6 shares of the common stock of the Bank.

30. parent company

Financial information of the Sumitomo Bank, Limited, the parent company, is presented below:

Balance sheets

The Sumitomo Bank, Limited *As of March 31, 2000 and 1999*	Millions of Yen 2000	Millions of Yen 1999	Millions of U.S. Dollars 2000
assets:			
Cash and due from banks	**¥ 1,280,533**	¥ 822,529	**$ 12,063**
Deposits with banks	**2,502,386**	819,961	**23,574**
Call loans	**202,615**	491,952	**1,909**
Commercial paper and other debt purchased	**84,494**	101,741	**796**
Trading assets	**1,445,843**	2,004,010	**13,621**
Money held in trust	**108,888**	84,481	**1,026**
Securities	**8,982,244**	6,679,892	**84,618**
Loans and bills discounted	**31,358,560**	33,716,858	**295,418**
Foreign exchanges	**352,971**	374,151	**3,325**
Other assets	**1,540,495**	1,993,150	**14,513**
Premises and equipment	**591,187**	598,148	**5,569**
Deferred tax assets	**624,585**	719,913	**5,884**
Customers' liabilities for acceptances and guarantees	**2,923,570**	3,124,504	**27,542**
Reserve for possible loan losses	**(909,039)**	–	**(8,564)**
total assets	**¥51,089,338**	¥51,531,297	**$ 481,294**
liabilities:			
Deposits	**¥34,229,831**	¥33,001,309	**$ 322,467**
Call money	**2,739,363**	3,351,490	**25,806**
Commercial paper	**110,200**	215,500	**1,038**
Trading liabilities	**603,424**	867,950	**5,685**
Borrowed money	**2,461,252**	2,506,236	**23,186**
Foreign exchanges	**165,145**	155,493	**1,556**
Bonds	**432,343**	148,068	**4,073**
Convertible bonds	**101,106**	101,106	**952**
Other liabilities	**5,173,303**	4,856,861	**48,736**
Reserve for possible loan losses	**–**	1,052,958	**–**
Reserve for retirement allowances	**46,764**	49,524	**441**
Reserve for loss on loans sold	**111,588**	134,753	**1,051**
Other reserves	**8**	9	**0**
Deferred tax liabilities for revaluation reserve for land	**110,798**	119,060	**1,044**
Acceptances and guarantees	**2,923,570**	3,124,504	**27,542**
total liabilities	**¥49,208,701**	¥49,684,827	**$ 463,577**
shareholders' equity:			
Preferred stock, no par value; Authorized 500,000 thousand shares and issued 167,000 thousand shares in 2000 and 1999	**¥ 250,500**	¥ 250,500	**$ 2,360**
Common stock, par value ¥50 per share; Authorized 7,500,000 thousand shares and issued 3,141,062 thousand shares in 2000 and 1999	**502,348**	502,348	**4,733**
Capital surplus	**643,080**	643,080	**6,058**
Legal reserve	**103,319**	99,179	**973**
Revaluation reserve for land, net of tax	**167,379**	164,551	**1,577**
Retained earnings	**214,008**	186,810	**2,016**
total shareholders' equity	**¥ 1,880,637**	¥ 1,846,470	**$ 17,717**
total liabilities and shareholders' equity	**¥51,089,338**	¥51,531,297	**$ 481,294**

Statements of income

The Sumitomo Bank, Limited
Years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Millions of U.S. Dollars
	2000	1999	1998	**2000**
income:				
Interest income:				
Interest on loans and discounts	**¥ 766,285**	¥ 971,144	¥ 1,083,057	**$ 7,219**
Interest and dividends on securities	**142,745**	175,223	174,435	**1,345**
Other interest income	**507,548**	499,542	710,841	**4,781**
Fees and commissions	**106,565**	104,338	106,868	**1,004**
Trading profits	**34,227**	37,156	18,433	**322**
Other operating income	**61,072**	115,264	66,021	**575**
Other income	**565,902**	170,659	254,419	**5,332**
total income	**¥ 2,184,348**	¥ 2,073,328	¥ 2,414,077	**$ 20,578**
expenses:				
Interest expenses:				
Interest on deposits	**¥ 282,160**	¥ 506,237	¥ 812,818	**$ 2,658**
Interest on borrowings and rediscounts	**109,784**	121,920	123,300	**1,034**
Other interest expenses	**421,157**	414,857	446,470	**3,968**
Fees and commissions	**37,306**	43,159	38,007	**352**
Trading losses	**944**	542	3,408	**8**
Other operating expenses	**49,091**	69,729	28,251	**462**
General and administrative expenses	**350,791**	366,369	387,623	**3,305**
Transfer to reserve for possible loan losses	**292,209**	566,279	829,464	**2,753**
Other expenses	**492,402**	617,656	328,697	**4,639**
total expenses	**¥ 2,035,847**	¥ 2,706,752	¥ 2,998,041	**$ 19,179**
Income (loss) before income taxes	**¥ 148,500**	¥ (633,423)	¥ (583,963)	**$ 1,399**
Income taxes:				
Current	**¥ 6,634**	¥ 20,812	¥ 37,731	**$ 62**
Deferred	**93,047**	(280,112)	–	**877**
net income (loss)	**¥ 48,818**	¥ (374,123)	¥ (621,695)	**$ 460**

	Yen			U.S. Dollars
	2000	1999	1998	**2000**
per share data:				
Net income (loss)	**¥ 14.41**	¥ (119.11)	¥ (197.93)	**$ 0.14**
Net income-diluted	**14.12**	–	–	**0.13**
Declared dividend on common stocks	**6.00**	6.00	8.50	**0.06**
Declared dividend on preferred stocks (first series type1)	**10.50**	0.03	–	**0.10**
Declared dividend on preferred stocks (second series type1)	**28.50**	0.08	–	**0.27**

report of independent public accountants

TO THE BOARD OF DIRECTORS
THE SUMITOMO BANK, LIMITED

We have audited the accompanying consolidated balance sheets of The Sumitomo Bank, Limited and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of The Sumitomo Bank, Limited and subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000 in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except for the change made as of April 1, 1998, in the method of accounting for depreciation referred to in Note 2 (f), with which we concur.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

The Sakura Bank, Limited and The Sumitomo Bank, Limited have signed a contract of merger on May 22, 2000 and the terms of the merger were approved at the ordinary general meeting of shareholders and the general meetings of class shareholders held on June 29, 2000 and June 28, 2000, respectively, referred to in Note 29 (b).

Asahi & Co.

Tokyo, Japan
June 29, 2000

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying consolidated financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

summary of significant differences between japanese gaap and u.s. gaap

The consolidated financial statements of the Bank and its consolidated subsidiaries presented in this annual report conform with Japanese Generally Accepted Accounting Principles (GAAP). Such principles vary from U.S. GAAP in the following significant respects.

japanese gaap	u.s. gaap
Consolidated subsidiaries	
Pursuant to the new accounting standard effective April 1, 1998, the consolidated financial statements include all enterprises that are controlled by the parent, irrespective of the percentage of the voting shares owned.	Statements of Financial Accounting Standards ("SFAS") No. 94 requires, with a few exceptions, a parent company to consolidate all of its majority-owned subsidiaries with more than 50% of outstanding voting shares.
Accounting for sales of loans with recourse	
Under Japanese GAAP, certain loan participations which meet specified criteria are allowed to be recorded as sales.	SFAS No. 125 specifies that sale of assets such as loans refers to an outright sale with legal title passing to the purchaser. A transfer of assets qualifying as a sale with recourse under SFAS No. 125 would result in the recording of an estimated liability.
Accounting for derivatives	
Derivative instruments are recorded in trading account and banking account. Generally, derivative instruments used for hedging purposes are classified in the banking category and recorded on an accrual basis. Certain macro hedges such as ALM may not be qualified as a hedging activity under U.S. GAAP.	Derivative instruments are currently classified into trading and hedging instruments. Derivative instruments for a trading purpose and a hedging purpose are recorded at fair value and on an accrual basis, respectively.
Securities	
All investments including equity securities can be carried at cost under Japanese GAAP. An adjustment for accretion of discount is not permitted. Trading securities are carried at market value with gains and losses included in the current period income,	Under SFAS No. 115, debt securities intended to be held to maturity are carried at amortized cost. Equity securities and debt securities available for sale are carried at fair values with unrealized gains and losses reported as comprehensive income in the stockholders' equity section. Trading securities are carried at market value with gains and losses included in the current period income.
Unearned discount on loans	
Unearned discount is included in other liabilities.	Unearned discount is netted against the loan principal balance.
Loan fees	
Loan origination fees are recognized when income is received.	Loan origination fees are deferred and recognized over the life of the loan.
Accrued interest on non-performing loans	
Effective April 1, 1998, the Bank placed into the nonaccrual status the loans which management assessed as "Bankrupt and Quasi-Bankrupt" and "Doubtful".	Loans are generally placed on nonaccrual status when they become 90 days past due or when they are deemed uncollectible based on management's assessment.

Restructured loans

Discounted present value is not used to measure impairment of a loan. Reserve for restructured loans is computed based on historical loss experience.

SFAS No. 114 requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent.

Reserve for retirement allowances

For unfunded retirement allowances, an accrual is established for the amount payable if all employees voluntarily terminated their employment at the balance sheet date. For pension plans, pension expense is provided based on actuarial determinations and expensed when paid.

Pursuant to SFAS No. 87 and No. 132, employee retirement liability is recorded in an amount equal to an actuarial computation of the present value of benefits due to an employee based on such employee's credited years of service.

Legal and voluntary reserves

An amount equivalent to at least 20% of cash disbursements such as dividend distribution must be appropriated as legal reserve in the retained earnings.

Legal and voluntary reserves are not provided under U.S. GAAP.

Leases

Unless transfer of the ownership occurs, financing leases may be accounted for as operating leases accompanied with sufficient footnote disclosure,

Leases are classified as capital or operating, based on specified criteria. A lease which transfers substantially all of the benefits and risks of ownership to the lessee is reported as capital lease.
Other leases are accounted for as operating leases.

Revaluation reserve for land

Land which had been recorded at cost was revalued at the fair value. The resulted gains were recorded in "Revaluation reserve for land, net of tax" in the shareholders' equity section.

Such revaluation reserve for land is not permissible.

Guarantees

Guarantees, including standby letters of credit, and the related reimbursement obligations of customers are included on the face of the financial statements and assets of equal amounts.

Such guarantees and reimbursement obligations are disclosed in the footnotes and not included in the balance sheet.

Directors' bonuses

Directors' bonuses are charged directly to earned surplus.

Directors' compensation is generally expensed on an accrual basis.

Comprehensive income

Reporting of "Other comprehensive income" not included in net income is not required.

SFAS No. 130 requires the reporting of the revenues, expenses, gains, and losses that are not included in net income as comprehensive income.

Segment information

Segment information by business and geographic location is disclosed.

SFAS No. 131 requires public enterprises to report segment information.

supplemental data (consolidated)

INCOME ANALYSIS

operating income, classified by domestic and foreign operations

	Millions of Yen			
	Domestic Operations	Foreign Operations	Elimination	Total
Year ended March 31	**2000**	**2000**	**2000**	**2000**
Interest income	¥ 1,052,708	¥ 530,614	¥ (55,291)	¥ 1,528,031
Interest expenses	476,516	451,858	(55,300)	873,073
Net interest income	576,191	78,756	9	654,958
Fees and commissions (income)	¥ 165,029	¥ 19,744	¥ (2,136)	¥ 182,637
Fees and commissions (expenses)	30,170	8,430	(1,825)	36,775
Net fees and commissions	134,858	11,313	(310)	145,861
Trading profits	¥ 28,625	¥ 45,772	¥ (4,638)	¥ 69,760
Trading losses	937	26,553	(4,638)	22,853
Net trading income	27,687	19,219	–	46,907
Other operating income	¥ 568,113	¥ 22,061	¥ (535)	¥ 589,638
Other operating expenses	497,156	13,352	(75)	510,433
Net other operating income	70,956	8,709	(460)	79,204

Notes: 1. "Domestic Operations" refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. "Foreign Operations" refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.
2. "Interest expenses" are shown after deduction of an amount equivalent to interest expenses on money held in trust (¥1,242 million).
3. Internal transaction between "Domestic Operations" and "Foreign Operations" are shown in the "Elimination" column.

the average balance of interest-earning assets and interest-bearing liabilities, interest and yields

Domestic Operations

	Millions of Yen		
	Average Balance	Interest	Earnings Yield
Year ended March 31	**2000**	**2000**	**2000**
Interest-earning assets	¥39,967,136	¥ 1,052,708	2.63%
Loans and bills discounted	30,585,767	650,841	2.13
Securities	7,751,326	119,432	1.54
Call loans	257,639	3,953	1.53
Deposits with banks	1,026,205	36,865	3.59
Interest-bearing liabilities	¥39,427,381	¥ 476,516	1.21%
Deposits	25,410,496	119,424	0.47
Certificates of deposit	5,658,239	8,815	0.16
Call money	3,541,425	6,021	0.17
Commercial paper	366,793	978	0.27
Borrowed money	3,947,864	108,178	2.74
Bonds	336,515	6,155	1.83

Notes: 1. As a general rule, average balances are calculated using average daily balances. For some consolidated subsidiaries, however, an average balance based on the balances at the end of each week, month or semi-annual period is used.
2. "Domestic Operations" refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan.
3. "Interest-earning assets" are shown after deduction of the average balance of money held in trust (¥108,483 million) and "Interest-bearing liabilities" are shown after deduction of an amount equivalent to the average balance of money held in trust (¥108,483 million) and interest (¥1,242 million).

Foreign Operations

	Millions of Yen		
	Average Balance	Interest	Earnings Yield
Year ended March 31	**2000**	**2000**	**2000**
Interest-earning assets	¥ 7,512,428	¥ 530,614	7.06%
Loans and bills discounted	5,605,366	243,195	4.34
Securities	644,374	42,839	6.65
Call loans	58,404	1,617	2.77
Deposits with banks	946,961	47,796	5.05
Interest-bearing liabilities	¥ 5,635,880	¥ 451,858	8.02%
Deposits	4,047,646	151,248	3.74
Certificates of deposit	178,330	9,200	5.16
Call money	62,856	2,586	4.11
Commercial paper	70,598	4,031	5.71
Borrowed money	242,133	12,194	5.04
Bonds	977,033	38,696	3.96

Notes: 1. For some consolidated subsidiaries, an average balance based on the balance at the end of each week, month, or semi-annual period is used.

2. "Foreign Operations" refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.

Total of Domestic and Foreign Operations

	Millions of Yen		
	Average Balance	Interest	Earnings Yield
Year ended March 31	**2000**	**2000**	**2000**
Interest-earning assets	¥45,951,745	¥ 1,528,031	3.33%
Loans and bills discounted	34,686,573	839,295	2.42
Securities	8,393,160	162,129	1.93
Call loans	316,043	5,570	1.76
Deposits with banks	1,952,501	84,335	4.32
Interest-bearing liabilities	¥43,534,455	¥ 873,073	2.01%
Deposits	29,436,514	270,347	0.92
Certificates of deposit	5,836,546	18,016	0.31
Call money	3,604,281	8,607	0.24
Commercial paper	437,391	5,010	1.15
Borrowed money	2,685,437	65,621	2.44
Bonds	1,311,007	44,709	3.41

Notes: 1. The amounts shown in the "Total" column exclude internal transactions between "Domestic Operations" and "Foreign Operations".

2. "Interest-earning assets" are shown after deduction of the average balance of money held in trust (¥108,483 million) and "Interest-bearing liabilities" are shown after deduction of an amount equivalent to the average balance of money held in trust (¥108,483 million) and interest (¥1,242 million).

fees and commissions

Year ended March 31	Millions of Yen Domestic Operations 2000	Foreign Operations 2000	Elimination 2000	Total 2000
Fees and commissions (income)	¥ 165,029	¥ 19,744	¥ (2,136)	¥ 182,637
Deposits and loans	9,515	10,497	–	20,013
Remittances and transfers	43,182	3,980	–	47,162
Securities-related business	6,624	660	(645)	6,639
Agency	8,202	148	–	8,351
Safe deposits	2,813	6	–	2,820
Guarantees	12,514	1,147	(1,487)	12,175
Credit card	62,499	–	–	62,499
Fees and commissions (expenses)	¥ 30,170	¥ 8,430	¥ (1,825)	¥ 36,775
Remittances and transfers	10,190	1,843	–	12,033

Notes: 1. “Domestic Operations” refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. “Foreign Operations” refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.
2. Internal transaction between “Domestic Operations” and “Foreign Operations” are shown in the “Elimination” column.

trading income

Year ended March 31	Millions of Yen Domestic Operations 2000	Foreign Operations 2000	Elimination 2000	Total 2000
Trading profits	¥ 28,625	¥ 45,772	¥ (4,638)	¥ 69,760
Gains on trading securities	2,776	33,683	–	36,460
Gains on securities related to trading transactions	–	–	–	–
Gains on trading-related financial derivatives	24,451	10,250	(4,638)	30,063
Other	1,398	1,837	–	3,235
Trading losses	¥ 937	¥ 26,553	¥ (4,638)	¥ 22,853
Losses on trading account securities	–	6,839	–	6,839
Losses on securities related to trading transactions	937	6	–	944
Losses on trading-related financial derivatives	–	19,228	(4,638)	14,590
Other	–	479	–	479

Notes: 1. “Domestic Operations” refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. “Foreign Operations” refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.
2. Internal transaction between “Domestic Operations” and “Foreign Operations” are shown in the “Elimination” column.

DEPOSITS

deposits and negotiable certificates of deposit

Year-end Balance

	Millions of Yen		
	Domestic Operations	Foreign Operations	Total
As of March 31	**2000**	**2000**	**2000**
Liquid deposits	¥10,138,972	¥ 3,730,684	¥13,869,657
Fixed-term deposits	12,288,084	378,642	12,666,726
Other	1,818,105	7,576	1,825,681
Subtotal	¥24,245,162	¥ 4,116,903	¥28,362,065
Certificates of deposit	¥ 6,764,862	¥ 104,396	¥ 6,869,258
total	¥31,010,024	¥ 4,221,300	¥35,231,324

Notes: 1. "Domestic Operations" refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. "Foreign Operations" refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.
2. Liquid deposits = Current deposits + Savings deposits + Deposits at notice
3. Fixed-term deposits = Time deposits

LOANS

loan portfolio, classified by industry

	Millions of Yen	Percentage
As of March 31	**2000**	**2000**
domestic operations		
Manufacturing	¥ 3,596,729	12.3%
Agriculture, forestry, fisheries and mining	70,579	0.2
Construction companies	1,722,341	5.9
Wholesale and retail trade	3,671,721	12.5
Financial institutions	2,116,775	7.2
Real estate companies	4,910,518	16.7
Transportation, communications and other public enterprises	1,231,997	4.2
Services	4,883,414	16.6
Municipalities	104,298	0.4
Other	7,056,217	24.0
Subtotal	¥29,364,595	100.0%
foreign operations		
Public sector	¥ 159,624	4.5%
Financial institutions	213,870	6.0
Commerce and industry	3,191,607	89.2
Other	11,182	0.3
Subtotal	¥ 3,576,285	100.0%
total	¥32,940,880	–

Note: "Domestic Operations" refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. "Foreign Operations" refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.

risk-monitored loans

As of March 31	Millions of Yen 2000	1999
Loans to borrowers under legal bankruptcy procedures	¥ 87,296	¥ 208,327
Nonaccrual loans	1,661,933	1,678,401
Loans past due for three months or longer	79,208	170,936
Restructured loans	374,880	282,965
total	¥ 2,203,318	¥ 2,340,631

SECURITIES

Year-end Balance

As of March 31	Millions of Yen 2000
domestic operations	
Japanese government bonds	¥ 3,488,594
Japanese local government bonds	358,977
Japanese corporate bonds	713,590
Japanese stocks	3,392,513
Other securities	393,805
Subtotal	¥ 8,347,481
foreign operations	
Japanese government bonds	¥ –
Japanese local government bonds	–
Japanese corporate bonds	442
Japanese stocks	4,034
Other securities	616,894
Subtotal	¥ 621,371
total	¥ 8,968,853

Notes: 1. “Domestic Operations” refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. “Foreign Operations” refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.
2. Foreign bonds and foreign stocks are included in “Other securities”.

TRADING ASSETS AND LIABILITIES

Year-end Balance

	Millions of Yen			
	Domestic Operations	Foreign Operations	Elimination	Total
As of March 31	**2000**	**2000**	**2000**	**2000**
Trading assets	¥ 1,344,608	¥ 430,919	¥ (30,101)	¥ 1,745,425
Trading securities	42,387	259,135	–	301,522
Derivatives on trading securities	18	–	–	18
Derivatives on securities related to trading transactions	57	–	–	57
Trading-related financial derivatives	476,401	144,709	(30,101)	591,008
Other trading assets	825,743	27,074	–	852,817
Trading liabilities	¥ 496,184	¥ 486,567	¥ (30,101)	¥ 952,649
Trading securities sold for short sales	937	326,227	–	327,165
Derivatives on trading securities	17	–	–	17
Derivatives on securities related to trading transactions	26	–	–	26
Trading-related financial derivatives	495,202	160,340	(30,101)	625,440

Notes: 1. "Domestic Operations" refers to the operation of the Bank (except for overseas branches) and its consolidated subsidiaries within Japan. "Foreign Operations" refers to the operation of the overseas branches of the Bank and its consolidated subsidiaries with the head office located overseas.

2. Internal transactions between "Domestic Operations" and "Foreign Operations" are shown in the "Elimination" column.

MARKET VALUE INFORMATION

securities

The following table represents market value and unrealized gain or loss on listed securities held by the Bank and the consolidated subsidiaries as of March 31, 2000.

	Millions of Yen				
	2000				
As of March 31	Balance Sheet Amount	Market Value	Net Unrealized Gain(Loss)	Unrealized Gain	Unrealized Loss
securities:					
Japanese bonds	¥ 877,620	¥ 871,538	¥ (6,081)	¥ 22,187	¥ 28,269
Japanese stocks	3,131,298	3,987,659	856,360	1,178,416	322,055
Other	521,933	786,986	265,053	274,936	9,883
total	¥ 4,530,852	¥ 5,646,185	¥ 1,115,332	¥ 1,475,540	¥ 360,208

Notes: 1. Japanese bonds include national government bonds, local government bonds and corporate bonds.

2. Market values for securities listed on exchanges are the closing prices on the Tokyo Stock Exchange or on other exchanges, or are calculated on the earnings yield of the quotation of over-the-counter issues released by the Securities Dealers Association of Japan.

3. The estimated value of unlisted securities is summarized follows:

	Millions of Yen				
	2000				
As of March 31	Balance Sheet Amount	Market Value	Net Unrealized Gain(Loss)	Unrealized Gain	Unrealized Loss
securities:					
Japanese bonds	¥ 3,169,079	¥ 3,174,359	¥ 5,279	¥ 12,030	¥ 6,750
Japanese stocks	34,181	92,557	58,376	63,839	5,463
Other	66,800	67,264	464	2,331	1,867
total	¥ 3,270,060	¥ 3,334,181	¥ 64,120	¥ 78,201	¥ 14,081

The estimated market value equivalents of unlisted securities are calculated as follows:
Japanese over-the-counter securities: based on purchase prices released by the Securities Dealers Association of Japan.
Public bonds: based on the earnings yield of the quotation of over-the-counter issues released by the Securities Dealers Association of Japan.
Beneficial securities of securities investment trust: based on the reference price.
U.S. over-the-counter securities : based on NASDAQ purchasing price of the National Association of Securities Dealers.

4. The following represents the book values of major non-marketable securities, which have not been included in the market value information on marketable securities.

	Millions of Yen
	Balance Sheet Amount
As of March 31	2000
securities:	
Japanese bonds	¥ 514,905
Japanese stocks	231,067
Others	421,966

5. Trading securities, which is accounted for in the trading accounts, is not included in the above amounts because revaluated gains (losses) are accounted for in the consolidated statements of income.

market value of money held in trust

	Millions of Yen				
	2000				
As of March 31	Balance Sheet Amount	Market Value	Net Unrealized Gain(Loss)	Unrealized Gain	Unrealized Loss
	¥ 109,039	¥ 108,980	¥ (59)	¥ 0	¥ 59

Notes: 1. Market values for securities listed on exchanges are the closing prices on the Tokyo Stock Exchange or on other exchanges, or are calculated based on the earnings yield of the quotation of over-the-counter issues released by the Securities Dealers Association of Japan.

2. Over-the-counter stocks are valued by the purchase prices released by the Securities Dealers Association of Japan.

derivative transactions

Notes: 1. Contract Amount columns list notional amount of swaps or contract value of futures, options and other derivatives. Option premiums accounted for on the consolidated balance sheets are denoted by brackets ([ ]).

2. Market values of contracts listed on exchanges are based on the closing prices on the relevant exchanges.

1. Interest Rate Derivatives

	Millions of Yen			
	2000			
	Contract Amount			
As of March 31	Total	Over One Year	Market Value	Unrealized Gain (Loss)
transactions listed on exchange				
Interest rate futures				
Sold	¥11,123,048	¥ 52,429	¥11,074,094	¥ 48,953
Bought	10,099,803	–	10,058,766	(41,036)
Interest rate options				
Sold				
Call	¥ –	¥ –		
	[–]		¥ –	¥ –
Put	–	–		
	[–]		–	–
Bought				
Call	–	–		
	[–]		–	–
Put	–	–		
	[–]		–	–
over-the-counter transactions				
Forward rate agreements				
Sold	¥ 2,160	¥ –	¥ 2,111	¥ 49
Bought	1,506	–	1,510	4
Interest rate swaps				
Receivable fixed rate/payable floating rate	¥27,361,147	¥11,051,720	¥ 499,210	¥ 499,210
Receivable floating rate/payable fixed rate	20,031,787	10,429,396	(372,856)	(372,856)
Receivable floating rate/payable floating rate	508,746	427,421	(395)	(395)

(Continued)

	Millions of Yen			
	2000			
	Contract Amount			
As of March 31	Total	Over One Year	Market Value	Unrealized Gain (Loss)
Swaptions				
Sold				
Call	¥ 98,150	¥ 48,200		
	[3,309]		¥ 956	¥ 2,353
Put	2,546	–		
	[–]		(88)	88
Bought				
Call	19,356	11,356		
	[266]		156	(110)
Put	2,546	–		
	[–]		(68)	(68)
Caps				
Sold	¥ 76,931	¥ 32,658		
	[67]		¥ 493	¥ (426)
Bought	249,635	200,907		
	[1,913]		1,132	(780)
Floors				
Sold	¥ 55,026	¥ 47,088		
	[1,543]		¥ 2,025	¥ (481)
Bought	2,054	1,031		
	[5]		10	5
Other				
Sold	¥ –	¥ –		
	(–)		¥ –	¥ –
Bought	–	–		
	(–)		–	–
total				¥ 134,332

Notes: 1. Regarding over-the-counter transactions, market value calculation is based on net present value or option pricing model.

2. A swaption call is defined as a right to carry out interest rate swap with a floating receivable rate and a fixed payable rate. A swaption put is defined as a right to carry out interest rate swap with a fixed receivable rate and a floating payable rate.

3. The market value or unrealized gain (loss) for interest rate swaps, excluding trading transactions, includes ¥205,785 million of accrued interest, which has been accounted for in the consolidated statements of income.

4. Interest rate swap notional amounts by period remaining are as follows:

	Millions of Yen		
	2000		
As of March 31	Less than One Year	One to Five Years	Over Five Years
Interest rate swap notional amount			
Receivable fixed rate/payable floating rate	¥16,309,427	¥ 9,537,209	¥ 1,514,511
Receivable floating rate/payable fixed rate	9,602,391	8,382,812	2,046,583
Receivable floating rate/payable floating rate	81,325	370,730	56,690
total	¥25,993,653	¥18,638,574	¥ 3,617,785

5. Derivative transactions, which are classified as trading transactions, are not included in the figures on the previous page because revaluated gains (losses) are accounted for in the consolidated statements of income. Figures on trading transactions are as follows:

	Millions of Yen	
	2000	
As of March 31	Contract Amount	Market Value
transactions listed on exchange		
Interest rate futures		
Sold	¥ 376,132	¥ 376,065
Bought	2,993,460	2,993,271
Interest rate options		
Sold		
Call	¥ –	
	[–]	¥ –
Put	–	
	[–]	–
Bought		
Call	–	
	[–]	–
Put	–	
	[–]	–
over-the-counter transactions		
Forward rate agreements		
Sold	¥ 4,459,803	¥ 4,459,860
Bought	463,020	462,888
Interest rate swaps		
Receivable fixed rate/payable floating rate	¥62,619,490	¥ 705,951
Receivable floating rate/payable fixed rate	56,298,809	(708,757)
Receivable floating rate/payable floating rate	3,358,339	(1,964)
Swaptions		
Sold		
Call	¥ 125,840	
	[1,495]	¥ (3,131)
Put	173,210	
	[1,623]	(2,516)
Bought		
Call	118,000	
	[2,841]	(143)
Put	143,939	
	[555]	646
Caps		
Sold	¥ 3,262,039	
	[15,723]	¥ (10,897)
Bought	1,834,494	
	[7,413]	9,546
Floors		
Sold	¥ 284,086	
	[3]	¥ (2,020)
Bought	329,676	
	[1,706]	3,597
Other		
Sold	¥ 45,730	
	[349]	¥ 79
Bought	125,263	
	[–]	(198)

2. Currency Derivatives

As of March 31	Millions of Yen 2000 Contract Amount Total	Over One Year	Market Value	Unrealized Gain (Loss)
over-the-counter transactions				
Currency swaps	¥ 2,854,232	¥ 1,541,624	¥ (883)	¥ (883)
US$	2,207,137	1,254,151	(2,309)	(2,309)
£ Stg.	86,458	59,235	1,216	1,216
Euro	5,043	–	15	15
Other	555,592	228,236	193	193
Other				
US$	1,092	–	68	68
Total				¥ (815)

Notes: 1. Market value calculation is based on net present value.

2. The market value or unrealized gain (loss) for currency swaps and other transactions, excluding trading transactions, includes ¥6,731 million of accrued interest, which has been accounted for in the consolidated statements of income.

3. Derivative transactions in trading account are not included in the figures above because revaluated gains (losses) are accounted for in the consolidated statements of income. Contract amounts, etc., are as follows:

As of March 31	Millions of Yen 2000 Contract Amount	Market Value
over-the-counter transactions		
Currency swaps	¥ 9,046,598	¥ (64,124)
US$	7,919,579	(64,433)
Euro	343,486	39
SFr	3,171	200
Other	780,360	68
Forward foreign exchange	¥ 565,868	¥ 16,132
Currency options	¥ 5,557	¥ (1,321)

4. Forward foreign exchange and currency options which are revaluated at the end of fiscal year and revaluated gains (losses) are accounted for in the consolidated statements of income are not included in the figures on the previous page.
The contracts so treated are as follows:

	Millions of Yen
	2000
As of March 31	Contract Amount
transactions listed on exchange	
Currency futures	
Sold	¥ –
Bought	–
Currency options	
Sold	
Call	¥ –
	[–]
Put	–
	[–]
Bought	
Call	–
	[–]
Put	–
	[–]
over-the-counter transactions	
Forward foreign exchange	¥41,745,624
Currency options	
Sold	1,179,988
	(14,341)
Bought	964,387
	(17,199)
Other	
Sold	¥ –
Bought	–

3. Stock Derivatives

	Millions of Yen							
	2000							
	Contract Amount							
As of March 31		Total		Over One Year		Market Value		Unrealized Gain (Loss)
transactions listed on exchange								
Stock price index futures								
Sold	¥	–	¥	–	¥	–	¥	–
Bought		–		–		–		–
Stock price index options								
Sold								
Call	¥	–	¥	–				
		[–]			¥	–	¥	–
Put		–		–				
		[–]				–		–
Bought								
Call		–		–				
		[–]				–		–
Put		–		–				
		[–]				–		–
over-the-counter transactions								
Equity options								
Sold								
Call	¥	–	¥	–				
		[–]			¥	–	¥	–
Put		–		–				
		[–]				–		–
Bought								
Call		–		–				
		[–]				–		–
Put		–		–				
		[–]				–		–
Stock price index swaps								
Stock price index receivable/interest floating rate payable	¥	–	¥	–	¥	–	¥	–
Stock price index payable/interest floating rate receivable		–		–		–		–
Other								
Sold		–		–				
		[–]				–		–
Bought		58		–				
		[22]				9		(13)
total							¥	(13)

Notes: 1. Regarding over-the-counter transactions, market value calculation is based on net present value or option pricing model.

2. Derivative transactions, which are classified as trading transactions, are not included in the figures on the previous page because revaluated gains (losses) are accounted for in the consolidated statements of income. Figures on trading transactions are as follows:

	Millions of Yen	
	2000	
As of March 31	Contract Amount	Market Value
transactions listed on exchange		
Stock price index futures		
Sold	¥ –	¥ –
Bought	48,554	51,294
Stock price index options		
Sold		
Call	¥ –	
	[–]	¥ –
Put	–	
	[–]	–
Bought		
Call	1,858	
	[49]	67
Put	–	
	[–]	–
over-the-counter transactions		
Equity options		
Sold		
Call	¥ 74,558	¥ (8,824)
Put	14,135	95
Bought		
Call	36,269	1,197
Put	22,497	(170)
Stock price index swaps	¥ 126,759	¥ (905)
Other		
Sold	–	
	[–]	–
Bought	–	
	[–]	–

4. Bond Derivatives

	Millions of Yen			
	2000			
	Contract Amount			
As of March 31	Total	Over One Year	Market Value	Unrealized Gain (Loss)
transactions listed on exchange				
Bond futures				
Sold	¥ 416,719	¥ –	¥ 419,622	¥ (2,902)
Bought	47,866	–	48,035	168
Bond futures options				
Sold				
Call	¥ –	¥ –		
	[–]		¥ –	¥ –
Put	–	–		
	[–]		–	–
Bought				
Call	–	–		
	[–]		–	–
Put	–	–		
	[–]		–	–
over-the-counter transactions				
Bond options				
Sold				
Call	¥ –	¥ –		
	[–]		¥ –	¥ –
Put	–	–		
	[–]		–	–
Bought				
Call	–	–		
	[–]		–	–
Put	–	–		
	[–]		–	–
Other				
Sold	¥ –	¥ –	¥ –	¥ –
Bought	–	–	–	–
Total				¥ (2,734)

Note: Derivative transactions, which are classified as trading transactions, are not included in the figures above because revaluated gains (losses) are accounted for in the consolidated statements of income. Figures on trading transactions are on the following page.

As of March 31	Millions of Yen 2000 Contract Amount	Millions of Yen 2000 Market Value
transactions listed on exchange		
Bond futures		
Sold	¥ 6,548	¥ 6,575
Bought	4,804	4,862
Bond futures options		
Sold		
Call	¥ –	
	[–]	¥ –
Put		–
	[–]	–
Bought		
Call	–	
	[–]	–
Put		–
	[–]	–
over-the-counter transactions		
Bond options		
Sold		
Call	¥ –	
	[–]	¥ –
Put	–	
	[–]	–
Bought		
Call	–	
	[–]	–
Put	–	
	[–]	–
Other		
Sold	¥ –	¥ –
Bought	–	–

5. Commodity Derivatives

There are no corresponding items.

6. Credit Derivative Transactions

All credit derivative transactions other than trading transactions are treated in the same way as guarantees and have been excluded from following table.

The transactions which are classified as trading transactions are recorded at estimated market value and related gains and losses are included in trading profits or losses on the consolidated statements of income.

The contract amounts of derivative transactions included in trading transactions are as follows:

over-the-counter transactions

	Millions of Yen	
	2000	
As of March 31	Contract Amount	Market Value
Sold	¥ 15,828	¥ (25)
Bought	117,465	9,890

Notes: 1. Market value is calculated based on the price of the reference assets or components such as the contract term.

2. "Sold" are transactions in which the Bank accepts the credit risk, and "Bought" are transaction in which the Bank transfers the credit risk.

supplemental data (nonconsolidated)

the sumitomo bank, limited

Years ended March 31

INCOME ANALYSIS

gross operation profits, classified by domestic and international operations

	Millions of Yen					
	Domestic Operations		International Operation		Total	
Years ended March 31	**2000**	1999	**2000**	1999	**2000**	1999
Interest income	**¥ 757,299**	¥ 874,148	**¥ 659,318**	¥ 772,528	**¥1,416,579**	¥1,645,910
Interest expenses	**242,028**	361,638	**569,889**	678,014	**811,878**	1,038,886
Net interest income	**515,271**	512,509	**89,429**	94,514	**604,700**	607,023
Fees and commissions (income)	**¥ 75,810**	¥ 66,584	**¥ 30,755**	¥ 37,754	**¥ 106,565**	¥ 104,338
Fees and commissions (expenses)	**27,700**	28,142	**9,605**	15,016	**37,306**	43,159
Net fees and commissions	**48,109**	38,441	**21,149**	22,738	**69,259**	61,179
Trading profits	**¥ 4,174**	¥ 5,770	**¥ 30,052**	¥ 31,386	**¥ 34,227**	¥ 37,156
Trading losses	**–**	542	**944**	–	**944**	542
Net trading income	**4,174**	5,227	**29,108**	31,386	**33,282**	36,613
Other operating income	**¥ 24,948**	¥ 101,616	**¥ 36,124**	¥ 13,647	**¥ 61,072**	¥ 115,264
Other operating expenses	**27,330**	51,563	**18,420**	18,165	**45,750**	69,729
Net other operating income	**(2,381)**	50,053	**17,703**	(4,518)	**15,321**	45,534
Gross operating profit	**¥ 565,173**	¥ 606,231	**¥ 157,391**	¥ 144,119	**¥ 722,565**	¥ 750,351
Gross operating profit rate (%)	**1.59%**	1.74%	**1.80%**	1.26%	**1.63%**	1.62%

Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. Interest expenses are shown after deduction of an amount equivalent to interest expenses on money held in trust (2000, ¥1,222 million; 1999, ¥4,128 million).
3. Gross operating profit rate = Gross operating profit/average balance of interest-earning assets x 100

the average balance of interest-earning assets and interest-bearing liabilities, interest and yields

Domestic Operations

	Millions of Yen					
	Average Balance		Interest		Earnings Yield	
Years ended March 31	**2000**	1999	**2000**	1999	**2000**	1999
Interest-earning assets	**¥35,397,481**	¥34,753,859	**¥ 757,299**	¥ 874,148	**2.13%**	2.51%
Loans and bills discounted	**28,019,739**	28,850,128	**537,952**	593,964	**1.91**	2.05
Securities	**7,199,331**	5,788,368	**89,385**	109,196	**1.24**	1.88
Call loans	**391**	252	**37**	9	**9.55**	3.85
Bills bought	**170,746**	107,517	**82**	765	**0.04**	0.71
Deposits with banks	**3,311**	7,360	**2**	53	**0.09**	0.73
Interest-bearing liabilities	**¥32,504,927**	¥31,344,796	**¥242,028**	¥361,638	**0.74%**	1.15%
	[15,641]	[145,457]	**[38]**	[766]		
Deposits	**21,958,363**	20,354,221	**44,183**	75,156	**0.20**	0.36
Certificates of deposit	**5,651,266**	5,780,958	**8,782**	33,314	**0.15**	0.57
Call money	**3,297,640**	3,790,084	**3,595**	17,189	**0.10**	0.45
Bills sold	**200,921**	216,927	**118**	814	**0.05**	0.37
Commercial paper	**267,406**	189,034	**515**	940	**0.19**	0.49
Borrowed money	**820,000**	908,890	**24,275**	26,569	**2.96**	2.92
Bonds	**242,329**	116,397	**5,038**	1,820	**2.07**	1.56

Notes: 1. Interest-earning assets are shown after deduction of the average balance of money held in trust (2000, ¥100,294 million; 1999, ¥307,915 million). Interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (2000, ¥100,294 million; 1999, ¥307,915 million) and interest (2000, ¥746 million; 1999, ¥3,552 million).
2. Figures in brackets indicate the average balances of loans and borrowings or interest payments made between domestic and international operations.
3. Bond interest includes amortization of discounts of bonds.

International Operations

Years ended March 31	Average Balance (Millions of Yen) 2000	1999	Interest 2000	1999	Earnings Yield 2000	1999
Interest-earning assets	**¥8,713,177**	¥11,435,455	**¥ 659,318**	¥ 772,528	**7.56%**	6.75%
	[15,641]	[145,457]	**[38]**	[766]		
Loans and bills discounted	**4,965,293**	7,358,478	**223,218**	365,292	**4.49**	4.96
Securities	**1,167,250**	1,401,334	**53,359**	66,026	**4.57**	4.71
Call loans	**100,758**	202,493	**4,995**	11,112	**4.95**	5.48
Bills bought	**–**	–	**–**	–	**–**	–
Deposits with banks	**1,915,905**	1,524,592	**84,452**	77,567	**4.40**	5.08
Interest-bearing liabilities	**¥8,687,325**	¥11,546,559	**¥ 569,889**	¥ 678,014	**6.56%**	5.87%
Deposits	**6,536,656**	9,504,543	**220,241**	370,647	**3.36**	3.89
Certificates of deposit	**173,795**	446,289	**8,952**	27,119	**5.15**	6.07
Call money	**106,601**	134,773	**4,779**	6,837	**4.48**	5.07
Bills sold	**910**	182	**27**	13	**2.99**	7.18
Commercial paper	**–**	–	**–**	–	**–**	–
Borrowed money	**1,712,602**	1,331,824	**76,988**	70,496	**4.49**	5.29
Bonds	**–**	–	**–**	–	**–**	–

Notes: 1. Interest-earning assets are shown after deduction of the average balance of money held in trust (2000, ¥7,255 million; 1999, ¥9,811 million). Interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (2000, ¥7,255 million; 1999, ¥9,811 million) and interest (2000, ¥576 million; 1999, ¥1,062 million).
2. Figures in brackets indicate the average balances of loans and borrowings or interest payments made between domestic and international operations.
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

Years ended March 31	Average Balance (Millions of Yen) 2000	1999	Interest 2000	1999	Earnings Yield 2000	1999
Interest-earning assets	**¥44,095,017**	¥46,043,856	**¥1,416,579**	¥ 1,645,910	**3.21%**	3.57%
Loans and bills discounted	**32,985,032**	36,208,607	**761,170**	959,257	**2.30**	2.64
Securities	**8,366,581**	7,189,703	**142,745**	175,223	**1.70**	2.43
Call loans	**101,150**	202,745	**5,032**	11,121	**4.97**	5.48
Bills bought	**170,746**	107,517	**82**	765	**0.04**	0.71
Deposits with banks	**1,919,216**	1,531,953	**84,455**	77,620	**4.40**	5.06
Interest-bearing liabilities	**¥41,176,612**	¥42,745,898	**¥ 811,878**	¥ 1,038,886	**1.97%**	2.43%
Deposits	**28,495,019**	29,858,765	**264,425**	445,803	**0.92**	1.49
Certificates of deposit	**5,825,062**	6,227,248	**17,735**	60,433	**0.30**	0.97
Call money	**3,404,242**	3,924,858	**8,375**	24,026	**0.24**	0.61
Bills sold	**201,832**	217,110	**145**	827	**0.07**	0.38
Commercial paper	**267,406**	189,034	**515**	940	**0.19**	0.49
Borrowed money	**2,532,603**	2,240,715	**101,263**	97,065	**3.99**	4.33
Bonds	**242,329**	116,397	**5,038**	1,820	**2.07**	1.56

Notes: 1. Interest-earning assets are shown after deduction of the average balance of money held in trust (2000, ¥107,550million; 1999, ¥317,727 million). Interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (2000, ¥107,550 million; 1999, ¥317,727 million) and interest (2000, ¥1,222 million; 1999, ¥4,128 million).
2. The average balances of loans and borrowings or interest payments made between domestic and international operations are offset.
3. Bond interest includes amortization of discounts of bonds.

breakdown of interest income and interest expenses

Domestic Operations

	Millions of Yen					
	Volume-related Increase/Decrease		Rate-related Increase/Decrease		Net Increase/Decrease	
Years ended March 31	**2000**	1999	**2000**	1999	**2000**	1999
Interest income	**¥ 16,531**	¥ 39,011	**¥(133,379)**	¥ (69,332)	**¥(116,848)**	¥ (30,320)
Loans and bills discounted	**(16,751)**	26,563	**(39,260)**	(18,109)	**(56,011)**	8,454
Securities	**49,228**	4,272	**(69,039)**	(12,685)	**(19,811)**	(8,412)
Call loans	**7**	(205)	**20**	100	**27**	(105)
Bills bought	**1,166**	342	**(1,849)**	(324)	**(683)**	17
Deposits with banks	**(19)**	(508)	**(31)**	(468)	**(50)**	(977)
Interest expenses	**¥ 13,938**	¥ 10,917	**¥(133,548)**	¥ (75,272)	**¥(119,610)**	¥ (64,355)
Deposits	**6,487**	5,422	**(37,460)**	(17,810)	**(30,972)**	(12,387)
Certificates of deposit	**(731)**	2,291	**(23,800)**	(2,889)	**(24,531)**	(597)
Call money	**(1,985)**	(438)	**(11,607)**	(2,210)	**(13,593)**	(2,649)
Bills sold	**(56)**	(422)	**(640)**	(533)	**(696)**	(956)
Commercial paper	**889**	470	**(1,315)**	470	**(425)**	940
Borrowed money	**(2,636)**	(22,707)	**342**	15,006	**(2,294)**	(7,701)
Bonds	**2,466**	1,728	**751**	39	**3,218**	1,767

Note: Rate/Volume variance is allocated based on the percentage relationship of changes in volume and changes.

International Operations

	Millions of Yen					
	Volume-related Increase/Decrease		Rate-related Increase/Decrease		Net Increase/Decrease	
Years ended March 31	**2000**	1999	**2000**	1999	**2000**	1999
Interest income	**¥(228,482)**	¥ (404,639)	**¥ 115,272**	¥ 113,172	**¥(113,209)**	¥ (291,466)
Loans and bills discounted	**(110,110)**	(132,461)	**(31,964)**	21,543	**(142,074)**	(110,918)
Securities	**(10,750)**	19,372	**(1,916)**	(10,171)	**(12,667)**	9,201
Call loans	**(5,130)**	(8,871)	**(986)**	(490)	**(6,116)**	(9,362)
Bills bought	**–**	–	**–**	–	**–**	–
Deposits with banks	**14,361**	(188,324)	**(7,475)**	11,745	**6,885**	(176,578)
Interest expenses	**¥(205,233)**	¥ (349,257)	**¥ 97,108**	¥ 74,523	**¥(108,125)**	¥ (274,734)
Deposits	**(104,773)**	(200,248)	**(45,632)**	(32,512)	**(150,406)**	(232,761)
Certificates of deposit	**(14,539)**	(64,080)	**(3,626)**	3,245	**(18,166)**	(60,834)
Call money	**(1,322)**	(10,115)	**(735)**	666	**(2,058)**	(9,449)
Bills sold	**16**	–	**(2)**	13	**14**	13
Commercial paper	**–**	–	**–**	–	**–**	–
Borrowed money	**13,730**	16,053	**(7,238)**	3,309	**6,492**	19,363
Bonds	**–**	–	**–**	–	**–**	–

Note: Rate/Volume variance is allocated based on the percentage relationship of changes in volume and changes.

Total of Domestic and International Operations

Years ended March 31	Volume-related Increase/Decrease 2000	1999	Rate-related Increase/Decrease 2000	1999	Net Increase/Decrease 2000	1999
	Millions of Yen					
Interest income	**¥ (67,584)**	¥ (177,908)	**¥(161,746)**	¥ (144,516)	**¥(229,330)**	¥ (322,424)
Loans and bills discounted	**(80,902)**	(38,921)	**(117,183)**	(63,541)	**(198,086)**	(102,463)
Securities	**39,017**	15,147	**(71,495)**	(14,358)	**(32,478)**	788
Call loans	**(5,136)**	(9,781)	**(953)**	314	**(6,089)**	(9,467)
Bills bought	**1,166**	342	**(1,849)**	(324)	**(683)**	17
Deposits with banks	**14,244**	(189,070)	**(7,409)**	11,514	**6,835**	(177,555)
Interest expenses	**¥ (39,967)**	¥ (143,806)	**¥(190,040)**	¥ (195,920)	**¥(227,007)**	¥ (339,727)
Deposits	**(19,531)**	(72,538)	**(161,847)**	(172,610)	**(181,378)**	(245,148)
Certificates of deposit	**(3,672)**	(10,990)	**(39,025)**	(50,441)	**(42,698)**	(61,432)
Call money	**(2,841)**	(2,328)	**(12,810)**	(9,770)	**(15,651)**	(12,098)
Bills sold	**(54)**	(423)	**(628)**	(520)	**(682)**	(943)
Commercial paper	**889**	470	**(1,315)**	470	**(425)**	940
Borrowed money	**10,264**	(22,700)	**(6,066)**	34,362	**4,197**	11,662
Bonds	**¥ 2,466**	¥ 1,728	**¥ 751**	¥ 39	**¥ 3,218**	¥ 1,767

Note: Rate/Volume variance is allocated based on the percentage relationship of changes in volume and changes.

fees and commissions

Years ended March 31	Domestic Operations 2000	1999	International Operations 2000	1999	Total 2000	1999
	Millions of Yen					
Fees and commissions (income)	**¥ 75,810**	¥ 66,584	**¥ 30,755**	¥ 37,754	**¥ 106,565**	¥ 104,338
Deposits and loans	**4,380**	4,371	**15,014**	18,650	**19,394**	23,021
Remittances and transfers	**35,337**	33,280	**11,480**	11,885	**46,818**	45,165
Securities-related business	**6,162**	6,926	**153**	56	**6,315**	6,982
Agency	**6,782**	6,898	**1,200**	798	**7,982**	7,696
Safe deposits	**2,774**	2,791	**–**	–	**2,774**	2,791
Guarantees	**806**	737	**2,276**	5,011	**3,082**	5,748
Fees and commissions (expenses)	**¥ 27,700**	¥ 28,142	**¥ 9,605**	¥ 15,016	**¥ 37,306**	¥ 43,159
Remittances and transfers	**7,651**	7,041	**4,176**	7,222	**11,827**	14,264

trading income

Years ended March 31	Domestic Operations 2000	1999	International Operations 2000	1999	Total 2000	1999
	Millions of Yen					
Trading profits	**¥ 4,174**	¥ 5,770	**¥ 30,052**	¥ 31,386	**¥ 34,227**	¥ 37,156
Gains on trading securities	**2,776**	–	**–**	–	**2,776**	–
Gains on securities related to trading transactions	**–**	–	**–**	847	**–**	847
Gains on trading-related financial derivatives	**–**	–	**30,052**	30,538	**30,052**	30,538
Other	**1,398**	5,770	**–**	–	**1,398**	5,770
Trading losses	**¥ –**	¥ 542	**¥ 944**	¥ –	**¥ 944**	¥ 542
Losses on trading account securities	**–**	542	**–**	–	**–**	542
Losses on securities related to trading transactions	**–**	–	**944**	–	**944**	–
Losses on trading-related financial derivatives	**–**	–	**–**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–

Note: Gains and losses are netted against each other.

net other operating income

Years ended March 31	Millions of Yen 2000	1999	1998	1997	1996
domestic operations					
Gains on trading securities	**¥ –**	¥ –	¥ –	¥ 12,320	¥ 4,554
Gains on sale of bonds	**(2,889)**	49,387	34,652	24,446	60,082
Other	**507**	665	507	693	417
Subtotal	**¥ (2,381)**	¥ 50,053	¥ 35,160	¥ 37,460	¥ 65,054
international operations					
Gains on foreign exchange transactions	**¥ 18,919**	¥ (2,418)	¥ 2,414	¥ 12,174	¥ 17,385
Gains on sale of bonds	**(1,060)**	42	25	(2,411)	6,750
Other	**(155)**	(2,142)	170	1	3
Subtotal	**¥ 17,703**	¥ (4,518)	¥ 2,610	¥ 9,764	¥ 24,138
grand total	**¥ 15,321**	¥ 45,534	¥ 37,770	¥ 47,224	¥ 89,192

general and administrative expenses

Years ended March 31	Millions of Yen 2000	1999	1998	1997	1996
Salaries and related expenses	**¥ 117,345**	¥ 127,237	¥ 138,294	¥ 139,007	¥ 142,017
Retirement allowance	**12,180**	6,424	6,853	4,906	3,754
Transfer to reserve for retirement allowance	**3,373**	3,449	3,534	3,289	3,471
Welfare expenses	**30,350**	32,392	30,967	27,901	28,357
Depreciation	**15,873**	16,759	22,598	29,993	36,184
Rent and lease expenses	**39,099**	40,556	41,310	39,288	37,006
Building and maintenance expenses	**1,099**	1,484	1,755	1,896	2,045
Supplies expenses	**5,441**	5,857	6,142	5,936	5,947
Water, lighting and heating expenses	**4,554**	4,927	5,597	5,536	5,718
Traveling expenses	**1,962**	2,341	2,967	2,826	2,220
Communication expenses	**6,767**	7,261	7,354	7,002	7,373
Publicity and advertising expenses	**2,300**	3,590	5,110	4,800	5,656
Taxes, other than income taxes	**17,647**	20,545	21,909	19,747	21,277
Other	**92,796**	93,541	93,225	86,134	67,693
total	**¥ 350,791**	¥ 366,369	¥ 387,623	¥ 378,269	¥ 368,722

DEPOSITS

deposits and certificates of deposit

Year-end Balance

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic operations					
Liquid deposits	**¥ 9,975,479**	¥ 8,335,407	¥ 7,527,981	¥ 6,966,302	¥ 6,859,806
	46.7%	40.3%	36.8%	35.5%	34.1%
Interest-bearing deposits	**8,315,015**	6,780,830	6,043,165	5,342,991	4,992,953
	39.0	32.8	29.5	27.2	24.8
Fixed-term deposits	**11,051,229**	11,996,886	12,527,740	12,246,266	12,850,085
	51.8	57.9	61.2	62.4	63.8
Time deposits with fixed interest rates	**11,024,541**	11,956,416	12,499,266	12,216,942	12,744,787
	51.7	57.8	61.0	62.3	63.3
Time deposits with floating interest rates	**7,841**	20,603	7,164	6,560	7,534
	0.0	0.1	0.0	0.0	0.0
Other	**317,340**	370,684	420,514	404,175	432,069
	1.5	1.8	2.1	2.1	2.1
Subtotal	**¥21,344,048**	¥20,702,977	¥20,476,235	¥19,616,744	¥20,141,961
	100.0%	100.0%	100.0%	100.0%	100.0%
Certificates of deposit	**¥ 6,728,300**	¥ 5,512,160	¥ 4,048,010	¥ 3,732,910	¥ 3,704,420
Total	**¥28,072,348**	¥26,215,137	¥24,524,245	¥23,349,654	¥23,846,381
international operations					
Liquid deposits	**¥ 3,738,499**	¥ 3,448,084	¥ 7,330,887	¥ 8,536,404	¥ 7,123,675
	61.8%	52.9%	60.9%	57.7%	50.9%
Interest-bearing deposits	**3,689,157**	3,337,233	7,242,240	8,439,271	7,062,739
	61.0	51.1	60.1	57.1	50.4
Fixed-term deposits	**819,629**	419,214	1,460,660	2,571,214	2,219,683
	13.6	6.4	12.1	17.4	15.8
Other	**1,486,027**	2,653,405	3,255,847	3,673,893	4,666,601
	24.6	40.7	27.0	24.9	33.3
Subtotal	**¥ 6,044,156**	¥ 6,520,704	¥12,047,395	¥14,781,512	¥14,009,961
	100.0%	100.0%	100.0%	100.0%	100.0%
Certificates of deposit	**¥ 113,326**	¥ 265,467	¥ 818,402	¥ 1,702,660	¥ 1,225,730
Total	**¥ 6,157,482**	¥ 6,786,172	¥12,865,798	¥16,484,173	¥15,235,691
grand total	**¥34,229,831**	¥33,001,309	¥37,390,044	¥39,833,827	¥39,082,072

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice.

2. Fixed-term deposits = Time deposits. Time deposits with fixed interest rates: the interest rate until date of maturity date is determined when deposited. Time deposits with floating interest rates: the interest rate varies according to the market rate during the term of deposit.

3. Percentage indicates the composition ratio.

Average Balance

Years ended March 31	Millions of Yen 2000	1999	1998	1997	1996
domestic operations					
Liquid deposits	**¥10,011,511**	¥ 7,418,961	¥ 6,583,006	¥ 5,863,480	¥ 5,260,549
Interest-bearing deposits	**8,773,141**	6,312,112	5,494,976	4,826,506	4,291,698
Fixed-term deposits	**11,772,247**	12,755,357	12,309,779	12,572,144	13,980,431
Time deposits with fixed interest rates	**11,743,860**	12,718,262	12,280,669	12,540,300	13,686,873
Time deposits with floating interest rates	**9,162**	8,688	6,735	7,337	7,879
Other	**174,603**	179,902	217,101	235,896	211,120
Subtotal	**¥21,958,363**	¥20,354,221	¥19,109,887	¥18,671,521	¥19,452,101
Certificates of deposit	**¥ 5,651,266**	¥ 5,780,958	¥ 5,401,622	¥ 3,785,753	¥ 2,953,871
Total	**¥27,609,629**	¥26,135,180	¥24,511,509	¥22,457,275	¥22,405,973
international operations					
Liquid deposits	**¥ 3,783,824**	¥ 5,560,435	¥ 8,868,070	¥ 8,302,248	¥ 7,544,791
Interest-bearing deposits	**3,723,930**	5,478,198	8,771,411	8,220,729	7,498,433
Fixed-term deposits	**878,884**	1,100,927	2,309,726	2,845,795	3,024,749
Other	**1,873,948**	2,843,181	3,419,018	3,800,012	4,575,318
Subtotal	**¥ 6,536,656**	¥ 9,504,543	¥14,596,816	¥14,948,057	¥15,144,859
Certificates of deposit	**¥ 173,795**	¥ 446,289	¥ 1,502,849	¥ 1,504,132	¥ 1,260,018
Total	**¥ 6,710,451**	¥ 9,950,833	¥16,099,666	¥16,452,189	¥16,404,877
grand total	**¥34,320,081**	¥36,086,014	¥40,611,175	¥38,909,465	¥38,810,850

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice.
2. Fixed-term deposits = Time deposits. Time deposits with fixed interest rates: the interest rate until date of maturity date is determined when deposited. Time deposits with floating interest rates: the interest rate varies according to the market rate during the term of deposit.
3. The average balance of foreign currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

deposits outstanding and number of deposit accounts, classified by depositor

As of March 31	Millions of Yen 2000	1999	1998	1997	1996
Individual deposits	**¥13,124,953**	¥12,639,415	¥12,392,136	¥11,241,442	¥10,716,875
	57.6%	56.0%	56.3%	53.0%	47.9%
Corporate deposits	**9,672,414**	9,913,957	9,624,435	9,952,811	11,640,782
	42.4	44.0	43.7	47.0	52.1
Total amount of outstanding deposits	**¥22,797,367**	¥22,553,372	¥22,016,571	¥21,194,253	¥22,357,657
Individual deposits	**3,408**	3,467	3,475	3,422	3,346
	96.8%	96.8%	96.8%	96.7%	96.8%
Corporate deposits	**111**	115	115	115	112
	3.2	3.2	3.2	3.3	3.2
Total number of deposit accounts (Millions)	**3,519**	3,582	3,590	3,537	3,458

Notes: 1. The accounts at overseas branches are excluded.
2. Percentage indicates the composition ratio.

over-the-counter sales of investment trusts, classified by customer

As of March 31	Millions of Yen 2000	1999
Individual	**¥ 398,374**	¥ 58,039
Corporate	**49,688**	19,822
total	**¥ 448,062**	¥ 77,862

Note: Balance of investment trust is recognized on a contract basis and measured according to each fund's net asset balance at the term end.

balance of time deposits, classified by maturity

As of March 31	Millions of Yen 2000	1999	1998	1997	1996
3 months or less					
Time deposits	**¥4,578,247**	¥5,293,599	¥5,980,192	¥7,807,544	¥8,021,543
Domestic time deposits with fixed interest rates	**3,848,338**	4,929,795	5,272,794	5,273,894	6,099,625
Domestic time deposits with floating interest rates	**703**	334	292	636	279
Other	**729,206**	363,469	707,106	2,533,014	1,921,639
3-6 months					
Time deposits	**2,143,878**	1,982,585	2,696,811	2,001,420	2,215,761
Domestic time deposits with fixed interest rates	**2,097,873**	1,964,547	1,982,208	1,981,758	1,859,674
Domestic time deposits with floating interest rates	**843**	404	538	419	414
Other	**45,160**	17,633	714,065	19,243	355,673
6 months-1 year					
Time deposits	**3,231,810**	2,914,720	2,948,081	3,060,578	2,991,283
Domestic time deposits with fixed interest rates	**3,226,410**	2,901,345	2,945,511	3,048,195	2,966,591
Domestic time deposits with floating interest rates	**1,224**	10,393	704	1,241	3,246
Other	**4,175**	2,981	1,866	11,142	21,446
1-2 years					
Time deposits	**785,799**	1,263,745	879,572	758,413	844,261
Domestic time deposits with fixed interest rates	**774,854**	1,248,712	874,291	727,673	831,376
Domestic time deposits with floating interest rates	**2,753**	6,961	3,630	1,779	2,767
Other	**8,191**	8,070	1,651	28,961	10,118

(Continued)

As of March 31	**2000**	1999	1998	1997	1996
	Millions of Yen				
2-3 years					
Time deposits	**¥ 768,644**	¥ 594,135	¥1,060,307	¥ 672,689	¥ 534,163
Domestic time deposits with fixed interest rates	**765,245**	590,568	1,051,555	670,055	533,061
Domestic time deposits with floating interest rates	**2,310**	2,508	1,987	2,485	828
Other	**1,087**	1,058	6,765	149	274
more than 3 years					
Time deposits	**362,477**	366,376	422,350	515,367	460,331
Domestic time deposits with fixed interest rates	**330,665**	340,374	393,127	515,367	454,460
Domestic time deposits with floating interest rates	**5**	1	10	–	–
Other	**31,807**	26,000	29,213	–	5,871
total					
Time deposits	**¥11,870,858**	¥12,415,163	¥13,987,315	¥14,816,011	¥15,067,342
Domestic time deposits with fixed interest rates	**11,043,387**	11,975,345	12,519,487	12,216,942	12,744,787
Domestic time deposits with floating interest rates	**7,841**	20,603	7,164	6,560	7,534
Other	**819,629**	419,214	1,460,664	2,592,509	2,315,021

Notes: 1. The figures above do not include installment savings.
2. Other includes time deposits of international operations.

LOANS

balance of loans and bills discounted

Year-end Balance

As of March 31	**2000**	1999	1998	1997	1996
	Millions of Yen				
domestic operations					
Loans on notes	**¥ 2,496,069**	¥ 2,985,490	¥ 3,726,066	¥ 3,957,379	¥ 4,289,071
Loans on deeds	**16,657,065**	16,647,497	15,433,835	14,517,028	14,005,321
Overdrafts	**7,697,934**	7,571,721	7,839,374	7,535,088	7,348,689
Bills discounted	**440,365**	493,135	711,377	760,310	878,113
Subtotal	**¥27,291,435**	¥27,697,845	¥27,710,654	¥26,769,806	¥26,521,196
international operations					
Loans on notes	**¥ 617,419**	¥ 1,017,091	¥ 1,463,548	¥ 1,676,423	¥ 1,669,140
Loans on deeds	**3,123,277**	4,322,338	5,556,246	5,717,458	4,766,704
Overdrafts	**326,428**	679,582	1,196,123	2,425,516	2,534,734
Bills discounted	**–**	–	3,729	10,907	7,845
Subtotal	**¥ 4,067,125**	¥ 6,019,012	¥ 8,219,648	¥ 9,830,305	¥ 8,978,425
total	**¥31,358,560**	¥33,716,858	¥35,930,302	¥36,600,112	¥35,499,622

Average Balance

Years ended March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic operations					
Loans on notes	**¥ 2,801,831**	¥ 3,638,678	¥ 3,994,627	¥ 4,118,692	¥ 4,647,165
Loans on deeds	**16,612,834**	16,145,124	14,898,306	14,156,025	13,483,675
Overdrafts	**8,154,424**	8,460,664	7,954,284	7,353,658	7,202,680
Bills discounted	**450,648**	605,661	728,506	745,803	784,825
Subtotal	**¥28,019,739**	¥28,850,128	¥27,575,724	¥26,374,180	¥26,118,346
international operations					
Loans on notes	**¥ 795,266**	¥ 1,315,085	¥ 1,787,012	¥ 1,797,518	¥ 1,569,671
Loans on deeds	**3,634,825**	5,018,684	6,212,310	5,565,557	4,764,035
Overdrafts	**535,201**	1,023,477	2,033,787	2,579,361	2,349,951
Bills discounted	**–**	1,232	11,800	9,318	6,932
Subtotal	**¥ 4,965,293**	¥ 7,358,478	¥10,044,910	¥ 9,951,756	¥ 8,690,590
total	**¥32,985,032**	¥36,208,607	¥37,620,634	¥36,325,936	¥34,808,937

Note: The average balance of foreign currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

balance of loans and bills discounted, classified by purpose

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
Funds for capital investment	**¥11,701,474**	¥12,226,512	¥11,964,397	¥11,790,627	¥11,359,306
	37.32%	36.26%	33.30%	32.21%	32.00%
Funds for working capital	**19,657,085**	21,490,345	23,965,904	24,809,484	24,140,316
	62.68	63.74	66.70	67.79	68.00
total	**¥31,358,560**	¥33,716,858	¥ 35,930,302	¥36,600,112	¥35,499,622

Note: Percentage indicates the composition ratio.

breakdown of loan collateral

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
Securities	**¥ 404,339**	¥ 554,872	¥ 654,316	¥ 818,332	¥ 840,550
Commercial claims	**671,999**	673,838	1,087,004	861,570	989,067
Commercial goods	**2,629**	3,525	4,578	9,418	5,226
Real estate	**5,086,535**	5,477,661	6,321,374	7,012,431	7,514,373
Other	**564,479**	424,468	328,291	295,332	180,522
Subtotal	**¥ 6,729,983**	¥ 7,134,366	¥ 8,395,564	¥ 8,997,085	¥ 9,529,739
Guaranteed	**11,344,309**	12,150,304	13,639,605	13,078,046	12,076,713
Unsecured	**13,284,267**	14,432,187	13,895,132	14,524,980	13,893,169
total	**¥31,358,560**	¥33,716,858	¥35,930,302	¥36,600,112	¥35,499,622

balance of loans and bills discounted, classified by maturity

As of March 31	Millions of Yen				
	2000	1999	1998	1997	1996
1 year or less	**¥ 7,465,469**	¥ 9,182,769	¥11,276,502	¥11,458,951	¥11,500,152
Floating interest rates	**/**	/	/	/	/
Fixed interest rates	**/**	/	/	/	/
1-3 years	**4,882,934**	5,920,469	5,775,353	5,422,693	5,250,880
Floating interest rates	**2,747,068**	3,239,316	3,257,734	3,289,675	3,256,432
Fixed interest rates	**2,135,866**	2,681,153	2,517,619	2,133,017	1,994,447
3-5 years	**3,764,206**	3,852,577	3,507,744	3,767,215	3,402,556
Floating interest rates	**2,056,065**	2,111,095	2,241,646	2,569,414	2,393,021
Fixed interest rates	**1,708,140**	1,741,482	1,266,097	1,197,801	1,009,534
5-7 years	**1,402,834**	1,516,335	1,690,103	1,592,869	1,488,842
Floating interest rates	**925,734**	1,089,855	1,326,601	1,243,330	1,243,841
Fixed interest rates	**477,099**	426,479	363,502	349,538	245,000
more than 7 years	**5,818,864**	4,993,401	4,642,669	4,397,780	3,973,767
Floating interest rates	**4,347,300**	3,844,785	3,573,299	3,594,853	3,347,577
Fixed interest rates	**1,471,564**	1,148,615	1,069,370	802,927	626,190
no designated term	**8,024,250**	8,251,304	9,037,929	9,960,604	9,883,424
Floating interest rates	**8,024,250**	8,251,304	9,037,929	9,960,604	9,883,424
Fixed interest rates	**–**	–	–	–	–
total	**¥31,358,560**	¥33,716,858	¥35,930,302	¥36,600,112	¥35,499,622

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

loan portfolio, classified by industry

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic offices					
Manufacturing	**¥3,503,080**	¥3,450,430	¥3,407,003	¥3,402,725	¥3,430,872
	12.6%	12.2%	11.9%	12.3%	12.6%
Agriculture, forestry, fisheries and mining	**62,571**	97,514	76,290	67,939	59,539
	0.2	0.3	0.3	0.2	0.2
Construction companies	**1,643,547**	1,537,671	1,584,553	1,541,631	1,523,342
	5.9	5.4	5.6	5.6	5.6
Wholesale and retail trade	**3,529,773**	3,605,221	3,665,477	3,601,835	3,695,385
	12.7	12.7	12.8	13.0	13.5
Financial institutions	**2,325,102**	2,059,178	2,193,230	2,047,030	2,219,677
	8.4	7.3	7.7	7.4	8.1
Real estate companies	**4,318,381**	4,198,776	4,001,600	3,796,274	3,606,406
	15.6	14.8	14.0	13.8	13.2
Transportation, communications and other public enterprises	**1,213,159**	1,183,726	1,295,864	1,219,068	1,212,087
	4.4	4.2	4.5	4.4	4.4
Services	**4,481,351**	4,635,189	4,985,644	4,884,731	4,734,421
	16.1	16.4	17.5	17.7	17.3
Municipalities	**104,263**	106,575	78,902	96,382	187,803
	0.4	0.4	0.3	0.4	0.7
Other	**6,564,674**	7,467,078	7,241,806	6,971,580	6,653,079
	23.7	26.3	25.4	25.2	24.4
Subtotal	**¥27,745,905**	¥28,341,363	¥28,530,373	¥27,629,200	¥27,322,615
	100.0%	100.0%	100.0%	100.0%	100.0%
overseas offices					
Public sector	**¥ 159,359**	¥ 193,921	¥ 241,371	¥ 339,727	¥ 234,232
	4.4%	3.6%	3.3%	3.8%	2.9%
Financial institutions	**289,080**	419,601	609,339	760,705	799,973
	8.0	7.8	8.2	8.5	9.8
Commerce and industry	**3,162,658**	4,753,821	6,537,846	7,852,706	7,121,730
	87.6	88.4	88.4	87.5	87.1
Other	**1,556**	8,151	11,371	17,771	21,070
	0.0	0.2	0.2	0.2	0.2
Subtotal	**¥3,612,655**	¥5,375,494	¥7,399,929	¥8,970,911	¥8,177,007
	100.0%	100.0%	100.0%	100.0%	100.0%
total	**¥31,358,560**	¥33,716,858	¥35,930,302	¥36,600,112	¥35,499,622

Notes: 1. Japan offshore banking accounts are included in the overseas offices' accounts.
2. Percentage indicates the composition ratio.

loans to individuals and small and medium-sized corporations

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
Total domestic loans (A)	**¥ 27,745,905**	¥ 28,341,363	¥ 28,530,373	¥ 27,629,200	¥ 27,322,615
Loans to small and medium-sized corporations, etc. (B)	**20,199,108**	20,173,930	21,175,957	20,652,129	20,440,174
(B) / (A) (%)	**72.80%**	71.18%	74.22%	74.75%	74.81%

Notes: 1. The figures above are shown after deduction of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized corporations, etc. are defined as companies having capital of not more than ¥300 million (¥100 million in wholesale, and ¥50 million in retail and services business categories), or companies and individuals with not more than 300 full-time employees (100 in wholesale, and 50 in retail and 100 in services business categories).
Pursuant to the partial revision of Small and Medium Enterprise Basic Law effective December 3, 1999, the definition of small and medium- sized corporations was broadened as above, and the figure of (B) as of March 31, 2000 is shown according to this new definition. The effect of this change increased the figure of (B) as of March 31,2000 by ¥532,107 million.

consumer loans outstanding

As of March 31	2000	1999	1998	1997	1996
	Billions of Yen				
Consumer loans	**¥ 5,708.8**	¥ 5,842.0	¥ 5,730.7	¥ 5,426.9	¥ 5,196.0
Housing loans	**5,216.8**	5,316.3	5,169.2	4,834.8	4,557.3

breakdown of reserve for possible loan losses

	Millions of Yen				
Year ended March 31, 2000	Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year: Objectives	Decrease during the fiscal year: Others	Balance at the end of the fiscal year
General reserve for possible loan losses	¥ 315,295 [3,418]	¥ 357,574	¥ –	¥ 315,295*	¥ 357,574
Specific reserve for estimated loan losses on certain doubtful loans	714,423 [4,342]	539,114	428,367	286,055*	539,114
For nonresident loans	27,261 [3,775]	35,470	7,334	19,926*	35,470
Reserve for possible losses on specific overseas loans	15,478 [–]	12,351	–	15,478*	12,351
total	¥ 1,045,197 [7,760]	¥ 909,039	¥ 428,367	¥ 616,829	¥ 909,039

* Transfer from reserves by reversal or origination method.

Note: The brackets indicate foreign exchange translation adjustments.

(Continned)

Year ended March 31, 1999	Millions of Yen Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year Objectives	Others	Balance at the end of the fiscal year
General reserve for possible loan losses	¥ 138,959	¥ 318,714	¥ –	¥ 138,959*	¥ 318,714
	[3,418]				
Specific reserve for estimated loan losses on certain doubtful loans	1,112,411	718,765	765,438	346,973*	718,765
	[1,635]				
For nonresident loans	12,845	31,037	3,397	9,447*	31,037
	[1,089]				
Reserve for possible losses on specific overseas loans	746	15,478	–	746*	15,478
	[40]				
total	¥ 1,252,117	¥ 1,052,958	¥ 765,438	¥ 486,679	¥ 1,052,958
	[5,094]				

* Transfer from reserves by reversal or origination method.

Note: The brackets indicate foreign exchange translation adjustments.

write-off of loans

As of March 31	Millions of Yen **2000**	1999	1998	1997	1996
Write-off of loans	**¥ 347,350**	¥ 305,008	¥ 66,055	¥ 130,210	¥ 75,052

specific overseas loans

Years ended March 31	Millions of Yen **2000**	1999	1998	1997	1996
Indonesia	**¥ 59,765**	¥ 69,543	/	/	/
Algeria	**4,352**	4,717	¥ 4,993	¥ 4,810	¥ 4,423
Iran	**777**	4,704	/	/	/
Russia	**127**	/	/	/	/
Other countries	**350**	3,783	254	790	1,006
	6 countries	13 countries	4 countries	4 countries	5 countries
total	**¥ 65,372**	¥ 82,749	¥ 5,247	¥ 5,600	¥ 5,429
Ratio of the total amounts to total assets	**0.13%**	0.16%	0.00%	0.00%	0.01%
Number of countries	**10**	16	5	5	6

risk-monitored loans

(nonconsolidated basis)

As of March 31	Millions of Yen				
	2000	1999	1998	1997	1996
Loans to borrowers under legal bankruptcy procedures (a)	**¥ 73,004**	¥ 115,484	¥ 257,882	¥ 190,482	¥ 202, 473
Nonaccrual loans (b)	**1,436,070**	1,524,276	544,771	616,610	670,533
Renegotiated loans (c)	**/**	/	84,916	104,673	614,555
Loans to borrowers who are financially assisted by the Bank (d)	**/**	/	117,656	162,466	–
Subtotal (previous standard) (a) + (b) + (c) + (d)	**/**	/	¥ 1,005,225	¥ 1,074,231	¥ 1,487,561
Loans past due for three months or more (e)	**40,302**	82,438	311,277	/	/
Restructured loans (f)	**334,706**	237,661	355,192	/	/
total (new standard) (a) + (b) + (e) + (f)	**¥ 1,884,083**	¥ 1,959,860	¥ 1,469,122	¥ /	¥ /

problem assets (“revitalization law” standard)

(nonconsolidated basis)

As of March 31	Billions of Yen	
	2000	1999
Bankrupt and quasi-bankrupt assets (Hatan kousei tou saiken)	**¥ 190.8**	¥ 217.3
Doubtful assets (Kiken saiken)	**1,351.2**	1,476.3
Substandard loans (Youkanri saiken)	**375.0**	320.1
Total of problem assets	**¥ 1,917.0**	¥ 2,013.7
Normal assets (Seijou saiken)	**32,849.8**	35,421.0
total	**¥ 34,766.8**	¥ 37,434.7

SECURITIES

average balance of trading securities

Years ended March 31	2000	1999	1998	1997	1996
	Millions of Yen				
Japanese government bonds	**¥ 98,953**	¥ 80,202	¥ 65,960	¥ 23,612	¥ 52,669
Japanese local government bonds	**13,438**	27,881	531	628	319
Japanese Government-guaranteed bonds	**60**	60	60	66	73
total	**¥ 112,452**	¥ 108,144	¥ 66,551	¥ 24,306	¥ 53,061

balance of securities

Year-end Balance

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic operations					
Japanese government bonds	**¥3,447,223**	¥1,374,369	¥1,854,702	¥ 819,507	¥ 570,460
Japanese local government bonds	**357,033**	359,541	328,558	499,421	761,912
Japanese corporate bonds	**616,881**	592,464	597,285	829,475	1,120,461
Japanese stocks	**3,427,261**	3,017,936	3,025,137	2,863,913	2,810,465
Other securities	**37,589**	62,226	59,967	138,581	139,073
Subtotal	**¥7,885,988**	¥5,406,537	¥5,865,650	¥5,150,899	¥5,402,373
international operations					
Japanese government bonds	**¥ –**	¥ –	¥ –	¥ –	¥ –
Japanese local government bonds	**–**	–	–	–	–
Japanese corporate bonds	**–**	–	–	–	–
Japanese stocks	**–**	–	–	–	–
Other securities	**1,096,256**	1,273,355	1,391,280	853,410	713,047
Foreign bonds	**497,761**	677,641	616,768	400,801	280,067
Foreign stocks	**598,494**	595,714	774,511	452,609	432,980
Subtotal	**¥1,096,256**	¥1,273,355	¥1,391,280	¥ 853,410	¥ 713,047
total	**¥8,982,244**	¥6,679,892	¥7,256,931	¥6,004,310	¥6,115,421

Note: Stocks include treasury stocks.

Average Balance

Years ended March 31	Millions of Yen 2000	1999	1998	1997	1996
domestic operations					
Japanese government bonds	**¥ 3,023,055**	¥ 1,762,214	¥ 1,509,046	¥ 729,464	¥ 788,423
Japanese local government bonds	**354,444**	375,897	380,964	632,159	628,640
Japanese corporate bonds	**601,114**	580,815	643,168	936,285	1,121,612
Japanese stocks	**3,175,482**	3,008,389	2,963,649	2,825,469	2,758,518
Other securities	**45,234**	61,051	83,064	130,830	129,104
Subtotal	**¥ 7,199,331**	¥ 5,788,368	¥ 5,579,892	¥ 5,254,208	¥ 5,426,298
international operations					
Japanese government bonds	**¥ –**	¥ –	¥ –	¥ –	¥ –
Japanese local government bonds	**–**	–	–	–	–
Japanese corporate bonds	**–**	–	–	–	–
Japanese stocks	**–**	–	–	–	–
Other securities	**1,167,250**	1,401,334	1,012,159	753,154	733,689
Foreign bonds	**581,807**	696,784	494,193	312,803	341,790
Foreign stocks	**585,442**	704,549	517,965	440,350	391,898
Subtotal	**¥ 1,167,250**	¥ 1,401,334	¥ 1,012,159	¥ 753,154	¥ 733,689
total	**¥ 8,366,581**	¥ 7,189,703	¥ 6,592,051	¥ 6,007,363	¥ 6,159,988

Notes: 1. Securities lent are classified and included according to type of securities.
2. The average balance of foreign currency denominated transactions by domestic branches in international operations is calculated by the monthly current method.

balance of securities held, classified by maturity

As of March 31	Millions of Yen 2000	1999	1998	1997	1996
1 years or less					
Japanese government bonds	**¥ 745,746**	¥ 134,710	¥ 28,443	¥ 108,686	¥ 63,006
Japanese local government bonds	**24,709**	30,258	17,109	7,812	35,517
Japanese corporate bonds	**252,305**	57,862	67,084	104,270	127,791
Other securities	**88,026**	180,598	202,304	46,771	62,412
Foreign bonds	**84,827**	180,288	200,367	46,611	61,902
Securities lent	**–**	8	8	–	–
1-3 years					
Japanese government bonds	**1,314,828**	118,558	342,325	216,511	83,902
Japanese local government bonds	**43,695**	55,862	71,364	58,665	31,248
Japanese corporate bonds	**170,249**	369,080	217,668	153,431	298,059
Other securities	**141,185**	106,200	79,917	208,617	168,667
Foreign bonds	**135,987**	97,914	76,251	131,866	102,089
Securities lent	**30**	30	8	17	8
3-5 years					
Japanese government bonds	**405,022**	246,392	466,230	229,078	228,315
Japanese local government bonds	**20,285**	32,613	68,559	78,707	88,318
Japanese corporate bonds	**64,455**	91,176	134,056	231,190	372,882
Other securities	**89,199**	142,728	71,552	105,024	69,873
Foreign bonds	**89,136**	142,588	66,401	96,676	54,006
Securities lent	**9**	9	30	534	2,183

(Continued)

As of March 31	Millions of Yen 2000	1999	1998	1997	1996
5-7 years					
Japanese government bonds	**¥ 513,221**	¥ 351,491	¥ 137,379	¥ 148,578	¥ 170,363
Japanese local government bonds	**25,784**	26,668	33,638	53,060	79,207
Japanese corporate bonds	**44,690**	29,430	46,835	62,897	74,613
Other securities	**35,349**	30,829	22,580	43,281	30,386
Foreign bonds	**34,458**	30,639	22,495	21,768	17,279
Securities lent	**–**	–	–	–	445
7-10 years					
Japanese government bonds	**468,403**	523,215	874,301	113,636	24,873
Japanese local government bonds	**241,991**	213,587	137,353	300,659	527,125
Japanese corporate bonds	**85,179**	44,914	131,640	277,684	247,115
Other securities	**63,304**	156,291	59,346	34,565	41,033
Foreign bonds	**57,992**	134,885	56,114	29,971	15,901
Securities lent	**–**	–	–	–	–
more than 10 years					
Japanese government bonds	**–**	–	6,020	3,016	–
Japanese local government bonds	**566**	550	532	514	496
Japanese corporate bonds	**–**	–	–	–	–
Other securities	**95,359**	90,762	203,406	67,700	23,570
Foreign bonds	**95,359**	90,762	188,534	67,700	23,570
Securities lent	**–**	–	–	–	–
no designated term					
Japanese government bonds	**–**	–	–	–	–
Japanese local government bonds	**–**	–	–	–	–
Japanese corporate bonds	**–**	–	–	–	–
Japanese stocks	**3,427,261**	3,017,936	3,025,137	2,863,913	2,810,465
Other securities	**621,380**	628,121	812,090	485,479	453,537
Foreign bonds	**–**	561	6,605	6,205	5,317
Foreign stocks	**598,494**	595,714	774,511	452,609	432,980
Securities lent	**–**	–	–	–	–
total					
Japanese government bonds	**¥3,447,223**	¥1,374,369	¥1,854,702	¥ 819,507	¥ 570,460
Japanese local government bonds	**357,033**	359,541	328,558	499,421	761,912
Japanese corporate bonds	**616,881**	592,464	597,285	829,475	1,120,461
Japanese stocks	**3,427,261**	3,017,936	3,025,137	2,863,913	2,810,465
Other securities	**1,133,805**	1,335,533	1,451,199	991,440	849,482
Foreign bonds	**497,761**	677,641	616,768	400,801	280,067
Foreign stocks	**598,494**	595,714	774,511	452,609	432,980
Securities lent	**39**	48	48	552	2,638

Note: Treasury stocks are included in stocks.

CAPITAL RATIO

nonconsolidated capital ratio

As of March 31		Billions of Yen 2000	1999
Tier I capital:	Common shareholders' equity	¥ **1,700.0**	¥ 1,670.2
	Other	**531.0**	556.7
	Subtotal (A)	¥ **2,231.1**	¥ 2,226.9
Tier II capital:	45% of unrealized gains on land	¥ **125.1**	¥ 127.6
	General reserve	**357.5**	318.7
	Qualifying subordinated debt	**1,651.1**	1,623.3
	Subtotal (B)	¥ **2,133.9**	¥ 2,069.6
Deductions:	Holdings of domestic banking subsidiaries' capital instruments (C)	¥ **53.7**	¥ 35.7
Total capital:	(A) + (B) – (C)= (D)	¥ **4,311.2**	¥ 4,260.8
Risk-adjusted assets:	On-balance-sheet	¥ **31,682.4**	¥ 32,400.6
	Off-balance-sheet	**2,787.0**	3,173.6
	Asset equivalent of market risk	**110.3**	105.4
	Subtotal (E)	¥ **34,579.8**	¥ 35,679.7
	capital ratio (bis guidelines) = (d) / (e) X 100	**12.46%**	11.94%

*In connection with the amendment of Article 14-2 of the Japanese Banking Law, capital ratio both for the Bank and for the consolidation subsidiaries are calculated.

RATIOS

yield/interest rate

Years ended March 31	2000	1999	1998	1997	1996
			Percent		
domestic operations					
Interest-earning assets (A)	**2.13%**	2.51%	2.71%	2.90%	3.35%
Interest-bearing liabilities (B)	**1.60**	2.04	2.38	2.55	2.83
(A-B)	**0.53**	0.47	0.33	0.35	0.52
international operations					
Interest-earning assets (A)	**7.56**	6.75	6.05	6.07	6.72
Interest-bearing liabilities (B)	**7.14**	6.51	5.82	5.57	6.24
(A-B)	**0.42**	0.24	0.23	0.50	0.48
total					
Interest-earning assets (A)	**3.21**	3.57	3.87	4.14	4.66
Interest-bearing liabilities (B)	**2.77**	3.25	3.64	3.76	4.19
(A-B)	**0.44**	0.32	0.23	0.38	0.47

income ratio

Years ended March 31	2000	1999	1998	1997	1996
			Percent		
Operating profit to total assets	**0.36%**	–	–	0.10%	0.07%
Operating profit to shareholders' equity	**12.69**	–	–	2.89	2.24
Net income to total assets	**0.10**	–	–	0.07	0.08
Net income to shareholders' equity	**3.32**	–	–	1.98	2.38

Notes: 1. Operating profit (net income) to total assets = Operating profit (net income) / Total assets (average balance) excluding customers' liabilities for acceptances and guarantees x100
2. Operating profit (net income) to shareholders' equity = Operating profit (net income) / (Beginning shareholder's equity + Ending shareholders equity) divided by 2 x100
3. Figures for 1999 and 1998 are not shown due to net loss.

deposits and loans per office

As of March 31	2000	1999	1998	1997	1996
			Millions of Yen		
domestic offices					
Number of offices	**285**	286	305	310	312
Deposits per office	**¥ 105,417**	¥ 101,559	¥ 95,043	¥ 94,801	¥ 98,031
Loans per office	**98,061**	100,119	94,745	90,374	88,471
overseas offices					
Number of offices	**18**	21	37	39	39
Deposits per office	**¥ 232,552**	¥ 188,353	¥ 227,076	¥ 267,831	¥ 217,849
Loans per office	**189,494**	242,030	190,083	220,105	202,477
total					
Number of offices	**303**	307	342	349	351
Deposits per office	**¥ 112,969**	¥ 107,496	¥ 109,327	¥ 114,137	¥ 111,344
Loans per office	**103,493**	109,826	105,059	104,871	101,138

Notes: 1. Deposits include certificates of deposit.
2. Number of branch offices excludes sub-branches.

deposits and loans per employee

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic offices					
Number of employees	**12,010**	12,389	12,504	13,327	14,331
Deposits per employee	**¥ 2,501**	¥ 2,344	¥ 2,318	¥ 2,205	¥ 2,134
Loans per employee	**2,327**	2,311	2,311	2,102	1,926
overseas offices					
Number of employees	**1,589**	1,724	1,950	1,804	1,553
Deposits per employee	**¥ 2,634**	¥ 2,294	¥ 4,308	¥ 5,790	¥ 5,470
Loans per employee	**2,146**	2,948	3,606	4,758	5,084
total					
Number of employees	**13,599**	14,113	14,454	15,131	15,884
Deposits per employee	**¥ 2,517**	¥ 2,338	¥ 2,586	¥ 2,632	¥ 2,460
Loans per employee	**2,305**	2,389	2,485	2,418	2,234

Notes: 1. Deposits include certificates of deposit.
2. Number of employees represents the average number of employees during the fiscal year under review. The number of employees in Domestic Offices includes corporate staff.

loan-deposit ratio

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic operations					
Loan amount (A)	**¥27,291,435**	¥27,697,845	¥27,710,654	¥26,769,806	¥26,521,196
Deposit amount (B)	**28,072,348**	26,215,137	24,524,245	23,349,654	23,846,381
Loan-deposit ratio (%)					
(A)/(B)	**97.21%**	105.65%	112.99%	114.64%	111.21%
Ratio by average balance for the fiscal year	**101.48**	110.38	112.50	117.44	116.56
international operations					
Loan amount (A)	**¥ 4,067,125**	¥ 6,019,012	¥ 8,219,648	¥ 9,830,305	¥ 8,978,425
Deposit amount (B)	**6,157,482**	6,786,172	12,865,798	16,484,173	15,235,691
Loan-deposit ratio (%)					
(A)/(B)	**66.05**	88.69	63.88	59.63	58.93
Ratio by average balance for the fiscal year	**73.99**	73.94	62.39	60.48	52.97
total					
Loan amount (A)	**¥31,358,560**	¥33,716,858	¥35,930,302	¥36,600,112	¥35,499,622
Deposit amount (B)	**34,229,831**	33,001,309	37,390,044	39,833,827	39,082,072
Loan-deposit ratio (%)					
(A)/(B)	**91.61**	102.16	96.09	91.88	90.83
Ratio by average balance for the fiscal year	**96.11**	100.33	92.63	93.36	89.68

Note: Deposits include certificates of deposit.

securities-deposit ratio

As of March 31	2000	1999	1998	1997	1996
	Millions of Yen				
domestic operations					
Securities amount (A)	**¥ 7,885,988**	¥ 5,406,537	¥ 5,865,650	¥ 5,150,899	¥ 5,402,373
Deposit amount (B)	**28,072,348**	26,215,137	24,524,245	23,349,654	23,846,381
Securities-deposit ratio (%)					
(A)/(B)	**28.09%**	20.62%	23.91%	22.05%	22.65%
Ratio by average balance for the fiscal year	**26.07**	22.14	22.76	23.39	24.21
international operations					
Securities amount (A)	**¥ 1,096,256**	¥ 1,273,355	¥ 1,391,280	¥ 853,410	¥ 713,047
Deposit amount (B)	**6,157,482**	6,786,172	12,865,798	16,484,173	15,235,691
Securities-deposit ratio (%)					
(A)/(B)	**17.80**	18.76	10.81	5.17	4.68
Ratio by average balance for the fiscal year	**17.39**	14.08	6.28	4.57	4.47
total					
Securities amount (A)	**¥ 8,982,244**	¥ 6,679,892	¥ 7,256,931	¥ 6,004,310	¥ 6,115,421
Deposit amount (B)	**34,229,831**	33,001,309	37,390,044	39,833,827	39,082,072
Securities-deposit ratio (%)					
(A)/(B)	**26.24**	20.24	19.40	15.07	15.64
Ratio by average balance for the fiscal year	**24.37**	19.92	16.23	15.43	15.87

Note: Deposits include certificates of deposit.

CAPITAL

changes in common stock

	Millions of Yen		
	Common Stock	Capital Increase	Notes
Fiscal year 1989	344,228	87,655	Public offering ¥82,900 million
			Conversion of convertible bonds ¥4,755 million
Fiscal year 1990	501,825	157,596	Rights offering (at a price over par-value but less than market value) ¥157,312 million
			Conversion of convertible bonds ¥283 million
Fiscal year 1991	502,323	498	Conversion of convertible bonds ¥498 million
Fiscal year 1993	502,348	25	Conversion of convertible bonds ¥25 million
Fiscal year 1998	752,848	250,500	Allotment to third parties ¥250,500 million

changes in capital stock

	Thousands of Shares		
	Capital Stock	Number of Shares Issued	Notes
Fiscal year 1989	2,829,209	50,000	Public offering (October 1) <Total capital raised ¥165,800 million/issue price ¥3,316/capitalized amount ¥1,658>
		3,032	Conversion of convertible bonds (April 1, 1989-March 31, 1990)
		252,379	Allocation of bonus stock (May 19) <Allocation ratio 1:0.10>
Fiscal year 1990	3,140,610	169,744	Rights offering (April 1) <Total capital raised ¥314,625 million/allocation ratio 1:0.06>
		196	Conversion of convertible bonds (April 1, 1990-March 31, 1991)
		141,460	Allocation of bonus stock (May 18) <Allocation ratio 1:0.05>
Fiscal year 1991	3,141,046	435	Conversion of convertible bonds (April 1, 1991-March 31, 1992)
Fiscal year 1993	3,141,062	15	Conversion of convertible bonds (April 1, 1993-March 31, 1994)
Fiscal year 1998			
Common stock	3,141,062	–	
Preferred stock (first series type1)	67,000	67,000	Allotment to third parties (Issue price ¥3,000/capitalized amount ¥1,500)
Preferred stock (second series type1)	100,000	100,000	Allotment to third parties (Issue price ¥3,000/capitalized amount ¥1,500)

balance of outstanding convertible bonds

As of March 31 Type and Issue Date	Issue Amount	Interest Rate	Maturity	Outstanding Balance at March 31, 2000	Conversion Price (May 31, 2000)
US$ convertible bonds					
January 30, 1989	US$300 Million	3.125%	March 31, 2004	US$8,660,000	¥ 3,606.90
Yen convertible bonds					
June 26, 1996	¥100 Billion	0.375%	May 31, 2001	¥100 Billion	¥ 1,239.00

total outstanding shares

As of March 31, 2000

Shares issued and outstanding	Common stock	3,141,062,101	Registered, par value (¥50)
	Preferred stock (first series type1)	67,000,000	Registered, non par value
	Preferred stock (second series type1)	100,000,000	Registered, non par value
	Total	3,308,062,101	
Stock exchange listings	Osaka Securities Exchange (first section)		
	Tokyo Stock Exchange (first section)		
	Kyoto Stock Exchange		
	Sapporo Stock Exchange		
	Nagoya Stock Exchange (first section)		
	Bourse de Paris		
	London Stock Exchange		

number of shares, classified by type of shareholders

a. Common Stock

As of March 31, 2000	Number of Shareholders	Number of Share Units Held	Percentage of Total
Japanese government and local government	2	4,108	0.13%
Financial institutions	295	989,371	31.61
Securities companies	62	25,982	0.83
Other institutions	3,734	1,583,884	50.61
Foreign institutions	720	356,371	11.39
[Individuals]	[20]	[91]	[0.00]
Individuals and others	36,739	169,947	5.43
total	41,552	3,129,663	100.00
Less than one unit (shares)	/	11,399,101	/

Notes: 1. One unit consists of 1,000 shares
2. "Other institutions" and "shares held in less than one unit" include 218 units and 1,575 shares held by the Securities Custody Association, respectively.
3. Of 19,364 shares in treasury stock, 19 units are included in "individuals and others" and the remaining 364 shares are included in "shares held in less than one unit."

b. Preferred Stock (First Series Type 1)

As of March 31, 2000	Number of Shareholders	Number of Share Units Held	Percentage of Total
Financial institutions	1	67,000	100.00%

c. Preferred Stock (Second Series Type 1)

As of March 31, 2000	Number of Shareholders	Number of Share Units Held	Percentage of Total
Financial institutions	1	100,000	100.00%

number of shares, classified by number of units held

a. Common Stock

As of March 31, 2000	Number of Shareholders	Percentage of Total	Number of Share Units Held	Percentage of Total
1,000 units and above	369	0.89%	2,648,514	84.63%
500 units and above	173	0.42	118,850	3.80
100 units and above	718	1.73	157,298	5.03
50 units and above	547	1.32	37,534	1.20
10 units and above	4,900	11.79	86,090	2.75
5 units and above	5,234	12.59	33,012	1.05
1 unit and above	29,611	71.26	48,365	1.54
total	41,552	100.00%	3,129,663	100.00%
Less than one unit (shares)	/	/	11,399,101	/

Note: "100 units and above" and "Less than one unit" include 218 units and 1,575 shares held by the Securities Custody Association, respectively.

b. Preferred Stock (First Series Type1)

As of March 31, 2000	Number of Shareholders	Percentage of Total	Number of Share Units Held	Percentage of Total
1,000 units and above	1	100.00%	67,000	100.00%

c. Preferred Stock (Second Series Type1)

As of March 31, 2000	Number of Shareholders	Percentage of Total	Number of Share Units Held	Percentage of Total
1,000 units and above	1	100.00%	100,000	100.00%

number of shares of voting stock

		Stock with Voting Rights		
As of March 31, 2000	Stock without Voting Rights	Treasury Stock	Other	Stock Less than 1 Unit
	167,000,000	5,994,000	3,123,669,000	11,399,101

Notes: 1. "Stock with voting rights" and "Stock less than one unit" include 218,000 shares and 1,575 shares held by the Securities Custody Association, respectively.
2. "Stock less than one unit" includes 364 shares of the Bank's treasury stock and cross-holding shares held by the Bank's consolidated subsidiaries, as follows:

As of March 31, 2000	Number of Shares Held
SB Leasing Company, Limited	384
Sumigin General Finance Company Limited	36
The Bank of Kansai, Ltd.	179

Number of Shares of Treasury Stock

As of March 31, 2000 *Holder of Treasury Stock*	Number of Shares Held in the Name of: Holder	Others	Total	Percentage of Total Shares Issued
The Sumitomo Bank, Limited	11,000	–	11,000	0.00%
SB Leasing Company, Limited	2,276,000	–	2,276,000	0.07
Sumigin General Finance Company Limited	1,567,000	–	1,567,000	0.04
The Bank of Kansai, Ltd.	1,114,000	–	1,114,000	0.03
Daiwa Securities SB Capital Markets Co. Ltd.	1,026,000	–	1,026,000	0.03
Total	5,994,000	–	5,994,000	0.19%

Note: The above figures do not include 8,000 shares held in the Bank's nominee name. They are included in "Other" of "Stock with voting rights" in the schedule above.

principal shareholders

a. Common Stock

As of March 31, 2000 *Shareholders*	Number of Shares Held (Thousands)	Percentage of Total Shares Issued
Sumitomo Life Insurance Company	149,101	4.74%
Nippon Life Insurance Company	124,890	3.97
Matsushita Electric Industrial Co., Ltd.	103,570	3.29
The Sumitomo Trust and Banking Co., Ltd. (Trust account)	70,449	2.24
Sanyo Electric Co., Ltd.	62,337	1.98
The Mitsubishi Trust and Banking Corporation (Trust account)	57,628	1.83
Sumitomo Corporation	56,848	1.80
The Sumitomo Trust and Banking Co., Ltd.	51,344	1.63
The Sumitomo Marine and Fire Insurance Company, Limited	47,221	1.50
Kubota Corporation	45,918	1.46
Kajima Corporation	39,442	1.25
Takeda Chemical Industries, Ltd.	38,218	1.21
Sumitomo Chemical Company, Limited	33,581	1.06
The Taiyo Mutual Life Insurance Co.	33,462	1.06
Kondo Cotton Spinning Co., Ltd.	32,666	1.03
The Dai-ichi Mutual Life Insurance Company	30,736	0.97
Nippon Steel Corporation	29,763	0.94
Sumitomo Electric Industries, Ltd.	28,465	0.90
Sumitomo Metal Industries, Ltd.	26,929	0.85
The Toyo Trust and Banking Co., Ltd. (Trust account)	26,783	0.85
Komatsu Ltd.	25,294	0.80
Asahi Chemical Industry Co., Ltd.	24,835	0.79
Nippon Sheet Glass Company, Limited	24,219	0.77
Shionogi & Co., Ltd.	22,911	0.72
The Kansai Electric Power Company, Incorporated	22,711	0.72
NEC Corporation	22,263	0.70
The Chase Manhattan Bank NA London	21,371	0.68
The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. (Trust account)	19,891	0.63
Bridgestone Corporation	19,771	0.62
State Street Bank and Trust Company	19,707	0.62

b. Preferred Stock (First Series Type1)

As of March 31, 2000 *Shareholders*	Number of Shares Held (Thousands)	Percentage of Total Shares Issued
The Resolution and Collection Corporation	67,000	100.00%

c. Preferred Stock (Second Series Type1)

As of March 31, 2000 *Shareholders*	Number of Shares Held (Thousands)	Percentage of Total Shares Issued
The Resolution and Collection Corporation	100,000	100.00%

per share data

	Yen				
Years ended March 31	**2000**	1999	1998	1997	1996
Dividends	**¥ 6.00**	¥ 6.00	¥ 8.50	¥ 8.50	¥ 8.50
[interim dividends]	**[3.00]**	[3.00]	[4.25]	[4.25]	[4.25]
Net income (loss)	**14.41**	(119.11)	(197.93)	11.24	13.41
Shareholders' equity	**439.23**	428.35	362.30	568.73	565.98
Payout ratio (percent)	**41.63**	–	–	75.59	63.37

Notes: 1. Dividends per share (interim dividends per share) are common stock dividends.
2. Net income (loss) per share is computed by deducting preferred stock dividends from net income (loss), divided by the weighted average number of shares of common stock outstanding during the fiscal year.
3. Shareholders' equity per share is computed by deducting the number of shares of preferred stock outstanding at fiscal year-end multiplied by the issue price from shareholders' equity, divided by the number of shares of common stock outstanding at fiscal year-end.

common stock price range

	Yen				
Years ended March 31	**2000**	1999	1998	1997	1996
Highest	**¥ 1,902**	¥ 1,710	¥ 1,950	¥ 2,260	¥ 2,320
Lowest	**1,271**	860	1,100	1,220	1,450

	Yen					
	March 2000	February 2000	January 2000	December 1999	November 1999	October 1999
Highest	1,565	1,436	1,473	1,625	1,699	1,775
Lowest	1,271	1,273	1,353	1,381	1,535	1,479
Trading volume (thousands of shares)	108,075	66,481	63,466	55,809	56,804	84,255

Notes: 1. The above figures of the Bank's common stock are stock prices quoted at the Tokyo Stock Exchange (first section).
2. The Bank's preferred stock (first and second series) is not listed on exchange, nor registered with the Securities Dealers Association of Japan as trading securities on the over-the-counter market.

OTHERS

employees

As of March 31	2000	1999	1998	1997	1996
Number of employees	**14,394**	14,995	15,111	15,563	16,455
Average age (years-months)	**36-11**	37-0	37-0	36-9	35-11
Average length of employment (years-months)	**14-11**	15-2	15-2	14-11	14-2
Average monthly salary (yen)	**¥ 493,991**	¥ 488,834	¥ 493,658	¥ 491,301	¥ 474,819

Note: Temporary, part-time and overseas local staff, excluded from the above calculations, are as follows.

As of March 31	2000	1999	1998	1997	1996
Temporary, part-time and overseas local staff	**1,543**	1,628	1,935	1,855	1,649

number of offices

As of March 31	2000	1999	1998	1997	1996
Domestic network					
Main offices and branches	**285**	286	305	310	312
Sub-branches	**47**	52	55	40	44
Agency	**1**	1	1	1	1
Overseas network					
Branches and agencies	**18**	21	37	39	39
Sub-branches and marketing offices	**3**	4	5	2	2
Representative offices	**17**	17	20	25	23
total	**371**	381	423	417	421

automated service centers

As of March 31	2000	1999	1998	1997	1996
Automated service centers	**463**	513	478	445	373

domestic exchange transactions

Years ended March 31	Millions of Yen				
	2000	1999	1998	1997	1996
exchange for remittance					
Destined for various parts of the country					
Number of accounts (thousands)	**216,051**	209,683	185,004	167,409	153,766
Amount	**¥430,898,060**	¥424,602,464	¥432,219,313	¥405,531,652	¥392,016,268
Received from various parts of the country					
Number of accounts (thousands)	**113,405**	109,098	107,100	102,541	97,539
Amount	**326,166,316**	350,240,000	411,147,912	407,441,191	387,484,177
collection					
Destined for various parts of the country					
Number of accounts (thousands)	**2,324**	2,361	2,615	2,552	2,452
Amount	**¥ 5,787,819**	¥ 6,381,431	¥ 7,585,017	¥ 7,378,202	¥ 7,103,735
Received from various parts of the country					
Number of accounts (thousands)	**2,217**	2,431	2,535	3,048	2,463
Amount	**7,691,334**	9,129,017	10,460,639	9,348,890	9,581,674
total	**¥770,543,531**	¥790,352,913	¥861,412,883	¥829,699,937	¥796,185,856

foreign exchange transactions

Years ended March 31	Millions of U.S. Dollars				
	2000	1999	1998	1997	1996
outward exchanges					
Foreign bills sold	**$ 337,735**	$ 493,705	$ 499,041	$ 542,337	$ 597,905
Foreign bills purchased	**105,431**	303,917	271,235	317,368	380,797
incoming exchanges					
Foreign bills payable	**$ 280,984**	$ 157,285	$ 201,530	$ 220,467	$ 222,784
Foreign bills receivable	**7,571**	7,103	11,399	14,646	14,735
total	**$ 731,724**	$ 962,011	$ 983,207	$ 1,094,819	$ 1,216,222

Note: Turnover includes foreign exchange by overseas branches.

breakdown of collateral for customers' liabilities for acceptances and guarantees

As of March 31	Millions of Yen	
	2000	1999
Securities	**¥ 2,666**	¥ 1,859
Commercial claims	**13,409**	17,314
Commercial goods	**2,292**	483
Real estate	**19,484**	32,024
Other	**18,264**	1,876
Subtotal	**¥ 56,117**	¥ 53,558
Guaranteed	**831,032**	286,833
Unsecured	**2,036,419**	2,784,113
total	**¥ 2,923,570**	¥ 3,124,504

balance of foreign currency denominated assets

As of March 31	Millions of U.S. Dollars				
	2000	1999	1998	1997	1996
Domestic offices	**$ 48,162**	$ 38,933	$ 52,520	$ 62,392	$ 68,959
Overseas offices	**58,299**	62,281	87,167	117,501	124,144
total	**$ 106,461**	$ 101,214	$ 139,687	$ 179,893	$ 193,103

board of directors

As of June 30, 2000

Chairman of the Board
toshio morikawa

President and Chief Executive Officer
yoshifumi nishikawa*

Deputy Presidents
youhei shiraga*
akio asuke*

Senior Managing Directors
shunichi okuyama*
tatsuo kubota*
michiyoshi kuriyama*
takeharu nagata*

Managing Directors
tadashi inoue*
masayuki oku*
takayuki tsukuda*
ryuzo kodama*
kenjiro noda*
tadashi hirota*
mutsuhiko matsumoto*

Independent Directors
tetsuro kawakami
toshiomi uragami
yoshiaki yamauchi

* *Executive Officer*

corporate auditors

Standing Corporate Auditors
hiroshi sakuma
nagayuki yoshida
toyosaburo hirano

Independent Corporate Auditors
katsuya onishi
josei itoh

executive officers

koji ishida
koichi tsukihara
masahide hirasawa
keumaru ogura
kiyoshi shibuya
shinpei nihei
yasuyuki kimoto
kenjiro nakano
hiroshi nishikawa
yasufumi kitamoto
koichi maeda
shigenobu aikyo
shuntaro higashi
yasuo ichikawa
shiro kawajiri
akira kurose
kengo miyauchi
hiroaki shukuzawa
akira matsumoto

The Sumitomo Bank, Limited, implemented a modification of the Bank's governance structure, effective June 29, 1999. This modification was introduced in order to strengthen the function of the Board of Directors ("Board") as an organ that oversees the execution of business from the perspective of the shareholders' interests and to reinforce corporate governance. Key aspects of the new structure are:

• a reduction in the number of directors to enhance the Board's effectiveness,
• an increase in the number of independent directors from two to three, and
• formation of a risk management committee, a compensation committee and a nominating committee within the Board.

In addition, Executive Officers with a tenure of two years have been appointed by the Board to take responsibility for executing the Bank's business. Under the new structure, the Management Committee consists of Executive Officers appointed by the Bank's Chief Executive Officer.

ORGANIZATION

As of June 30, 2000

- SHAREHOLDERS' MEETING
  - BOARD OF DIRECTORS
    - MANAGEMENT COMMITTEE
      - Integration Strategy Dept.
      - Public Affairs Dept.
        - Social Development Dept.
      - Corporate Planning Dept.
        - Financial Research Dept.
      - Finance and Accounting Dept.
      - Affiliate Administration Dept.
      - *e*-business Planning Dept.
      - Personnel Dept.
        - Training Institute
        - Counselor's Office
        - Human Resources Development Dept.
      - Corporate Administration Dept.
        - Secretariat
      - Legal Dept.
      - Systems Planning Dept.
      - General Affairs Dept.
        - Operations Supervision Dept.
        - Customer Relations Dept.
        - Tokyo Customer Relations Dept.
      - Audit and Inspection Dept.
        - Treasury Audit Dept.
        - Systems Audit Dept.
      - Market Risk Management Dept.
      - Credit Policy Dept.
      - Credit Review Dept.
      - Audit Dept. for the Americas
      - Audit Dept. for Europe
- CORPORATE AUDITORS
  - BOARD OF CORPORATE AUDITORS

CONSUMER BANKING GROUP

- Planning Dept.
  - - Customer Satisfaction Promotion Dept.
  - - Risk Management Dept.
- Product Dept.
  - Loan Operations Dept.
  - Tokyo Loan Operations Dept.
- Credit Supervision Dept.
- Branch Banking Operations Dept.
  - Operations Supporting Dept.
  - Tokyo Operations Supporting Dept.
  - International Business Operations Dept.
  - Tokyo International Business Operations Dept.
  - Loan Administration and Operations Dept.
  - Tokyo Loan Administration and Operations Dept.
- Remote Banking Div.
  - Telephone Banking Center
- Family Banking Div.
  - Domestic Branches
  - Consumer Loan Promotion Offices
  - Main Office
  - Tokyo Main Office
  - Public Institutions Business Operations Dept.
  - Tokyo Public Institutions Business Operations Dept
- Investment Services Div.
  - Domestic Branches
  - Consumer Investment Service Plaza
- Private Banking Div.
- Business Owner Banking Div.
  - Business Loan Plaza

MIDDLE MARKET BANKING GROUP

- Planning Dept.
- Specialized Finance Dept.
  - - New Business Banking Dept.
  - - Environment Business Dept.
- Electronic Commerce Banking Dept.
- Credit Supervision Dept. I
- Credit Supervision Dept. II
- Middle Market Banking Divisions
  - Middle Market Banking Depts.
  - Regional Middle Market Banking Dept.
- Public Finance Dept.
  - Public Institutions Business Dept.
  - Tokyo Public Institutions Business Dept.
  - Kanagawa Public Institutions Business Dept.

CORPORATE BANKING GROUP

- Corporate Banking Administration Dept.
- Financial Institutions Dept.
- Corporate Banking Div.
  - Corporate Banking Dept. I, II, III
- Tokyo Corporate Banking Div.
  - Tokyo Corporate Banking Dept. I, II, III
  - *e*-business, Media and Telecom Dept.

INTERNATIONAL BANKING GROUP

- International Planning Dept.
  - - China Dept.
- International Financial Institutions Dept.
- International Credit Dept.
- International Finance Dept.
  - - Project Finance Dept.
  - - Custody Services Dept.
- Global Client Management Dept.
- Overseas Branches/Representative Offices in Asia and Oceania
- Hong Kong Business Dept.

THE AMERICAS DIVISION

- Planning Dept.
- Credit Dept.
- Corporate Banking Dept. I, II
- Specialized Finance Dept.
- Operations and Administration Dept.

EUROPE DIVISION

- Planning Dept.
- Credit Dept.
- Corporate Banking Dept. I, II
- International Finance Dept.
- Operations and Administration Dept.
- Structured Finance Dept.

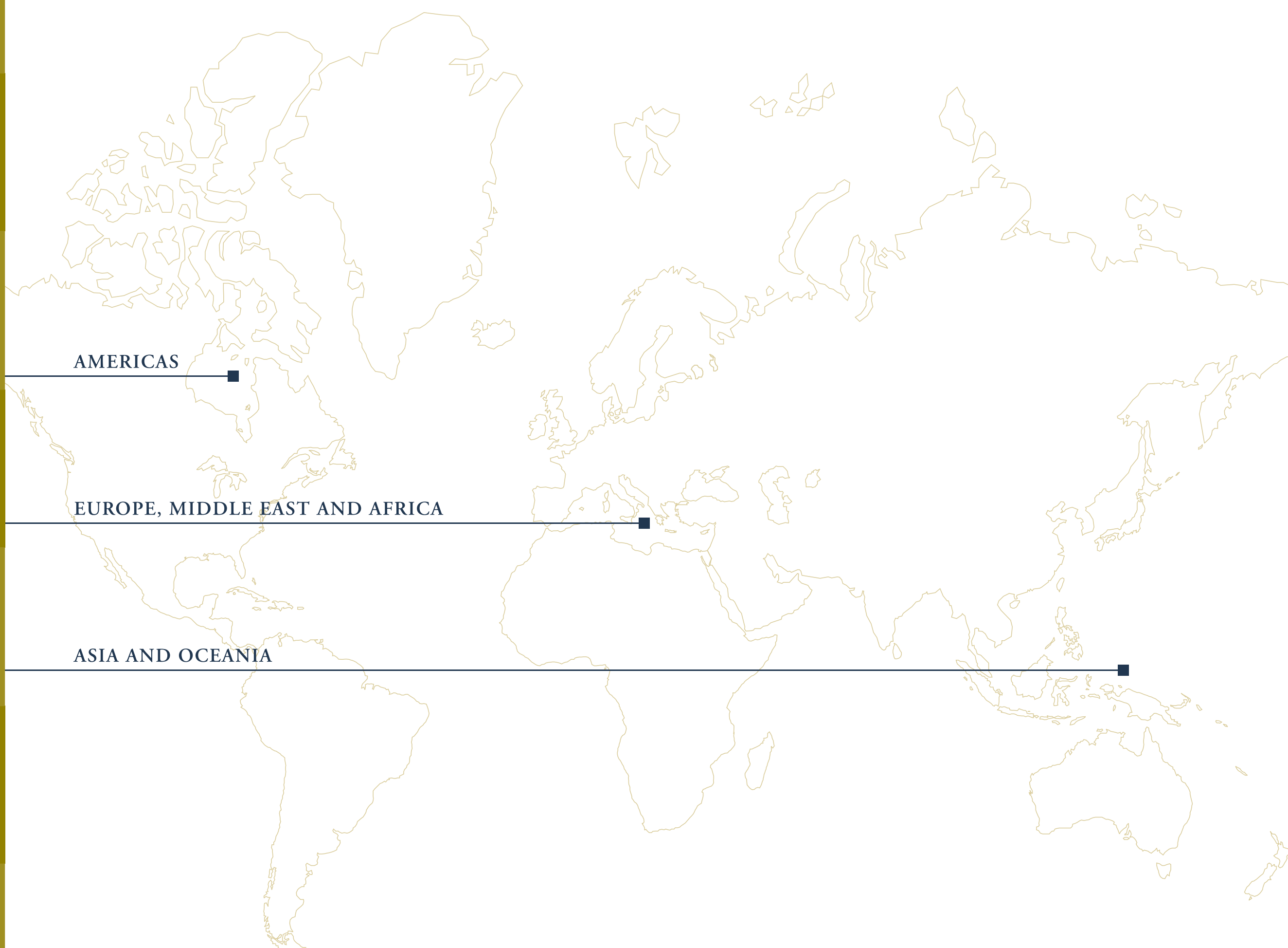
CAPITAL MARKETS GROUP

- Business Planning Dept.
  - - Equity Portfolio Management Dept.
- Asset Management Planning Dept.

TREASURY GROUP

- Treasury Operations Dept.
  - - TradingOperations Dept.
- Corporate Research Dept.
- Credit Business Dept.
- Credit Dept. II
- Credit Dept. III
- Treasury Dept. I
- Treasury Dept. II
- Treasury Dept. III

WORLDWIDE NETWORK



worldwide network
domestic

As of June 30, 2000

	Established	Capitalization	Percentage of Parent Company's Ownership*	Main Business
branch network *279 branches and 47 sub-branches in major cities.*				
principal subsidiaries and affiliated companies				
Izumi Office Service Co., Ltd.	Jul. 15, 1982	¥ 30 million	100 (0)%	Personnel dispatching services
SB International Business Service Company, Limited	Sep. 28, 1983	20 million	100 (0)%	Banking clerical work
SB Mortgage Service Company, Limited	Feb. 1, 1984	30 million	100 (0)%	Banking clerical work
Izumi Center Service Co., Ltd.	Jul. 16, 1984	60 million	100 (0)%	Banking clerical work
Izumi Business Service Co., Ltd.	Jun. 1, 1988	30 million	100 (0)%	Banking clerical work
Izumi Career Development Co., Ltd.	Dec. 4, 1989	30 million	100 (0)%	Personnel dispatching services
Izumi Service Co., Ltd.	Mar. 15, 1990	30 million	100 (0)%	Banking clerical work
Sumigin Total Maintenance Company, Limited	Oct. 7, 1994	300 million	100 (0)%	Auctioning real-estate collateral
Izumi Delivery Service Co., Ltd.	Jan. 31, 1996	30 million	100 (0)%	Banking clerical work
Sumigin International Operations Service Co., Ltd.	Feb. 24, 1997	30 million	100 (0)%	Banking clerical work
Sumigin Consumer Loan Operations Co., Ltd.	Nov. 7, 1997	30 million	100 (0)%	Banking clerical work
The Bank of Kansai, Ltd.	Jul. 1, 1922	32.5 billion	49.98 (23.15)%	Commercial banking business
Sumigin General Finance Company, Limited	Dec. 5, 1972	31,705 million	49.90 (47.91)%	Mortgage securities, factoring and loan business
SB Leasing Company, Limited	Sep. 2, 1968	30,100 million	37.48 (51.12)%	Leasing and loan business
The Sumitomo Credit Service Company, Limited	Dec. 26, 1967	4 billion	5 (55)%	Credit card business
Sumigin Guarantee Company, Limited	Jun. 30, 1984	350 million	5 (75)%	Credit guarantee business
SB Investment Co., Ltd.	Aug. 1, 1995	2 billion	5 (95)%	Venture capital business
Daiwa Securities SB Capital Markets Co. Ltd.	Feb. 5, 1999	205.6 billion	40 (0)%	Securities business and derivatives
Daiwa SB Investments Ltd.	Apr. 1, 1999	2 billion	30.39 (13.57)%	Investment advisory and investment trust business
Meiko National Securities Co., Ltd.	Mar. 2, 1948	27,270 million	19.86 (7.60)%	Securities business
DLJ*direct* SFG Securities Inc.	Mar. 24, 1999	3 billion	11.25 (0)%	On-line discount brokerage services
The Japan Research Institute, Limited	Feb. 20, 1969	2 billion	5 (47.73)%	Economic research, system engineering and management consulting
QUOQ Inc..	Apr. 5, 1978	1 billion	5 (42.46)%	Purchase of monetary assets and credit guarantee business
Amex Sumigin Service Company, Ltd.	May 24, 1991	200 million	5 (55)%	Credit card business

* ( ) Indicates the percentage of ownership by subsidiaries and affiliated companies excluding the parent company.

worldwide network
overseas

branch network

Americas: 5 branches or agencies and 2 representative offices
Europe: 4 branches and 5 representative offices
Asia and Oceania: 11 branches or marketing offices and 10 representative offices

Overseas Marketing Network
- Corporate Banking Dept. - I: Transactions with Japanese institutions
- Corporate Banking Dept.- II: Transactions with non-Japanese institutions
- Specialized Finance Dept., Americas Division and International Finance Dept., Europe Division: Syndication and other structured finance business
- Operations and Administration Dept.

americas

	New York Branch	Los Angeles Branch	San Francisco Branch	Chicago Branch	Seattle Representative Office	Mexico Representa tive Office
Corporate Banking Dept.- I, Americas Division	■	■	■			
Corporate Banking Dept.- II, Americas Division	■	■	■	■	■	
Specialized Finance Dept., Americas Division	■					■
Operations and Administration Dept., Americas Division	■	■				

europe, africa and middle east

	London Branch	Düsseldorf Branch	Brussels Branch	Paris Branch	Madrid Representative Office	Cairo Representative Office	Johannesburg Representative Office	Bahrain Representative Office	Tehran Representative Office
Corporate Banking Dept.- I, Europe Division	■	■	■	■		■			
Corporate Banking Dept.- II, Europe Division	■	■	■	■	■		■	■	■
International Finance Dept., Europe Division	■								
Operations and Administration Dept., Europe Division	■	■	■	■					

	Established	Capitalization	Percentage of Parent Company's Ownership *	Main Business
principal subsidiaries and affiliated companies				
Sumitomo Bank Financial Services, Inc.	Aug. 8, 1990	US$ 300	100 (0)%	Financial services and investment business
Sumitomo Bank Capital Markets, Inc.	Dec. 4, 1986	US$ 100	90 (10)%	Investment and derivative business
Sumitomo Bank Leasing and Finance, Inc.	Nov. 9, 1990	US$ 1,001	86.60 (13.40)%	Leasing business
Sumitomo Bank Investment Management (New York), Inc. (*under liquidation*)	Aug. 8, 1990	US$ 100	90 (10)%	Investment management business
Sumitomo Bank Securities, Inc.	Aug. 8, 1990	US$ 100	90 (10)%	Securities business
SBTC, Inc.	Feb. 12, 1998	US$ 1	100 (0)%	Investment business
The Sumitomo Bank of Canada	Feb. 6, 1987	C$51 .5 million	100 (0)%	Commercial banking business
Sumitomo Finance (Asia) Limited	Sep. 26, 1973	US$35 million	100 (0)%	Investment business
SB Equity Securities (Cayman), Limited	Dec. 15, 1998	¥1 million	100 (0)%	Finance business
Sumitomo Finance (Bermuda) Limited	May 10, 1985	US$12 thousand	100 (0)%	Investment business
SFVI Limited	Jul. 30, 1997	US$300	100 (0)%	Investment business
Sumitomo Bank International Finance N.V.	Jun. 25, 1990	US$200 thousand	100 (0)%	Loan business
Submarine Curaçao N.V.	Jun. 26, 1996	US$17 thousand	40 (0)%	Finance business
Banco Sumitomo Brasileiro S.A.	Oct. 6, 1958	R$116.3 million	100 (0)%	Commercial banking business
Sumitomo Finance International plc	Jul. 1, 1991	£200 million	100 (0)%	Investment business
SBCM Limited	Apr. 18, 1995	US$297 million	100 (0)%	Derivatives business
Sumitomo Bank (Deutschland) GmbH (*under liquidation*)	Sep. 1, 1988	DM56.9 million	100 (0)%	Commercial banking business
Sumitomo Finance (Dublin) Limited	Sep. 29, 1989	US$12 million	100 (0)%	Investment and loan business
Sumitomo Financial Futures, (Singapore) Pte. Limited	Jul. 18, 1985	S$250 thousand	100 (0)%	Commission business of financial future transactions
SB Merchant Bank (Singapore) Limited	Jun. 29, 1992	S$5million	100 (0)%	Securities business and investment management business
PT Bank Sumitomo Indonesia	Aug. 22, 1989	Rp753.2 billion	98.58 (0)%	Commercial banking business
Sumitomo International Finance Australia Limited	Jun. 29, 1984	A$62.5 million	100 (0)%	Investment and loan business
P.T. Exim SB Leasing	Mar. 16, 1985	Rp50 billion	10 (40)%	Leasing business
Sumigin Metro Investment Corp.	Aug. 9, 1995	P600 million	40 (0)%	Investment and loan business
China International Finance Company Limited (Shenzhen)	Dec. 8, 1986	US$11.5 million	25 (0)%	Loan business
Bangkok Sumigin Consulting Company Limited	Apr. 21, 1997	B5 million	10(35)%	Investment and consulting business

* ( ) Indicates the percentage of ownership by subsidiaries and affiliated companies excluding the parent company.

international directory

americas

New York Branch
277 Park Avenue,
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Tel: 1-(212) 224-4000
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555 California Street, Suite 3350,
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Tel: 1-(415) 616-3000
Telex: 49610340
Telefax: 1-(415) 397-1475

Chicago Branch
Sears Tower, Suite 4800,
233 South Wacker Drive,
Chicago, IL 60606, U.S.A.
Tel: 1-(312) 876-0525
Telex: 25-3734
Telefax: 1-(312) 876-6436

Los Angeles Branch
777 South Figueroa Street, Suite 2600,
Los Angeles, CA 90017, U.S.A.
Tel: 1-(213) 955-0800
Telex: 3750376, 3750522
Telefax: 1-(213) 623-6832

Cayman Branch
P.O. Box 694, Edward Street, George Town,
Grand Cayman, Cayman Islands

Seattle Representative Office
1201 Third Avenue, Suite 5320,
Seattle, WA 98101, U.S.A.
Tel: 1-(206) 625-1010
Telefax: 1-(206) 623-8551

Mexico Representative Office
Campos Eliseos #345 Piso 11,
Col. Chapultepec Polanco 11560,
Mexico, D.F.
Tel: 52-(5) 281-4662
Telex: 1773145 SMTBME
Telefax: 52-(5) 280-8859

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277 Park Avenue,
New York, NY 10172, U.S.A.
Tel: 1-(212) 224-4800
Telefax: 1-(212) 224-4849

Sumitomo Bank Capital Markets, Inc.
277 Park Avenue,
New York, NY 10172, U.S.A.
Tel: 1-(212) 224-5000
Telefax: 1-(212) 224-5111

Sumitomo Bank Leasing and Finance, Inc.
277 Park Avenue,
New York, NY 10172, U.S.A.
Tel: 1-(212) 224-5200
Telefax: 1-(212) 224-5222

Sumitomo Bank Investment Management
(New York), Inc. (*under liquidation*)
277 Park Avenue,
New York, NY 10172, U.S.A.
Tel: 1-(212) 224-4800
Telefax: 1-(212) 224-4849

Sumitomo Bank Securities, Inc.
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Telefax: 1-(212) 224-5333

The Sumitomo Bank of Canada
Ernst & Young Tower, Suite 1400,
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Toronto, Ontario, MSK 1 H6, Canada
Tel: 1-(416) 368-4766
Telex: 409257844
Telefax: 1-(416) 367-3565

Banco Sumitomo Brasileiro S.A.
Avenida Paulista, 949,
CEP 01311-917 São Paulo, Brazil
Tel: 55-(11) 3178-8000
Telex: 1131900
Telefax: 55-(11) 289-6996

europe, middle east and africa

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Temple Court, 11 Queen Victoria Street,
London EC4N 4TA, U.K.
Tel: 44-(20) 7786-1000
Telex: 887667
Telefax: 44-(20) 7236-0049

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Prinzenallee 7, 40549
Düsseldorf, Federal Republic of Germany
Tel: 49-(211) 3619223
Telex: 8587445
Telefax: 49-(211) 3619236

Brussels Branch
Avenue des Arts, 58, Bte. 18,
1000 Brussels, Belgium
Tel: 32-(2) 551-5000
Dealing Tel: 32-(2) 230-9310
Telex: 26416, 26417
Dealing Telex: 62684
Telefax: 32-(2) 513-4100

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20, Rue de la Ville l'Evêque, 75008 Paris,
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Tel: 33-(1) 44-(71)40-00
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Serrano 16, 28001 Madrid, Spain
Tel: 34-(91) 576-6196
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4th Floor, Mellat Tower,
Vali-e-Asr Avenue, Tehran,
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Telex: 213148 SMBK IR
Telefax: 98-(21) 2054875

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12th Floor, Nile Tower Building, 21-23
Giza Street, Giza, Cairo,
Arab Republic of Egypt,
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Telefax: 20-(2)-5703655

asia and oceania

Bahrain Representative Office
No. 406 & 407 (Entrance 3, 4th Floor)
Manama Centre, Government Road,
Manama, State of Bahrain
Tel: 973-223211
Telex: 9301
Telefax: 973-224424

Johannesburg Representative Office
3rd Floor, South Tower, Sandton Square,
Corner 5th and Maude Streets,
Private Bag x 9932, Sandton,
2146, South Africa
Tel: 27-(11) 784-2167
Telefax: 27-(11) 784-1755

Sumitomo Finance International plc
Temple Court, 11 Queen Victoria Street,
London EC4N 4UQ, U.K.
Tel: 44-(20) 7842-3000
Telex: 8811043 SUMFIN G
Telefax: 44-(20) 7842-3090

SBCM Limited
4th Floor, Temple Court,
11 Queen Victoria Street,
London EC4N 4TA, U.K.
Tel: 44-(20) 7786-1400
Telex: 887244 SBCM UK G
Telefax: 44-(20) 7248-5905

Sumitomo Bank (Deutschland) GmbH
(*under liquidation*)
Prinzenallee 7, 40549
Düsseldorf, Federal Republic of Germany
Tel: 49-(211) 361930
Telex: 8587445
Telefax: 49-(211) 3619277

Sumitomo Finance (Dublin) Limited
La Touche House, I.F.S.C.,
Custom House Docks, Dublin 1, Ireland
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Telex: 91909
Telefax: 353-(1) 670-0353

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The People's Republic of China
Tel: 852-(2206)-2000
Telex: 73343 SUMTB HX
Telefax: 852-(2206) 2888

Singapore Branch
6 Shenton Way #27-08,
DBS Building Tower Two,
Singapore 068809,
The Repulic of Singapore
Tel: 65-2201611
Telex: RS21656
Telefax: 65-225-9647

Seoul Branch
Young Poong Bldg. 7F, 33, Seorin Dong,
Chongro-ku, Seoul, 110-752
The Republic of Korea
Tel: 82-2-732-1801
Telex: K23432
Telefax: 82-2-399-6330

Guangzhou Branch
31/F, Office Tower, CITIC PLAZA,
233 Tianhe North Road, Guangzhou,
The People's Republic of China
Tel: 86-(20) 87520168
Telex: 440228 SUMTB CN
Telefax: 86-(20) 87520672

Shanghai Branch
30F, Shanghai Senmao International Building,
101 Yin Cheng East Road, Pudong New Area,
Shanghai, The People's Republic of China
Tel: 86-(21) 68415000
Telex: 33371 SMTBK CN
33079 SMTBK CN
Telefax: 86-(21) 6841-0144

Yangpu Branch
Yangpu Land Development Co., Ltd., Office,
Yangpu Economic Development Zone,
Hainan, The People's Republic of China
Tel: 86-(890) 882-2701
Telefax: 86-(890) 882-2706

Bangkok Branch
11th Floor, Ramaland Building,
952 Rama IV Road, Kwaeng Suriyawong,
Khet Bangrak, Bangkok 10500, Thailand
Tel: 66-(2) 632-9210
Telex: 84256 SUMITBK TH
Telefax: 66-(2) 632-9208

Labuan Branch
Level 12 (B&C), Main Office Tower,
Financial Park Labuan,
Jalan Merdeka, 87000 Labuan,
Federal Territory, Malaysia
Tel: 60-(87) 410955/957
Telefax: 60-(87) 410959

Labuan Branch
Kuala Lumpur Marketing Office
3rd Floor, MUI Plaza, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia
Tel: 60-(3) 2457271, 2457273
Telefax: 60-(3) 2457289

Suzhou Branch
10th Floor-D, Kings Tower, 16 Shishan Road,
Suzhou New District, Suzhou, Jiangsu,
The People's Republic of China
Tel: 86 (512) 8258205
Telefax: 86 (512) 8256121

Mumbai Branch
15th Floor, Jolly Maker Chamber No. 2,
225, Nariman Point, Mumbai-400021, India
Tel: 91-(22) 288-0025
Telefax: 91-(22) 288-0026

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